



CONSUMER BEHAVIOR MGB/MGP 293

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“Consumer Behavior” offers a comprehensive learning experience that increases your ability and motivation to create appealing value propositions and to diagnose and resolve problems related to product (or service) adoption and customer retention.

We rely on a mix of readings, case discussions, interactive lectures, fieldwork, and quizzes, to help you build a deep and useful understanding of the most important consumer behavior frameworks and concepts.

This course is mostly relevant for prospective marketing executives, general managers, and consultants, but it is also of interest for students who want to step back and improve their grasp of decision-making and economic psychology.

CONTENTS

There will be five day-long (six hours) sessions, organized around the following themes:

- Session 1: Consumer Goals and Motivations
- Session 2: Consumer Perceptions
- Session 3: The Buying Decision
- Session 4: Loyalty & Engagement
- Session 5: Final Discussions

EVALUATION

20% Take Home Quiz 1 (Individual)
20% Take Home Quiz 2 (Individual)

Take home quizzes involve 20 close- and open-ended questions that help participants to demonstrate and deepen their mastery of the course contents.

40% Consumer Insight Project (Group)

The Consumer Insight Project, coached by the instructor through a series of scheduled interactions and feedbacks, requires small groups of student to use consumer interview techniques and field observations to generate original consumer insights and recommendations in a business context of their choice.

10% Group-led Discussions (group)

Groups, coached by the instructor, are assigned partial discussion leadership for one specific topic or case, requiring them to prepare a brief presentation

10% Class Participation (individual)

SESSIONS DETAILS

Session 1: Consumer Goals and Motivations

This session focuses on concepts and frameworks useful to create value for the customer.

Topics:

- Introduction: The Black and Decker Story
- Details of the Course Syllabus
- Consumer Goals and Motivations
- Global Differences in Consumer Behavior
- Introducing consumer Interview Techniques

Session 2: Consumer Perceptions

This session focuses on cognitive and social mechanisms that need to be taken into account when managing consumer perceptions.

Required preparation:

- “PSI India: Will Balbir Pasha Help Fight AIDS? (A)” Harvard Business School Case 507-032

Topics:

- Perception Biases, “Sensory Marketing,” and Branding
- Influencing Perception: Balbir Pasha
- Measuring and Representing Perceptions
- Managing Brand Perception: Skoda

Session 3: The Buying Decision

This session focuses on factors influencing choice at the point of purchase - the retail environment and the patterns of pricing.

Required preparation:

- “What’s the Deal with LivingSocial?” Harvard Business School Case 512-065
- “J.C. Penney’s “Fair and Square” Pricing Strategy” Harvard Business School Case 513-036

Topics:

- Psychological Pricing: Using the Price to Influence Buying
 - Creating the “Good Deal” Perception
 - Causing an Experience of Fairness
 - Making People Focus on the Benefit Side
- The Art of Discounting: The Living Social Case
- The Art of Discounting: The J.C. Penney Case
- Store Design and Buying Behavior

Session 4: Loyalty & Engagement

This session focuses on the psychology underlying brand loyalty and customer management: customer loyalty, brand relationships, engagement behavior.

Required preparation:

- “Harley Davidson: Building a Brand Through Consumer Engagement” Darden Case UV3984
- “The Pepsi Refresh Project: A Thirst for Change” Harvard Business School Case 512-018

Topics:

- Case discussion: Harley Davidson
- Loyalty & Engagement
- Case discussion: Pepsi Refresh Project
- Image-Based Interviews: A Practicum

Session 5: Final Discussions

Required Preparation:

- “elBulli: The Taste of Innovation” Harvard Business School Case 509-015

Topics:

- Case discussion: elBulli
- Integrating Consumer Trends in Innovation
- Consumer Insight Project Findings Presentations
- Final Thoughts

INSTRUCTOR NOTE

Luc Wathieu is Professor and Deputy Dean at Georgetown University's McDonough School of Business. He has been a visiting faculty at UC Davis since the summer of 2013. Prior to that he was associate dean of faculty and the Ferrero Chair in International Marketing at ESMT in Berlin. Luc was on the permanent faculty at the Harvard Business School for ten years, and started his academic career at the Hong Kong University of Science and Technology. In his research, Luc combines economics and psychology to understand consumer behavior in contemporary settings, addressing a variety of topics including habit formation, brand loyalty, pricing psychology, and privacy preferences. He teaches courses on Marketing Management and Strategic Marketing Research in the MBA program at the McDonough School of Business, and has taught executives worldwide in the pharmaceutical, consumer goods, and technology industries. He holds a B.A. in Economics and an M.Sc. in Economic Theory from the University of Namur (Belgium), and received his PhD in Decision Sciences from INSEAD (France).

CONSUMER INSIGHT PROJECT

1. In groups of three or four participants, choose a new or existing product or brand which you find interesting or personally relevant, and which may need your advice for marketing (e.g., product improvement, positioning in a given target, communications & delivery, pricing,...).

2. Explain the business background in one page: company background, competition, consumers, product(s), marketing plans so far, challenge ahead.

3. Undertake deep-dive interviews with two relevant target consumers per group member (e.g., a four participants team will have at least eight interviews). Try to go out of your way to interview people you barely know, as part of the fun is to understand the experience of talking with real life consumers. Each interview should last for no less than one hour (I would give it one hour and 30 minutes) and use the following three techniques (see more explanations below), in this order:

- i. Image-based interview
- ii. Laddering interview
- iii. Chronological interview

Describe your processes and interview subjects in one page.

I strongly recommend that everyone does a complete dry run of interview with a family member or, even more useful and interesting, with another group members ("I interview you, you interview me, we comment on each other's style, and we both anticipate the experience of interviewees").

4. Report your key summary findings cutting across all these interviews. In your report, you need to (1) focus on what seems most important and interesting (= insightful) from your product or brand's perspective (2) provide five pages of text

and one synthetic data visualization for each interview technique as an exhibit at the end of your report (see examples below).

5. Give three to five insightful managerial recommendations concerning the marketing of your target product or brand (e.g., product improvement, positioning in a given target, communications & delivery, pricing,...), in three pages of text.

By the beginning of classes on our third day of teaching, all groups should have submitted (anywhere between a paragraph and a page, by email) their idea for their Consumer Insight Project. Please tell me about the business context, what areas might benefit from deeper customer insight, and any preliminary idea you might have about with whom/how you will conduct interviews. I will give you some feedback.

A preliminary report (or, at the minimum, a draft of your final presentation) should reach me at a date TBD (in August), so I can give you preliminary feedback and guidance.

The final report should be emailed to me as a Word file (not pdf, so I can write comments in your report) by the beginning of our last class. The report should be 10 pages of text, and feature at least three pages of exhibits (one for each data visualization, ungraded additional exhibits are welcome).

Grading will be as follows:

- Business background: 5 points (description is clear, focused on relevant facts)
- Interview processes: 5 points (the choices you have made seem to make sense, there is some visible effort to do this conscientiously)
- Report on interviews: 25 points
- Text: 15 points (insights are clearly articulated, apparently useful and interesting/surprising, they draw from the three interview techniques and make use of concepts from the course)
- Data visualization: 10 points for quality of data visualization (clarity and effort)
- Recommendations: 10 points (clarity, structure, good exploitation of insights, sounds like a real-life manager would appreciate)