הפקולטה לניהול
ע"ש קולר
אוניברסיטת תל אביב

Coller School
of Management
Tel Aviv University

The Leon Recanati Graduate School of Business Administration

1231.3402– Consumer Insight and Strategic Marketing

It is highly recommended to take this class after having taken a core course in marketing management

First Semester – 2020/21

Section	Day	Hour	Lecturer	Email	Telephone
01	Tuesday	18:45-21:30	Prof. Shai Danziger	shaid@tau.ac.il	03-6406311

Office Hours: Tuesday, either before or after class

Course Units

2 course units = 8 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

The course setting: Companies MUST understand their target consumers to succeed. This basic realization has led to the customer-centric approach to marketing. To develop an effective marketing strategy (STP and 4p's), firms must understand how consumers process information, feel, think, attend, remember, evaluate, choose, consume offerings and talk about them. Importantly, though we are all consumers, our insights and intuitions about our own behavior and that of others, is often inaccurate, and may at times, be misleading. This is especially true if our target market is very different from ourselves.

The course goal: The primary goal of this course is to help you become an insightful investigator and strategic shaper of consumer behavior. Achieving this goal involves examining and analyzing consumer behavior critically, and uncovering findings that can steer managerial action and value creation.

How? To achieve the course goal, the course is designed to provide you with a broad coverage of frameworks, concepts, tools, and techniques to understand the minds of consumers, with an emphasis on uncovering, generating, and interpreting business-relevant consumer insights in today's rapidly changing world. We will discuss relevant theories and research in behavioral sciences with the overarching goal of understanding and influencing consumer behavior. Topics include consumer need analysis, consumer perception & attention, consumer motivation, representation of knowledge and learning, evaluation, choice, and consumer talk (word of mouth and recommendations). We will also touch on broad external influences that sway consumer

behavior such as culture, reference groups and social class. The course format is action-learning-oriented with in-class participation, assignments and exercises.

Course Objectives

Upon completion of the course, you will be able to:
1. Understand the information processing model of consumer behavior
2. Strategically influence consumer behavior through your understanding of consumer information processing model
3. Conduct consumer research, collecting primary data (consumer journey and shaping the offering)

Evaluation of Student and Composition of Grade

Percentage	Assignment	Date
30%	**Consumer Journey**	3-4 members per group. Description at the end of the syllabus. **January 5**
30%	**Shaping the offering**	3-4 members per group. Description at the end of the syllabus. **January 5**
25%	**Positioning claims**	Individual. **November 10**
15%	**Participation**	Individual. Completing a short survey after each session to help learning sink in. Contributing to class discussions.

Course Assignments

Assignment notes: You will complete the consumer journey and shaping the offering exercise in self-selected groups of 3-4 individuals. You will submit assignments during the semester, so carefully examine the submission dates. You can examine the assignments at the end of this document to develop an impression of the scope of an assignment.

Attendance & participation: Each person brings a unique set of experiences, a unique perspective and knowledge to the classroom, and I would like all class participants to tap into this diverse pool of resources and benefit from it (even on zoom). Therefore, we will devote a portion of class time to in-class discussions. Constructive contribution to the class discussions and active listening are important elements of this course. It is therefore essential that you be fully prepared to participate actively in class. This means you need to have read the assigned material prior to the class session. Effective participation includes: (1) providing insightful questions and comments on concepts from lectures and readings; (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 I will base your score on the quality of your comments and not their quantity.

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, this policy will be applied to this course's final grades. As this course is an elective course, the course average will be in the 83-87 range.
Additional information regarding this policy can be found on the Faculty website.
https://coller.tau.ac.il/MBA-students/programs/2019-20/MBA/regulations/exams

Evaluation of the Course by Student

Following course completion, students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments and exams, at the end of the course as well. Course material will be available on the course site. Please note that topics not covered in the course material but discussed in class are considered integral to the course and may be tested in examinations.

