



The Leon Recanati Graduate School of Business Administration

1231.3402– Consumer Insight and Strategic Marketing

Module 3 – 2020/21

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
01	Thursday	12:45-15:30	As posted on the list of exams	Prof. Shai Danziger	shaid@tau.ac.il	03-6406311

Office Hours: Tuesday, either before or after class

Course Units

1 course units = 4 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 (Segmentation, Targeting and Positioning (STP) and the 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 (for example in culture, lifestyle and age).

The course goal: The 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, reference groups and social class. We will also consider how the digital economy has changed the consumer journey. 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. Manage a customer-centric marketing effort.
2. Understand and think critically about consumer information processing.
3. Strategically influence consumer behavior through your understanding of the consumer information processing model.
4. Lead and conduct consumer research, collecting primary data (consumer journey and shaping the offering).

Evaluation of Student and Composition of Grade

Percentage	Assignment	Date
35%	Closed-book quiz	Individual. May 3, Monday, 9:00 am
30%	Consumer Journey or Shaping the offering (your choice)	2-3 members per group. Description at the end of the syllabus. Final class
25%	Positioning claims exercise	1-2 members per group. Description at the end of the syllabus. April 8
10%	Class participation	Individual. Contributing to class discussion and answering a post-class survey every week.

Course Assignments

Quiz comments: The quiz questions are based on the materials discussed in lectures, your readings for the various assignments and exercises, and the mandatory readings. The quiz will consist of 4-6 short open-ended questions.

Assignment notes: You will complete the consumer journey and shaping the offering exercise in self-selected groups of 2-3 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	4 March	A customer centric approach to marketing		
2	11 March	Consumer information processing and consumer research	1 Most people are not WEIRD	
3	18 March	Making consumers tick: Consumers aim to satisfy their needs. We will talk about the job to be done approach, the need recognition state, types of needs, and needs-based positioning.	Videos : 1 ,2 & 3	
4	25 March	Making consumers tick, part 2: Consumer ability and opportunity, and how consumer involvement informs marketing strategy.	2 The MPG illusion	

5	8 April	Consumer knowledge, beliefs and attitudes: Internal representations, spreading activation.	3. Automated effects of brand exposure..	Positioning
6	22 April	Consumer knowledge, beliefs and attitudes, part 2: Using the 4ps to form the desired image.	4. Construal levels	
7	29 April	Consumer choice: Choice goals and choice architecture	5. Extraneous factors in judicial decisions	
	3 May	Closed book quiz		
	10 May			Shaping the offering or Consumer Journey

Required Reading & Videos

Reading

- 1: Most people are not WEIRD (Nature)
- 2: The MPG illusion (Science)
- 3: Automatic effects of brand exposure on motivated behavior: how Apple makes you “think different” (JCR)
- 4: Construal levels and psychological distance: effects on representation, prediction, evaluation, and behavior (JCP)
- 5: Extraneous factors in judicial decisions (PNAS)
- 6: There are required readings associated with the various exercises, Reference to those readings appear in the assignment description

Videos

Understanding the job to be done approach.

- 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>

Recommended Reading

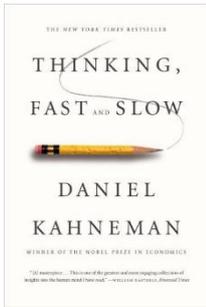
1) Textbook: Consumer Behavior (4th-6th Edition) by Wayne D. Hoyer, Deborah J. MacInnis, and Rik Pieters, South-Western, 2012. This is an excellent book that provides a relatively encyclopedic reference to consumer behavior concepts, many of which we will discuss in class.

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>

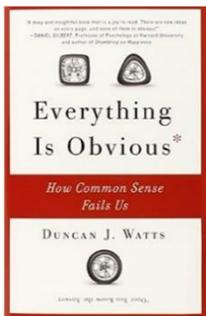
3) Popular Science Books: Note that with some of these books, you get the idea after reading about half the book.



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.

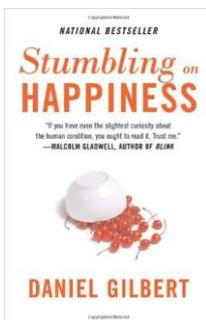
Great Youtube video on the book: <https://www.youtube.com/watch?v=qzJxAmJmj8w>



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).

Assignments

Positioning

Length: Not more than 3 pages for each product/service

1-2 students per group

Purpose?

Positioning, in a marketing context, refers to company attempts to convey the desired image to stakeholders. Companies use the 4Ps to shape an image that is differentiated from the competition and is desired by the stakeholders. For example, through its pricing strategy a brand can signal quality, through its presenters and ad execution, it can signal personality, and through its positioning claims it can guide consumers to realize how it solves a consumer problem and creates value. Some marketing attempts are more explicit, such as claiming to be number 1, and some are more implicit, such as using a presenter who wins sports competitions.

