



MKTG 458
Consumer Insight for Brand Strategy

Fall 2013: Thursdays 6pm – 9pm

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In order to take the course you must attend the first class.

Course Objectives

First, to gain understanding of the psychological principles by which marketing influences consumers. Second, to use this understanding to develop strategically relevant consumer insights, that is, to identify the key psychological reasons for why particular consumers in particular situations behave the way they do. Third, to translate this understanding into effective branding decisions.

Each course session focuses on a type of psychological principle. Within this context we then discuss how consumers typically respond to different decisions marketers could take.

Course Content

This course is based on theories developed in psychology and builds a bridge to marketing. The conceptual framework of the course breaks the causes of behavior up into types of psychological responses (or mental mechanisms), such as, perceiving, thinking, feeling, learning, or remembering. These psychological responses intervene between on the one hand the stimuli consumers are exposed to, e.g., marketing mix, other consumers, society at large, and on the other hand the behavior consumers exert, such as purchase or loyalty. The psychological responses hence provide a framework as to why certain marketing inputs lead to certain outputs, that is, a framework to derive strategically relevant consumer insights. The course also reviews a range of simple but powerful “levers” (inputs) that can influence consumer behavior in unexpected ways.

Readings and Homework

Those readings listed in this syllabus are obligatory. It is pivotal to carefully complete the readings before class. They provide context that is essential for understanding the implications of the concepts we discuss, and they will be the foundation for the lectures and class discussions. There are weekly questions to be answered in writing before a class session (see Assignments section at the end of this syllabus). Whenever it was legally possible, we posted links to readings electronically in order to reduce the cost of the course pack for you. Readings listed without special mention in this syllabus are part of the course pack, those readings posted on Blackboard are listed under the title *Blackboard* below.

Textbook

The course does not follow a textbook. If you are interested in reading one, I recommend: Hoyer, Wayne and Deborah McInnis. *Consumer Behavior*. Boston: Houghton Mifflin. Choosing an older edition works fine, too.

Grading and Assignments

A list of assignments appears at the end of this syllabus. I will assign a maximum of 45% A's. I follow Kellogg's policy on re-grading. In short, re-grading must be requested in writing within 10 days (see student handbook for details) and the entire work is re-evaluated, not just one aspect, implying that the new grade could be higher, lower, or not change.

Honor Code

The course follows the Kellogg School's honor code. Team assignments are to be prepared by team members only. Individual assignments have to be done individually, without consultation with anyone else.

In-Class Etiquette

The guiding theme of our in-class etiquette is mutual respect that fosters an engaging learning environment, and I follow the Kellogg etiquette.

Also, I am enforcing a strict “no electronic devices in class” policy, including I-pads above the table and smart phones below the table, unless of course you have special circumstances (e.g., medical needs). The downsides of using these devices to the learning experience of most stu-

dents outweigh the upsides that some individuals may derive. The temptation of doing e-mail, browsing, or watching others do so detracts from class. Seeing the instructor behind a forest of laptop screens has its own challenges. These rules apply equally when we have a guest speaker.

Cell phone ringers must be turned off. If you have an emergency situation, inform me in advance, set your phone to the vibrate mode and sit near the exit so you can leave without disrupting the flow of the class.

I expect students to attend all class sessions, to arrive on time, also after a break, and to stay until the end of class. If you plan to miss more than two class sessions (e.g., due to job interviews), you should contact me before you enroll in this course. Under most circumstances I will not accept such extensive absences and you would not pass the course.

Violations of these norms will affect your course grade.

Contact with Professor

If you have any questions I strongly encourage you to contact me. You can send me e-mail or set up an appointment. To facilitate the logistical challenges most of you face, I can arrive to class early and we can set up phone or video meetings, even as conference calls with multiple participants during which we can share computer screens. Of course, you can also meet me on the Evanston campus.

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Consumer Decision Making Process (CDMP)

1. (a) Introduction

1. (b) Consumer Insight: Analyzing Experiences I.

- Excerpts from Csikszentmihalyi, M. (1990). *Flow. The psychology of optimal experience*.
- Complete by Wednesday, September 25th: Go to course web page and answer online the homework questions for Session 1. (Your answers to discussion questions are graded, see class participation section below).

Blackboard

- 2012-2014 research priorities. *Marketing Science Institute*. Read priorities 1 through 3.
- Eat, drink, man, woman, meatballs. *Financial Times*, 2013.

2. Consumer Insight: Funnel Analysis

- Case: Lay's potato chips in Hungary (Case A): Building brand image
- Pp. 299 - 310 of *Marketing Communications and Customer Response*. The remaining pages are optional.
- *Branding in the Digital Age* (2010). *Harvard Business Review*.

Blackboard

- P&G Plots course to turn lackluster tide: New chief McDonald plans price cuts, expansion abroad and repositioning cheer as a low price detergent, *The Wall Street Journal*, 2009.
- The Man Behind Facebook's Marketing, *The Wall Street Journal*, 2012

The Decision Making Stages

3. (a) Defining the individual stages

- Chapter 5: The communication process (2008). In: Belch & Belch (9th ed.), *Advertising and Promotion*, McGraw Hill.

