

**National University of Singapore
NUS Business School
Department of Marketing**

MKT3402A Consumer Behavior

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Session: Semester II, AY2016/2017

Every Monday
11am – 2pm (MKT3402A1) or
5pm – 8pm (MKT3402A2)
Venue: BIZ 1 - 206

Note: Version – 2 January 2017. Revision to this course outline will be announced as and when there are changes to it during the semester.

Course Description and Objectives

“Nothing is so powerful as an insight into human nature... what compulsions drive a man, what instincts dominate his action... if you know these things about a man you can touch him at the core of his being.”

~ William Bernbach, 1911-1982

True insight into how consumers feel, think, choose, consume, and evaluate is the foundation of many organizations’ business success. Virtually all decisions involved in developing an effective marketing mix for a product or service rely on in-depth understanding of the consumers who comprise the target market. Thus, a clear understanding of the principles and processes of consumer behavior is critical to evaluating and developing effective marketing strategies. While all of us are consumers ourselves, our intuitions about our own behavior as well as that of other consumers are unfortunately often inaccurate.

The primary objective of this course is to help each student become an incisive discoverer of strategic consumer insights. Discovery is both an attitude and a practical skill. It goes beyond surface-level intuitions, and involves venturing into the unknown and encountering consumers in uncharted territories, examining and analyzing their behavior critically, and uncovering bits of truth that can steer managerial action.

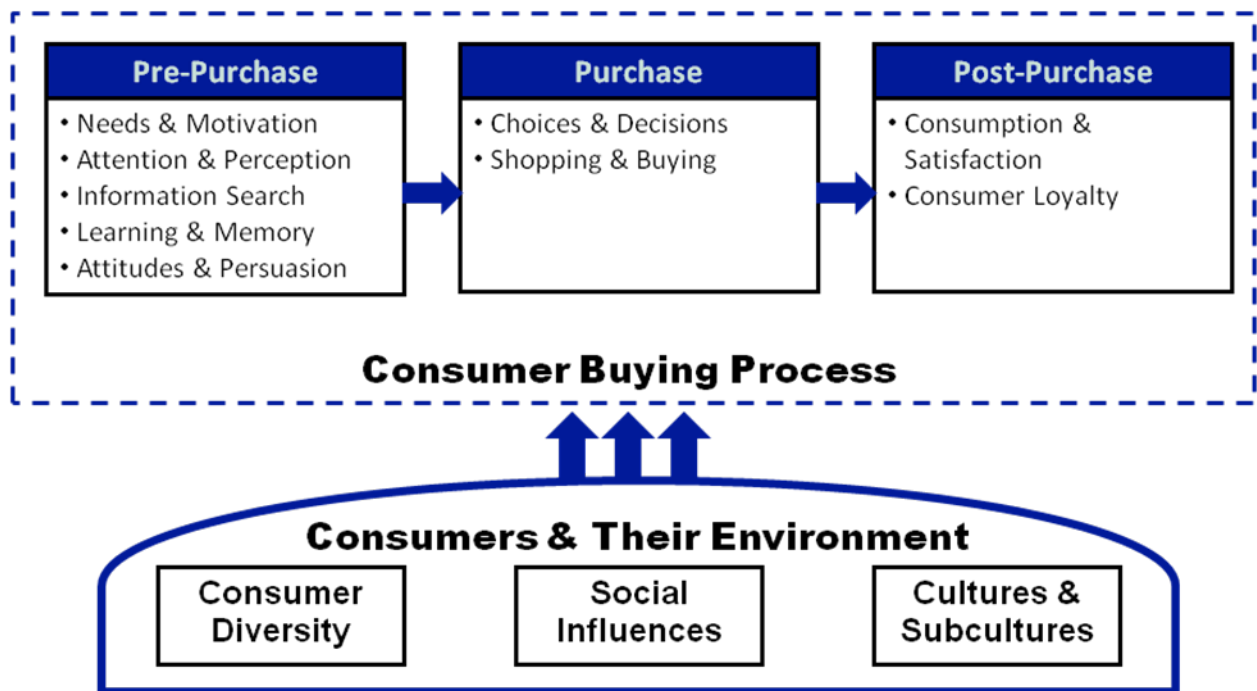
Toward this end, this course is designed to provide participants with a comprehensive coverage of frameworks, concepts, tools, and techniques to get into the minds of consumers, with an emphasis on uncovering, generating, and interpreting business-relevant consumer insights. Relevant theories and research in behavioral sciences will be discussed with the overarching goal of understanding and influencing consumer behavior. Topics include consumer need analysis, consumer learning and information search, buying process analysis, choices and evaluation, customer satisfaction management, and social influence.

