Course Description

As consumers, you can bring your own perspectives and experiences into the course in making decisions to buy everything from soft drinks to computers. This will be very valuable in understanding consumer behavior concepts. BUT, you are also marketers and must understand what motivates consumers to buy or not to buy. This means that you must make a link between your understanding of consumer behavior and the strategic implications of that understanding.

This is also the basic objective of this course, namely linking an understanding of consumer behavior principles to developing marketing strategies.

On this basis, the course depends on two assumptions: First, that every business's fundamental strategies are designed to satisfy customer needs at a profit to the firm. Second, that an understanding of these customer needs must be the basis for developing product, advertising, pricing, and distribution strategies. The premise is that an understanding of the consumer is essential for those pursuing careers in brand, advertising, and strategic management. This is true, whether the applications are for products or services, domestic or international pursuits, and small or large companies.

Course Objectives

1. To provide an understanding of how consumers make decisions
2. To consider the personal and environmental factors that influence consumer decisions
3. To understand the strategic implications of consumer influences and decisions for product, advertising, pricing, and distribution strategies
4. To consider the Web as a vehicle to facilitate consumer decisions and purchases

Class Sessions
Class sessions will be devoted to lectures and to discussion of (1) cases, (2) readings, and (3) Web assignments. (There are eight Web assignments described at the end of the syllabus. These are for class discussion only.)

**COURSE MATERIALS**

**To be purchased from the bookstore**

1. **Text**
   

2. Four Harvard Business School Cases

**To be picked up from the marketing department: 9th floor MEC**

1. *Power Point Slides*: Provides a complete copy of all the power point slides that will be used in class.

2. *Project Guidelines and Outside Readings*: Contains guidelines for the course project and a packet of 24 short articles (usually one or two pages) from the periodical literature.

**COURSE REQUIREMENTS**

1. **Class Attendance and Participation (15%)**

   Class participation is based on the following:

   1. Attendance: Your attendance and participation is an essential feature for learning in this course. Missing a significant number of classes (more than 3) will adversely affect your participation grade.

   2. Participation in class discussions: Before coming to class, you are expected to read the text and assigned readings. My lectures will build on these. The frequency, and more importantly the quality of class participation will count toward your grades. Volunteering comments and responding to questions is welcome at all times. To insure broad-based participations, you may be asked to respond even though you do not volunteer a comment

   Please turn in your information form on the last page of this syllabus by Sept. 15.

2. **Team Project**: 35% of grade (25% written assignment; 10% presentations.)
The major requirement is a team project requiring the development of marketing strategy recommendations for a service, product, or business based on an understanding of consumer needs and attitudes.

You will be asked to form teams of about five students to complete the project. **Project teams should be formed by Sept. 20.** The project is described in full in the project guide. Briefly, it requires

1. **Defining an area of interest and marketing opportunity** The project will generally involve either (1) investigating the need for a product or service, (e.g. PepsiCo determining the need for caffeinated bottled water, Procter & Gamble developing on-line coupon delivery, Nokia evaluating reactions to a photo cellphone, etc.); (2) identifying a new segment for positioning purposes (e.g. Nike targeting women for athletic shoes, Hewlett Packard targeting home offices); (3) providing a basis for changing existing strategies (e.g. developing recommendations to reposition J. Crew or Gap based on consumer perceptions.) BUT any area of marketing opportunity may qualify as a course project.

2. **Doing a situation analysis based on existing sources of information so as to (a) refine your definition of the area of opportunity, and (b) define the demographic and lifestyle portrait of your potential customer segment.**

3. **Completing four focus group or twenty individual depth interviews to determine the dimensions of consumer needs (i.e. the need for and desirability of on-line coupon delivery.)**

5. **Providing strategic recommendations based on your understanding of the consumer.**

The project will require

- A two-page proposal to be submitted session 6 (Sept. 27)
  
  The specs for the proposal are in Appendix A of this syllabus.

- Submission of an interim report due session 16 (Nov. 1)
  
  The specs for the interim report are in Appendix B

- A final report to be submitted session 26 (Dec. 6)
  The report should not exceed 12 pages, not including appendixes.
  Detailed specs for the report are in the Project guide.

- Class presentations at the end of the term (sessions 26-28.)

**3. Exams: 40% of the grade**

- Mid-Term exam – Oct. 25 20% of grade
- Final Exam - To be announced 20% of grade
Exams will be based on the lectures, power point slides, text, and readings. The exams will be composed of essay questions. The final exam will cover material since the mid-term and not before.

4. Case Assignment: 10% of grade

The Autobytel.com case is due in writing session 8 (Oct. 4) and should be no more than five pages in length, excluding exhibits. **The case should address the questions listed in Appendix C of this syllabus.** Case writeups should not summarize the materials in the case but should analyze the case based on the questions. Developments since the case can be incorporated into your writeup at your option.