3. (b) Attention, Thinking

- Before reading anything, do a 90 second experiment by clicking on the link posted in Blackboard.
- Kahneman, D. (2011). Excerpts from *Thinking Fast and Slow*. (Chapter 1 and section *The Lazy System 2* from Chapter 3).
- Share of hearts, minds, and markets. Chapter 2 from *Marketing Metrics* (2010).

4. Sensation, Categorization

- Case: Pricing strategies for luxury goods: Vericél Jewelry
- Note on behavioral pricing, *Harvard Business Press*

Blackboard

- Fashion victim: To refurbish its image, Tiffany risks profits, *The Wall Street Journal*, 2007.
- For Penney's Heralded Boss, the Shine Is Off the Apple, *The Wall Street Journal*, 2013.

5. (a) Analyzing Experiences II.

- Excerpts from Chapter 3: A framework for managing customer experiences (2003). In: Schmitt (2003). *Customer Experience Management*. John Wiley & Sons.
- Dholakia. Why employees can wreck promotional offers, *Harvard Business Review*, 2011.

Blackboard

- The trouble with Starbucks, *Financial Times*, 2008.
- The trouble with travel distribution, *McKinsey Quarterly*, 2012

5. (b) Sensation, Categorization and Experiences

Includes guest lecture on design by Steven Dupuis, president, The DuPuis Group

6. (a) Remembering

- Introduction chapter from Heath & Heath (2007) *Made to Stick*.
- Stories and brands (Chapter 10) from: Zaltman, G. (2003). *How Customers Think. Essential Insights into the Mind of the Market*.

6. (b) Wanting: Consumer Insight

- Case Summary: 1984 US presidential election. (Full case will be distributed in class)

Blackboard

- How the Democrats can win, *New York Times*, 1984.
This article gives you some historical background for the case.
- Read pp. 11-13 (top): Reynolds & Gutman (1988). Laddering theory, method, analysis, and interpretation, *Journal of Advertising Research*.
- What the Chinese want, *The Wall Street Journal*, 2012

7. (a) Wanting: Consumer Insight

- The metaphor elicitation process (pp. 101-110) from: Zaltman, G. (2003). *How Customers Think. Essential Insights into the Mind of the Market*.
- Case: Boston Beer Company: Light beer decision

Blackboard

- How companies learn your secrets, *New York Times*, 2012.

7. (b) Applying Consumer Insight to Branding

- Case: Apple Stores

Blackboard

- Berthon et al. (2007). Viewing brands in multiple dimensions, *MIT Sloan Management Review*.

8. (a) Evaluations and Feelings: Consistency

Blackboard

- Dove reveals its masculine side, *TalkingRetail.com*, 2010.

8. (b) Evaluations and Feelings: Improving Negative Brand Image Based on Consumer Insight

- Case: Škoda Auto: Rebuilding the Brand

9. (a) Evaluations and Feelings: Improving Negative Brand Image Based on Consumer Insight

Summary

9. (b) Integration

- Case “Cost-Co”; see instructions on Blackboard.
- Possibly Netflix case, will be announced in class.

--- Thanksgiving Break ---

10. Group Project Presentations

Assignments

No. 1: Class Participation

Individual Assignment (30 % of grade)

Due: Written responses are due Wednesday nights, that is, the evening before each class.

Two-thirds of the class participation grade depends on the submission and quality of the written responses to the weekly *homework questions* and on *small written assignments*. I assign one point for you having given a reasonable answer (i.e., having taken the homework seriously) and zero points if you do not hand in an answer. If an answer is outstanding, I want to signal this, and I do so by assigning 2 points. Outstanding really means clearly standing out from most other answers. Thus, for some questions nobody might receive that grade, whereas for others maybe up to 15% of the answers might receive it, and on average maybe 5% receive it. I review your answers before class and use them as a basis for class discussion. I do not provide you with written feedback for these weekly responses. I assign them to help students organize their case analysis and to enable me to organize class discussion so that alternative perspectives are represented. For the final grade the points are averaged, but some questions are weighed more heavily than others, weights being revealed along with the question.

Participation in class accounts for the remainder of the class participation grade. After each session I assign points based on a three-point system: 2= outstanding contribution to class (~10% of students), 1= you are in class, 0 = excused absence from class or disrupting class somehow. At the end of the quarter I average across all of these points. Outstanding means to me that your participation helps the entire class progress, which could be due to a single question you ask, or to regular high quality comments. But talking a lot is not the crucial issue, and if such talking leads to digressions from the focus of the class it actually undermines class progress.

0= you are absent or , 1=you are in class, 2= . I will lower the participation grade if peer evaluations on team projects are poor or if you violate the in-class etiquette (e.g., by checking your mobile phone).

