

June 2016

Bachelor of Business Administration (BBA) Examination

VI Semester

Consumer Behaviour

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. In term of understanding consumers, what are the advantages and disadvantages of viewing behavior as both a decision process and physical activity ?
2. Is segmentation effective ? That is, does one or more market groups appear to be identifiable and measurable, accessible, and responsive.
3. Why is an understanding of the foreign cultural environment especially important to the international marketer ?
4. How might motivation research methods help to give insight into consumers? Explain with the help of various motivational theory.
5. What is information processing ? Distinguish between the various activities that comprise the information-processing function.
6. Do fear, humor and emotional appeal to have any significant potential for promotional message? How they affect the attitude of consumers ?
7. Explain Howard-Sheth model along with its limitations.

Section B

8. Read the case and answer the questions given at the end :

When someone mentions the word Christmas, many different images can come to mind, depending on who you ask. Some people recall receiving a special gift they had always wanted-perhaps a puppy or a first bicycle. For others the word evokes happy memories of time spent with family and friends, maybe even a grandparent who is no longer with them. A lot of people grow up in homes that don't celebrate Christmas, so they might associate the holiday with brightly colored public light displays, obligatory gift exchanges at the office, or congested shopping malls. Christmas can even stir up negative emotions in some people, bringing to mind the emptiness felt on the first Christmas after a loved one died or their parents divorced. If you ask the National Christmas Tree Association (NCTA), they'll say, "Nothing says Christmas like a Real Christmas Tree."

The ways that people celebrate Christmas are very important to the NCTA, a professional organization of thirty-two chartered associations involving four thousand farm, retailer, and related members that exists to promote the use of real Christmas trees and support the industry that provides them.

Although many people think of Christmas trees as home decor, real Christmas trees are actually an agricultural commodity and a leading cash crop of states such as Oregon, North Carolina, and Michigan. In 2004, consumers spent \$1.15 billion on real Christmas trees and billions more on decorations, gifts, and holiday cards. Nearly 22,000 farms, 500,000 acres, and 100,000 American workers are supported by this industry. Unlike other cash crops that have an annual harvest (like soybeans and corn), a real Christmas tree can take as long as fifteen years to mature from seedling to sale-requiring not only large amounts of working capital for growers, but also lots of patience and an eye toward the future.

In addition to farms where consumers can select and harvest their own trees, retailers of real Christmas trees include large chain stores like Home Depot and Lowe's, independent hardware and garden centers, as well as neighborhood lots owned by families, commercial enterprises, and non-profit groups (such as church, Scout, and civic associations). Unlike other seasonal products that can be deeply discounted or warehoused until the following year if they don't sell, the perishable nature of real Christmas trees requires retailers who fail to sell their inventories on schedule to recycle them at a loss.

Not a One-Time Event

Between 1999 and 2003, sales of real Christmas trees dropped from 35.4 million to 23.4 million whereas the number of homes displaying an artificial Christmas tree jumped from 50.6 million to 62.9 million. This was dramatic change considering that, between 1990 and 1999, sales had been relatively stable at between 31 and 37 million real Christmas trees per year.

At first, industry leaders dismissed the decline in sales as being related to a few isolated "one-time occurrences." The nation was, after all, in economic recession from November 2000 to November 2001. Add to that the tragic events of September 11, 2001, corporate scandals, and wars overseas, and the entire economy suffered. Sales of other consumer products were down—why would those who produce and market real Christmas tree think their situation was any different?

Then some menacing numbers turned up in a 2002 survey. Nearly one-third of U. S. households said they did not display any Christmas tree at all, real or artificial. The changing structure of families (including higher rates of single-parent and divorced households) and increased diversity of the population (introducing new religions and cultures) added to the number of Americans

who didn't celebrate Christmas. With two parents working and children involved in multiple extracurricular activities, many families were pressed for time and simply couldn't interrupt their busy schedules to shop for a Christmas tree, take it home, set it up, decorate it, and at the end of the season, take it down. More disheartening, many people didn't think a 'Christmas tree was a necessary part of celebrating Christmas. These factors all pointed to a dim future for this holiday tradition and, to Save the industry, something needed to be done.

Highlighting the Product Attributes

Modern consumers are savvy and NCTA knew its members had a superior product, so what was the problem? The industry needed to address a number of "myth-conceptions" that consumers held regarding real Christmas trees.

