

**UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
BA436 CONSUMER BEHAVIOR
SECOND SEMESTER EXAMINATION 2018**

TITLE OF PAPER: CONSUMER BEHAVIOR
COURSE: IDEBA436 / BA436
DEGREE AND YEAR: BCOM4
TIME ALLOWED: THREE HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTIONS A AND B.
2. SECTION (A) IS COMPULSORY.
3. ANSWER QUESTION #1 AND TWO OTHER QUESTIONS FROM SECTION (B).
4. LAY YOUR WORK OUT CLEARLY USING HEADINGS, SUBHEADINGS, AND PARAGRAPH NUMBERS. ANSWER THE QUESTION AS ASKED.
5. THE EXAMINATION SHOULD BE CONDUCTED IN STRICT SILENCE.
6. THIS IS A CLOSED BOOK EXAM. NO BOOKS OR NOTES MAY BE CONSULTED DURING THE EXAM.
7. ENSURE THAT YOUR ID NUMBER IS INDICATED ON YOUR EXAMINATION COVER PAGE. NO NAMES SHOULD BE RECORDED ANYWHERE ON THE EXAMINATION BOOK.
8. FAILURE TO OBSERVE THE STATED RULES WILL BE CONSIDERED CHEATING AND WILL BE HANDLED ACCORDING TO UNISWA REGULATIONS.

FOUR PAGES

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR
HAS GRANTED PERMISSION**

CONSUMER BEHAVIOR 2018

SECTION A

Read the case and answer all questions in this section (40 marks)

Evolving Trends in Fitness and French Fries

Background and Goal

Your close friend has finally saved up enough money to open up their dream business – a fitness gym! He hopes to one day turn his gym into a national chain, but for now he plans on opening just two locations in a large, U.S. city that is convenient for him. He recently read a news article about how fitness trends in his city are consistent with overall trends in the U.S., so he asked you to do a little research about fitness membership trends in the U.S. In addition, he asked you to look up membership trends for three likely competitors: Planet Fitness, LA Fitness, and 24 Hour Fitness. In addition, your friend has noted that some recent trends for gyms have included some rather curious practices, like giving away free pizza and candy to its members! He is wondering if you may be able to provide some insight, even if indirect, about such trends and how they may apply to his new gym.

You used GfK's Media Mark Report tool to find information about U.S. adult gym membership trends in 2012 and 2014. Your plan is to use the two different time points to make some inferences about where the future of fitness gym marketing may be heading. In addition, you also found historical trends about U.S. adult spending at fast food restaurants. While not exactly the same as free pizza at gyms, you decided to look at the data to consider whether you can glean any insights. You also found some information about the types of cable channels and websites/apps used by different fitness consumers; you plan on using this information to give some advice to your friend about how to advertise for his new gym.

The Data

The data in the report is all reported in the millions (000,000s) and interpreted in a similar way:

- "Bought Fast Food" and "Spent Over \$100 on FF": Both questions deal with someone's fast food consumption in the past 6 months from either Spring 2014 or Spring 2012. The first question is a simple count of whether someone spent any money on fast food, while the second question estimates the number of people who spent over \$100 on fast food in the past 6 months.
- "Member of Gym": This question is an estimate of U.S. adults who have had a membership in any sort of fitness gym in the last 12 months from either Spring 2014 or Spring 2012. This number includes any gym, not just 24 Hour Fitness, Planet Fitness, and LA Fitness.
- "LA Fitness", "24 Hour Fitness", and "Planet Fitness": These questions are the estimated count of U.S. adults who had a membership to the gym within the last 12 months from either Spring 2014 or Spring 2012.

Year	Bought Fast Food		Spent Over \$100 on FF		Member of Gym		LA Fitness		24 Hour Fitness		Planet Fitness	
	2012	2014	2012	2014	2012	2014	2012	2014	2012	2014	2012	2014
Total	169.0	168.5	55.3	56.5	43.2	52.1	2.9	4.2	4.5	3.6	2.6	4
HH < \$40,000	49.9	50.3	12.3	12.5	7.5	10.9	0.5	1.0	0.8	0.6	0.6	1
HH \$40,000-\$74,999	48.5	45.8	15.5	15.2	10.5	12.2	0.7	1.2	0.8	0.9	0.6	1
HH \$75,000+	70.6	72.4	27.5	28.8	25.2	28.9	1.7	2.0	2.9	2.0	1.3	2
Men	81.4	80.8	29.4	30.0	20.4	24.3	1.3	1.9	2.5	1.9	1.3	2
Women	87.7	87.8	25.9	26.5	22.8	27.7	1.6	2.3	2.0	1.6	1.2	2

All numbers reported in millions (000,000s)

Source: Consumer Behavior: Buying, Having, and Being. Schiffman, 12th edition. Pearson Higher Education, New York. 2016

QUESTION 1

1. a) Which of the three income groups had the largest increase in gym membership from 2012 to 2014? (4 Marks)
- b) If this was expressed in terms of percentage increase, which income group experienced the largest increase from 2012 to 2014? (4 Marks)

QUESTION 2

1. a) Which of the three gyms had the largest market share in 2012? (4 Marks)
- b) Which had the largest market share in 2014? (4 Marks)

QUESTION 3

- b) Compare the membership trends between LA Fitness, 24 Hour Fitness, and Planet Fitness.
 - a) Are membership trends similar or different across genders? (5 Marks)
 - b) Are membership trends similar or different across income groups? (5 Marks)

QUESTION 4

- c) a) Which income group has experienced the greatest increase in fast food spending from 2012 to 2014? (4 Marks)
- b) Do you think this information about fast food is relevant for your friend when thinking about the marketing mix of his gym? Why or why not? (10 Marks)

SECTION B

Total of THREE QUESTIONS

Answer Question 1 and two other questions in this section (60 Marks)

QUESTION 1

- a) Describe Freud's psychoanalytic theory of personality. Please include a description of the elements of this theory and the distinctions between the three interacting aspects of the personality. **(20 Marks)**
- b) How can this theory be used in marketing? **(10 Marks)**

QUESTION 2

- a) Discuss stimulus generalization and stimulus discrimination. **(10 Marks)**
- b) Provide an example of each that is relevant to the field of marketing. **(5 Marks)**

QUESTION 3

- a) Why do people have a tendency to remember unusual ads more effectively than ads that are less interesting? **(12 Marks)**
- b) What is this phenomenon called? **(3 Marks)**

QUESTION 4

Blind taste tests in the 1980s showed that most Coke drinkers preferred a cola that was sweeter than the current product. When Coca-Cola attempted to make its product sweeter, brand loyal customers revolted and demanded the old product be returned. Explain how Coca-Cola marketers could have used the principles of psychophysics to introduce the new Coke without creating these problems. **(15 Marks)**

TOTAL 100 MARKS