PGDM-IB, 2021-23

Consumer Behaviour

Code: IB-432

Trimester – IV, End-Term Examination: September 2022

Roll No: _____

Time allowed: 2 Hrs

Max Marks: 40

Instruction: Students are required to write Roll No on the cover page of the Answer Sheet. All other instructions on the question paper / Admit card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 4 questions with internal choices and all COs (Course Intended Learning Outcomes) covered in the Question Paper	4* 5	20
B	Compulsory Case Study	2*10	20
			40

SECTION A – (5 marks * 4 questions) = 20 Marks

A1a Compare the advantages and disadvantages of the four methods of measuring opinion leadership. (CO 1)

OR

A1b Apply tri-component attitude model for a product of high involvement and one with low involvement. (CO 1)

A2a What are the four elements of learning? How can marketers ensure product introduction is consistent with these elements? (CO 2)

OR

A2b What are the applications of classical conditioning in the realm of consumer behaviour? Explain with examples. (CO 2)

A3a Amazon has introduced a new series of activity tracker called Amazfit Band 2.0. This is more expensive than previous models but has many more features. How can the company use the adopter categories in marketing this product for advertising, pricing and distribution? (CO 3)

OR

A3b Which of the five stages of the family life cycle constitutes the most lucrative segment for each of the following products and services. Justify with reasons. a) TV cable subscription b) Club Mahindra Vacation c) iPods d) mutual funds e) fastest internet access in your region (CO 3)

A4a For each of these products—chocolate bars and cereals—describe how marketers can apply their knowledge of the differential threshold to packaging, pricing, and promotional claims during periods of (a) rising ingredient and materials costs and (b) increasing competition. (CO 3)

OR

A4b Differentiate between Extinction and Forgetting in context of consumer learning? Discuss how Big Bazzar utilizes 'shaping' and Nestlé utilizes 'timing' strategies to overcome extinction and forgetting? (CO 3)

SECTION B – CASE STUDY (20 Marks, 2 questions)

OLA (INDIA): BUILDING CUSTOMER LOYALTY TO APP-BASEDSERVICES

OLA ORIGIN

Based in Bengaluru, India, Ola was formed in 2010 by two graduates of the Indian Institute of Technology,Bhavish Aggarwal and Ankit Bhati, along with entrepreneur Praveen Bansal. Since its formation, Ola had grown to a mammoth valuation of US$5.7 billion, cementing its position as the second most valued Indian start-up. However, growth in the auto industry had been steadily slowing over the previous two years. Also, Uber Technologies Inc. (Uber), Ola's closest competitor, had decided to expand from the taxi-cab and two-wheeler bike space into auto aggregation.

OLA OPERATIONS

After the successful implementation of its car cab aggregation services across India, Ola decided to offer the same app platform for auto booking services. Ola's auto division, launched in 2014 in Delhi National Capital Region (NCR) after a successful test run in Bangalore, was in alignment with Ola's vision of bringing affordable mobility to Indian commuters. By 2019, Ola offered services in 77 Indian cities.

Ola offered assistance to many auto drivers by helping them through the formal procedures required to drive. Ola however, could not verify any pending criminal charges against a driver coming from another city. Lack of coordination and assistance from regulatory agencies made the task of driver verification a tedious one. Thus every Ola driver was required to undergo a verification process and get a police clearance certificate from the police station in their current area of residence on their own.

Ola focused on quality parameters such as vehicle condition, including cleanliness, quality upholstery, and comfortable seats; drivers' appearance and behaviour; and safety compliance.

THE OLA CAMPAIGN AND CUSTOMER ENGAGEMENT INITIATIVES

In 2015, Ola launched its first nationwide advertising campaign, which was called *chalo niklo*— a colloquial way of saying "Let's leave in an instant." The campaign highlighted Ola as the preferred and reliable transport company for rapidly booking rides. Its 2016 advertising campaign was centred around cashless ride bookings, while the 2017 campaign highlighted the benefits of shared mobility through the *farak padtahai* slogan, which roughly translated to "It matters." The campaign was targeted at youth and their power to make a difference for the environment by lessening traffic congestion.

In December 2017, to popularize Ola's auto operations, the company launched an ad campaign with the punch line *auto bole toh, Ola Auto*, meaning "auto means Ola Auto." The campaign aimed to make the word "auto" synonymous with Ola and position the company as economical, reliable, and convenient transportation. The campaign included electronic, digital, print, and billboard advertisements. For electronic and digital media, Ola released several sound bite videos showcasing the omnipresence of Ola in different life contexts, such as commuting to schools and supermarkets. In an interview with a leading Indian business magazine, Ola's chief marketing officer, Mudit Shekhawat, shared,

> The TV campaign reached more than 95% of auto users in key markets and covered more than 500 outdoor sites. The combined views of the videos on social media alone, reached 23.5 million and 22.4 million views, and the overall impressions gained with hashtags on Twitter was about 15 million. The overall campaign helped gain more than 3x business growth since it went live.

In 2017, Ola also partnered with AIB—a popular group of Indian stand-up comics—to produce a video that had a socially relevant message: *peeke mat chala*, meaning "Don't drink and drive; book an Ola instead." The video gained traction on social media platforms due to the massive popularity of AIB. A year later, in 2018, Ola launched a series of videos with the tagline "Moms on the Move," which highlighted mothers using Ola rentals. In another social media engagement attempt in 2018, Ola asked customers to share their stories under the hash tag #HerosOfOla, showcasing how Ola drivers had saved the day for a customer. The campaign received thousands of messages from customers who sent in their appreciation for Ola driver partners.

The *peeke mat chala* campaign was continued in December 2018, with posters, videos, and tweets shared by Ola on social media. The social media campaign attempted to engage users, but it had limited success, as shown by Ola's social media accounts. For example, a tweet from Ola's Twitter handle saying, "Tell us what funky things do you engage in when drunk," received just four responses from customers. Ola's Facebook posts also suffered a similar fate, with people choosing to vent their frustrations with Ola rather than answer with the post.

In late 2017, Ola's social media managers had success with an unexpected interaction. An Ola customer with the Twitter handle @GabbarSingh and a large following—close to one million people—tweeted about a negative experience with Ola. He complained that Ola charged him a cancellation fee for a ride that was cancelled by the driver. He equated it to asking for a samosa (a popular Indian snack) at an eatery, being told that the shop was out of samosas,

and then being charged for asking. In response, Ola offered the customer an apology and reversal of cancellation charges, as well as the samosas. The Twitter exchange had many likes and reposts. Ola's Twitter team managed to wring customer engagement from a seemingly negative post.

As of March 2019, Ola had enjoyed relatively little competition on the auto front, with its closest competitor, Uber India, choosing to avoid three-wheeler aggregation. The operations of the other leading aggregator, Jugnoo, were limited to select cities. However, with Uber's relaunch, the competition in the auto aggregation space had increased for Ola. Bora knew that he had his work cut out for him. In an industry where switching costs were extremely low and customers were easily swayed by offers and shorter wait times, ensuring loyalty was no simple task. He had to ensure that Ola's auto services and the app platform remained competitive, and he wanted to maintain Ola's leadership position in the Indian market.

Questions
B1. Elucidate points of difference between customer loyalty and inertia? What factors can affect OLA's customer loyalty? (CO 4)
B2. Discuss the role of celebrity versus opinion leaders in driving customer loyalty for OLA. (CO 4)