For example, some consumers believed that cutting down a real, living tree was bad for the environment. Worse, many also felt that the reusable nature of an artificial tree was beneficial for the environment. What those consumers didn't realize is that for every real Christmas tree harvested, three seedlings are planted in its place-providing not only a habitat for wild animals, but also protecting the soil and promoting clean air and water. In fact, each acre of real Christmas trees provides enough oxygen to meet the needs of eighteen people. By contrast, the plastics, paints, and other chemicals used in artificial trees require large manufacturing plants that emit thousands of tons of hazardous toxins, polluting air and rivers. Managed farming, which maximizes the usage of available acreage, provides for more total trees and reduces the risk of wildfires and other natural disasters compared to if the land were left undeveloped.

Environmentally conscientious consumers should also be aware that real Christmas trees are fully recyclable, with the by-product often turned into mulch for community playgrounds and parks. Artificial trees overburden landfills (costing all tax-payers) and can take centuries to decompose in the earth. And at a time when American workers are concerned about the security of their own jobs, they should take comfort in buying a domestic product that supports American family farmers-not anonymous factory workers in China and other countries.

NCTA set out on a campaign to understand consumer perceptions of real versus artificial trees and educate consumers on the advantages of real trees. Certainly once consumers understood the characteristics of each product, they would choose a real Christmas tree. But education alone wouldn't suffice in reversing the sales decline-NCTA also had to identify the fastest-growing Christmas tree markets, today and in the future.

Reaching Generation Y

Generation Y, the cohort of 70 million consumers born between 1979 and 1994, intrigued NCTA for a couple of reasons. Not only were its younger members still living at home and able to influence family purchasing decisions, its older members were advancing to the stage in life in which they would be starting families of their own. NCTA felt that, to be successful in reversing downward trends, it needed to understand the behavior, attitudes, and traditions of younger consumers.

What NCTA found is that, despite growing up in a world of privilege—receiving the full benefits of a stable economy and technological advances—Generation Y struggled with issues involving redefinition of the family, parents who worked outside the home, a lack of affiliation with religious or other community organizations, and rising expectations of teachers, parents, and college admissions officers. The result is that Generation Y longs for a sense of meaning and purpose, which it finds in friends, special interests and hobbies, and consumer products that define one's personal style.

To reach Generation Y, NCTA had to create an image that young people could relate to, while also appealing to their sensibilities as consumers and helping them discover their own personal identities. The goal was to demonstrate to young people, who were in the process of creating their own holiday traditions, that an authentic real Christmas tree should be an integral part of celebrating the holiday season. To reinforce the image of real trees as being “genuine,” “all natural,” and “the real thing.”

To achieve its goals, NCTA created an essay contest in which young people submitted photos of their family celebrating Christmas with a real Christmas tree. Grand prizes included a \$5,000 scholarship and an all-expense-paid family vacation to Orlando, Florida. “Buzz” was created through fliers (which included the name and address of the nearest tree lot) and point-of-purchase displays.

To generate further visibility, NCTA created a joint marketing promotion with the Warner Brothers Pictures' hit animated movie, *The Polar Express*, starring Tom Hanks. Not only was the movie effective in demonstrating the centrality of a real Christmas tree to celebrating Christmas, joint promotions with local tree lots included taglines in advertising and discounts for consumers who showed their movie ticket stubs.

Understanding that Gen Y spends a lot of time on the Internet for class assignments and communicating with friends via email and instant messaging, NCTA also created an online “advergame” in which visitors to its website could score points by throwing “snowballs” at “mutant fake trees” invading from overseas. Such viral marketing is effective because people who discover and enjoy playing the game send customized messages to their online friends

with a link to it, the game not only reinforced the positive product attributes of real Christmas trees (versus hazardous, imported artificial trees), but also linked to websites that provided directions on how to properly buy, display, and dispose of real Christmas trees— as well as addresses of the nearest tree lots.

Last, because NCTA realized the large number of Latinos that make up Generation Y, the organization created print and radio advertisements in both English and Spanish, reinforcing the positive emotions associated with real Christmas trees and informing consumers that real Christmas trees are fully recyclable.

The accompanying charts show some of the results of NCTA's survey of Generation Y consumers.

The Turnaround

The 2004 campaign proved very successful for NCTA. Between 2003 and 2004, sales of real Christmas trees increased by 3.7 million from 23.4 million to 27.1 million, while at the same time, sales of artificial trees fell by 600,000 to 9 million. More significant is that real Christmas trees were chosen over artificial trees by a ratio of nearly three-to-one, with the ratio reaching fifteen-to-one in Generation Y-headed households.

Questions :

1. Describe the demographic and cultural changes that led to a decline in real Christmas tree sales.
2. What is the importance of educating consumers on the features of products they buy?
3. What elements would your plan include if you were hired by the National Christmas Tree Association to develop marketing plan?

