



MKTG 458

Models of Consumer Behavior

Syllabus: Fall 2011
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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 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, 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 intervene between the marketing mix and consumer purchase behavior.
2. To acquire a knowledge base that enables critical assessment of current and future research technologies, assessment tools, 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 experiences.
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, or else teams will be assigned immediately after the first class. Team target size is 5 members. Teams will remain fixed throughout the quarter. To incentivize participation in team projects, team members are asked to evaluate each other’s performance at various times during the quarter, which contributes to the participation grade.

Readings

The coursepack is required and may be purchased at the bookstore. Some additional cases and readings are posted on the course web site (Blackboard). There is no textbook. You will be assigned one chapter from the following book: Robert Cialdini, *Influence*, a copy of which will be provided to your team free of charge in the first week of class.

Blackboard

Blackboard is an online course materials site used for posting cases, 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. Attendance will be taken at most (but not all) class sessions (randomly determined). Your absence may be excused if it involves

a job interview (or other career imperative), a medical issue, or a family crisis. To be excused, you must notify the professor at least 24 hrs prior to class.

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). I aim to respond within 24 hrs, usually much sooner. If you would like an in-person meeting, I do not have specific office hours but can schedule a meeting at a mutually convenient time. Office: Leverone 489.

Grades

Your final grade is based on assignments and class participation.

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

- Assignment #1: What Makes an Ad Go Viral (individual) – 10%
- Assignment #2: Experiential Audit (team) – 20%
- Assignment #3: Principles of Influence (team) – 10%
- Assignment #4: Live Case (team) – 20%
- Assignment #5: Final Exam (individual) – 20%

Participation – 20%

Participation grade is based on 3 components, each contributing equally to the participation grade:

- a) Peer Evaluation: After each team assignment, you will get a chance to evaluate your team members, and they will evaluate you.
- b) Class Participation: Your contribution to class discussion in class will be graded subjectively by the professor. In addition, you will get points for completing the online voting prior to class.
- c) Attendance

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 (but not required) readings are available on Blackboard.

Session 1: Introduction to Consumer Behavior

Sept. 22

Part A. This session introduces the cognitive model that underlies our examination of consumer behavior, and previews various concepts to be used throughout the course. Assignment #1 is described.

Part B. This session examines experiential marketing, and presents an assessment tool for product, brand, and retail environment: the experiential audit. This tool is the basis for Assignment #2.

- 1) Case: Groupon ("Meet the fastest growing company ever," 2010, Forbes). (Blackboard)

Session 2: Promotion vs. Advertising; Branding and Identity

Sept. 29

Part A. Promotion vs. Advertising. We will consider a variety of psychological processes (especially memory) in relation to the decision to emphasize promotion vs. advertising, and we will introduce a new marketing strategy tool, all in light of the Lay's in Hungary case.

Part B. 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, etc), as motivated by the Reagan case.

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

Session 3: Student Presentations; Brand and Product Awareness

Oct. 6

Part A. Student Presentations (Assignment #2)

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

- 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)

Session 4: Guest Lecture (TBA); Qualitative vs. Quantitative Consumer Insights

Oct. 13

Part A. Guest Lecture, TBA

Part B. We will examine quantitative versus qualitative tools for consumer insight that sometimes give conflicting conclusions, as framed by the Samuel Adams case.

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

Session 5: Brand Loyalty

Oct. 20

Part A. This session introduces the core concepts of brand loyalty in light of the BMW Films case (in your coursepack).

Part B. This session continues the examination of brand loyalty, and connects it to building experiences with the brand, framed by a discussion of 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.

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

Session 6: Student Presentations; Consistency as Purchase Incentive

Oct. 27

Part A. Student Presentations (Assignment #3)

Part B. This session examines cognitive dissonance theory as a perspective that both explains purchase behavior and also suggests unique levers that incentivize purchase behavior.

- 1) Abelson et al (2004). Clashing cognitions: When actions prompt attitudes. Chapter 6 in *Experiments with People: Revelations from Social Psychology*. Lawrence Erlbaum Associates. (Coursepack)
- 2) Cialdini (2001). Harnessing the science of persuasion. *Harvard Business Review*. (Coursepack)
- 3) Dove reveals its masculine side. (Blackboard)

Session 7: Guest Speaker; Measuring and Changing Attitudes

Nov. 3

Part A. Guest Speaker (TBA)

Part B. Measuring and Changing Attitudes. This session examines tools involving attitudes from the standpoint of measuring (i.e., predicting) vs. influencing purchase behavior. We will consider impulsive vs. deliberative purchase in light of explicit vs. implicit (i.e., unconsciously held) attitudes, and we will review current insights on neuromarketing.

- 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)
- 3) Making ads that whisper to the brain. (2010). New York Times. (Blackboard)

Session 8: Managing Price Perceptions

Nov. 10

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.

