



The Leon Recanati Graduate School of Business Administration

1231.3402– Consumer Insight and Strategic Marketing

It is highly recommended taking a core marketing course before taking this course

First Semester – 2021/22

Section	Day	Hour	Lecturer	Email	Telephone
01	Tuesday	18:45-21:30	Prof. Shai Danziger	shaid@tauex.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 other consumers, is often inaccurate, and may at times, be misleading. This is especially true when our target market is very different from ourselves.

The course goal: The main aim 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, 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, and social class. The course format is action-learning-oriented with in-class participation, assignments and exercises.

Course Objectives

Upon course completion, you will be able to:

1. Understand the information processing model of consumer behavior
2. Influence consumer behavior through your understanding of consumer information processing model
3. Conduct consumer research, collecting primary data (interview and surveys)

Evaluation of Student and Composition of Grade

Percentage	Assignment	Date
30%	Closed-book quiz	Individual. The quiz will cover the lectures materials and course readings. Exam period
30%	Consumer Journey	3-4 members per group. Description at the end of the syllabus. January 11
30%	Offering Analysis	3-4 members per group. Description at the end of the syllabus. December 14
10%	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 Offering analysis assignments in self-selected groups of 3-4 individuals. Note the submission dates. You can examine the assignments at the end of this syllabus to get an impression of their scope.

Attendance & participation: Each person brings a unique set of experiences, a unique perspective and knowledge to the classroom, and I encourage you to tap into this diverse pool of resources and benefit from it. Therefore, we will devote a portion of class time to in-class discussions. Constructive contribution to the class discussions and active listening are important class elements. 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 is the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments and exams. 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 part of the course and may be tested in the quiz/test.

Course Outline*

Week	Date	Topic(s)	Required reading/video	Assignments
1	12 Oct.	Marketing strategy recap: Positioning, claims, shaping the offering.		
2	19 Oct.	Customer centricity and consumer behavior research: tools for doing consumer behavior research, design of an experiment and methodology.		
3	26 Oct.	Consumer behavior research: tools for doing consumer behavior research, experimental design and methodology.	1 Most people are not WEIRD	
4	2 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	
5	9 Nov	Making consumers tick, part 2: A behavioral perspective to uncovering needs.	2. The MPG illusion Video 4	
6	16 Nov	Making consumers tick, part 3: Consumer ability and opportunity, consumer involvement and how it informs marketing strategy.		
7	23 Nov	Winning the war over attention: consumer sensation and perception processes.		
8	30 Nov	Consumer knowledge, part 1: internal representations, spreading activation.		
9	7 Dec	Consumer Knowledge, part 2: memory, how the 4ps shape inferences or using the 4s to form the desired image.		
10	14 Dec	How do consumers evaluate me: attitudes, brand personality, and the Customer Based Brand Equity model.	3. Construal levels	Offering analysis (group)
11	21 Dec	Consumer preference and choice (part 1): the construction of preference and choice goals.		
12	28 Dec	Consumer preference and choice (part 2): choice strategies, mental accounting and prospect theory.	4. Extraneous factors in judicial decisions	
13	4 Jan	Based on the number of class participants this lecture will either be with a guest lecturer or will be student presentation		

Week	Date	Topic(s)	Required reading/video	Assignments
14	11 Jan	Student presentations of Consumer Journey		Consumer Journey (group)

* I may invite a guest speaker on the 4th of January, depending on the number of class participants.

* I expect your attendance during guest lectures and student presentations.

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)
- 5: 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>

Clotaire Rapaille on 60 minutes

- 4) <https://www.youtube.com/watch?v=uok9llhzBjw>

Snacks and punishment

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

Recommended Reading

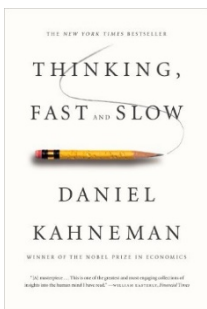
1) Textbook: Consumer Behavior (4th-6th Edition) by Wayne D. Hoyer, Deborah J. MacInnis, and Rik Pieters, South-Western, 2012. This is an excellent book that provides a relatively encyclopedic reference to consumer behavior concepts, many of which we will discuss in class.