Course Outline*

Week	Date	Topic(s)	Required reading/video	Assignments
1	20 Oct.	**Marketing strategy recap**: Positioning, claims, shaping the offering.		
2	27 Oct.	**Customer centricity and consumer behavior research:** tools for doing consumer behavior research, design of an experiment and methodology.		
3	3 Nov	**Consumer behavior research:** tools for doing consumer behavior research, experimental design and methodology.	1 Most people are not WEIRD	
4	10 Nov	**Making consumers tick, part 1**: Consumers act to satisfy their needs. We will talk about the need recognition state, types of needs, and needs-based positioning.	Videos : 1 ,2 & 3	**Positioning claims (individual)**

5	17 Nov	**Making consumers tick, part 2**: A behavioral perspective to uncovering needs.	2. The MPG illusion Video 4	
6	24 Nov	**Making consumers tick, part 3**: Consumer ability and opportunity, consumer involvement and how it informs marketing strategy.		
7	1 Dec	**Winning the war over attention**: consumer sensation and perception processes.		
8	8 Dec	**Consumer knowledge, part 1**: internal representations, spreading activation.	3. Signing at the beginning …	
9	15 Dec	**Consumer Knowledge, part 2**: memory, how the 4ps shape inferences or using the 4s to form the desired image.		**Consumer Journey (group)**
10	22 Dec	**How do consumers evaluate me**: attitudes, brand personality, and the Customer Based Brand Equity model.	4. Construal levels 5. Brands as intentional agents framework	
11	29 Dec	**Consumer preference and choice (part 1)**: the construction of preference and choice goals.		
12	5 Jan	**Consumer preference and choice (part 2)**: choice strategies, mental accounting and prospect theory.	6. Extraneous factors in judicial decisions	**Shaping the offering (group)**
13	12 Jan	**Based on the number of class participants this lecture will either be with a guest lecturer or will be student presentation**		
14	19 Jan	**Student presentation (shaping the offering or consumer journey)**		

* I may invite a guest speaker on the 12th of January, depending on the number of class participants.
* I expect your attendance during the student and guest lecture (if it happens) presentations, on the 12th and 19 of January.

Required Reading & Videos

Reading
1: Most people are not WEIRD (Nature)
2: The MPG illusion (Science)
3: Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end (PNAS)
4: Construal levels and psychological distance: effects on representation, prediction, evaluation, and behavior (JCP)
5: Brands as intentional agents framework: How perceived intentions and ability can map brand perception (JCP)
6: Extraneous factors in judicial decisions (PNAS)
7: Attitude change and ELM (relevant for the exercise on shaping the offering).

Videos
Understanding the job to be done
1) https://youtu.be/flKcN2x50rw
2) https://www.youtube.com/watch?v=ykumbLhta5U&feature=youtu.be
3) https://www.youtube.com/watch?v=_P5lty34oaQ&feature=youtu.be
Coltaire Rapaille on 60 minutes

4) https://www.youtube.com/watch?v=uoK9lIhzBjw

Snacks and punishment

5) https://www.nytimes.com/video/us/100000004818677/snacks-and-punishment.html

Recommended Reading

1) Textbook: Consumer Behavior (4th-6th Edition) by Wayne D. Hoyer, Deborah J. MacInnis, and Rik Pieters, South-Western, 2012. This is an excellent book that provides a relatively encyclopedic reference to consumer behavior concepts, many of which we will discuss in class.

2) Academic journals: *Journal of Consumer Research, Journal of Consumer Psychology, Journal of Marketing Research, Journal of Marketing, Psychological Science,*

The following link has abstracts for research published in the journal of consumer psychology by topic: http://www.myscp.org/pdf/SCP%20Consumer%20Psychology%20Syllabus%202014.pdf

3) Popular Science Books: Note that with some of these books, you get the idea after reading about half the book.
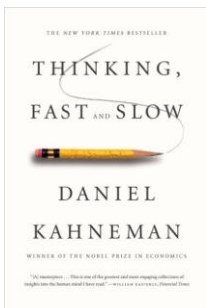
https://www.amazon.com/Thinking-Fast-Slow-Daniel-Kahneman/dp/0374533555/ref=sr_1_1?ie=UTF8&qid=1466498639&sr=8-1&keywords=thinking+fast+and+slow+by+daniel+kahneman