**Chronological Summary of Course Submissions**

- Sept. 27: Project proposal
- Oct. 4 : Autobytel case
- Oct. 25 : Mid-term exam
- Nov. 1 : Interim project report
- Dec. 6 : Final project report
- Dec. 6, 8, 13: Project presentations
- Final exam: To be announced

**GUIDELINES FOR WRITTEN ASSIGNMENTS**

- Written assignments should be submitted in class the day they are due. **Late assignments will be marked down at least one full grade,** depending on when they are handed in. The only exception is in the case of serious illness or injury, in which case a letter from your doctor is required (on letterhead) indicating the date and time of the medical problem that prevented you from handing in the assignment on time. If you have a doctor's excuse, I may choose to give you a substitute assignment or I may assign greater weight to another assignment.

- If you will not be able to attend a class during which an assignment is due, please give it to me before class. You can do this by handing it to me in person, putting it in my mailbox in the Marketing Department (KMC, 9th floor), faxing it to me (995-4006), or e-mailing it as a Word attachment.

- Written assignments must have a cover page (not included in the page limit) that includes the following information:
  a) your name,
  b) your ID number,
  c) your e-mail address,
  d) the course number and section,
  e) the date submitted, and
  f) the title of the assignment.
• Assignments must be printed in a 12-point or larger font and double-spaced, with 1-inch margins on all sides.

• Whenever you refer to information from an outside source, provide the source of this information. A page of endnotes may be in addition to the page limits on exhibits.

• Please number all of your pages (except the cover page).

• In addition to the content, written assignments will be graded on writing quality. It is important in business writing to be clear, direct, and persuasive. Use headings to organize your thinking and help orient the reader. The overall impression is also very important. Spelling errors, sloppy formats, poor grammar, etc., give the impression of sloppy thinking, carelessness, and lack of regard for your ideas and the assignment.

**COURSE GROUND-RULES**

1. **Attendance**

   **Attend regularly and arrive on time.** I expect all of us to approach the course the same way we would any other professional responsibility. If you know you will be unable to attend, please e-mail the TA. Perfect attendance is not required, but a significant number of absences will adversely affect your class participation grade.

2. **Do Readings and Assignments in Advance of Class.**

   Make sure that you have read the assignments for each class in advance. This will insure you can actively participate in class discussions. In addition to reading the text, make sure you do the following when required:

   - Read the required cases
   - Do the additional readings from the reading packet
   - Do the required web assignments

3. **Respect dates for Quizzes and Exams**

   **Dates are pre-established for the mid-term and final.** The only basis for taking a make-up exam is for medical reasons or if you are scheduled for three finals on the same day. If you miss a quiz or exam due to illness or injury, a make-up will not be scheduled for you unless I receive a letter from your doctor (on letterhead) indicating the date and time of the medical problem that prevented you from taking the test. You are responsible for contacting me concerning the missed exam as soon as possible, preferably before the exam. If you have a letter from your doctor, I may choose to give you a substitute test or I may assign greater weight to other course requirements.
4. **Be an Equal and active participant in the group project:**

If there are any problems with the working of the team, you should try to resolve them early in the term. Persistent problems should be brought to my attention as soon as possible. A *peer evaluation form* will be distributed at the end of the term to evaluate team members and can be submitted on an optional basis.

5. **Grade Rebuttals**

If you feel that a calculation or judgment error has been made in the grading of an assignment or exam, please write a formal memo describing the error and give it to me (in class or my mailbox) **with the original graded document**. Note that you do not need to see me in person to submit a grade rebuttal or receive the decision. Also **include documentation** in support of your opinion (e.g., a photocopied page from the textbook with the relevant information highlighted). I will get back to you as quickly as possible with an answer (usually within a week). Please note that any request for reassessment of a grade usually results in a re-grading of the **entire** assignment or test. This means that as a result of my re-evaluation, grades can be revised either upwards or downwards.

Students have **one week** after an assignment has been returned to them to submit a grade rebuttal. After that date, no rebuttals will be accepted. If you are late picking up your assignment because you are not in class, you will not receive extra time to turn in a grade rebuttal.

