CONSUMER BEHAVIOR COURSE - Overview

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Office Hours: flexible, call for appointment
Teaching assistant: TBD

Optional Readings:

I highly recommend you go through the readings below. However, please note we will never refer to the Solomon book in class. I will merely indicate what chapters are relevant for each class, and you can use the book as a tool to better grasp some of the concepts we will discuss in class.

2. Additional journal articles, exercises, and recent news from the popular business press will be provided throughout the semester. The journal articles will provide you with a deeper insight into selected topics and methods of consumer behavior research. The business news articles, cases, and exercises will give you the opportunity to apply the conceptual framework to current real-world marketing problems. The readings and assignments will be handed out in class and/or posted on the Blackboard.
3. Most cases assigned for the class are in the course pack, and some will be posted on Blackboard, as we will enjoy freshly baked cases from the London Business School and the industry.

Overview:

Consumer behavior is one of the most interesting and important aspects of marketing management. Virtually all decisions involved in developing an effective marketing mix for a product or service rely on thorough knowledge of the consumers who comprise the target market. Understanding the behavior of the consumer can help marketers anticipate reactions to changes in the marketing mix, or determine whether new products are likely to be adopted. Consumer behavior is also closely related to marketing research. A practical understanding of the consumer can aid in the selection of an appropriate research methodology, question design and selection, as well as in interpreting consumer responses to such questions. In this course we will directly examine the available theory and research concerning the behavior of the consumer in order to understand its most basic principles.

The majority of the course will focus on the consumer as an information processor of one sort or another. We will examine the motivational and perceptual factors upon which buyer behavior is built, as well as look at more complex processes such as persuasion, attitude judgment, and decision-making. In practical terms, we will address the following questions: What kinds of marketing stimuli do consumers notice? How can we get them to notice our marketing messages? What motivates consumers? What do consumers value? What elements can we include in our marketing mix to motivate consumers to learn more about our product or to buy it? What kinds of information are consumers good at remembering? How can we aid consumer memory for our brand name and product features? What makes consumers evaluate products as good or bad, and how can we persuade them that our product is good? How can we get consumers to choose our product over competitors? What features do consumers care about, and how does this influence their decision? What are the main things that determine whether consumers are satisfied with a product or not?
The goals of this class are:

• to acquire a framework for analyzing consumer behavior problems
• to learn how consumer behavior can be affected by different marketing strategies
• to show how behavioral evidence can be used to evaluate alternative marketing strategies
• to learn about and use consumer behavior theories in marketing and social psychology

The course is structured as followed: on Tuesdays, we will discuss a case, and on Thursdays, we will cover the lecture related to the case.

Course prerequisites: a solid understanding of your Core Marketing course

Course Grades:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>20%</td>
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<tr>
<td>Written assignments (2)</td>
<td>40%</td>
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<tr>
<td>Final exam</td>
<td>40%</td>
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N.B. on class participation: Attending all sessions is obviously crucial. It will also give you the opportunity to actively participate in class discussions and obtain a high class participation grade. Note, however, that your mere presence is not sufficient to earn points for class participation. What matters is the quantity and, especially, the quality of your contributions to class discussions.

Assignments

Assignments are due at the beginning of the relevant class. They are to be prepared in groups of 4 or 5 students. Students are expected to choose who they want to work with. All groups should be formed before the third session of class.

Length: 3 pages (single spaced), plus any appendices, graphs, etc.

The assignments involve a case analysis. Groups will write a brief paper examining the buyer behavior issues involved in two case readings assigned for the class, and describe the implications these principles have for the strategy they propose in the case. Each case will have associated questions with it that will help you structure your answer. Each assignment is due at the beginning of the class where the case will be discussed.

Final exam

The final exam will be a three-hour case-study, closed book, involving questions related to consumer behavior. It will take place during the last week of the course. We will finalize the exam date during our first class. Please make sure that you will not have any other work / interview-related commitment that day.
Course Website

This website has many useful things on it, including continuously updated information on assignments, readings, course schedule, etc. Also, we will use it as a platform to discuss consumer behavior issues covered in the press during the semester. Please check Blackboard regularly.

Class Notes

I will hand out hard copies of the slides after the case discussion in every session. In addition, the PowerPoint slides for each class will be available for downloading from the website as of right after class. Note, however, that these slides only present an outline of the class discussion. You will need to take notes to fully capture the material discussed in class.

Additional Literature

You can find additional relevant literature (e.g., for your team project) using the Bobst Business Databases (http://www.nyu.edu/library/bobst/database/d_bus.htm), as well as links on the class website.

Class Policy

- **Be prepared**: Make sure that you have read the readings assigned for each class. This will help you to better understand the material discussed in class and to actively participate in class discussions.

- **Attend regularly**: Regular attendance will provide you with more opportunities to contribute to class and thus increase your participation grade. Please note that you are responsible for knowing any changes or assignments announced in class.

- **Arrive on time**: Late-comers are very disturbing. Systematic tardiness will have a negative impact on your participation grade.

- **Respect assignment deadlines**: Late assignments will not be accepted without a prior agreement.

