

#### 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

#### Second Semester – 2020/21

#### השיעורים נלמדים בעברית

Section	Day	Hour	Lecturer	Email	Telephone
01	Friday	11:00-13:45	Prof. Shai Danziger	shaid@tau.ac.il	03-6406311

Office Hours: Friday, either before or after class

According to the new regulations, students must have their cameras on during lectures.

#### **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 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 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 when our target consumers differ a lot from ourselves.

**The course goal:** The primary goal 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, representation of knowledge, evaluation, and choice. 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:

- 1. Understand the consumer information processing model
- 2. Strategically influence consumer behavior through your understanding of consumer information processing
- 3. Gain experience in conducting interviews and preparing online surveys. These will be your primary input in the consumer journey and shaping the offering assignments.

# **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.
		June 18
30%	Shaping the offering	3-4 members per group.
		Description at the end of the syllabus.
		June 18
10%	Shaping the offering presentation	Group presentations
		June 18
15%	Positioning claims	Individual.
		April 9
15%	Participation	Individual.
		You are required to complete a pre-
		class survey that we will analyze
		throughout the semester and
		you are required to complete short
		interactive summary surveys after each
		session to help learning sink in. Finally,
		you are expected to contribute
		meaningfully to class discussions.

## **Course Assignments**

<u>Assignment notes:</u> You will complete the consumer journey and shaping the offering exercise in self-selected groups of 3-4 individuals. You will submit these assignments on the last class of the semester. You can examine the instruction of the assignments at the end of this document to develop an impression of the scope. The final instructions will be given in class.

<u>Presentations:</u> During our final class session, each team will give a professional presentation of your shaping the offering assignment. I encourage you to think of the presentations as a client meeting, during which you will be advising your client on the consumer insights you have identified and analyzed.

<u>Attendance & participation:</u> 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 providing insightful questions and comments on concepts from lectures and readings, sharing your experience or point of view with the class, building on points raised by others, clarifying issues; and 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. As part of your participation you are required to complete a pre-class survey that we will analyze and short interactive summary surveys after each meeting to help learning sink in. Failure to complete the interactive summary surveys will result in a lower participation grade.

## **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. <a href="https://coller.tau.ac.il/MBA-students/programs/2020-21/MBA/regulations/exams">https://coller.tau.ac.il/MBA-students/programs/2020-21/MBA/regulations/exams</a>

## **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	March 5	Marketing strategy meets consumer		
		<b>behavior, part 1</b> : Positioning, claims, shaping		
		the offering.		
2	March 12	Marketing strategy meets consumer		Complete pre-
		behavior, part 2: Shaping the offering.		class survey
3	March 19	Customer centricity and consumer behavior research: tools for doing consumer behavior research, design of an experiment and methodology.	1 Most people are not WEIRD	
4	April 9	Consumer behavior research: tools for		Positioning
		doing consumer behavior research,		claims
		experimental design and methodology		(individual)

5	April 16	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
6	April 23	Making consumers tick, part 2: A behavioral perspective to uncovering needs.	
7	April 30	Making consumers tick, part 3: Consumer ability and opportunity, consumer involvement and how it informs marketing strategy.	2. The MPG illusion Video 4
8	May 7	Consumer knowledge, part 1: internal representations, spreading activation.	
9	May 14	Consumer Knowledge, part 2: memory, how the 4ps shape inferences or using the 4s to form the desired image.	
10	May 21	How do consumers evaluate me: attitudes, brand personality, and the Customer Based Brand Equity model.	3. Construal levels
11	May 28	Consumer preference and choice (part 1): the construction of preference and choice goals.	
12	June 4	Consumer preference and choice (part 2): choice strategies, mental accounting and prospect theory.	4. Extraneous factors in judicial decisions
13	June 11	Based on the number of class participants this lecture will either be with a guest lecturer or will be student presentation	
14	June 18	Shaping the offering presentations	

<sup>\*</sup> I will invite guest speakers during the semester.

