

**PGDM(RM), 2018-20**  
**Retail Consumer Behaviour**  
**RM- 301**

**Trimester – III, End-Term Examination: March 2019**

Time allowed: 2 Hrs 30 Min  
Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Long Questions)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		<b>Total Marks</b>	<b>50</b>

**Section A**

1. Discuss the advantages and disadvantages of using demographics as a basis for segmentation. Can demographics and psychographics be used together to segment markets? Illustrate your answer with a specific example.
2. How is the understanding of consumers' perceptions of a product's attributes used to position a brand within that product category?
3. Under what circumstances would you expect income to be a better predictor of consumer behavior than a composite measure of social class (e.g., based on income, education, and occupation)? When would you expect the composite social class measure to be superior?
4. Amazon has introduced a new electronic reader that is more expensive than previous models but has many more features. How can the company use the adopter categories in marketing this product?
5. How would you explain the fact that, although no two individuals have identical personalities, personality is sometimes used in consumer research to identify distinct and sizable market segments?



## Section B: Case Study

### Breathe Happy Campaign Launch

Strategic Challenge - Febreze was once a breath of fresh air in the category, but the competition caught up.

In 1998, Febreze entered the air care category with a revolutionary product. Rather than simply perfuming the air, its unique formula actually eliminated odors on fabrics and replaced them with a fresh scent. Febreze became known as THE odor-eliminating brand and enjoyed great success. Recognizing a good thing when they saw one, the competition responded by launching similar products that provided the same benefit. "Brand Health" data indicated that P&G had lost its distinct positioning. The company once "owned" odor elimination, but now shared this equity with competitors Glade (category leader by dollar share) and Airwick (third in the category by dollar share). Air care brands became indistinguishable.

As competitors expanded to offer products similar to Febreze, the category became nebulous. Innovation from any camp was replicated and marketing efforts were immediately countered. Products became increasingly similar with indistinguishable claims. Almost all advertising featured generic imagery, presenting freshness fantasies in idealized worlds. Toxic levels of advertising diluted P&G's marketing efforts and made people unable to tell the brands apart.

Cynical consumers ceased to believe brand claims and Febreze growth declined.

Research revealed that the company's audience (25- to 65-year-old moms who want constant assurance that their homes are clean and fresh) had grown cynical about the category's advertising. Because many cheaper, less advanced brands were making similar claims but did not live up to their promises, people struggled to know whom to believe, and became skeptical about all air care products. Consumers concluded that all brands' claims were overinflated and bought lower-priced products. With Febreze costing up to three times more than its competitors, P&G struggled to sustain sales.

#### Objectives

1. Restore faith in Febreze's odor-eliminating capabilities in a way consumers will remember.
2. Generate buzz for the Febreze brand and its advertising.
3. Restore the distinctiveness of the Febreze brand.

#### Insight

People's reactions to bad smells are stronger than their reactions to nice ones.

Focus groups reaffirmed that P&G's audience wanted to create a "welcoming home" by keeping it clean, tidy, and fresh, and that they were concerned about bad smells destroying this atmosphere. The threat of malodors did not only made them uncomfortable, but triggered passionate descriptions of unpleasant smells, reflecting their disgust of uncleanness. P&G realized that focusing on the problem rather than the solution could help Febreze stand out among the other brands.

What we smell can be more important than what we see.

In-home interviews helped P&G understand Febreze's role in creating a "welcoming home" in greater depth, uncovering the most influential insight: When judging if a

home is “welcoming,” a messy-looking home can still be clean, but a smelly home can never be clean. This was best encapsulated by one respondent’s comment on the issue: “When you walk into an unappealing room, you can close your eyes, but you can’t turn off your nose.”

Smelling is believing.

Observations of shoppers in stores revealed that consumers were spraying the product in the aisle after picking it off the shelf. This indicated that firsthand experience of the product is vitally important in influencing the consumer’s choice of a brand.

The Big Idea

Involve real people in visceral experiences to prove that Febreze makes even the filthiest places smell nice, no matter what they look like.

### Questions

1. Apply the principles of perception to the three insights listed in the case (05 marks)
2. Are the three objectives aimed at repositioning Febreze? Explain your answer (05 marks)
3. How would P&G determine whether the campaign’s objectives have been achieved? (05 marks)
4. Apply the concept of benefit segmentation to achieve three of the objectives. (05 marks)

	Algeria	Saudi Arabia	Kuwait	Morocco
Revenue (M\$)	50	55	48	60
Market	60	52	70	65
Percentage (%)				
Revenue (M\$)	40	38	45	48
Target	40	25	50	50
achieved (%)				
Target for		30	40	30
understanding				
(M\$)				
Target Market	100	100	100	100
coverage (%)				

You are Area Manager of Buzko Paper water purifier in Greater Noida. You have a sales executive who has been consistently falling in the last two quarters. He has no personal problems that you know of. If he does not want to achieve his target in the next quarter,