



MKTG 458

Consumer Behavior

(Winter 2012)

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Course Overview

An essential component of marketing is consumer insight – both the obvious needs and wants that are on the surface of conscious thought, but also the deeper, possibly unconscious motives that drive human behavior at an implicit level. Psychological science has produced numerous theoretical and technological advances in recent years that offer unprecedented access to the inner workings of the mind, and allow for new ways to assess opinion, test new products, evaluate packaging, predict emerging needs, design promotion and advertising executions, and map out overall marketing strategy. This course gives an overview of psychological knowledge as it pertains to capturing consumer insight, and includes a consideration of how the brain works, what factors influence consumer choice, and a critical evaluation of psychological assessment tools (including such diverse methods as online surveys, brain imaging, computerized reaction time assessment, and eye-tracking). The course is organized around a framework that specifies the sequence of mental steps (e.g., awareness, interpretation, attitude, etc.) that intervene between the marketing mix (input) and purchase behavior (output), and covers both metrics for assessing each step and also drivers for influencing each step. Armed with this conceptual framework, the course covers the major topics of consumer behavior, including attitudes, impulsive vs. deliberative purchase, psychographic profiling and assessment, brand loyalty, experiential marketing, self and identity, and product satisfaction. The course uses a mix of large cases, mini-cases, and lectures to advance these concepts.

Course Learning Goals

This course provides an overview of consumer behavior and is based primarily on the discipline of social psychology. The course goals are:

1. To acquire an understanding of the psychological processes that underlie the effectiveness of marketing strategy in terms of impact on consumer behavior.
2. To acquire a knowledge base that enables critical assessment of current and future metrics, research technologies, and research data output.
3. To acquire a “toolbox” of psychological principles applicable to marketing strategy.

Course Structure

The course is structured on three main learning components:

1. Class sessions: Classes will involve a blend of lectures and case discussions. Students are expected to contribute to the class discussions based on the course readings and their own business experience.
2. Team work: Several assignments are done in teams. Although this work is done entirely outside the classroom, these efforts are an integral aspect of the course.
3. Individual work: In addition to preparing individually for class sessions and group activities, students will complete some assignments on an individual basis.

Teams

Teamwork is an essential component of the course. Students may assemble their own teams prior to class, or else teams will be assigned at the end of the first class. Target team size is 5 members. Teams will remain fixed throughout the quarter.

Readings

The coursepack is required and may be purchased at the bookstore. Additional readings are posted on Blackboard. There is no textbook.

Blackboard

Blackboard is used for posting readings, lecture notes, and other materials. Blackboard is laid out in such a way that you can see all the materials for each session in one location, with items color-coded to indicate degree of priority (must-read vs. optional reading).

Attendance

Attendance contributes to your participation grade, and attendance is taken at each session. You may have 1 absence per quarter that requires NO excuse (this may be for job interviews, professional travel, medical or family issues, etc). Any absences beyond that 1 day will count against your participation grade. There is no need to report absences to the professor or TA.

Honor Code

In addition to Kellogg’s Honor Code, the following rules apply to this class:

- Team assignments are to be prepared by team members only.
- Individual assignments should be done individually, without consultation with anyone else.

Laptop Policy

To encourage an active and engaging environment, please do not use laptops in class.

Contact with Professor

Please do not hesitate to email. Also, in-person meetings are always welcome, but email first to schedule a mutually convenient time. Professor Roesse's office: Leverone 489 (Jacobs Center, Evanston).

Grades

From Kellogg grading guidelines for elective courses, typically no more than 45% of students in class will receive an A grade. Students who attend all classes and competently complete all assignments can expect at least a B grade. (C grades result from a substantial absence from class, incoherent written work, and/or missed assignments). The final grade is computed using a relative (rather than absolute) standard.

Assignments

(See end of syllabus for detailed instructions on each assignment)

<u>Assignment</u>	<u>Final Grade</u>	<u>Type</u>	<u>Due</u>
#1 (Viral Ads)	5%	Individual	Session 2
#2 (Experiential Audit)	10%	Team	Session 3
#3 (Marketing Metrics)	10%	Individual	Session 4
#4 (Case Analysis)	10%	Team	Session 6
#5 (Live Case)	20%	Team	Session 10
#6 (Final Exam)	20%	Individual	3 days after Session 10
Class Participation	20%		
Attendance	5%		

Re-Grading

Requests for re-grading an assignment must be accompanied by a written explanation that justifies the request. Also, the request should come AFTER the student has examined the master solution (which is designed to answer many lingering questions). This request must be provided no later than a week following the date at which the grade was reported to the student. A re-grade may result in no change (most common), an increase, or a decrease in points awarded.