No. 2: Experiential Audit

Teams of 3-4 (15 % of grade)

Due: Written reports and presentation slides are due **Monday, October 21, 8am**. One or two groups will present their slides during **Session 5**. Email files to l-cassis@northwestern.edu or upload to Blackboard. Label files with the last name of the first author.

The objective of this assignment is to learn use of the experiential audit framework. Before you begin the assignment, **do all readings for session 5**. You will compare two retailers or service providers of your choice, one that offers a rich experience and one that offers a shallow experience. You will conduct an experiential audit of these retailers during a field visit, write a report, and present your analysis in class. Not all teams may necessarily present in class -- some teams may be assigned to make critiques and offer comments on other team presentations, or not present anything. However, all teams will be graded on their written work.

No. 3: Pricing Competition

Teams of 3-4 (5% of grade)

Due: A PowerPoint slide for your team's advertisement is due **Thursday, October 24, by midnight**. Email file to l-cassis@northwestern.edu or upload to Blackboard. Label the file with the last name of the first author.

One application we will discuss in class is pricing. After this discussion, your task will be to devise a pricing scheme for an app, and advertise it on a single page that you can design on one PowerPoint slide. I will recruit online respondents who will be exposed each to one of the "advertise-

ments". Your team grade will be proportional to an estimate of market share that your advertisement generated with these real-world respondents.

No. 4: Live Case

Team assignment (30 % of grade)

Due:

- Proposal: **Tuesday, October 29, 2013, 8am.**
Submit proposal via the survey link in Session 6a.
- Report and presentation slides: **Tuesday, December 3rd, 2013**, any time.
Email files to l-cassis@northwestern.edu or upload to Blackboard. Label files with the last name of the first author.

The task is write a short case that develops a consumer insight and based on that evaluates a managerial decision. The learning goal is to be able to spot yourself how psychological principles allow you to develop consumer insights and this way inform marketing decisions. The case could be based on your own experience, on information you find in the news or the web, or from company contacts. If you wish, you can also collect your own data. The case must not be one that you discussed in another course.

I will provide you with a list of questions that companies ask in interviews for marketing jobs. These questions are often very abstract, but they typically ask you to evaluate a managerial decision. You can use these questions to generate a topic for your case.

The managerial decision could concern a strategic decision or any component of the marketing mix. The decision could be one that has already been taken or one that has not been taken.

The report should be no longer than 3,000 words. Additional information (e.g., tables, figures, advertisements) can be added as appendix. The report should include the following two elements:

Description:

- The job interview question you answer with your case (if applicable).
- A clear statement describing the managerial decision that you evaluate.
- A brief description of "your" brand / product / service (its target, position, and marketing mix elements), if relevant also of the competition.

Analysis:

This part evaluates the logic behind the decision as you see it, but importantly, also the strengths and weaknesses of the decision and the consumer insight that you assume for both, logic and strengths/weaknesses. The consumer insight is the central part of the analysis. You should also discuss what actionable implications your analysis has for a marketer. For instance, you could propose improvements that address the weaknesses that you have identified. Describing a decision means that there must be at least two possible courses of action. Describe both. Eighty percent of the grade for your report will be based on the analysis part.

In assigning the grade for the live case, I will weigh the description part 20% and the analysis part 80%. The teams will make short presentations of their report during Session 10. The goal of this activity is to share the group's learning from the analysis with others in the class and to practice presentation skills (e.g., for job interviews). The kinds of questions I will ask when evaluating the Live case are the following.

Description: Is there a clear statement describing the managerial decision? How clear and relevant is the description of "your" brand / product / service?

Analysis – Consumer Insight: Did the authors state a key consumer insight(s)? How difficult was it to find this insight? (e.g., how much do they go into psychological causes and beyond re-stating behaviors). Does the insight go beyond common sense? (e.g., is it derived by means of concepts / tools and would one not have arrived at it with common sense)? Do the authors offer good arguments for their insight? How important is the insight for making subsequent decisions?

Analysis- Actionable Implications: Do the authors make clear why the favored decision follows from the insight? Do the authors discuss strengths of the favored decision? Do the authors discuss weaknesses of the favored decision? Do the authors discuss alternative decisions (could be the real decision taken, if they critique it, or challenges, such that the manager could have decided differently.) Do the authors discuss strengths of the alternative decision? Do the authors discuss weaknesses of the alternative decision? Do the authors offer actionable implications of their analysis?

No. 5: Final Exam

Individual assignment (20 % of grade)

Due: **Tuesday December 10, 2013**, 8am CST. Email a word file (no pdf) to lcassis@northwestern.edu or upload to Blackboard. Label files with your last name.

The exam will be given out as hardcopy in Session 9. It is a take-home individual assignment consisting of a short case and short-answer open-ended questions that guide you through a case analysis. I will not transmit the exam electronically, so if you will be absent in Session 9, ask a fellow student to take a hardcopy of the exam for you. If you have questions about the exam email them to me no later than the evening before Session 9. This allows me to give any extra information to the entire class during Session 9 and this way maintain equity. For exams submitted after the deadline I will point deductions that could result in failing the exam.