This course is targeted at intellectually motivated students interested in pursuing careers in general management, marketing, entrepreneurship, business consulting, media and advertising, as well as not-for-profit marketing. The format will be action-learning-oriented with many in-class and out-of-class exercises and a group field project, in addition to more traditional lectures, readings, and case analyses.

Course Structure

This course focuses on the consumer as an individual, starting with the question of who the consumer is, and systematically examining the buying process that a consumer takes from pre-purchase motivations and cognition to post-purchase consumption and satisfaction (see figure 1). The topics discussed comprise an examination of basic psychological processes in a logical sequence using a combination of case studies and individual and group exercises, and each session will focus on a part of this sequence. Additionally, at a more general level, the nature and importance of consumer heterogeneity, social factors, and cultural differences in consumer behavior will be emphasized throughout the course and also examined more focally in specific sessions. Overall, this course provides both a micro and a macro perspective of the factors that influence a consumer.

Figure 1: Course structure for MKT3402



Course Requirements and Grading Criteria

Grades will be determined based on the following criteria (subject to further changes):

- Class Participation 20%
- Consumer Insights Individual Assignments 20%
- Final Test 30%
- Group Field Project 30%

Class Participation:

Each of us brings a unique set of experiences and knowledge into the classroom, and I would like all class participants to tap into this diverse pool of resources and benefit from it. A significant portion of class time will thus be devoted to in-class discussions and analyzing assigned cases. This discussion forum provides an opportunity to present your position and analysis as well as learn from others by listening and responding to their comments and criticisms. Constructive contribution to the class discussions and active listening are important elements of this course. It is therefore essential that you are fully prepared for case discussions and participate actively in class. This means that you need to have read the assigned material (e.g. cases) **before** the class session.

Effective participation includes the following: (1) providing insightful questions and comments on concepts from lectures and case discussions; (2) sharing your experience or point of view with the class; (3) building on points raised by others; (4) clarifying issues; and (5) relating ongoing topics to previous class discussions. *Please keep in mind that quality, not quantity, is the goal when it comes to class participation.* I will sometimes call upon students who raise their hand and wish to participate, and at other times ask students who have not volunteered to contribute. Although I realize that “cold calling” can occasionally be unpleasant, I have found that this format significantly improves the quality of the discussions.

Additionally, during the course, we will discuss a number of analytical tools and conceptual frameworks that can be used to facilitate the systematic generation of strategic consumer insights. In particular, we will conduct two in-class exercises to give you a chance to apply some of these tools and frameworks directly to a pre-assigned marketing problem in a collaborative group setting. In each of these exercises, you will work in a small ad-hoc team of four or five students and be given 20-30 minutes of class time to derive a set of insights and recommendations by applying the assigned tool or framework. Performance in these exercises will count toward your class participation score and will be evaluated based on the appropriate application of the tool or framework, as well as the quality of the team’s recommendations. You attendance in class will also be taken into account in your class participation score.

Consumer Insights Individual Assignments:

To promote action learning and to develop keen observation and the ability to generate consumer insights on an ongoing basis, you are asked to submit a total of four individual assignments during the course:

- Assignment I: Observational Study
- Assignment II: Case Brief (Starbucks)
- Assignment III: Mobile Shopping
- Assignment IV: Article Review

Detailed instructions for each assignment will be provided one week before the due date. All completed assignments should be turned in **at the beginning of the session** on the due dates noted on the course schedule (see p. 7 of this syllabus). *Twenty percent of the grade will be deducted for each day the homework is late.*

Final Test:

There will be a two-and-a-half-hour, in-class final test on **3 April 2017**. The test will be designed to assess your understanding of the consumer behavior concepts in this course. It will be based on *all* the material covered in class as well as *all* the assigned readings. Therefore, the best way to prepare for the test is to complete your readings assiduously as well as attend and be well prepared for each class session.

Field Project:

The main objective of this project is to give you a hands-on opportunity to understand and examine specific behaviors that consumers engage in, as well as apply the concepts, frameworks, and tools discussed in the course to uncover potential strategic consumer insights in order to address a real-world marketing issue.