Excellent, expansive book dealing with the entirety of human thought. Very detailed and long. There are also summary versions.
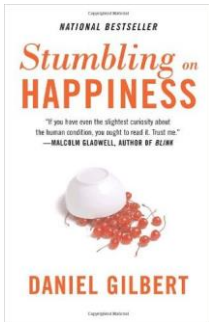
Great Youtube video on the book: https://www.youtube.com/watch?v=qzJxAmJmj8w

_____
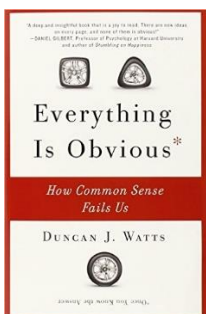
https://www.amazon.com/Everything-Obvious-Common-Sense-Fails/dp/0307951790/ref=sr_1_1?s=books&ie=UTF8&qid=1466498734&sr=1-1&keywords=everything+is+obvious

A great book on understanding research in the social sciences.

Short promo for the book: https://www.youtube.com/watch?v=D9XF0QOzWM0

_____

This book is about affective forecasting – how people make forecasts about what will make them happy in the future. I liked the book a lot.

Video: https://www.youtube.com/watch?v=2EiV4-ClcIs

_____

There are many other good popular science books that span social science thinking, going from psychology to sociology to psychology. To mention a few, you can read the books by **Malcolm Gladwell**. Tipping point, in particular was good. It is about diffusion of information. Those of you interested in behavioral finance can look up one of the books written by **Richard Thaler** (https://www.amazon.com/s/ref=nb_sb_noss_2?url=search-alias%3Dstripbooks&field-keywords=richard+thaler). Also, there are the books written by **Dan Ariely** on acting irrationally and on unethical behavior (https://www.amazon.com/s/ref=nb_sb_noss_1?url=search-alias%3Dstripbooks&field-keywords=dan+ariely&rh=n%3A283155%2Ck%3Adan+ariely). **Barry Schwartz** has a book about "The paradox of choice: Why more is less". (https://www.ted.com/talks/barry_schwartz_on_the_paradox_of_choice).

If you want to read books about Motivation and willpower then you should read Baumeister's book titled Willpower (https://www.amazon.com/Willpower-Rediscovering-Greatest-Human-Strength/dp/0143122231/ref=sr_1_1?ie=UTF8&qid=1466499484&sr=8-1&keywords=willpower). If you want read about how to use incentives then you can read Uri Gneezy and John Lists book, The Why Axis (https://www.amazon.com/Why-Axis-Undiscovered-Economics-Everyday/dp/1610393112/ref=sr_1_sc_1?s=books&ie=UTF8&qid=1466501792&sr=1-1-spell&keywords=they+why+axis+gneezy).

<div align="center">

Positioning claims exercise
Length: Each positioning claim landscape
Individual

</div>

Purpose?

Marketers use positioning claims to convey the desired brand image to relevant stakeholders. Through the effective use of its positioning claims the marketer can shape consumer perceptions of its brand and differentiate it from its competitors. Marketers I different product categories tend to use different types of positioning claims. **In this exercise, you will create 2 positioning claim landscapes that will illustrate the type and frequency of use of the different positioning claims in 2 different product categories.** For each of the two product categories (1) provide the actual marketing material (ads, slogans, videos) that demonstrate the positioning claims and using terms we have discussed in class explain (2) which positioning claim you think is the most effective, (2) how you would determine the actual effectiveness of the claims (3) and invent

what you believe is the ideal set of claims for the particular category (using each one of the positioning claim statements).

<p style="text-align:center">Consumer Journey</p>

Length: Main map should be no more than 3 pages
3-4 students per group

Purpose?

