



MKTG 458

Models of Consumer Behavior

Syllabus: Spring 2012
(Version: 1-31-2011)

Professor:

Neal Roesse

Office: 489 Leverone

Phone: (217) 377-1685

Email: n-roese@kellogg.northwestern.edu

Teaching Assistant:

Monika Lisjak

Phone: (847) 491-3522

Email:

Administrative Assistant:

Subarna Ranjit

Phone: (847) 491-3522

Email: s-ranjit@kellogg.northwestern.edu

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 also reviews a range of “levers” that can influence purchase behavior in unexpected ways and at efficient cost. The course is organized around a model of human cognition rooted to sequential mental processing steps (e.g., awareness, interpretation, attitude, etc.) that intervene between the marketing mix (input) and purchase behavior (output). 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. To incentivize participation, team members will evaluate one another's performance after each team assignment, which contributes to the participation grade.

Readings

The coursepack is required and may be purchased at the bookstore. Additional readings are posted on the course web site (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. You may have 2 absences per quarter that require NO excuse (this may be for job interviews, professional travel, medical or family issues). Any absences beyond those 2 days will count against your attendance 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

If you have any questions about the course, contact me by e-mail (n-roese@kellogg.northwestern.edu). To meet in person, please email to schedule a mutually convenient time. Office: Leverone 489.

Grades

From Kellogg grading guidelines for elective courses, typically no more than 45% of the class will receive an 'A' grade. Students who attend all classes and complete all assignments can expect at least a 'B' grade.

Assignments (see end of syllabus for detailed instructions on each assignment)

Assignment #1 (Viral Ads)	5%
Assignment #2 (Experiential Audit)	20%
Assignment #3 (Marketing Metrics)	5%
Assignment #4 (Case Analysis)	10%
Assignment #5 (Corporate Challenge)	20%
Assignment #6 (Final Exam)	30%

Participation: 10%

(Participation grade includes attendance, peer evaluation, and subjective rating of classroom performance.)

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. The “A” and the “B” each refer to 90-minute sessions.

Week 1 (March 27, March 30)

1A. Introduction. This session introduces the cognitive model that forms the framework for the course, and previews concepts to be used throughout the course. Assignment #1 is described.

Readings: None.

1B. Corporate Presentation. Representatives of the corporate classroom partner will make a live video presentation detailing the challenge that constitutes Assignment #5.

Readings: None.

Week 2 (April 3, April 6)

2A. Experiential Brands and Interpretation Processes. As motivated by the Apple Stores case, this session examines experiential marketing and the psychological interpretation process as directed toward product benefits. Assignment #3 is described.

Readings:

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

2B. Advertising vs. Promotion. This session introduces marketing metrics to plan and assess marketing strategy with regard to selecting advertising versus promotion, as motivated by the Lay’s in Hungary case.

Readings:

- 1) Case: Lay’s in Hungary (Coursepack)
- 2) “Share of hearts, minds, and markets” Chapter 2 in *Marketing Metrics* (2010). (Coursepack)

Week 3 (April 10, April 13)

3A. Brand and Product Awareness. This session focuses on obstacles to achieving awareness, with a special focus on the cognitive steps of attention and memory.

Readings:

- 1) Case: Scott Naturals (“Kimberly-Clark rolls out tube-free Scott toilet paper”, 2010, USA Today). (Blackboard)
- 2) Attached to technology and paying a price. (2010). New York Times. (Blackboard)
- 3) TV Commercials shrink to match attentions spans. (2010). USA Today. (Blackboard)

3B. Student Presentations (Assignment #3)

Readings: None.

Week 4 (April 17, April 20)

4A. Branding and Identity. This session focuses on ways to elevate brand value by connecting to consumer's sense of self (i.e., identity, cherished beliefs, deeply-held values), as motivated by the Reagan case.

Readings:

- 1) Case: Reagan-Bush '84 (Coursepack)
- 2) Wansink (2003). Using laddering to understand and leverage a brand's equity. *Qualitative Market Research: An International Journal*. (Blackboard)

4B. Customer Loyalty 1. This session explores customer loyalty in light of the BMW Films case.

Readings:

- 1) Case: BMW Films (Coursepack)

Week 5 (April 24, April 27)

5A. Consistency as Input to Attitude and Satisfaction. This session explores consistency principles in light of the Black & Decker case (this case is presented entirely in class; no prior case reading is assigned).