- 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)

Session 9: Student Live Case Presentations

Nov. 17

No readings.

Session 10: Choosing Advertising Executions; Course Review

Dec. 1

Part A. This session introduces a variety of levers that influence attitudes and purchasing, considered in light of advertising executions.

Part B. We will use the Costco case to organize a review of course concepts and principles. You do not need to read the case in depth. Instead, simply 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.

- 1) Voyer (2007). How advertising works. *Ivey Management Services*. (Coursepack)
- 2) Case: Costco Companies, Inc. (Coursepack)

Assignments

Assignment #1

What Makes an Ad Go Viral?

*Individual assignment

This assignment is designed to familiarize students with the 6 Sticky principles articulated by Heath and Heath in their book, *Made to Stick*. These principles reveal characteristics of messages (ads, stories, mission statements, political slogans, etc.) that make them likely to be passed on to others. As such, these principles embody the factors that influence word-of-mouth, and can explain why some ads go viral. The first chapter of *Made to Stick* is available in your coursepack; it summarizes all 6 principles.

Find an ad that you believe has gone viral. Use youtube, or check www.adage.com for their current ranking of viral ads (adage requires logging in but membership is free), or use any other internet resource of your choosing. The Blackboard page for Session 1a contains a link to a site that compiles the top 100 viral videos of the internet.

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 both your summary and a link to the ad online.

DUE: 6pm, day before Session 2. Email to TA.

GRADING: You will receive an A if you accurately and coherently described the Sticky principles. You will receive a B if you lack accuracy or insight, or if you forget the link to the ad.

Assignment #2

Experiential Audits

*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 files.

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 evoke (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.

DUE: Class presentation, Session 3. Submit Powerpoint slides to Professor Roesse 2 hrs prior to class.

GRADING: Teams will receive A's based on the clarity, thoroughness, and insightfulness of their use of the experiential grid.

Assignment #3

Principles of Influence

***Team assignment**

This assignment is designed to familiarize students with 6 psychological principles that may be used by marketers to influence and persuade customers to buy their product. The 6 principles were compiled by psychologist Robert Cialdini over many years of basic research, and appear in his award-winning book, *Influence*. The 6 Influence principles also appears in a brief summary from the Harvard Business Review, included in your course pack.

Your team will be assigned to focus on one of the 6 Influence principles. Next, all team members should read the corresponding chapter from Cialdini's Influence book to gain deeper insight. (A copy of this book will be given, gratis, to your team, in the first week of class).

The assignment is to describe an example of an execution involving a promotion, an advertisement, a word-of-mouth campaign, or some other marketing initiative that EMBODIES the Influence principle assigned to your team. Your example may derive the work experience of a team member, from observation of executions available in the popular media, or you may design your own from scratch. This assignment entails a 10-minute classroom presentation by your team. You will turn in the Powerpoint file for this presentation, and your team will be graded only on this Powerpoint file. 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 files.

In his book, Cialdini gives many examples for each Influence principle, but please do not present any of his examples in class. Focus only on your own example. Go into enough detail that your audience will understand HOW the Influence principle is working within your example. In past classes, effective presentations have incorporated youtube footage of ads, screen shots of web sites, photos from retail environments, etc.

DUE: Class presentation, Session 6. Submit Powerpoint slides to Professor Roesse 2hrs prior to class.

GRADING: Teams will receive an A if their presentation demonstrates a clear grasp of the Influence principle plus insightful supporting observations and recommendations. Teams will receive a B if the Influence principle was not correctly or clearly conveyed in the example, or if no clear supporting observations or recommendations are given.

Assignment #4

Live Case

***Team assignment**

This assignment represents your largest opportunity to demonstrate knowledge of and sophistication in use of the psychological principles and tools covered in this course. The assignment is to write a brief case describing a problem, challenge, or issue with a particular marketing initiative. Your case may derive from team members' 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, or even your own original market research (e.g., survey using Qualtrics). Include information about relevant managerial decisions (e.g., retail prices, positioning) and consumer behavior (e.g., sales figures, market shares, consumer satisfaction, brand awareness). You should make clear what managerial decision the company faced or faces now, and you should make recommendations. Include relevant Exhibits as you see fit.

Your team will present the case in class (Session 9); length of presentation: 10-12 mins.

LENGTH: 15 pages, double-space (not including references and exhibits).

DUE: Session 9. Submit both written case and powerpoint file by email to Professor Roese 2hrs prior to class.

GRADING: Teams will receive A's based on the clarity, thoroughness, and insightfulness of their description of the marketing challenge(s), the psychological principles involved, and the recommendations.

Assignment #5

Final Exam

***Individual assignment**

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

EXAM GIVEN: Session 9

DUE: Session 10, 2hrs prior to class. Submit by email to the course TA

GRADING: Students 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.