A consumer journey map describes in detail a consumer interaction with a product, service, or event. For example, it can refer to the interaction a consumer has before they can achieve a particular goal, such as buying insurance (think of how Wobi differentiated itself in this regard), installing and setting up a printer, preparing a meal, getting a permit to build your house or open a business, purchasing a deodorant, finding a date for tonight, ordering a taxi, finding parking, going to the movies, giving birth at a hospital, signing up to courses, complaining to the police about a felony, etc. Firms can differentiate themselves by optimizing their touchpoints with the consumer (think of how Amazon optimized one-click shopping). **In this exercise, you will create a journey map that conveys the thoughts and emotional states consumers have at critical parts of a journey. Choose a journey you find interesting and one you believe can be improved**. Much behavioral research shows people remember some parts of experiences more than others (for example, the low and high points, and the peak end rule- https://en.wikipedia.org/wiki/Peak%E2%80%93end_rule) and that the parts better remembered contribute more to the overall evaluation of the experience. For this reason, your map should highlight the BEST (successes) and WORST (failures) parts of the experience (the worst part of repairing my car is my uncertainty about how much the repair will cost, the worst part of insurance claims is whether I will be paid or not). Think hard on what factors characterize the experience and where you can improve it. Can the journey begin earlier, can it end later, can you increase consumer engagement or reduce it by using the digital environment to your advantage?

How?

Step 1: Choose a journey you want to focus on.

Choose smart. Choose a journey you find interesting, be able to find consumers to interview about, and you believe can be improved by intervention.

Step 2: Collect data.

Study consumers (through interview, observation, etc.): Each group member should unpack the experience of 4 consumers throughout the journey. We want you to provide us with a description of the consumers you sampled in terms of RFM (https://en.wikipedia.org/wiki/RFM_(customer_value) **and their consumption goal. Explain why you selected these consumers for study. Aim to interview each consumer about 15 minutes.** Hopefully, you will learn a lot about their experience. Try to understand what they feel, what they think, what matters more and less to them, and that implications for designing an better journey.

Put us in their shoes: Using photos, artifacts, or vivid descriptions, communicate your consumers went experience.

Experiment in terms of how to form your journey map. You might start by asking consumers in a free-form fashion to tell you what parts of the experience they remember (not even telling them where to start from). After they tell you about what they remember, you can more systematically dive into the experience based on what you and your colleagues hypothesized are the key event experiences you think could be changed. The strategy of first using an unstructured methodology and then a structured one is often used in market research. After mapping the experience, ask consumers how the experience can be improved. You will find the mandatory readings on customer experiences insightful. They will give you an appreciation of the importance of understanding customer experience and controlling consumer touch-points.

Step 3: **Visualize and summarize what you have learned on no more than 3 pages. You can use PPT, Word or whatever you prefer.**

Plot the most important points within the experience: moments where the products touchpoints influence the user's emotional state. The most successful experience maps will communicate creatively, demonstrate emotional insights, and clearly identify where lapses can be prevented or repaired by providing consumers with a good solution. Give **at least two viable intervention recommendations** for management based on your analysis. Below, is a nice example of an experience map for attending shows at a Symphony Orchestra.
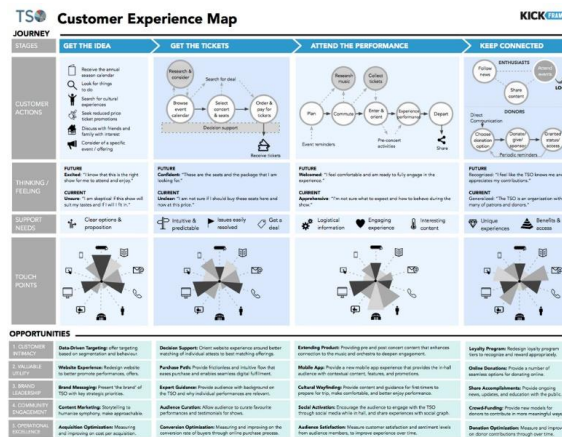
Step 4: Recommended format for your submission

1) Consider preparing in power-point.
2) Main Title: Brand name/Process – and maybe tag line, or main insight
3) Sections:

(a) **Consumer characteristics:** A description of the consumers you sampled in terms of RFM and their consumption goal.

(b) The experience map: maybe with symbols depicting critical events that you later on describe (maybe use pictures).

(c) At least 2 interventions points / recommendations;

Required readings for completing this assignment:

1. Discovering new points of differentiation. Ian C. MacMillan & Rita G. McGrath, Harvard Business Review, July-August 1997, 133-145
2. https://hbr.org/2015/11/competing-on-customer-journeys
Also take a look at http://www.sungevity.com/ which is featured in the HBR article
3. https://hbr.org/2010/11/using-customer-journey-maps-to/
A nice link that was provided in this online piece - http://www.servicedesigntools.org/
Other useful information:
http://www.kickframe.com/blog/2015/7/29/orchestrating-the-toronto-symphony-experience
http://adaptivepath.org/ideas/the-anatomy-of-an-experience-map/

Purpose?