The ideal positioning varies by category and target market. In some categories and for some target markets, for example, it is best to be seen 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 generate positioning landscapes for two different categories, one high involvement and one low involvement. You will rely on secondary data (company’s marketing materials) to analyze the 4Ps and positioning claims used by three category competitors. To gain a better understanding 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). Refer to these two papers in your written assignment.

For each landscape:

- 1) Provide the marketing materials upon which you base your analyses (print ad, video, product package, company website).
- 2) Analyze relevant information regarding the 4Ps.
- 3) Report the type and frequency of use of the 6 positioning claims (Euromonitor is relevant for this).
- 4) Provide your impression of brand personality (Aaker is relevant for this).

- 5) Explain who you think has the best positioning and why.
- 6) Propose what you believe is the ideal set of claims for the particular category (using each one of the positioning claim statements).
- 7) Describe a detailed study design that would help you determine the effectiveness of the one of the ideal claims that you suggested in section 6.

Consumer Journey

Length: Not more than 5 pages

2-3 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 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). **Your task is to create a journey map that conveys the thoughts and emotional states consumers have 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, your map must 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). Think hard on what factors characterize the journey 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 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).

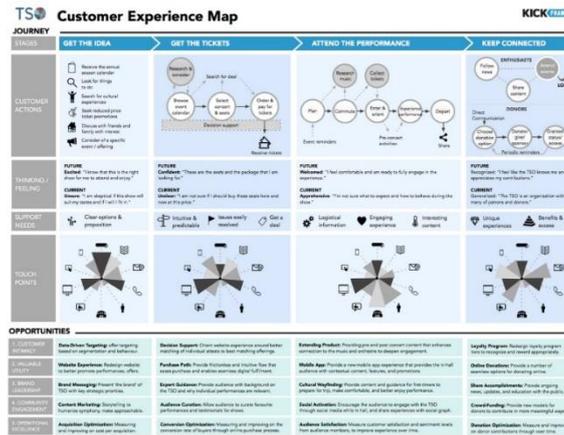
Step 2: Collect consumer data (through interview or observation: not a survey).

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 selected 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 touch-points.

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/>

Shaping the offering

Length: Not more than 6 pages

2-3 Students per groups

Purpose?

All services and products consist of multiple attributes/features/benefits. For example, a wine may be characterized by the variety of grapes, where the grapes are grown (terroir), the price of a bottle, whether the wine is made of one variety 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 (white, red or rose), and even, packaging (glass, plastic, carton, etc). All of these characteristics influence, each with its own weight, consumers' perception of a wine's 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, to 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.

This assignment consists of three tasks:

1) You must identify the 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). You will conduct your analysis for two different relevant consumer segments (see Table 2 - Racy Rita's vs Macho Mikes). This means you need to have a basis for segmenting your consumers. 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	e_i	Land Rover		RAV 4		Celica		b_i	$b_i \times e_i$
		b_i	$b_i \times e_i$	b_i	$b_i \times e_i$	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 Ritaa									
Attribute	e_i	Land Rover		RAV 4		Celica		b_i	$b_i \times e_i$
		b_i	$b_i \times e_i$	b_i	$b_i \times e_i$	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_i = Attitude toward object i .

3) Based on your analyses in sections 1 and 2 you will offer two recommendations on how you can improve consumers' attitudes towards your offering and hopefully market share and profitability. In this section you must refer to the article "Attitude change strategies and the ELM" which explains several ways to change consumer attitudes including introducing a new attribute/benefit, changing how consumers perceive your offering on an existing attribute/benefit, etc. 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 value but in fact they don't...

4) You will test your section 3 recommendations with consumers. Based on this testing explain which recommendation you would choose to implement if you could use only one.

How?

Step 1: Choose smart.

Choose a product category you will be able to find consumers to interview about, that you find interesting, and for which you have a recommendation. It is best to choose a category where the offerings are differentiated. Consider whether you want a low or high involvement category.

Step 2: Collect consumer 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 can conduct the interviews individually or in small focus groups. 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). Explain why you chose these consumers.

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 (1-7 scale is typical: Like in Table 2 above), or alternatively, to 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). (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 the competitors are but it is worth validating our assumptions with the consumers that complete your survey). Specific questions may look like: I believe 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) Ask respondents if there is any particular reason why they prefer not to purchase your product or any of the competitors' products (this can be done in an open ended question) (6) Have the respondents evaluate your two recommendations for improvement. As mentioned in the reading/exercise called "Attitude change strategies and the ELM" recommendations may be to:

(a) Change the importance/desirability of attributes. 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) Changing brand beliefs. 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) Adding a new attribute/benefit. 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 this assignment:

Attitude change strategies and the ELM.