

**INSTITUTE OF BANKERS IN MALAWI**

**DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: CONSUMER BEHAVIOUR (IOBM – D214)**

**Date: Friday, 11th November 2016**

**Time Allocated: 3 hours (13:30 – 16:30 Hours)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer books without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section.

**QUESTION 1**

In a bid to understand customer behaviour, the bank new recruits have requested brief notes on the following:

1. **Two** reasons why consumer behavior models have been developed. *(3 marks)*
2. A description of the **four** major components or field of the Nicosia model of consumer behavior. *(12 marks)*

**(Total 15 marks)**

**QUESTION 2**

1. Outline the **four** key elements that are significant to the diffusion process?

*(4 marks)*

1. Give a brief explanation of **four** factors that a bank needs to consider when communicating more about an innovation. *(8 marks)*
2. Explain the main problem associated with the diffusion of innovation model.

*(3 marks)*

**(Total 15 marks)**

**QUESTION 3**

1. Using promotion as an example, discuss three reasons why a bank should combine qualitative and quantitative research when undertaking consumer research. *(9 marks)*
2. Other than the ‘age of the data’, provide a brief explanation of three other factors a bank should take into consideration before using secondary data for consumer research. *(6 marks)*

**(Total 15 marks)**

**QUESTION 4**

1. What do you understand by the term Customer Lifetime Value (CLV)? *(3 marks)*
2. Explain the significance of CLV in consumer behaviour studies. *(4 marks)*
3. Outline five data sources that can be used to calculate CLV. *(8 marks)*

**(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer ANY **TWO** questions from this section

**QUESTION 5**

It is understood that one of the most important factors influencing the choice and purchasing process is the situation surrounding the consumers’ decision. Depending on the set circumstances faced by consumer in making a purchase, behaviour may take any direction.

**Required:**

Explain **five** situational characteristics significant in influencing consumer decision.

**(Total 20 marks)**

**QUESTION 6**

Webster and Wind identified **four** main groups of influences on business buyers.

**Required:**

Using a diagram to depict the influences, provide a brief explanation of each influence

**(Total 20 marks)**

**QUESTION 7**

Distinguish the following terminologies as applied in consumer behavior studies:

1. Inept set and evoked set. *(5 marks)*
2. Conjunctive rule and sequential elimination rule. *(5 marks)*
3. The performance gap and the consumer information gap. *(5 marks)*
4. Acquisition utility and Transaction utility *(5 marks)*

**(Total 20 marks)**

**QUESTION 8**

The SERVIQUAL scale model was designed to measure the gap between customers’ expectations of service and their perceptions of the actual service delivered based on five dimensions namely: reliability, responsiveness, assurance, empathy and tangibles.

Identify the dimension of service quality to which each of the following aspect below belongs to:

1. Modern equipment.
2. Employees with a neat, professional appearance.
3. Giving customers’ individual attention.
4. Having the customers’ best interest at heart.
5. Employees who are consistently courteous.
6. Employees who will instil confidence in customers.
7. Keeping customers informed as to when services will be performed.
8. Readiness to respond to customer requests.
9. Employees who have the knowledge to answer customers’ questions.
10. Performing services right the first time.

**(Total 20 marks)**

**END OF EXAMINATION PAPER**