## **Required Reading & Videos**

#### Reading

- 1: Most people are not WEIRD (Nature)
- 2: The MPG illusion (Science)
- 3 Construal levels and psychological distance: effects on representation, prediction, evaluation, and behavior (JCP)
- 4: Extraneous factors in judicial decisions (PNAS)
- \*\* I will assign up to 2 more readings by the beginning of the semester.
- \*\* there are some MANDATORY readings associated with the shaping the offering and consumer journey exercises.

#### Videos

Understanding the job to be done

- 1) <a href="https://youtu.be/flKcN2x50rw">https://youtu.be/flKcN2x50rw</a>
- 2) <a href="https://www.youtube.com/watch?v=ykumbLhta5U&feature=youtu.be">https://www.youtube.com/watch?v=ykumbLhta5U&feature=youtu.be</a>
- 3) https://www.youtube.com/watch?v=\_P5lty34oaQ&feature=youtu.be

#### Coltaire Rapaille on 60 minutes

4) <a href="https://www.youtube.com/watch?v=uoK9IIhzBjw">https://www.youtube.com/watch?v=uoK9IIhzBjw</a>

<sup>\*</sup> I expect your attendance during the lectures of the guest speakers.

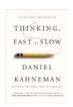
<sup>\*</sup> Attendance during the shaping the offering presentations (18 of June and maybe 11<sup>th</sup> of June, depending on number of groups).

## **Recommended Reading**

- **1) Textbook:** Consumer Behavior (4<sup>th</sup>-6<sup>th</sup> 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: <a href="http://www.myscp.org/pdf/SCP%20Consumer%20Psychology%20Syllabus%202014.pdf">http://www.myscp.org/pdf/SCP%20Consumer%20Psychology%20Syllabus%202014.pdf</a>

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

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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: <a href="https://www.youtube.com/watch?v=D9XF0QOzWM0">https://www.youtube.com/watch?v=D9XF0QOzWM0</a>



https://www.amazon.com/Stumbling-Happiness-Daniel-Gilbert/dp/1400077427/ref=sr\_1\_1?s=books&ie=UTF8&qid=1466498839&sr=1-1&keywords=stumbling+on+happiness

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-Clcls

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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 (<a href="https://www.amazon.com/Willpower-Rediscovering-Greatest-Human-Strength/dp/0143122231/ref=sr\_1\_1?ie=UTF8&qid=1466499484&sr=8-1&keywords=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</a>). If you want read about how to use incentives then you can read Uri Gneezy and John Lists book, The Why Axis (<a href="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">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</a>).

#### Positioning claims exercise

#### Length: Each positioning claim landscape can be up to 3 pages Individual

#### Purpose?

Through the effective use of positioning claims a marketer can shape consumer perceptions of its brand and differentiate it from competitors. Marketers in different product categories use different types of positioning claims. Your task is to create 2 positioning claim landscapes for 2 different product categories. The landscapes should convey the type and frequency of use of the 6 positioning claims that we discussed in class. For each landscape please (1) provide the actual marketing materials (ads, slogans, videos) that convey the positioning claims, and (2) using the terms we discussed in class explain (a) which positioning claim you think is the most effective, (b) how you would determine the actual effectiveness of the claims (c) and invent what you believe is the ideal set of claims for the particular category (each one of the positioning claim statements).

#### Mandatory reading for this assignment:

Leveraging product claims to build a successful brand strategy, Euromonitor report.

#### **Consumer Journey**

## Length: Up to 4 pages (not including supplementary materials) 3-4 students per group

#### Purpose?

A consumer journey map provides a detailed description of 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 choosing and purchasing 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 consumer touchpoints or adding touchpoints (think of how Amazon

optimized one-click shopping). Your task is to create a journey map that conveys the thoughts and emotional states consumers have at critical parts of a journey. Choose a journey that you find interesting and that 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) 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. Should the journey begin earlier, should it end later, can you increase consumer engagement or reduce it by using the digital environment to your advantage, can you increase the number of touchpoints? How?