At the beginning of the semester, you will be given a chance to decide (in your respective project groups) a marketing topic/question that you wish to work on throughout the semester. In general, the project should focus on uncovering insights on consumer behavior with substantial managerial relevance. More specifically, your chosen topic/question may examine basic issues of why, how, where, and when buying and consumption takes place, and center on product and service categories, brands, shopping behavior, consumer segments and trends, or other consumer marketing issues of strategic importance to businesses and managers. The topic/question you choose could pertain to a specific company, an industry, or to the general consumer. Examples of such topics/questions include:

- How do consumers perceive “organic” or “natural” products? What factors may persuade or dissuade them from buying such products? What is the opportunity space for food and beverage companies in these products?
- What are consumers’ attitudes toward store brands (private labels) versus international brands? What motivates consumers to consider and/or purchase store brands?
- In today’s increasingly interconnected marketplace fueled by a growth in social media adoption, how can brands create authentic communities among consumers?
- How should brand ABC best position its brand and products in order to target Gen-Y consumers (the millennial generation)?
- How are consumers currently using the various available channels (physical stores, e-commerce, mobile, direct mail, catalog) to shop in Singapore? How can retailer XYZ best design and implement an effective omni-channel retailing strategy, or should it?

The project will not only involve traditional library research, but, importantly, should also involve field data collection and analysis. To address your selected marketing question, you might wish to use (where appropriate) a combination of tools and empirical techniques—conceptual analyses and application of current research, market trends, and industry practices, in-depth interviews, focus groups, consumer surveys, experiments, as well as the theoretical/practical frameworks we discuss in class.

When making recommendations to address a particular issue, “big-picture” thinking should be employed, taking into account both the pros and cons of different possible alternative solutions available, as well as the long-term implications of the recommendations (in addition to short-term benefits). These recommendations should be grounded on a combination of data and theory.

By the end of the second week, you should have formed a project group of **four or five** students to work with during the semester. A proposal for the field project is due at the beginning of class on **6 February 2017**. This proposal should include a clear definition of the

marketing question you aim to examine, as well as outline and justify an appropriate action plan to address the selected question.

At the end of the course, each group will summarize its findings and recommendations in a report and present them in an in-class oral presentation (on **10 April 2017**). The report should be no longer than 10 pages (12-point font, double-spaced), excluding up to 10 pages of references and appendices. Field projects will be evaluated based on the depth of the research, appropriate application of consumer behavior tools and concepts, quality of data analysis, logical development of conclusions and implications, originality of consumer insights, and quality of the oral presentation and written report. *Please note: Given that a secondary goal of the field project is effective teamwork, disputes between group members should be resolved internally.*

In a few of the class sessions, I have set aside some time for a series of four field-project clinics to provide you with a guided approach toward completing your field project, as well as an opportunity to better integrate what we discuss in lectures and cases into your projects:

- Field Project Clinic I: Problem Definition
- Field Project Clinic II: Planning and Design
- Field Project Clinic III: Monitoring and Assessment
- Field Project Clinic IV: Conclusions and Extensions

In each session, you will be provided with a list of questions to help you think through your project at a particular stage. You do not have to submit your response to these questions. **However, please note that in order to produce a good project, simply relying on these in-class discussion sessions is not sufficient.** Each team should be prepared to meet outside of class time or enlist the help of other mechanisms to work on the project.

Course Material

Required Textbook:

- Consumer Behavior (7th Edition) by Wayne D. Hoyer, Deborah J. MacInnis, and Rik Pieters, Cengage Learning, 2017. This is an excellent book authored by three highly regarded consumer behavior researchers that provides an encyclopedic reference to consumer behavior concepts, some of which we will discuss in class.

Additional Required Readings – Cases and Readings:

In addition to the textbook, there are a number of required cases that you have to prepare prior to the relevant sessions. Moreover, you are responsible for a number of additional readings assigned for each class session. These readings are culled from various sources (i.e. industry reports, book chapters, academic and business journals, and popular media). (The readings are either accessible from the course website in IVLE under e-reserves or will be handed out in class before the session.) They relate to the focal topic(s) of the session and have been provided to give you a broader flavor of as well as deeper insights into the topic(s) outside of in-class discussions. I strongly recommend that you read these articles even though this is not part of your evaluation for the course. When reading these articles, you might find it useful to think about the implications of the basic ideas contained within them and how they can relate to our discussions in class. You might also find them useful in generating ideas for your field project. Please feel free to let me know if you wish to discuss any of these readings or have any questions pertaining to them.