Readings:

- 1) Cialdini (2001). Harnessing the science of persuasion. *Harvard Business Review*. (Coursepack)
- 2) Dove reveals its masculine side. (Blackboard)

5B. Guest Lecture, Manny Rivera, Chicago Branding Group (see Blackboard for bio and LinkedIn)

Readings: None.

Week 6 (May 1, May 4)

6A. Customer Loyalty 2. This session further explores loyalty, connecting to the development of structured experiences as framed by the Harley posse ride case. The Harley case is a video case – we will watch several video clips in lieu of reading the written case.

Readings:

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

6B. Quantitative vs. Qualitative Insight Tools. We will examine quantitative versus qualitative tools for consumer insight that sometimes give conflicting conclusions, as framed by the Samuel Adams case.

Readings:

- 1) Case: Boston Beer Company, Light Beer Decision (Coursepack)

Week 7 (May 8, May 11)

7A. Measuring and Changing Attitudes. This session examines tools involving attitudes from the standpoint of predicting vs. influencing purchase behavior. We will consider impulsive vs. deliberative purchase in light of explicit vs. implicit attitudes, and we will review current insights on neuromarketing.

Readings:

- 1) The rise of the surgical shopper as impulse buying declines. (2010). *USA Today*. (Blackboard)
- 2) The truth about impulsive purchases. (2009). Knowledge@Wharton. (Blackboard)

7B. Managing Price Perceptions 1. In this session, we will explore the psychological inputs to price perceptions, and how psychological principles yield strategies that bring value to the customer while minimizing cost to the company.

Readings:

- 1) Apple's pricing decoys. (2010). *Bloomberg Businessweek*. (Blackboard)
- 2) Fashion victim: To refurbish its image, Tiffany risks profits. (2007). *Wall Street Journal*. (Blackboard)
- 3) Smith & Nagle (1995). Frames of reference and buyers' perception of price and value. *California Management Review*. (Coursepack)

Week 8 (May 15, May 18)

8A. Managing Price Perceptions 2. Continued from last session.

Readings: None.

8B. Customer Insights. We will pull together various tools from the class to consider use of customer insights in evolving brand strategy, as framed by the Netflix case.

Readings:

- 1) Case: Netflix (Coursepack)

Week 9 (May 22, May 25)

9A. Guest Lecture: Jana O'Brien, Principal, The Right Brain Consumer Consulting (see Blackboard for bio and LinkedIn)

Readings: None.

9B. Guest Lecture: Mark-Hans Richer, Senior VP and Global CMO, Harley-Davidson (see Blackboard for bio and LinkedIn)

Readings: None.

Week 10 (May 29, June 1)

A. Student Presentations (Assignment #5)

B. Course Review. The Costco case forms the basis of a review of course concepts and principles. You do not need to read the case 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: Costco Companies, Inc. (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; it summarizes all 6 principles.

Find an ad that you believe has gone viral (use Youtube, adage.com, or any resource of your choosing). 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 with a web link to the ad.

GRADING: Out of a possible 4 points:

4 pts = All 6 sticky principles noted and coherently discussed

3 pts = Most but not all sticky principles noted and coherently discussed

2 pts = Mostly coherent but there is a glaring mistake

1 pt = Minimally coherent

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., spa, 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. Not all teams may necessarily present in class -- some teams may be assigned to make critiques and offer comments on other team presentations. However, all teams will be graded on their Powerpoint deck.

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, start with the first column (messages) and then go down the list of 5 mental responses.

GRADING: Your powerpoint deck will be graded on the following aspects (equally weighted): a) clarity, b) concrete details, c) thoroughness, and d) conclusions / recommendations

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.

GRADING: You will receive 1 point for each correct response out of a possible 6 points (1 point for each cognitive process).

Assignment #4

Case Analysis

***Team assignment**

The case and its questions will be presented via Qualtrics – the link will be emailed to you.

Assignment #5

Corporate Challenge

***Team assignment**

Details will be presented in class. Your team will present your results and proposal in class (Session 10).

LENGTH: 10 pages, double-space (not including references and exhibits).

GRADING: Your assignment will be graded on the following aspects (equally weighted):

a) case background, b) psychological principles (insightfulness of the application), c) clarity and thoroughness of entire document, and d) conclusions and recommendations.

Assignment #6

Final Exam

***Individual assignment**

The final exam involves case analysis in a take-home format. You will receive the exam in class and will submit your answers by email.

EXAM GIVEN: Session 10b

DUE: The first Monday 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.