- **Be honest**: Cheating and plagiarism will result in a grade of “F” for the assignment/test for all parties involved.
## Schedule for consumer behavior – note there may be changes to accommodate guest speakers

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings (other readings will be added)</th>
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</thead>
<tbody>
<tr>
<td>June 29</td>
<td>Introduction to the class</td>
<td>Syllabus</td>
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<tr>
<td></td>
<td>Consumer behavior and market-orientation</td>
<td>Case: Tetra Pak (A)</td>
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<td>Case discussion: Tetra Pak (A)</td>
<td>Optional reading: <em>Simply Better</em>, by P.Barwise and S. Meehan</td>
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<td>July 6</td>
<td>Consumer response to marketing actions</td>
<td>Case: Reagan Bush</td>
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<td>Case discussion: Reagan-Bush</td>
<td>Article: Analyzing Consumer Perceptions (9-599-110)</td>
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<td>Case: Levi’s (video case)</td>
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<td>July 18</td>
<td>Consumer information processing and choice</td>
<td>Case: l’Oreal of Paris</td>
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<td>Case discussion: l’Oreal</td>
<td>Article: “Spend a Day in the Life of Your Customers”</td>
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<td>July 20</td>
<td>Intro to Segmentation, Targeting and Positioning</td>
<td>Case: “Re-Positioning Unilever’s European Ice Cream Business”</td>
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<tr>
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<td>Case discussion: “Re-Positioning Unilever’s European ice Cream Business”</td>
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<td>July 25</td>
<td>Consumer behavior and pricing Strategy</td>
<td>Medi-Cult case</td>
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<td>Case Discussion: “Medi-Cult”</td>
<td>Article: “Pricing and the Psychology of Consumption” (HBR-OnPoint #1814)</td>
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<td>July 27</td>
<td>Promotion and consumer behavior</td>
<td>Case: Propecia – Making hair loss history</td>
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<td>August 1st</td>
<td>Product, place and consumer behavior</td>
<td>El Bulli case</td>
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<td>August 3rd</td>
<td>Sustainability, happiness and consumer behavior</td>
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<td>August 8</td>
<td>Wrap-up and final case: The Economist – in the making</td>
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<td>Guest speaker: Dayna De Simone, Marketing Team, The Economist</td>
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<td>August 10</td>
<td>Final exam in class – 3 hours.</td>
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1. **Tetra Pak (A) - Case preparation questions:**
   1. What are the important features of the Italian milk market?
   2. What is Tetra Pak’s strategy towards this market?
   3. How well did Tetra Pak diagnose Pontero’s market share problems?
   4. How viable was Fortina’s “enriched milk” solutions? Why did Pontero reject them?
   5. What, if anything, should Tetra Pak propose next to Pontero?
   6. How would you respond to the Managing Director’s question on page 7: “What else do we need to do to stay close to this most important customer?”

2. **Reagan-Bush - Case preparation questions:**
   1. What are the pros and cons of using the MECCAs framework?
   2. Given the HVM, what advertising campaigns would you develop for Reagan’s campaign?

3. **Levi’s case:** The questions for the Levi’s case will be provided in class the day we discuss it.

4. **L’Oreal: questions:**
   1. Suppose you were the Manager of the Plenitude brand before Carole Hamilton, and had been reassigned to L’Oreal headquarters in France. Before you leave you have to write her a one page memo on the “State of the brand”. What would be the main point you would communicate to her?
   2. What are strengths and weaknesses of perceptual maps in general? What are those of the maps in the case?
   3. What research type best complements perceptual maps, and why?
   4. What is your recommendation re. L’Oreal’s issue in the case?

5. **Unilever - Case preparation questions:**
   1. Which market should Unilever target with their ice cream brands?
   2. How should Unilever position their ice creams for the European market? In particular, which brand portfolio strategy should they follow, and why?

6. **Medi-Cult - Case preparation questions:**
   1. What are the benefits of Medi-Cult’s IVM approach over the existing IVF method for patients, clinics and doctors?
   2. What is the value of a single dosage of IVM medium?
   3. Should Medi-Cult adopt a skimming or penetration pricing strategy?
   4. What launch price(s) would you recommend that Medi-Cult adopt for Denmark, France, the United Kingdom and the USA? What would be the contribution to profits in the first year after launch?

7. **Propecia - Case preparation questions:**
   1. Outline the possible consumer journey(s) that men suffering from some degree of hair loss go through in the current market. At what point are they likely to request Propecia?
   2. Outline the physician journey to prescribing Propecia, being that Propecia is a prescription drug, identifying all the possible reasons why Merck is likely to lose consumers.
   3. Among consumers, which men are most likely to adopt Propecia early, and why? Which men are least likely to adopt Propecia, and why?
   4. Looking at the various options for Merck to advertise their product, how attractive do you think each one is, and why? What are issues / limitations of each option?
   5. What other forms of promotion than those listed in the case may prove helpful in Propecia’s launch? Being very specific, what would you do with this approach (these approaches)?

8. **El Bulli: flying solo discussion.**