CONSUMER BEHAVIOR COURSE

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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 course. 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 briefly introduced during class for immediate discussion.

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 typical course session is structured as followed: in the first half of our session, we will discuss a case, during the second half, we will cover the lecture related to the case. Because of the intensive nature of the course, it is imperative that you set considerable free time aside in-between classes to prepare the assigned cases. **There is NO point in coming to class if you have not thoroughly prepared the case.**

Course prerequisites: a solid understanding of your Core Marketing course. In particular, when grading assignments, it is assumed that you are familiar with developing an internally consistent, rigorous and clear marketing plan. There will be no time to revisit basic marketing concepts during or after class.

**Course Grades:**

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>30%</td>
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<tr>
<td>Written assignment</td>
<td>30%</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 a requirement of the course, and absences will be penalized on a prorated basis. Attending 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.

**Assignment**

The assignment is due at the beginning of the relevant class. It is to be prepared in groups of 4 or 5 students. Your groups will be formed during the first session of class – it is incumbent upon you to make sure you belong to a group by the end of the first session.

**Length:** 3 pages (single spaced), no appendices.

The assignment is 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.

The case to hand in for this year is Medi-Cult.

**Final exam**

The final exam will be a 3-day take-home exam involving questions related to consumer behavior. It will be handed out the last day of class. Please make sure that you will have enough time to devote to the final during those three days.
**Course Website**

This NYU classes 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 course. Please check it regularly.

**Class Notes**

I will post copies of the slides on NYU Classes after every session. 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.

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**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. Due to the intensive nature of the course, the final cannot be taken outside of the three-day period immediately following the last class.

- **Be honest:** Cheating and plagiarism will result in a grade of “F” for the assignment/test for all parties involved. Also, peer-evaluation forms will be circulated at the end of class.
**Final schedule for consumer behavior**

<table>
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<tr>
<th>Day</th>
<th>Topic</th>
<th>Readings (other readings will be added)</th>
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| Sunday 1/28 09:00-12:00 | Introduction to the class  
Consumer behavior and market-orientation  
Case discussion: Starbucks | Syllabus  
Case: Starbucks |
| Sunday 1/28 13:00-16:00 | Consumer response to marketing actions I  
Case discussion: Reagan-Bush | Case: Reagan Bush  
Article: Analyzing Consumer Perceptions (9-599-110) |
| Tuesday 1/30 18:00-21:00 | Consumer response to marketing actions II  
Case discussion: Levi’s (video case) | None – in-class case preparation |
| Thursday 2/1 18:00-21.00 | Information processing and decision-making  
Case-discussion: L’Oreal of Paris | Case: “L’Oreal of Paris”  
L’Oreal group assignment due. |
| Sunday 2/5 09:00-12:00 | Focus on: Consumer behavior and pricing Strategy  
Case Discussion: “Medi-Cult” | Medi-Cult case  
Article: “Pricing and the Psychology of Consumption” (HBR-OnPoint #1814)  
Medi-Cult group assignment due. |
| Sunday 2/5 13:00-16.00 | Focus on: Consumer behavior and Luxury | None – in class discussion. |

**Case questions to prepare for our first day of class – in case you think you are on top of the case: read it again. And again. And again.**

**Morning: Starbucks — Delivering Customer Service**

1. What factors accounted for the extraordinary success of Starbucks in the early 1990s? What was so compelling about the Starbucks value proposition? What brand image did Starbucks develop during this period?
2. Why have Starbucks’ customer satisfaction scores declined? Has the company’s service declined, or is it simply measuring satisfaction the wrong way?
3. How does the Starbucks of 2002 differ from the Starbucks of 1992?
4. Describe the ideal Starbucks customer from a profitability standpoint. What would it take to ensure that this customer is highly satisfied? How valuable is a highly satisfied customer to Starbucks?
5. Should Starbucks make the $40m investment in labor in the stores?

**Afternoon — read the Reagan-Bush case and consider the following two questions:**

1. What are the pros and cons of using the MECCAS framework?
2. Given the HVM, what advertising copies would you develop for Reagan’s campaign?

**Other cases: questions to be announced at the end of each class.**