6. **Stern Curve**

Although there is no official Stern curve, all sections of this course will adhere to the following guidelines:

```
A   No more than  30% of students
B   Approximately 50% of students
C and lower  Approximately 20% of students
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7. **Respect the Stern Honor code**

Cheating or plagiarism will not be tolerated and will result in a failing grade.

8. **Extra Credit**

Please note that there are no opportunities to improve your grade through the completion of work for extra credit.
9. There are **no exceptions to the above policies.**
Everyone in class is treated equally.

### COURSE OUTLINE

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
<th>Assignments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9/8</td>
<td>I INTRODUCTION</td>
<td>Course Introduction</td>
<td>Text, Chapter 1</td>
</tr>
<tr>
<td>2</td>
<td>9/13</td>
<td>II CONSUMER DECISION MAKING</td>
<td>Types of Consumer Decisions</td>
<td>Chapter 2</td>
</tr>
</tbody>
</table>
| 3       | 9/15 | Habit and Brand Loyalty | - Chapter 3  
- Reading #1 (in reading packet) | Information form due |
| 4       | 9/20 | Consumer Involvement | - Chapter 4  
- Reading #2 (in packet) | Form groups for project |
| 5       | 9/22 | A. Involvement (Cont’d) | -P&G Online (Case to be handed out.) **See App. C for questions.**  
- Chpt 5 |
| 6       | 9/27 | II THE INDIVIDUAL CONSUMER | Consumer Perceptions & Perceived Risk | - Chpt. 6  
- Readings #2a & 3 (in reading packet)  
Project Proposals due |
| 7       | 9/29 | Information Search & Processing | | - Chpt. 7 |
| 8       | 10/4 | Info Search & Processing (Cont’d): Autobytel Case | - Autobytel Case (App. C)  
- Readings #4-6 | Submit Autobytel Case |
| 9       | 10/6 | Consumer Attitudes | - Chpt 8  
- Reebok Case (App. C)  
- Reading #7 |
| 10      | 10/11 | Post-Purchase Evaluation & Brand Equity | - Reading #8  
- Web Ass’t #1 (See App. D) |
| 11      | 10/13 | Demographic Characteristics | - Chpt. 9  
- Web Ass’t #2 (App D) |
<p>| 12      | 10/18 | Demographics &amp; Social | - Readings #9-10 |</p>
<table>
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<tr>
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<tbody>
<tr>
<td>13</td>
<td>10/20</td>
<td>Age Cohorts</td>
<td>- Chpt. 12, pp 347-357</td>
<td>- Readings #11-13</td>
</tr>
<tr>
<td>14</td>
<td>10/25</td>
<td>MID-TERM EXAM</td>
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<tr>
<td>15</td>
<td>10/27</td>
<td>Guest Speaker: Dan Pelson: Founder Bolt:</td>
<td>- Web Ass’t 3 (App. D)</td>
<td>- Reading #14</td>
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<tr>
<td></td>
<td></td>
<td>“Targeting Generation Y”</td>
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<tr>
<td>16</td>
<td>11/1</td>
<td>Personality &amp; Life Styles</td>
<td>- Chpt. 10</td>
<td>Interim Project Due</td>
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<td>- Web Ass’t 4 (App. D)</td>
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<tr>
<td>17</td>
<td>11/3</td>
<td>Guest Speaker: Joseph Plummer, McCann Worldwide:</td>
<td>III GROUP &amp; CULTURAL INFLUENCES</td>
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<td>“Life Style Segmentation”</td>
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<td>18</td>
<td>11/8</td>
<td>Cultural Values</td>
<td>- Chpt. 11</td>
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<td>- Reading #15</td>
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<td>- Web Ass’t #5 (App. D)</td>
<td>- Readings #16-17</td>
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<td>20</td>
<td>11/15</td>
<td>Guest Speaker to be announced: “Targeting</td>
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<td>- Chpt. 13</td>
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<td>- Heineken Case (App. C)</td>
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<td>- Reading #18</td>
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<td>21</td>
<td>11/17</td>
<td>Cross-Cultural &amp; Global Influences</td>
<td>- Chpt. 14</td>
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<td>- Heineken Case (App. C)</td>
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<td>22</td>
<td>11/22</td>
<td>Reference Groups &amp; Opinion Leadership</td>
<td>- Chpt. 14</td>
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<td>- Reading #19-20</td>
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<tr>
<td>23</td>
<td>11/24</td>
<td>Word-of-Mouth &amp; Diffusion Processes</td>
<td>- Chpt. 16; (Skim Chpt. 15)</td>
<td>- Virtual Vineyards Case (App C)</td>
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<td>- Reading #21</td>
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<tr>
<td>24</td>
<td>11/29</td>
<td>Marketing Communications</td>
<td>- Chpt. 17</td>
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<td>- Reading #22</td>
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<td>12/1</td>
<td>Consumerism</td>
<td>- Chpt. 19;</td>
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<td>- Readings #23-24</td>
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<tr>
<td>26</td>
<td>12/6</td>
<td>TEAM PRESENTATIONS</td>
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<td>Final Project report due</td>
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Briefly define

- your area of opportunity
- why it was chosen.

Then provide a preliminary assessment of

- the consumer needs and benefits you are focusing on
- the nature of the target market for your area of opportunity
APPENDIX B