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>

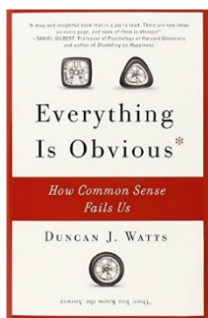
3) Popular Science Books: Note that with some of these books, you get the idea after reading about half the book.



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.

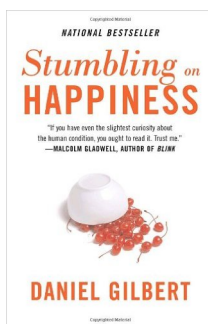
Great Youtube video on the book: <https://www.youtube.com/watch?v=qzJxAmJmj8w>



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>



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-ClCs>

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).

Offering analysis (positioning and shaping the offering)
Length: Up to 10 pages (not including supplementary material)

3-4 Students per groups

This assignment consists of two main parts, to be performed on the same product/service

1) Positioning analysis

2) Shaping the offering analysis

Positioning analysis

Positioning refers to conveying a desired image to stakeholders. Companies use the 4Ps to try and shape an image that stakeholders desire and is differentiated from competitors. For example, pricing strategy can signal influence quality perceptions, presenters and ad execution can signal a brands personality, and positioning claims can guide consumers to realize how a product solves a consumer problem to create value.

Positioning varies by category and target market. In some categories and for some target markets, for example, it is best to be perceived as serious and in some as fun, in some categories and for some target markets, price matters more and in others it matters less, and depending on marketing strategy, positioning to the masses differs from positioning to a niche market.

Your task is to analyze the positioning landscape of a target product and its two main competitors. You will rely on secondary data (company's marketing materials) to analyze the 4Ps and positioning claims. To better understand the concept of positioning claims, you must read "Leveraging product claims to build a successful brand strategy" (Euromonitor international), and to understand brand personality, you must read "Dimensions of brand personality" (Aaker). Reference these two papers in your written assignment.

For the target and it's 2 competitors:

- 1) Your positioning analysis should describe and discuss the type of positioning claims used by each competitor and relevant 4P information. Provide the marketing materials relevant for your analyses (print ad, video, product package, company website). Report the relative frequency of use of each of the 6 types of positioning claims. If a type of positioning claim is not used, specifically note this. In your analysis also analyze and describe each brand's personality.
- 2) Explain who you think has the best brand positioning.

Shaping the offering analysis

Products/services consist of multiple attributes/features/benefits. For example, wines differ by the variety of grapes, where the grapes are grown (terroir), the price of a bottle, whether the wine is made of one type of grape or a blend, whether the wine 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 (white, red or rose), and even, packaging (glass, plastic, carton, etc). Jointly, these characteristics influence, each with its own weight, consumer perceptions of a wines quality, it's perceived price, perceived value for money, the 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 category leader in Israel is Emek. Several years ago, Tara introduced Noam, marketing it 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. Apparently, some consumers 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 product categories. Competitors try to persuade consumers which attributes/benefits are the most important (in the category), and that their offerings are superior on the various attributes.

3) Identify **all** the relevant attributes/benefits (and their relative weights) that influence purchase in your chosen product/service category and determine how your product/services matches against its 2 major competitors on these attributes/benefits (See Table 1). Conduct your analysis for two different relevant consumer segments (see Table 2 - Racy Rita's vs Macho Mikes) who you believe differ in how they think about your offering. Explain why you used this basis for segmentation.

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	Land Rover			RAV 4			Celica
	e_i	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 =			<u>18</u>		<u>47</u>		<u>-5</u>
Segment B: Racy Ritass							
Attribute	Land Rover			RAV 4			Celica
	e_i	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 =			<u>-5</u>		<u>-1</u>		<u>3.5</u>

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_i = Attitude toward object i .

TABLE 8-4

4) Based on your section (3) analyses offer two recommendations on how you can improve consumers' attitudes towards your offering and hopefully market share and profitability (see more explanations on the next page). Refer to the article "Attitude change strategies and the ELM" which explains how to change consumer attitudes: introducing a new attribute/benefit, changing how consumers perceive your offering on an existing attribute/benefit, etc. Note that sometimes this can be done by getting rid of attributes you thought consumers' value but in fact they don't...

5) Test your two recommendations with consumers to determine which you would choose to implement if you could implement one. Explain this decision.