Recommended Reading:

As further background reading, you might also find the following books insightful:

1. Influence: The Psychology of Persuasion (Revised Edition) by Robert B. Cialdini, Collins Business, 2006. This is a classic on the science of persuasion and named by the *Journal of Marketing Research* among the most important books written for marketers in the last ten years.
2. Why We Buy: The Science of Shopping (Revised Edition) by Paco Underhill, Simon & Schuster, 2008. This is another classic that includes a range of insights on shopping behavior.
3. Predictably Irrational: The Hidden Forces that Shape Our Decisions (Revised and Expanded Edition) by Dan Ariely, Harper, 2010. This is a popular bestseller by a leading behavior economist and consumer psychologist that highlights some of the recent insights in consumer behavior.

Lecture Notes:

I will post a subset of the slides used in each class session on the course website in IVLE. These slides will be posted after the session. Note that these slides serve primarily as an outline and will not include everything we discuss in class.

Logistics

Please be punctual so that we can start and end each session on time. In addition, as a courtesy to everyone, please turn off and put away all laptops, cell phones, and other mobile devices before each class. If you have prepared any quantitative or qualitative analyses for a case, please print them out and bring them to class in order to facilitate discussion. Further, to help me remember your names and address you appropriately, please also display your name card in front of you. This will also allow me to record your class participation properly.

Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. **In case of any doubts, you should consult your instructor.**

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online module on plagiarism:

<http://emodule.nus.edu.sg/ac/>

Course Outline and Class Schedule – Semester II, AY2016-17

Session	Date	Main Topic(s)	Cases/Consumer Insights Clinic	Field Project Clinic	Readings	Assignment Submissions	
1	9/1	Course Overview Introduction to Consumer Behavior	<ul style="list-style-type: none"> • <i>Consumer Insights Clinic</i>: DMU analysis 		<ul style="list-style-type: none"> • HMP: Chapter 1** • The New Consumer Decision Journey • New Insights for New Growth: What It Takes to Understand Your Customers Today • Behavior Defines Consumers • How Companies Learn Your Secrets • Better Customer Insight in Real Time • What Do Consumers Want? Look at Their Selfies • A Step-by-Step Guide to Smart Business Experiments • Keep Up With Your Quants 		
2	16/1	Needs & Motivation		<ul style="list-style-type: none"> • <i>Field Project Clinic I</i>: Problem Definition 	<ul style="list-style-type: none"> • HMP: Chapter 2** • A Theory of Human Motivation • The Elements of Value • Does the Smell of Coffee Remind You of Your Mother? • Who's Minding the Mind? • The New Science of Customer Emotions • Laddering Theory, Method, Analysis, and Interpretation • The ZMET Alternative 	<ul style="list-style-type: none"> • Assignment I (Observational Study) 	
3	23/1	Attention & Perception	<ul style="list-style-type: none"> • <i>Case</i>: Introducing New Coke 		<ul style="list-style-type: none"> • HMP: Chapter 3** • Analyzing Consumer Perceptions • Advertisers Try New Tactics to Break Through to Consumers • Try It, You'll Like It: The Influence of Expectation, Consumption, and Revelation on Preferences for Beer • The Search for Sweet Sounds that Sell • The Temperature Premium: Warm Temperatures Increase Product Valuation 		
	30/1	No Class (Chinese New Year)					
4	6/2	Information Search Learning & Memory			<ul style="list-style-type: none"> • HMP: Chapters 4 and 7** • Your Brain Lies to You • Crossing the Virtual Boundary • Amazon Is Quietly Eliminating List Prices • Here Are 6 New Ways to Make Mobile Advertising Work 	<ul style="list-style-type: none"> • Proposal for field project 	
5	13/2	Attitudes & Persuasion	<ul style="list-style-type: none"> • <i>Case</i>: Starbucks 	<ul style="list-style-type: none"> • <i>Field Project Clinic II</i>: Planning & Design 	<ul style="list-style-type: none"> • HMP: Chapters 5 and 6** • Harnessing the Science of Persuasion • Luxury Branding Below the Radar 	<ul style="list-style-type: none"> • Assignment II (Case Brief) 	

