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 ourselves consumers, 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 unchartered 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 consumer behavior.
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 consumer insights group 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 which 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 MKT3402C*

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**Course Requirements and Grading Criteria**

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

- **Class Participation** 20%
- **Individual Consumer Insights Exercises** 20%
- **Quiz** 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. At the beginning of the semester, 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 about 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 Exercises:
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:

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

Detailed instructions for the exercises 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.
Quiz:
There will be a two and a half-hour, in-class quiz on **April 6, 2015**. The quiz 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 quiz is to attend and be well-prepared for each class session.

The construction of reliable, discriminating and valid quizzes is a very difficult endeavor, and returning quizzes precludes the use of those or similar quiz questions in the future. Since the primary goal of the quiz in this course is to evaluate students’ knowledge, returning quizzes would make it more difficult for that goal to be achieved. Therefore, the graded quizzes will be available in my office for a stipulated period after the quiz, either during office hours or by appointment. I will provide appropriate feedback and learning if you wish to come in to review your quiz.

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. This year, we are partnering with **BHG**, a major department store in Singapore.

At the beginning of the semester, you will be provided with a list of marketing topics/questions proposed by the company from which you could choose one to work on. In general, the projects will focus on uncovering strategic insights on consumer behavior with substantial managerial relevance. More specifically, these topics/questions 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 the partner company. The projects will not only involve traditional library research, but will 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 and industry practices, in-depth interviews, focus groups, consumer surveys, experiments, as well as the tools 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 **five or six** students to work with during the semester. A proposal for the field project is due at the beginning of class on **February 2, 2015**. This proposal should include a clear definition of the marketing question to be examined, 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 investigation and recommendations in a report and present it to a management team from the client company (**April 13, 2015**). The report should be no longer than 10 pages (12-point font), excluding up to 10 pages of references and appendices. (Please submit two copies of your project report.) 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 clinic 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 (6th Edition) by Wayne D. Hoyer, Deborah J. MacInnis, and Rik Pieters, South-Western, 2013. This is an excellent book that provides a relatively 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 among the most important books written for marketers in the last 10 years by the Journal of Marketing Research.
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.

4. **Consumer Insights: Findings from Behavioral Research** edited by Joseph W. Alba, Marketing Science Institute, 2011. This is a compilation of major findings in academic consumer research with implications for marketing.

*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 properly, please also display your name card in front of you. This will also allow me to record your class participation properly.
## Course Outline and Class Schedule – Semester II, AY2014-15

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<th>Field Project Clinic</th>
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<th>Assignment Submissions</th>
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<td>• Consumer Insights Clinic: DMU analysis</td>
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<td>• HMP: Chapter 1** • Why Do People Shop? • Are You Ignoring Trends that Could Shake Up Your Business? • Behavior Defines Consumers • Keep Up With Your Quants • Better Customer Insight in Real Time • A Step-by-Step Guide to Smart Business Experiments • How Companies Learn Your Secrets</td>
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<td>2</td>
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<td>Needs &amp; Motivation I</td>
<td>Introduction to Field Project Topics</td>
<td>• HMP: Chapter 2** • A Theory of Human Motivation • Laddering Theory, Method, Analysis, and Interpretation</td>
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<td>• Exercise I (Observational Study)</td>
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<td>Guest speaker: Serene Tan, Director, BHG Singapore</td>
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<td>26/1</td>
<td>Needs &amp; Motivation II</td>
<td>• Consumer Insights Clinic: Need landscape analysis</td>
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<td>Attention &amp; Perception</td>
<td>• Case: Introducing New Coke</td>
<td>• HMP: Chapter 3** • Analyzing Consumer Perceptions • Try It, You’ll Like It: The Influence of Expectation, Consumption, and Revelation on Preferences for Beer • The Temperature Premium: Warm Temperatures Increase Product Valuation • The Search for Sweet Sounds that Sell</td>
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<td>• Proposal for field project</td>
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<td>9/2</td>
<td>Information Search Learning &amp; Memory</td>
<td>• Field Project Clinic II: Planning &amp; Design</td>
<td>• HMP: Chapters 4 and 7** • Memory Factors in Consumer Choice: A Review • Your Brain Lies to You • Making Mobile Ads that Work • Crossing the Virtual Boundary</td>
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<td>16/2</td>
<td>Attitudes &amp; Persuasion</td>
<td>• Case: Starbucks</td>
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<td>• Exercise II (Case Brief)</td>
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<td>No Class (Recess Week)</td>
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<td>Choices &amp; Decisions</td>
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<td>• Field Project Clinic III: Monitoring &amp; Assessment</td>
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<td>• HMP: Chapters 8 and 9**</td>
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<td>• From Preferences to Choices</td>
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<td>• Get Closer to Your Customers by Understanding How They Make Choices</td>
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<td>• Feeling the Future: The Emotional Oracle Effect</td>
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<td>8</td>
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<td>Shopping &amp; Buying (eLearning Week)</td>
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<td>• Shopping Goals, Goal Concreteness, and Conditional Promotions</td>
<td>Exercise III (Online Shopping)</td>
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<td>• The Interrelationships between Brand and Channel Choice</td>
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<td>• Unlock the Mysteries of Your Customer Relationships</td>
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<td>Consumer Diversity</td>
<td>• Field Project Clinic IV: Conclusions &amp; Extensions</td>
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<td>• Getting Brand Communities Right</td>
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<td>• To Tweet or not to Tweet: What Business can Learn from Social Movements</td>
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<td>• Winning the $30 Trillion Decathlon: Going for Gold in Emerging Markets</td>
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* This schedule will be updated during the semester as and when there are further changes.
** Readings from Hoyer, McInnis, and Pieters 2013
# READINGS

## Course Overview
- Behavior Defines Consumers (Neveril, *Advertising Age*, 2007)

## Needs & Motivation
- A Theory of Human Motivation (Maslow, *Readings in Managerial Psychology*, 1943)

## Attention & Perception
- Try It, You’ll Like It: The Influence of Expectation, Consumption, and Revelation on Preferences for Beer (Lee, Frederick, & Ariely, *Psychological Science*, 2006)

## Information Search/Learning & Memory
- Crossing the Virtual Boundary (Zhao, Lee & Soman, *Psychological Science*, 2012)

## Attitudes & Persuasion

## Choices & Decisions
- From Preferences to Choices (Hastie & Dawes, *Rational Choice in an Uncertain World*, 2010)
- Get Closer to Your Customers by Understanding How They Make Choices (Simonson, *California Management Review*, 1993)
### Shopping & Buying
- The Interrelationships between Brand and Channel Choice (Neslin et al., *Marketing Letters*, 2014)

### Consumption & Satisfaction/Consumer Loyalty

### Consumer Diversity & Social Influences
- To Tweet or not to Tweet (Goldman & Howard, *Rotman Magazine*, 2013)

### Cultures & Subcultures