This assignment is comprised of three tasks:
(1) To identify the attributes/benefits (and their relative weights) that influence purchase in your chosen product/service category and to determine how your product/services matches against its 2 major competitors on these attributes/benefits. Conduct this analysis for two different relevant consumer segments (Table 2 below - Racy Rita's vs Macho Mikes; meaning you need a basis for segmentation).
(2) Based on your section 1 analysis, offer two recommendations on how by introducing a new attribute/benefit or changing how consumers perceive your offering on an existing attribute/benefit you can improve consumers' attitudes towards your offering and hopefully market share and profitability. Note that this does not always mean making your product objectively better. Sometimes this can be done by getting rid of things you thought consumers' values but they in fact don't…
(3) Test your recommendations with consumers. Based on this testing explain which recommendation you would choose to use if you could use only one.

All services and products consist of multiple attributes/features/benefits. For example, a wine can be characterized by the type of grapes it is made of, where the grapes are grown (terroir), it's price, whether the wine is made of one type of grape or a blend, whether it is best served chilled or at room temperature, whether it is a limited edition, whether it can be bought only at specialized stores, bottle size, bottle shape, its color, the material from which the bottle is made (glass, plastic, carton, etc. All of these product characteristics influence, each with its own weight, consumers' perception of the quality of the wine, perceived price, perceived value for money, attitude toward the wine, purchase intentions, satisfaction with the wine, etc. Wineries compete based on the composition of their wines.

Similarly, Yellow cheese has many attributes/benefits/features including fat content, packaging, coloring, price. In this category, the category leader in Israel is Emek. Several years ago, Tara introduced Noam as a competitor cheese, marketing the product as not having preservatives. At the time, this was a new attribute in the category. Noam took a bite out of Emek's market share. Some consumers apparently valued this attribute because it presumably provided a health benefit, or maybe made other types of cheese, including Emek, be perceived as less healthy. This is the natural battlefield of many product categories. Competitors try to persuade consumers which attributes/benefits are the most important in the category, and that their offerings are better than their competitors on the various attributes.

In the following table you can see the results of Market research that identified the key characteristics of tires and how competing brands scored on these attributes.

Your first task is to produce a table like this for <u>two different consumer segments</u>:

Table 1:

Attribute	Attribute importance	Brand A	Brand B	Brand C
Traction	35	4	8	9
Handling	30	3	3	2
Affordability	15	8	4	3
Warranty	20	7	5	5

Table 2:

Predicting the Attitudes of Two Consumer Segments

Segment A: Macho Mikes

Attribute	e_i	Land Rover		RAV 4		Celica	
		b_i	$b_i \times e_i$	b_i	$b_i \times e_i$	b_i	$b_i \times e_i$
Sporty styling	−1	5	−5	7	−7	7	−7
Great handling	+1	5	5	6	6	8	8
High cost	−3	8	−24	2	−6	7	−21
Ruggedness	+3	7	21	9	27	4	12
Off-road Ability	+3	7	21	9	27	1	3
Attitude score =			18		47		−5

Segment B: Racy Ritas

Attribute	e_i	Land Rover		RAV 4		Celica	
		b_i	$b_i \times e_i$	b_i	$b_i \times e_i$	b_i	$b_i \times e_i$
Sporty styling	+2	4	8	6	12	8	16
Great handling	+3	5	15	3	9	9	27
High cost	−1	8	−8	2	−2	7	−7
Ruggedness	+1	7	7	7	7	5	5
Off-road Ability	−3	9	−27	9	−27	2	−6
Attitude score =			−5		−1		35

Note: b_i = strength of attitude (1 = extremely unlikely, 10 = extremely likely).
e_i = evaluation of goodness/badness (−3 = very bad, +3 = very good).
A_0 = Attitude toward object 0.

TABLE 8-4

How?