How to do the shaping the offering analysis

Exploratory phase: Talk to at least 6 potential consumers (more is better) to figure out what attributes/benefits drive purchase decisions in your category. You can conduct the interviews individually or in small groups. Note that consistently mentioned attributes/benefits are usually those that influence consumer purchase decisions in the category the most (assuming consumers are aware of how they make

their category choices and are willing to share this information with you). Explain why you chose to interview these particular consumers.

Survey phase: Prepare survey on Qualtrics in which you sample at least 60 consumers (so that you can do a two group segmentation: as mentioned above, choose two segments you believe differ in their response to your offering- don't forget to explain why you chose these two segments; think creatively – some potential bases for segmentation are lifestyle, needs based, or RFM. Have your consumers allocate 100 points between the attributes (like in Table 1 above where the values under attribute importance reflect ratings of the relative importance of each attribute) or rate the importance of each attribute/benefit (1-7 scale is typical: Like in Table 2 above). Each respondent should then rate the offerings on each of the attributes/benefits (your group can decide on who the competitors are, but you should validate your assumptions with the consumers that complete your survey). Specific questions may look like: I believe brand A offers excellent service (Strongly disagree 1 2 3 4 5 6 7 Strongly agree). Then, ask each respondent to provide their attitude towards your product and the competitor products and ask them which brand they would choose if they had to choose only one of the offerings. Next, ask consumers if there is any particular reason why they prefer *not* to purchase your product or any of the competitors' products. You can use an open-ended format to ask this question. Last, ask respondents to evaluate your two recommendations for improvement. As described in the reading/exercise called "Attitude change strategies and the ELM" recommendations may be to:

Consumer Journey

Length: Up to 10 pages (not including supplementary materials)

3-4 students per group

Purpose?

A consumer journey map is a detailed description of a consumer interaction with an offering. For example, it can refer to an 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). **You must create a journey map that conveys consumers thoughts and emotional states during 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) and that the parts better remembered contribute more to the overall evaluation of the journey. For this reason, highlight the BEST (successes) and WORST (failures) parts of the journey (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). What factors characterize the journey and where can you improve it. Can the journey begin earlier or end later, can you increase consumer engagement or reduce it by using the digital environment to your advantage?

How?

Step 1: Choose smart.

Choose a journey you find interesting, that you can find consumers to interview about, and you know how to improve by modifying the journey (an intervention).

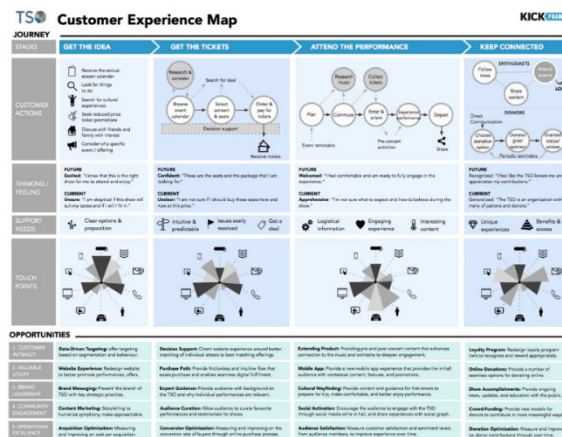
Step 2: Collect consumer data (through interview or observation: not a survey).

Aim to interview/observe each consumer for about 15 minutes. You want to learn about their journey. Document what they feel, what they think, what matters more and less to them, and the implications for designing a better journey.

- 1) Each group member must unpack the journey of 4 consumers (at least).
- 2) Describe the consumers you sampled in terms of RFM and their consumption goal.
- 3) Explain why you chose to study these particular consumers.

- 4) Use photos, artifacts, or vivid descriptions to communicate the consumers journey.
- 5) Experiment in data collection and report whether and how two different methods of elicitation yielded different insights: You may start by asking consumers in a free-form fashion to tell you what parts of the experience they remember (not telling them where to start from). After they tell you about what they remember, you can more systematically dive into the journey based on what you and your colleagues hypothesized are the key journey experiences you think could be changed. The technique of going from unstructured to structured elicitation is often used in market research.
- 6) Map the experience: Plot the best (successes) and worst (failures) parts of the journey: 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.

A nice example of an experience map for attending shows at a Symphony Orchestra.



7) Test and report 2 viable journey interventions. You will find the mandatory readings on customer experiences insightful. The reading, particular discovering points of differentiation, will give you an appreciation of the importance of understanding customer experience and controlling consumer touchpoints.

Required readings:

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/>