Session	Date	Main Topic(s)	Cases/Consumer Insights Clinic	Field Project Clinic	Readings	Assignment Submissions	
	20/2	No Class (Recess Week)					
6	27/2	Choices & Decisions			<ul style="list-style-type: none"> • HMP: Chapters 8 and 9** • From “Economic Man” to Behavioral Economics • The Last Mile: Using Behavioral Insights to Create Value • Feeling the Future: The Emotional Oracle Effect • The Limits of Attraction 		
7	6/3	Shopping & Buying	<ul style="list-style-type: none"> • <i>Case: Apple Stores</i> 	<ul style="list-style-type: none"> • <i>Field Project Clinic III: Monitoring & Assessment</i> 	<ul style="list-style-type: none"> • Why Do People Shop? • The Therapeutic Utility of Shopping • Shopping Made Psychic • Stores Suffer From a Shift of Behavior in Buyers • Cracking the Digital-Shopper Genome • Getting to ‘Buy,’ on Mobile 	<ul style="list-style-type: none"> • Assignment III (Mobile Shopping) 	
8	13/3	Consumption & Satisfaction Consumer Loyalty	<ul style="list-style-type: none"> • <i>Case/Consumer Insights Clinic: A Case for Brand Loyalty</i> 		<ul style="list-style-type: none"> • HMP: Chapter 10** • Communication and Control Processes in the Delivery of Service Quality • The CEO Guide to Customer Experience • Unlock the Mysteries of Your Customer Relationships • When Customers Become Fans • Branding in the Age of Social Media 		
9	20/3	Consumer Diversity Social Influences		<ul style="list-style-type: none"> • <i>Field Project Clinic IV: Conclusions & Extensions</i> 	<ul style="list-style-type: none"> • HMP: Chapters 11, 12, and 14** • The Hidden (in Plain Sight) Persuaders • Demystifying Social Media • To Tweet or not to Tweet: What Business can Learn from Social Movements • Getting a Sharper Picture of Social Media’s Influence • Why Your Customers’ Social Identities Matter 	<ul style="list-style-type: none"> • Assignment IV (Article Review) 	
10	27/3	Cultures & Subcultures Course Review			<ul style="list-style-type: none"> • HMP: Chapters 13 and 16** • The Consumer Sector in 2030: Trends and Questions to Consider • Saving, Scrimping, and ... Splurging? • Here Comes the Modern Chinese Consumer • Modern Grocery and the Emerging-Market Consumer • Digital Banking in Asia: What do Consumers Really Want? 		
11	3/4	In-Class Final Test					
12	10/4	Field Project Presentations					<ul style="list-style-type: none"> • Field project report

* This schedule will be updated during the semester as and when there are further changes.

** Readings from Hoyer, MacInnis, and Pieters 2017

READINGS (NON-TEXTBOOK)

Introduction to Consumer Behavior

- The New Consumer Decision Journey (Edelman & Singer, *McKinsey & Company*, 2015)
- New Insights for New Growth: What It Takes to Understand Your Customers Today (Gordon, Gruntges, Smith, & Staack, *McKinsey Quarterly*, 2016)
- Behavior Defines Consumers (Neveril, *Advertising Age*, 2007)
- How Companies Learn Your Secrets (Duhigg, *The New York Times*, 2012)
- Better Customer Insight in Real Time (MacDonald, Wilson, & Konus, *Harvard Business Review*, 2012)
- What Do Consumers Want? Look at Their Selfies (Rubin, *The New York Times*, 2016)
- A Step-by-Step Guide to Smart Business Experiments (Anderson and Simester, *Harvard Business Review*, 2011)
- Keep Up With Your Quants (Davenport, *Harvard Business Review*, 2013)

Needs & Motivation

- A Theory of Human Motivation (Maslow, *Readings in Managerial Psychology*, 1943)
- The Elements of Value (Almquist, Senior, & Bloch, *Harvard Business Review*, 2016)
- Does the Smell of Coffee Remind You of Your Mother? (Hitt, *The New York Times Magazine*, 2000)
- Who's Minding the Mind? (Carey, *The New York Times*, 2007)
- The New Science of Customer Emotions (Magids, Xorfas, and Leemon, *Harvard Business Review*, 2015)
- Laddering Theory, Method, Analysis, and Interpretation (Reynolds & Gutman, *Journal of Advertising Research*, 1988)
- The ZMET Alternative (Catchings-Castello, *Marketing Research*, 2000)