Session Overview

The required readings are listed below, and appear on Blackboard or in the coursepack (placement of articles is decided so as to minimize cost to students). Optional readings are available on Blackboard.

Week 1 (Jan 12): Introduction

This session introduces the cognitive model that forms the course framework, previewing concepts to be used in the weeks ahead.

Readings:

- 1) Kahneman, D. (2011). Chapter 1 from *Thinking Fast and Slow*. (Coursepack)

Week 2 (Jan 19): Awareness

We begin with the Lay's case and then examine metrics and drivers of awareness, with an emphasis on ways of capturing attention.

Readings:

- 1) Case: Lay's in Hungary (Coursepack)
- 2) Case: Scott Naturals ("Kimberly-Clark rolls out tube-free Scott toilet paper", 2010, USA Today). (Blackboard)
- 3) Share of hearts, minds, and markets. Chapter 2 in *Marketing Metrics* (2010). (Coursepack)
- 4) The eyes have it: Marketers now track shoppers' retinas. (2012). *Wall Street Journal* (Blackboard).

Week 3 (Jan 26): Interpretation

We begin the session with Student Presentations (Assignment #2); two teams will be selected to present their findings. Next, the session explores interpretation processes (which include positioning, frame of reference, and brand image), as framed by the Apple Stores case.

- 1) Case: Apple Stores (Case handed out in class; no prior reading necessary)

Week 4 (Feb 2): Memory

This session focuses on memory, and distinguishes between activating associations versus driving memory retention over time.

Readings:

- 1) Heath & Heath (2007). Chapter 6 ("Stories") from *Made to Stick*. (Coursepack)
- 2) Zaltman (2003). Chapter 8 ("Memory's Fragile Power") from *How Customers Think: Essential Insights into the Mind of the Market*. (Coursepack)

Week 5 (Feb 9): Attitudes 1

This session introduces attitude theory and research methods, covering the distinction between deliberative versus impulsive purchase, and the metrics and drivers for each. We will examine neuromarketing as a tool for gaining consumer insight.

Readings:

- 1) The truth about impulsive purchases. (2009). Knowledge@Wharton. (Blackboard)
- 2) NeuroFocus uses neuromarketing to hack your brain. (2011). *Fast Company* (Blackboard)

Week 6 (Feb 16): Attitudes 2

This session explores the consistency principle as driver of attitude, as framed by the Black & Decker case (this case is presented entirely in class; no case reading is assigned). The session also discusses driving attitude by connecting the brand to consumers' motives, values, and identity, as motivated by the Reagan case.

Readings:

- 1) Case: Reagan-Bush '84 (Coursepack)
- 2) Cialdini (2001). Harnessing the science of persuasion. *Harvard Business Review*. (Coursepack and Blackboard)
- 3) Wansink (2003). Using laddering to understand and leverage a brand's equity. *Qualitative Market Research: An International Journal*. (Blackboard)

Week 7 (Feb 23): Choice

This session centers on drivers of choice at the point of purchase, and at a more general level, drivers of price and value perceptions.

Readings:

- 1) Fashion victim: To refurbish its image, Tiffany risks profits. (2007). *Wall Street Journal*. (Blackboard)
- 2) Apple's pricing decoys. (2010). Bloomberg Businessweek.

Week 8 (Mar 2): Satisfaction

This session covers satisfaction and loyalty, as framed by the BMW Films case and the Harley case.

Readings:

- 1) Case: BMW Films (Coursepack)
- 2) Chase & Dasu (2001). Want to perfect your company's service? Use behavioral science. *Harvard Business Review*. (Blackboard)

Week 9 (Mar 9): Student Presentations (Assignment #5)

No readings

Week 10 (Mar 16): Review

We will pull together various tools from the class to evaluate brand strategy, as framed by the Netflix case. Next, the Costco case forms the basis of a review of course concepts and principles. You do not need to read the Costco in depth. Familiarize yourself with the business model employed by Costco, and be ready to discuss its effectiveness by way of reference to material from throughout the course.

Readings:

- 1) Case: Netflix (Coursepack)
- 2) Case: Costco (Coursepack)

Assignments

Assignment #1

What Makes an Ad Go Viral?

*Individual assignment

This assignment familiarizes students with the 6 Sticky principles from Chip and Dan Heath's book, *Made to Stick*. These principles are useful for word-of-mouth marketing and give insight as to why some ads go viral. The first chapter of *Made to Stick* is available on Blackboard under Session 1; it summarizes all 6 principles.

