

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2017-19)
Fifth Trimester Examination December 2019

Subject	Psychology & Consumer Behaviour		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	04.01.2020

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) Read the following case study and answer the following questions.

LG IN INDIA: A JOURNEY FROM HAVING NO LIFE TO LIFE'S GOOD:

LG Electronics India Limited (LGEIL) is a wholly owned subsidiary of Seoul based parent company. The company's focus on growth in Indian market has been inch perfect and that is why it has been able to get the share of Indian market (by volume) equivalent to 29.4 percent in refrigerators, 26.5 percent in color TVs, 35.8 percent in Washing Machines, and a crushing 38 percent in Microwave ovens. LG's Indian market share in GSM handsets is now 6 percent and rising. As per the Managing Director of LG the Indian consumers are complex, so to force long term relationships with them the companies must make long term commitments and investments to understand them to be successful.

REASONS OF INITIAL FAILURE:

LG's first attempted to enter India during early 1990s floundered as a result of difficulties encountered mainly working with the local importers. Initially it was known as 'Lucky Goldstar' and it faced two major challenges including the failure of joint ventures and de-licensing of the consumer electronics industry leading to the discontinuation of its operations in Indian market. Moreover, as Lucky Goldstar, the company's biggest fault was that it did precisely what other white goods brands of the 1990s were doing such as some half-hearted advertising and pushing the products only when the consumer entered the store. But, it again entered the market in January, 1997 after the Indian Government's light for establishing state-of-the-art white goods factory in Greater Noida and it was named as LG Electronics India Private Ltd. a 100 percent subsidiary of Korean chaebol. During that time, there was such an intense competition in the Indian markets with the Japanese players dominating the Indian consumer electronics market. Low brand awareness among consumers was another challenge for LG in India. It was one of the last consumers electronic MNCs to enter Indian markets and its competitors had a two years jump start over it. Secondly, it had to take care of high levels of import duty, the high levels of competition from the local players and other MNCs, and the sensitivity of Indian consumers towards pricing issues.

STRATEGIES THAT MADE LG'S LIFE GOOD IN INDIA:

The company overcame all challenges by using innovative marketing strategies, specifically planned for Indian markets, with the introduction of innovative technologies in consumer electronics and home appliance segment. In order to develop a stronger connect with the Indian audience it initiated a close tie-up with cricket that included signing on leading Indian cricketers and launching cricket games on its television models . It was recognized as the first major MNC that forged very strong tie-ups with cricket by sponsoring the World Cups in the year 1999 and 2003. It focused on products which took care of the health of the Indian consumers only with launches like "Golden Eye" colour television, ACs using the "Health Air System" and the microwave ovens with "Health Wave system" etc. To avoid the reasons for its failure during the first time, it entered the Indian market it shifted the manufacturing base for many of its products like PC monitors and refrigerators and used the technique of contract manufacturing for production of color televisions (CTVs). This also helped the company to reduce its costs. They also came up with localized products like CTVs which had Hindi and regional language menus as options. For the price conscious customers it introduced low priced "Cineplus" and "Sampoorna" range for the rural markets It had a distribution network in which the distributors work directly with the company. This shows that how LG was also able to turn around its fortunes and be a successful global brand in the Indian market the second time around by learning from the mistakes it had made for the first time.

CONCLUSION:

After discussing cases of some specific brands, we can argue that the Global brands failed initially mainly because they failed to understand the dynamics of the Indian consumers & Indian Culture as well as the markets they were going to serve. Therefore, they had to reframe their strategies and then enter the market with a completely changed mindset as per the market dynamics. This mostly happened because what they had done for them was either guided by their parent markets or in the markets world over where they were successful. This mantra had never been successful in India because of the complex structure of Indian markets and diversity among people of the country that have ever changing tastes and demands.

In today's scenario, for any Global brand to succeed in Indian markets, the companies need to shift their focus from forming global strategies for the overall market, to the strategies that adapt to the local market

conditions in the India. The Global firms operating in India must try to be as local as they can be, by converting themselves into Glocal brands i.e. being global at heart. The companies can achieve these objective, either by using local manufacturing, producing Indianised variants of their products to take care of local consumers tastes, to use local celebrities as brand ambassadors, and tackle the issue of price sensitivity of the Indian consumers by launching value for money products which are affordable for the masses and forming long term relationships with intermediaries in the market and instill in them a sense of confidence that they are your brand's partners in your journey towards success and they too will benefit if you as a company will succeed and if your brands succeed in Indian market.

The MNCs' and their brands that are successful in Indian markets are switching to this strategy of presenting themselves as a local company so that people can identify themselves with these firms as their own and this is the reason that why most of the global firms are now focusing on local promotions, local products, pricing strategies as per local requirements and local distribution for Indian markets instead of using their global marketing communications mix to attract the Indian consumers to their brands. The growth for these brands in Indian markets has been increasing throughout depending on how they are tapping the markets by offering more and more regional flavors and tastes which are pushing these brands forward.

Answer the following questions (5* 4 = 20 Marks)

- What were the reasons for the initial failures of LG in India?
- What strategies were adopted by LG India to bounce back in the market?
- Why Global brands fail in India?
- How the global brands will be successful in India?
- Write your key learning from the case.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is consumer Behaviour? What is the importance of studying consumer behaviour from marketers perspective?
- Define selective exposure, selective retention and selective distortion.
- What is a reference group? Why does a consumer look up towards a reference group?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is id, superego, & ego? Explain it with theory related to personality.
- What is learning? How consumers learn?
- Give instances how marketers can encourage Opinion Leadership through their marketing strategies

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What is diffusion? What is Innovation? What is meant by diffusion of innovation?
- Define Extensive Problem Solving, Limited Problem Solving & Routinised Problem Solving Behavior. Identify which behavior would be adopted by consumers for the following product categories. 1) Chewing Gums 2) Luxury Cars
- Explain the need , goals & motives with examples

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- What are the factors that influence the "information search stage" in the consumer decision making process?
- Describe the influence of culture of consumer behavior and describe the core values of Indian culture.
- Write short note on a) Enculturation b) Acculturation

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- Does product consumption differ with social class? If yes how? Explain with examples.
- Explain the relationship between cultural settings and choice criteria of food products. Explain with examples.
- What is motivational conflict? Explain the three types with examples.

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- How attitudes can be changed by the marketing strategies? Explain.
- Determine whether core values are shifting and if so in what direction for the following product categories 1) buying ready to eat products 2) Vacation travel
- In the Indian context, give two names of brands/companies positioned on :
a) Attributes b) Competition c) User