Attention & Perception

- CASE—Introducing New Coke (*Harvard Business School*, 2001)
- Analyzing Consumer Perceptions (Dolan, *Harvard Business School*, 2001)
- Advertisers Try New Tactics to Break Through to Consumers (Vranica, *The Wall Street Journal*, 2016)
- Try It, You'll Like It: The Influence of Expectation, Consumption, and Revelation on Preferences for Beer (Lee, Frederick, & Ariely, *Psychological Science*, 2006)
- The Search for Sweet Sounds that Sell (Byron, *The Wall Street Journal*, 2012)
- The Temperature Premium: Warm Temperatures Increase Product Valuation (Zwebner, Lee, & Goldenberg, *Journal of Consumer Psychology*, 2014)

Information Search/Learning & Memory

- Your Brain Lies to You (Wang & Aamodt, *The New York Times*, 2008)
- Crossing the Virtual Boundary (Zhao, Lee & Soman, *Psychological Science*, 2012)
- Amazon Is Quietly Eliminating List Prices (Streitfeld, *The New York Times*, 2016)
- Here Are 6 New Ways to Make Mobile Advertising Work (Goodwin, *AdWeek*, 2015)

Attitudes & Persuasion

- CASE—Starbucks: Delivering Customer Service (*Harvard Business School*, 2006)
- Harnessing the Science of Persuasion (Cialdini, *Harvard Business Review*, 2001)
- Luxury Branding Below the Radar (*Harvard Business Review*, 2015)

Choices & Decisions

- From “Economic Man” to Behavioral Economics (Fox, *Harvard Business Review*, 2015)

- The Last Mile: Using Behavioral Insights to Create Value (Soman, *Rotman Magazine*, 2015)
- Feeling the Future: The Emotional Oracle Effect (Pham, Lee, & Stephen, *Journal of Consumer Research*, 2012)
- The Limits of Attraction (Frederick, Lee, & Baskin, *Journal of Marketing Research*, 2014)

Shopping & Buying

- CASE—Apple Stores (*Harvard Business School*, 2010)
- Why Do People Shop? (Tauber, *Journal of Marketing*, 1972)
- The Therapeutic Utility of Shopping (Lee & Böttger, *The Routledge Companion to Consumer Behavior*, 2017)
- Shopping Made Psychic (Sunstein, *The New York Times*, 2014)
- Stores Suffer From a Shift of Behavior in Buyers (Tabuchi, *The New York Times*, 2015)
- Cracking the Digital-Shopper Genome (BenMark & Masri, *McKinsey Digital*, 2015)
- Getting to ‘Buy,’ on Mobile (Dougherty & Tabuchi, *The New York Times*, 2015)

Consumption & Satisfaction/Consumer Loyalty

- CASE—Case for Brand Loyalty (*Harvard Business School*, 1998)
- Communication and Control Processes in the Delivery of Service Quality (Zeithaml, Berry, & Parasuraman, *Journal of Marketing*, 1988)
- The CEO Guide to Customer Experience (*McKinsey & Company*, 2016)
- Unlock the Mysteries of Your Customer Relationships (Avery, Fournier, & Wittenbraker, *Harvard Business Review*, 2014)
- When Customers Become Fans (Dong & Zhang, *MIT Sloan Management Review*, 2016)
- Branding in the Age of Social Media (Holt, *Harvard Business Review*, 2016)

Consumer Diversity & Social Influences

- The Hidden (in Plain Sight) Persuaders (Walker, *The New York Times*, 2004)
- Demystifying Social Media (Divol, Edelman, & Sarrazin, *McKinsey Quarterly*, 2012)
- To Tweet or not to Tweet (Goldman & Howard, *Rotman Magazine*, 2013)
- Getting a Sharper Picture of Social Media’s Influence (Bughin, *McKinsey Quarterly*, 2015)
- Why Your Customers’ Social Identities Matter (Champniss, Wilson, & Macdonald, *Harvard Business Review*, 2015)

Cultures & Subcultures

- The Consumer Sector in 2030: Trends and Questions to Consider (Benson-Armer, Noble, & Thiel, *McKinsey & Company*, 2015)
- Saving, Scrimping, and ... Splurging? New Insights into Consumer Behavior (Magni, Martinez, and Motiwala, *McKinsey & Company*, 2016)
- Here Comes the Modern Chinese Consumer (Zipser, Chen, & Gong, *McKinsey & Company*, 2016)
- Modern Grocery and the Emerging-Market Consumer (Child, Kilroy, & Naylor, *McKinsey Perspectives on Retail and Consumer Goods*, 2015)
- Digital Banking in Asia: What do Consumers Really Want? (Barquin & Vinayak, *McKinsey & Company*, 2015)