



NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF MARKETING

MASTERS IN MARKETING

CONSUMER AND INDUSTRIAL BUYER BEHAVIOUR

CBU 5103

**Second semester examination paper
March 2015**

This examination paper consists of 5 pages

**Time allowed: 3 hours 15 minutes
Total Marks: 100**

INSTRUCTIONS TO CANDIDATES

Answer section **A**, **one** question from section **B** and **two** other questions from section **C**.

INFORMATION TO CANDIDATES

- (i) Question **one** carries **40** marks and all other questions in section **B** and **C** carry **20** marks.
 - (ii) Questions may be answered in any order.
 - (iii) As much as possible, use relevant examples.
 - (iv) This paper contains **six** questions.
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MARK ALLOCATION

Question	Mark Allocation
1	40
2	20
3	20
4	20
5	20
6	20
Total (for four questions)	100

SECTION A

Question 1 -Compulsory

Case study:Affect, emotion and impulsivity

The 'affect heuristic' is an automatic, natural assessment of any given stimuli (Kahneman, 2003). Although these evaluations are not always conscious, it has been suggested that they are the main determinant of many judgements and behaviours. However, as well as playing an important role within the two-dimensional thought process, our emotions exert a powerful force over our thoughts and behaviour in other ways. Affective state (what we might term our 'mood') has been shown to play a vital role in preference construction (Caruso and Shafir 2006).

Research has proven a tendency for incidental emotions to affect unrelated choices and decision-making. In general, positive emotions lead to positive assessments and negative emotions result in negative assessments, though the impact of particular emotions varies. For example, in a series of experiments, Lerner *et al.* (2004) explored the impact of disgust and sadness on valuation. Whereas feelings of disgust tend to lead to a resistance to new acquisitions and a desire to expel objects that are already owned, sadness is related to feelings of loss and helplessness; when we feel sad, we want to change our situation. In their experiments, Lerner *et al.* found that when participants were sad, they were willing to pay higher prices but accept lower selling prices (2004).

Disgust meanwhile reduced both buying (or 'choice') prices and selling prices, making the endowment effect of ownership negligible. Choices based on consideration of mood are unlikely to result in greater consumer satisfaction in the long-term. Existing research shows that people tend to overestimate how happy they will feel after an experience (for example, after buying a new product) and that the greater an individual's effort to maintain or improve a mood, the greater the chance they will make a decision that is detrimental in the long-term (Caruso and Shafir, 2006).

The extent to which individuals are conscious of, and monitor, their feelings (referred to as 'emotional attention') varies. Those with high emotional attention, i.e. people who regularly monitor their feelings, tend to rely on their feelings when making judgments more than those with low emotional attention. In addition, emotional attention is determined by the strength of particular moods. Only when a mood is strong enough to exceed a minimum threshold of

salience (i.e. the mood is strong enough for an individual to become consciously aware of it) will it affect conscious evaluative judgments (Caruso and Shafir 2006).

Impulsivity

When we contemplate buying things in the future, decision-making largely takes place in the part of our brain associated with deliberative, rational planning so is less likely to be subject to impulsive preferences. It is this part of the brain that encourages us to be patient, and wait for greater gains in the long-term. In contrast, when we contemplate an immediate gain, the parts of the brain associated with emotion become aroused. It is the tug of war between these two areas of the brain that often determines whether or not we take a particular course of action. Whether our cognitive, deliberative processes or our emotional, experiential processes dominate depends on the availability of processing resources (including time, other distractions, and the number of other decisions to be made). The presence of stress when shopping, together with other factors that act as decision-making constraints (such as time constraints, the presentation of choices and the number of choices available), can all lead to more emotions and greater impulsivity (Just 2006).

Hedonic utility

Emotional attachment has also been used to explain the fact that consumers are less willing to substitute hedonic items (i.e. hedonistic items such as chocolate cake) with items that are considered more utilitarian (or 'virtuous', like health foods). Dhar and Wertenbroch (2000) characterise hedonic goods as those whose consumption is '*primarily characterised by an affective and sensory experience of aesthetic or sensual pleasure, fantasy or fun*' (that satisfy 'wants'), whereas utilitarian goods are those where consumption is '*more cognitively driven, instrumental and goal orientated, and accomplishes a functional or practical task*' (that constitute 'shoulds') (2000: 61). Through a series of studies, their research shows that when people consider giving up a good (or forfeiting it), hedonic values are more salient because hedonic attributes tend to be more sensory and evocative and are therefore easier to imagine. As well as experimental results, Dhar and Wertenbroch use the results of a field survey to prove that owners of cars to which they have an hedonic attachment value their cars more than owners whose vehicles can be thought of as utilitarian (2000).

Adapted from Designing policy to influence consumers: Consumer behaviour relating to the purchasing of environmentally preferable goods ENV.G.1/FRA/2006/0073 – 2nd

Required

- (a) Compare and contrast the consumer behavior process outlined in the case with the traditional decision making process. Use a decision model of your choice to explain your answer. **(15 marks)**
- (b) In light of hedonism (emotional attachment) and feelings as described in the case, how would marketers use both Classical and Instrumental conditioning to entice consumers to purchase body care products **(15 marks)**
- (c) Explain how social class can affect emotional and impulsive buying. **(10 marks)**

SECTION B

Question 2

‘Cultural factors of customs, values and ideologies shape consumer choice.’ Discuss. **(20 marks)**

Question 3

Illustrate how marketers use perceptual organization (Gestalt) strategies to influence consumer decision making. **(20 marks)**

SECTION C

Question 4

Imagine you are a salesperson for a company that sells maintenance items used in keeping a manufacturing plant running. There is a large plant in your territory that buys 60 percent of its products from one competitor and the other 40 percent from another competitor. You are interested in getting some business from that plant.

- (a) Being an ‘out supplier’, what strategies would you put in place to try and make a sale to that plant? **(12 marks)**
- (b) If you were the supplier selling 60 percent to the plant, what strategies would you use to maintain your ‘in supplier’ position? **(8 marks)**

Question 5

- (a) When a family makes a high involvement purchase decision such as choosing a vacation destination or buying a family car, to what extent does this resemble a buying centre and if it does who plays what roles? **(12 marks)**

(b) How would the decision making process that the family would go through differ from that of an organisation buying the same products for its employees? **(8 marks)**

Question 6

‘In applying a Customer Relationship Management (CRM) strategy, business to business marketers have a number of priorities they need to focus on to ensure the success of the CRM strategy’.

Discuss these priorities, highlighting how they help in developing strong value-laden relationships. **(20 marks)**

END OF EXAMINATION