SPECIFICATIONS FOR THE INTERIM REPORT
(Maximum of three pages)

The interim report will not be graded. It should be composed of four parts:

1. Brief summary statement of the nature of your project
2. A description of your target market based on your preliminary investigation
3. (If applicable): A concept statement of the product or service you are proposing
4. – Description of who you will select to interview for your depth interviews

   - A moderator’s guide that you plan to use to conduct your depth interviews (maximum of 15 items in the moderator’s guide.)
APPENDIX C

QUESTIONS FOR CASE DISCUSSION

Session 5:  9/22  PROCTER & GAMBLE ONLINE

1. What is P&G trying to accomplish by establishing low involvement products on the internet?

2. What are the strategic implications for brand building on the Web for low involvement products?

3. Should P&G spend marginal dollars to create new brands on the Web or to reinforce existing brands?

4. In what ways do online strategies for brand building differ from offline strategies?

5. What are the pros and cons of P&G selling products online?

Session 8:  10/4  AUTOBYTEL.COM [TO BE SUBMITTED IN WRITING]

Please visit www.autobytel.com before developing the case.

1. What consumer benefits did Autobytel bring to the car buying process at the time of the case?

2. Are there any disadvantages to consumers buying through Autobytel?

3. Is Autobytel targeted to all types of car buyers or to specific segments? Explain.

4. What advantages did Autobytel have compared to its competitors at the time of the case? Did these advantages benefit consumers? If so how?

5. What are the limits to growth Autobytel is now facing. What strategies could it use to insure future growth?

Session 9:  10/6  REEBOK INT'L LTD.

1. What changes occurred in attitudes and perceptions of Reebok from 1980 to 1988?

2. What problems occurred as a result of these changes?

3. How did Reebok adapt to these changes in the late 1980s?

4. Should Reebok have emphasized the umbrella campaign or product-specific marketing?

5. What problems have occurred since the case?
APPENDIX C (CONT'D)

Session 21:  11/17  HEINEKEN NV: GLOBAL BRANDING

1. Do the criteria for establishing a world brand apply to Heineken?
2. What are the risks in pursuing a world brand approach?
3. What is Project Comet trying to do?
4. How should Heineken try to achieve future growth?

Session 23:  11/24  VIRTUAL VINEYARDS

Please visit www.wine.com in conjunction with this case.

1. What are the pros and cons of Robert Olson having selected wine as his choice for a web business?
2. What value does Virtual Vineyards (VV) offer consumers?
3. Should VV offer a collaborative filtering system to assist consumers with their choice?
4. Should VV establish its own brand of wines? Why or why not?
5. Can VV leverage its name to gourmet foods? To gifts?
6. What changes have occurred on www.wine.com since the case?
#1: Session 10 – 10/11

Identify a site that you feel has been successful in transferring offline brand equity to a web site. Why does the site reflect brand equity.

#2 Session 11 - 10/13

Visit www.womanmotorist.com. Should there be a separate site for women in shopping for cars? Are motives that different?

#3: Session 15 - 10/27


#4: - Session 16 – 11/1

Go to http://www.sric-bi.com/VALS/presurvey.shtml. Take the VALS survey (It is not necessary to provide an e-mail address.) Once you have your VALS type, click on “the VALS Types” and get a description of the eight VALS categories.
  - Was the survey accurate in placing you within one of the eight groups.
  - What are the strategic implications of your classification.

#5 Session 19 - 11/10

Identify a Web site that reflects a “subculture of consumption,” that is, a site that revolves around a product or set of products with the following characteristics:
  ➢ The product category serves as a life style focus
  ➢ Social interactions revolve around the product
  ➢ The product defines a common value system
  ➢ Interest in the product results in a social hierarchy related to expertise.

1. In what ways does the site you selected reflect the above characteristics?
2. What are the implications for marketing strategy on the Web?

1. Does the site reflect word of mouth influence?
2. Would you use the opinions expressed on the site in your purchasing decisions for any of the products listed?
3. What purpose does the “Web of Trust” serve. Is it a credible source of influence?
Appendix E

Information Form

Consumer Behavior

Prof. Assael

Spring 2004

Your Name: ____________________________

Contact phone #: ____________________________

Major(s): ____________________________

Preferred e-mail address (print clearly, lower case): ____________________________

Expected graduation date: ____________________________

1) Please read the following statement and indicate your agreement by signing below. (Before signing, make sure to read the syllabus thoroughly).

“I have read the syllabus thoroughly. I understand and agree to the requirements associated with this course.”

_________________________________________ ____________________________

Signature Date

2) What are your 5 and 10 year career goals? (Use the back if you run out of space.)

3) What is your recent work experience?

4) Tell me something else about yourself that is important to you and/or makes you unique (your interests, hobbies, background, talents, collections, etc.)

5) What do you expect to get from this course? How does this course fit in with your career goals?

[PLEASE USE BACK IF YOU NEED MORE SPACE]