Find an ad that you believe has gone viral (use Youtube, adage.com, or any such similar resource). Write a short summary of how the ad embodies the 6 sticky principles. Be brief, feel free to use point form, and do not exceed 2 medium-sized paragraphs. Submit your summary along with a web link to the ad.

Assignment #2

Experiential Audit

*Team assignment

This assignment familiarizes students with the use of the experiential audit tool. The assignment involves a field visit to retail or service environment, assessment using the experiential audit, and a class presentation of the results.

First, pick a retail or service category (e.g., shoes, ice cream, pizza, consumer electronics, clothing, etc). Then pick 2 particular branded examples that you feel involve relatively better vs. worse consumer experiences. For example, in a recent class, students compared the Apple store (better) with the Sony-Style store (worse), both located at Old Orchard mall. Next, your team will visit both locations and complete the experiential audit.

Use the experiential grid to analyze both retail/service settings separately. Make note of all the experiences falling into specific cells of the grid. You may focus on most, but not necessarily all, of the cells. Be careful to use both dimensions of the grid. It is fairly easy to describe the experience providers (e.g., environment vs. products vs. people). But also pay special attention to examine the distinct mental responses that are evoked (sensation vs. interpretation vs. attitude, etc.). One experience provider typically triggers a chain of responses. To capture this, fill out the grid vertically: i.e., begin with the first column (messages) and then go down the list of 5 mental responses.

Two teams will be selected to present their results in class. You will submit as the finished product of this assignment only a Powerpoint deck, which should be ready to be used to present to the class. All teams will be graded on the contents of the Powerpoint deck. Be sure that this file contains sufficient detail (including recommendations, conclusions, etc) for grading.

GRADING: Your powerpoint deck will be graded on the following aspects: a) clarity and specification of specific, concrete details, b) thoroughness in terms of specifying distinct psychological reactions and how they flow and fit together, c) specific actionable recommendations deriving from your observations, and d) a design of a new metric to describe the value of experiences (discussed in class).

Assignment #3

Marketing Metrics

*Individual assignment

This assignment familiarizes students with marketing metrics. This is an online assignment – a Qualtrics link will be emailed to you. Before you begin, read Marketing Metrics chapter 2 (“Share of Hearts, Minds, and Markets”). This course uses a model of cognitive processes rooted to the “Hierarchy of Effects” (discussed on p. 51).

For this assignment, state which measure described in the chapter best fits each of the 6 cognitive processes discussed in class. Be sure to use the exact term used in the chapter. The case and its questions are presented via Qualtrics.

Assignment #4

Case Analysis

*Team assignment

The case and its questions are presented via Qualtrics – the link is in Blackboard.

Assignment #5

Live Case

*Team assignment

A “live” case is a current, contemporary business case (as opposed to an older case in which the outcome and historical significance are well known). This assignment represents your opportunity to demonstrate knowledge of and sophistication in use of the psychological principles and tools covered in this course. The assignment is to write about a current business case, focusing on a problem, challenge, or issue connected to a particular marketing initiative. Your case may derive from a team member’s own work experience, or it may focus on a large company for which there is ample information publicly available. You may draw on any number of sources: online resources, books, interviews, and/or your own original market research (e.g., survey using Qualtrics; focus group; experiential audit, etc.). Include information about relevant past managerial decisions (e.g., retail prices, positioning) and consumer behavior (e.g., sales figures, market shares, consumer satisfaction, brand awareness). You should specify what managerial decision the company faces going forward, and you should specify concrete recommendations. Include relevant Exhibits as you see fit.

Your team will present the live case in class; length of presentation: TBA. Submit your powerpoint deck to the professor by email prior to class on Session 9.

LENGTH: 5000 words (not including references and exhibits).

FORMAT: Double-spaced, page-numbered, with standard font. Be sure that your team number and word-count are specified on the cover page.

DUE: Session 10. Submit by email to Professor Roese.

GRADING: Your written case will be graded on the following aspects: a) case background, b) psychological principles (insightfulness of the application), c) clarity and thoroughness of entire document, d) quality of evidence used to justify claims, e) clarity of where in cognitive model a problem exists, and f) conclusions and recommendations.

Assignment #6

Final Exam

*Individual assignment

The final exam involves case analysis in a take-home (i.e., open-book) format. You will receive the exam in class and will submit your answers by email.

EXAM GIVEN: Session 10

DUE: Three (3) days after Session 10, 6pm

GRADING: Final exams will be graded using a standard scoring key, which focuses on the degree of insightful use of psychological principles covered in class in answering the case questions.