



(The University of Choice)

**MASINDEMULIROUNIVERSITY OF SCIENCE
AND TECHNOLOGY (MMUST)**

MAIN

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

MASTERS OF BUSINESS AND ADMINISTRATION (MBA)

COURSE CODE: MBA 860

COURSE TITLE: CUSTOMER BEHAVIOUR

DATE: MONDAY, 25TH JULY 2022 TIME: 2:00 TO 5:00PM

INSTRUCTIONS TO CANDIDATES

- Section A is compulsory. Attempt any three questions in section B

TIME: 3 HOURS

This Paper Consists of 3 Printed Pages. Please Turn Over 

Part A: Compulsory
MINI-CASE

Chapter 12 of Chris Daffy's book, *once a Customer. Always, a customer* (Oak Trees Press, 1996) is entitled, "From Success to Failure: The Danger of Complacency". What follows is a slightly adapted version of the chapter's opening section.

I first heard the phrase "success creates arrogance-arrogance creates Complacency - Complacency leads to failure" used by Tom Peters at one of his seminars. It really made me think at the time and has stuck with me ever since because it is so true. He went on to say that the old saying "Success breed success" had been proved wrong by so many businesses that it perhaps should be re-written as "Success breeds failure".

He's right. There are numerous examples of how easily it can happen to organizations that achieve success through customer service. There are many companies that once had reputation for being leaders in service delivery that have been overtaken by competitors or are under such severe attack that they are likely to be beaten.

One example is Marks & Spencer (M & S) which has for many years been regarded as the top service provider in UK clothing retailing, with perhaps the best returned goods policy of any UK retailer. But today, an ever-increasing number of people say that M & S is not as good as it used to be.

Yet the M & S policy has not substantially changed for the worse over the past few years. However, this is possibly the key reason for the change in people's perceptions. Whilst M & S has stood relatively still, other retailers have developed ways to provide even better service levels with superior returned goods policies. So, by comparison, M & S now seems worse than it used to be.

Equally, there was a time when IBM was considered to be world's top company for service in computers. It once even ran advertisements that suggested that "nobody ever lost their job for ordering IBM". IBM still provides excellent service, but it does not seem to have retained that top slot for service in people's minds. It appears now to have lost that position to new companies such as Dell, who have won numerous awards for being the World's best service provider in computer suppliers and services.

In our local case, Akamba Bus Company was once considered a leader in the transport and dominated western and the northern corridor transport. During its times, Akamba won many awards including best accident record, the most reliable transport company, the best parcel services company among others. But today, Akamba is no more and other leaders in transport like Easy Coach and North Rift Shuttle services have emerged.

So yesterday's and today's winners can easily become tomorrow's losers. It's all too easy to find that the road that led to success can also lead to failure. It is therefore important to ensure that the Success - Arrogance - Complacency - Failure cycle is not allowed to run.

This case has been adopted for the purpose of exam and the content does not in any way reflect the reality.

Question One

- a). What are the typical causes of organizational arrogance and complacency in organizations? (8 marks).
- b). The Chief Executive of your company has read chapter 12 of Chris Daffy's book and is painfully aware about the dangers of arrogant and complacent behavior towards customers. He has asked you to produce a business report (for circulation among all Senior Managers) outlining some cost-effective ideas, recommendations and implementation mechanisms aimed at preventing the onset of arrogance and complacency in the organization. (12 marks).

Question Two

- a) Societies are changing in a wide variety of ways. Identify the nature and significance of four such changes that are taking place within your own society and discuss their implication for the work of a marketing (14 mark)
- b). Why do consumer express increasing concern about environment, yet show greater reluctance to buy green products (6 marks)

Question Three

There are a number of theories adopted by psychologists to study personality. Identify and explain three such theories and show their application in marketing (20 marks).

Question Four

- a). Maslow formulated a widely accepted theory of human motivation. Identify and explain the five basic levels of human needs identified by Maslow and their implication to the work of the marketers. (10 marks).
- b). Celebrities are very important for marketing. Explain how they can be used in marketing of products and services (6 marks)

Question Five .

- a). Explain the differences in the behavioral and decision-making dynamics involved between
 - (i) an individual buying a personal computer, and
 - (ii) an organization purchasing 100 personal Computers. (10 marks)
- b). Research has indicated that the diffusion of an innovation follows a normal distribution over time. Identify the principal groups of customers occupying each segment of the distribution curve, highlighting their behavioral characteristics (10 marks)

