

PGDM (IB), 2018-20

Consumer Behaviour

IB - 412

Trimester – IV, End-Term Examination: September, 2019

Time allowed: 2 Hrs and 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. In case of rough work please use answer sheet.

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

Section A (answer one question from each set)

Q1. Identify and describe different stages of consumer perception in detail (CILO-1)

OR

Q1. Describe a model of cultural and value dimensions of Indian consumers and its relevance for marketers in detail. (CILO-1)

Q2. What are cognitive biases? Discuss the role of some key cognitive biases in consumer behavior and how marketers can use these biases to their advantage (CILO-2)

OR

Q2. What is personality trait theory? Explain some of the key consumer traits that are of relevance to marketers (CILO-2)

Q3. Explain a person's attitude towards visiting an amusement park such as Disney World in terms of the tri-component attitude model. As a marketing manager at Disney what would you do to change and measure consumer attitudes (CILO-3)

OR

Q3. Nivea, the cosmetics company, has introduced a new line of shaving products for men in India. How can the company use behavioral learning theories to promote and market its products? (CILO-3)

Section B (answer all questions)

Read the case "Consumption of gold and gold jewellery in Turkey" and answer the following questions

Q1. Explain the consumer motivations and purchase behaviour w.r.t gold and gold jewellery in Turkey (CILO-2) (10 marks)

Q2. If you were to promote a new brand of gold jewellery in Turkey, what would be your marketing strategy? How would you segment the market and promote your offerings? (CILO-3) (10 marks)

Consumption of gold and gold jewellery in Turkey

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Turkish consumers love gold and gold jewellery. While Turkey is not a major gold producing country, it constitutes one of the world's biggest gold consuming markets, ranked fifth in world demand. It is also the world's second biggest exporter of gold jewellery products after Italy. Gold jewellery is one of the fastest growing sectors in Turkey, with around 35,000 jewellers' shops scattered all over the country.

An important distinction must be made between consumption and investment demand for gold. Typically, gold bars and coins are treated as investment and jewellery as consumption items. However, the term jewellery refers to a wide range of products with different characteristics. In Western developed markets, gold jewellery is usually low carat and bought primarily for adornment purposes. In Asia and the Middle East, on the other hand, most gold jewellery is high carat, which can be easily converted back to raw gold. Thus, gold jewellery functions as both adornment and saving tools.

There are three forms of gold products in Turkey: gold bars, coins and jewellery. Gold bars are traded on the Istanbul Gold Exchange and used solely for investment. Gold coins and jewellery, however, serve multiple purposes. Gold coins, which are termed 'Republican coins' are available in five different sizes. Gold jewellery, on the other hand, comes in 14, 18 or 22-carat forms. The 14 and 18 carat items of jewellery are usually modern designs while the 22 carat jewellery is more highly valued for investment purposes. This gold jewellery includes plain bracelets - *ray bilezik* - which are among the most frequently purchased items for saving purposes. Most of the traditional designs, such as *Trabzon* and *Tel Kare*, are also 22 carat.

Turkish people use gold coins and jewellery for three different purposes: ornamentation, gift-giving and investment.

Gold jewellery adorns the bodies of many Turkish consumers. Factors such as design, size, carats and accompanying stones determine whether the jewellery is appropriate for day or night wear. Typically, smaller and simpler designs are preferred for daily use whereas larger items of gold jewellery with precious stones are worn at night and on special occasions. Moreover, women try to match the gold jewellery to the clothes

they are wearing in order to convey a particular desired self-image. Some women state that they purchase new gold jewellery when they realize that they don't possess a design that suits a particular dress. For many, gold jewellery connotes ostentation, and they believe that women wear gold jewellery for social occasions in order to show off and impress others.

Although gold coins are typically purchased for investment purposes, they might be used for self-ornamentation as well. The most common example of this is *besi bir yerde* - a special type of necklace made out of coins. Since these necklaces are 22 carats of gold, they can easily be converted into money without any loss of value. Wearing these necklaces, however, seems to be a dying tradition, confined mostly to village women.

Gold jewellery and gold coins are also given as gifts on various occasions. In Turkey, it is customary to give gold jewellery or coins as gifts to women getting engaged or married, to newborn babies, and to boys who are being circumcised. In these contexts, the gift operates as an artefact marking the role transition and signifies the strength of the bond among family members and close friends. Gold can also be an appropriate gift item for celebrating occupational events such as retirement or promotion and personally symbolic days such as birthdays or wedding anniversaries. The choice between an item of jewellery and coins as a gift depends on three factors: the existence of a traditionally appropriate gift item for a particular occasion, the intimacy of the relationship, and the taste of the giver and the receiver. For example, if the gift is for a newborn baby, then it is always a gold coin. The decision, in this case, is about the size of the coin and ultimately depends on the intimacy of the relationship. Typically, the closer the relationship is, the bigger the size of the gold coin. However, when there is no clear norm about the type of gold gift, the selection is guided by a combination of factors. For example, when the gift is to be given to a woman getting married, gold jewellery is preferred if the relationship is close and the giver is knowledgeable about the taste of the recipient. If, however, the taste of the recipient is not known, gold coins, which are standard and non-personalized items, are given.

Both gold jewellery and coins can be purchased for investment purposes. Although gold offers no rate of return or dividend apart from the potential capital gain that may result if its market price rises, its high value and easy portability renders it a prominent saving tool. Jewellery items with less craftsmanship, such as plain bracelets, are preferred as they preserve their value better and can be more easily converted into money in times of need. Consumers from lower economic classes especially prefer plain designs so that they do not pay for the craftsmanship. Consumers from the higher income groups, on the other hand, tend to select crafted models, but they prefer items that do not contain stones. However, even when gold jewellery is purchased for investment reasons, aesthetic concerns are present. These items of gold jewellery are still used for adorning the body and worn by the owner in her daily life.

Gold coins also function as an investment tool, an alternative to foreign currency or deposit accounts. Especially in rural areas where access to a bank is limited, collecting gold coins is an attractive option. They can be stored at home, and during times of personal financial difficulty or political or economic turmoil they can easily be converted into cash. The practice of

purchasing gold coins is also common in the cities. Many urban housewives engage in a social activity referred to as 'gold days'. Every two or four weeks, women meet at the house of one of the participants to drink afternoon tea and chat. Every time they meet, each brings a gold coin or money equivalent to a fraction of it. At the end of the day, the host gathers all the gold coins and money. Typically, drawing a name determines who will be the next host, and eventually all women have their turn to collect gold coins. The benefit of gold days is that they help women to save little amounts of money, and then receive a lump sum amount which they can either continue to save or spend for other needs.