#### Step 1: Choose a journey.

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

#### Step 2: Collect data.

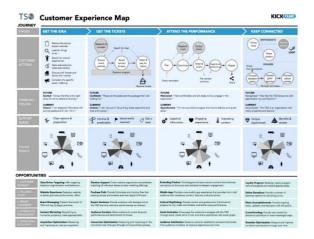
Study consumers (through interview or observation): Each group member should unpack the journey experience of 4 consumers. You must provide a description of the consumers you sampled in terms of RFM (<a href="https://en.wikipedia.org/wiki/RFM">https://en.wikipedia.org/wiki/RFM</a> (customer value) and the consumers consumption goal. Explain why you selected to study these consumers. Aim to interview each consumer about 15 minutes. Hopefully, you will learn a lot about their experience. Try to understand what the consumers feel, think, what matters more or less to them, and the implications for designing an better journey.

**Put us in their shoes:** Using photos, artifacts, or vivid descriptions, to communicate your consumers journey. Put these in your supplementary materials.

**Experiment in how you form you 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). next, you can systematically dive into the experience based on what you and your colleagues hypothesized are the key event experiences you think should be changed. This 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 helpful. 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 4 pages (word or pdf).

You submitted work must have a Customer experience map that plots 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) Main Title: Brand name/Process and maybe tag line, or main insight
- 2) Sections:
  - (a) **Consumer characteristics:** A description of the consumers you sampled in terms of RFM, their consumption goals or personas.
  - (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;

#### Mandatory readings for this assignment:

- 1. Discovering new points of differentiation. Ian C. MacMillan & Rita G. McGrath, Harvard Business Review, July-August 1997, 133-145
- 2. <a href="https://hbr.org/2015/11/competing-on-customer-journeys">https://hbr.org/2015/11/competing-on-customer-journeys</a>
  Also take a look at <a href="http://www.sungevity.com/">http://www.sungevity.com/</a> which is featured in the HBR article
- 3. <a href="https://hbr.org/2010/11/using-customer-journey-maps-to/">https://hbr.org/2010/11/using-customer-journey-maps-to/</a>

A nice link that was provided in this online piece - <a href="http://www.servicedesigntools.org/">http://www.servicedesigntools.org/</a>
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/

#### **Shaping the offering**

Length: Up to 4 pages (not including supplementary materials)
3-4 Students groups

#### Purpose?

This assignment consists 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 it's 2 major competitors on these attributes/benefits. You must conduct this analysis for two different relevant consumer segments (for a segmentation example, see Table 2 below: Racy Rita's vs Macho Mikes).
- (2) Based on your task 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... To understand these ideas better you must read Attitude change strategies and the ELM, that is in your folder.
- (3) Test your two recommendations with consumers. Based on the results of your test, explain which is your most preferred recommendation.

Services and products consist of multiple attributes/features/benefits. For example, a wine is characterized by the variety 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.). Each of these 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.

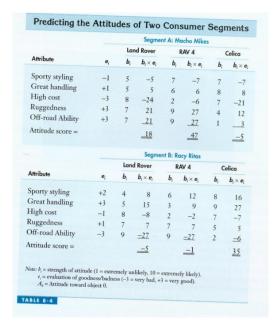
Similarly, Yellow cheese has many attributes/benefits/features including fat content, packaging, coloring, price, etc.. The yellow cheese category leader in Israel is Emek. Several years ago, Tara introduced Noam, marketing it as a Yellow cheese without preservatives. At the time, no preservatives was a new attribute in the Yellow cheese category. Noam took some 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 to 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 Table 1 you can see the results of Market research that identified the key characteristics of tires and how competing brands scored on these attributes. In Table 2 you can see a similar analysis of different car makes, but with the addition of a segmentation basis (racy rita's versus macho mike's). You must produce a table like Table 2 (analyzing your results for two different consumer segments):

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:



**Step 1: Choose a product/service you want to focus on.** Choose smart. Choose a category you will be able to find consumers to ask 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 the category. You must 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 that consumers are aware of how they make their choices and are willing to share this information with you).
- (2) <u>Survey phase</u>: Use <u>Qualtrics</u> (more about this software in class) to prepare a survey in which you must collect data from 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 (like in Table 2), 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 verify this with the consumers that you talk to). 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 overall attitude towards your product and the competitors (the extent to which they like them) 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) Provide two recommendations on how to improve your offerings relative standing. Test these two recommendations with your consumers. You can do this in your main survey, or you can test the same respondents that participated in the survey, or entirely new consumers.

As discused 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 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.