Step 1: Choose a product/service you want to focus on. Choose smart. Choose one you will be able to find consumers to interview about, that you find interesting, and for which you have a recommendation.

Step 2: Collect data.

(1) Exploratory phase: Talk to at least 6 potential consumers (more is better) to figure out what attributes/benefits drive purchase decisions in your selected category. You have to explain how you chose these consumers. You can conduct the interviews individually or in small focus groups. You can mix and match methods. As we have discussed in class, consistently mentioned attributes/benefits are likely those that influence consumer purchase decisions in the category (assuming consumers are aware of how they make their choices and are willing to share this information with you).

(2) Survey phase: Use Qualtrics (more about this software in class) to prepare a survey in which you ask at least 60 respondents (so you will be able to do a two group segmentation with about 30 respondents in each group) to either rate how important each attribute/benefit is, or alternatively, to allocate 100 points between the attributes (like in Table 1 where the values under attribute importance reflect ratings of the relative importance of each attribute). (3) Each respondent should then rate your product/service and its two main competitors on each of the attributes/benefits (your group can decide who are the competitors but it is worth verifying this with the consumers that complete your survey). Specific questions may look like: I believe that brand A has good traction (Strongly disagree 1 2 3 4 5 6 7 Strongly agree). (4) Ask each respondent to provide their attitude towards your product and the competitors and ask them which brand they would choose if they had to choose only one of the three offerings. (5) Finally, ask respondents if there is any particular reason why they prefer not to purchase your product or any of the competitors (this can be done in an open ended question). **To see additional relevant materials, look at the slides beginning with the multi-attribute model in the presentation on beliefs and attitudes.**

(3) Come up with two recommendations how to improve your offerings. Test these two recommendations with your consumers. You can do this in your main survey, or you can the same respondents that participated in the survey, or entirely new consumers.

As mentioned in the reading/exercise called "Attitude change strategies and the ELM" recommendations may be to:

(a) <u>Change the importance/desirability of attributes</u>. This usually means marketing materials should emphasize the importance of an attribute on which your brand rates well, de-emphasizing an attribute on which your brand rates particularly low, or both.

(b) <u>Changing brand beliefs</u>. For example, using advertising to show consumers your brand is better on a certain attribute than they believe (An HMO claiming that shorter wait-times– Zvika Hadar for Meuchedet/ note that this can also change the attributes weight). Or maybe changing the actual product characteristics so that in fact the brand beliefs improve.

(c) <u>Adding a new attribute/benefit</u>. This can include making consumers aware of an attribute they had not previously considered, and/or adding a feature to your brand that competing brands don't have (Tara introducing Noam)

Required readings for completing this assignment:

JG8: Attitude change strategies and the ELM.

Pain point exercise: Individual assignment

Consumers consume to address their needs. They may want to solve a particular problem (mowing the lawn), they may want to influence their self-perception (I will wear a particular shirt to appear hip), they may engage in compensatory consumption (I feel socially excluded, so I will consume something that will make me feel part of society), and they may consume to maintain or change their mood (usually to improve it, but not always – someone may want to feel sad or even scared – going to a horror movie).

Many startups fail because their solution does not address a real consumer need (problem). If consumers do not have the problem/need they will not invest resources in the solution. In this short exercise, I want you to start thinking about pain points, how the customer(s) perceive them, address them, work around them, etc.

Before you start the exercise please watch these 3 short videos:
1)   https://youtu.be/flKcN2x50rw
2)   https://www.youtube.com/watch?v=ykumbLhta5U&feature=youtu.be
3)   https://www.youtube.com/watch?v=_P5lty34oaQ&feature=youtu.be

You will have 60 seconds to present (and illustrate with examples) a problem you have identified. Please come to class with 1 problem idea and an A4 piece of paper that represents the problem visually. The purpose of the paper (image) is so we can put them up on a wall and discuss them after the presentations are complete.

Your page should contain an image(s) or visual representation of the consumer pain point/market need. Be creative! Photos, diagrams, drawings and words are all welcome. Please make sure the paper captures the pain you are focusing on. Please also add a brief title for your problem at the top of the page that is readable from a distance.

When you do this exercise, please focus primarily on the problem, ***not*** on your proposed solution (which you may or may not have at this point).