

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION MAY 2013

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: WAL-MART

By now it should come as no surprise that Wal-Mart is the biggest retailer in the world. But did you know that it is the biggest company in the world? The revenue of Wal-Mart is now 1.5 times larger than the combined revenue of its closest competitors: Target, JC Penney and Sears. What is more intriguing is that the revenue of Wal-Mart is bigger than the combined revenue of IBM, Dell and Microsoft, the largest IT companies in the world. Each year, over 80 percent of Americans make at least one purchase at Wal-Mart because they sell over 30 percent of all household staple goods (a percentage that is rising per year). The dominance is not exclusive to only the United States of America. Wal-Mart operates over 1 400 stores in 10 countries and is the largest retailer in countries like Canada and Mexico. How has it achieved the success of such proportions?

Some people believe that the success of Wal-Mart is due to the fact that they give customers what they want. Low price is more than just a slogan at Wal-Mart. One study shows that on average Wal-Mart offers products at prices 14 percent below its competitors. In addition, Wal-Mart is constantly adding more and more products in an attempt to be the best ultimate one-stop shop. Finally, it offers the convenience of numerous stores (with plans to open 300 new ones in the United States of America alone this year). They also offer extended hours of operation (often 24 hours).

This company's size has been shown to have significant effects on the economy. Because of the constant attention that Wal-Mart gives to cutting costs, it has been estimated that the company directly saved consumers in the United States of America over \$20 billion per year. If you factor in the effect that Wal-Mart has on competition, then savings exceed \$100 billion. In addition, researchers estimate that one eighth of the United States of America productivity gains come from Wal-Mart's drive for efficiency and that the discounter has been at least partly responsible for the extraordinarily low inflation rate in recent years. On top of this, Wal-Mart employs over 1.4 million people worldwide and is the largest private sector employer in the United States of America. It should be easy to see why Wal-Mart is one of the most admired corporations. However, it is sad to note that Wal-Mart is the most hated corporation. Each year the super-retailer garners more and more opposition from competing wholesalers, vendors, organized labour movements, community activists, cultural and political progressives.

As the largest private sector employer, Wal-Mart is generally blamed for driving down retail wages and benefits. Its hard line on costs has forced many manufacturers to move production outside the United States of America. Analysts estimate that over 10 percent of all the United States of America imports from China are sold in Wal-Mart stores. The store has a reputation of strong-arming suppliers, squeezing every last cent out of their profits and even dictating product specifications. For every super-store that Wal-Mart opens in an area, two competing supermarkets close. This does not obviously include small stores that are put out of business.

SECTION B (60 MARKS)

(Answer any three (3) questions from this section)

2. Why conduct skills audit? And how can skills audit benefit the organization? (20 marks)
3. Differentiate between career management and performance management. What are their implications to a Training and Development manager (20 marks)
4. There is increasing emphasis on integrating training with the overarching goals and objectives of the organization. With the aid of a diagram, discuss Strategic Training Management/ Strategic Human Resource Development. (20 marks)
5. The world is experiencing economic downturn. As such most organisations are encouraged to contain their operational costs; top on the list is cost for training and development. The training and development manager has called for an urgent meeting to challenge the status quo. He has consulted you as an expert in the area to advise on possible key points that could be presented in his counter arguments. Discuss typical reasons provided in your view points for training and development in organisations and the benefits associated with it. (20 marks)
6. Often training does not serve a useful purpose particularly if there is no proper plan. You have been approached by Swaziland post and telecommunication services to help design a training programme for their Supervisory and Senior management executives. In designing the training programme. What are key considerations to be made? (20 marks)

For the time being, Wal-Mart shows no signs of slowing down. However, it will be interesting to see if the paradox that has let it to succeed will have any effect on reversing that success.

QUESTION

1. Use a multi-attribute model to show how consumers may develop a positive or a negative attitude towards Wal-Mart. (15)
2. Explain how you would change consumer's attitudes towards Wal-Mart (10)

TOTAL: 25 MARKS

SECTION B

INSTRUCTIONS

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. Define the concept of attention as it relates to perception in consumer behaviour. Briefly identify the three factors that determine attention. (15)
- b. Define a family. Briefly explain the various roles that family members play in the decision making process. (10)

TOTAL: 25 MARKS

QUESTION 3

- a. Discuss the five stages of the memory process, illustrating their significance in the study of consumer behaviour. (15)
- b. Briefly identify ten ways in which a marketer can use demographic factors in market segmentation. (10)

TOTAL: 25 MARKS

QUESTION 4

- a. The key to understanding consumer behaviour is to understand the characteristics of culture. Discuss. (15)
- b. Mr. Marwick Khumalo has asked you as a Consumer Behaviour expert, to develop a message strategy for his political campaign. How would you use five advertising appeals to ensure that Mr. Khumalo maintains his position in Parliament? (10)

TOTAL: 25 MARKS

QUESTION 5

- a. Discuss the significance of reference groups in the study of consumer behaviour, using practical examples to illustrate your understanding. (15)
- b. Compare and contrast the two major composite variable indexes used in the objective measurement of social class. (10)

TOTAL: 25 MARKS