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B8607-001 Strategic Consumer Insight

Professor Pham

Spring 2017

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| Professor: Michel T. PhamOffice: 515 Uris HallPhone: 212-854-3472Fax: 212-854-7647Class times: Wednesdays 2:15-5:30PM (Uris 331)Office Hours: Mondays 1:00-2:00PM  or by appointment  | TA: Travis OhE-mail: TOh20@gsb.columbia.edu  |

[Short video introduction of the course](http://www.kaltura.com/index.php/extwidget/preview/partner_id/24852/uiconf_id/20954482/entry_id/1_mggga0ha/embed/iframe)

[Short video example of recent company project](http://www.kaltura.com/tiny/rk3fi) with Wyndham

**Course Objectives**

The success of many companies and nonprofit organizations—whether they be Coca-Cola, Procter & Gamble, Samsung, BMW, Apple, Disney, or the Metropolitan Opera—lies in genuine insights into the minds, hearts, and behaviors of consumers. Which product is going to be a “hit”, and which one is going to “flop”? Which aging brand can be revived, and which one is doomed to die? Which product positioning is going to work? What price will consumers be willing to pay? What’s the next big market trend? How does a business become more relevant to consumers? These are just a few of the many questions that businesses constantly face and that require genuine consumer insights. While it is tempting to rely on intuition to answer these questions—after all, aren’t we all consumers?—history has taught us that intuitions about consumers are often ill-informed.

This course is designed to empower students to become disciplined and astute discoverers of strategic consumer insights. It is targeted at intellectually motivated students interested in pursuing careers in general management, consulting, marketing, entrepreneurship, media and advertising, or consumer-oriented nonprofit organizations.

The course provides a rigorous coverage of a broad range of theories, frameworks, concepts, and tools to truly get into the hearts and minds of consumers and uncover insights that are relevant for business and policy. Topics include: 1) how consumers make decisions; (2) why and how consumers shop; (3) how to uncover consumers’ true motivations, needs, and wants; (4) unconscious drivers on consumer behavior (e.g., cultural archetypes and evolutionary forces); (5) feelings and emotions in consumer behavior; (6) an introduction to qualitative market research for consumer insight; (7) how consumers’ minds work (e.g., how to attract their attention, how consumers perceive things, how to influence their memory); and (8) social and cultural determinants of consumer behavior.

An important part of the course is a real-life, consumer insight project for a client company. Past clients include Coca-Cola, Macy’s, Novartis, Best Buy, Rolodex, ESPN, Men’s Health, Wrigley, Ann Taylor, Perry Ellis/Original Penguin, Verizon, Wyndham hotels, and Home Depot. The Spring 2017 clients will be announced in December. The course also includes a variety of in-class and out-of-class exercises, in addition to standard lectures, readings, and case analyses.

**Deliverables and Grading**

Final grades will be determined as follows**:**

Class Participation (including in-class exercises) 20% (Individual)

Online Case Surveys 20% (Individual)

Group Assignments 10% (Group)

Company Field Project 50% (Group – with possible adjustment for individual contribution)

*Class Participation.* Because each of us brings to the classroom a unique set of knowledge and experiences about consumers, a significant part of the learning will come from tapping into this collective knowledge and experience. We will devote a significant portion of class time to discussions, analyzing cases, and various in-class exercises. It is therefore essential that you come fully prepared for case discussions and participate actively to the discussions and various in-class exercises and activities. This means that you need to have read the assigned material (e.g., cases) before the class session. Effective participation includes: (1) sharing relevant experiences; (2) being on point and moving the discussion forward; (3) being able to clearly articulate and justify particular points of view; (4) asking insightful questions that help clarify concepts and benefit the rest of the class; and (5) relating examples and experiences to course concepts and case discussions, including those covered in earlier classes. (Class attendance will of course be reflected in the overall participation grade since one cannot participate if one is not present. Excessive absences may result in an overall failing grade for the entire course.)

*Online Surveys*. To facilitate in-class discussions, especially of cases, students will be asked to complete a series of short online surveys pertaining to the cases and other session materials to be discussed in class. All surveys should be completed individually on Canvas. To receive full credit, responses to the survey questions do not need to be lengthy—typically 2-3 sentences per questions will suffice. However, the responses have to be thoughtful. Completing a survey can help compensate for necessary class absences. However, in order to receive full credit, a survey entry must be submitted by 8:00 AM on the day of the session (so that survey answers can be reviewed in preparation for the class discussion). Entries submitted after that will receive no credit.

*Group Assignments.* In addition to a various in-class exercises throughout the term, a series of more formal workshops will be conducted, mostly in relation to the field project. Two of these will be the subject of written assignments to be submitted as a group the Friday following the respective workshop. Their due dates are marked on the course schedule and reproduced below. Detailed instructions will be provided later in the term.

* Emotional Planning Analysis based on Workshop 2 is due on Friday, March. 3
* Hierarchical Value Mapping Analysis based on Workshop 3 is on Friday, March 24

*Company Field Project.* The field project is a hands-on opportunity to analyze and address specific issues about consumers that are of particular interest to an existing company. Early in the semester (during the third class), the client companies will describe their projects. Students will work in groups of **four to five** on their projects throughout the semester. The groups should be formed with project chosen by **Class 4 (Feb. 15)**. Responsibility for forming the groups is left to the students. A project proposal based on the first workshop is due on **Feb 23**. A **progress report**, to be reviewed by the client, should be submitted by **Class 7 (Mar. 22)**. The project should go beyond standard library research and involve the collection and analysis of primary data (e.g., in-depth interviews, focus groups, online surveys). When making recommendations, students should engage in “big-picture” yet analytically sound thinking, taking into account both the pros and cons of alternative solutions, as well as short-term and long-term implications of the proposed recommendations. At the end of the course, each group will summarize its investigation, findings, and recommendations in a report to be presented in the final class on **Apr. 26** with the clients in attendance. Final written reports are to be submitted to the professor and the clients on **Monday, May 1 at 9:00AM** (to ensure a timely evaluation and submission of the overall course grades).

Field projects will be evaluated based on (a) the breadth and depth of the research, (b) appropriate application of consumer behavior tools and concepts, (c) logical development of conclusions and implications, (d) originality of consumer insights, (e) quality of business recommendation; and (f) quality of the written report and oral presentation. (Input from the client company will be incorporated into these evaluations.) More details on the project will be provided later in the term.

*Note: Groups are responsible for managing their own dynamics and ensuring that every team member contributes positively to the project and carries their fair share of the work. At the end of the term, all students will be asked to assess the relative contribution of each of their teammates to the overall project, and, if necessary, individual grades for the company project may be adjusted accordingly.*

**Course Materials**

*Lecture Notes.* As lecture notes, hardcopies of most of the slides will be distributed at the beginning of each session. Use these lecture notes as a support for your own note taking, not as a substitute for it. If you are unable to attend a session, please have a classmate collect a set for you. While the lecture notes will be posted on Canvas after each session, they will not be sent individually.

*Required Readings.* Two types of readings will be made available: a series of business cases focused on consumers, and a variety consumer-behavior-related articles and reports. All readings will be distributed electronically via Canvas. Students are expected to prepare every business case and complete a short survey about each case before the class discussion. Thorough preparation of these cases will be reflected in the class participation grade. Although students will not be explicitly quizzed on the other readings, in-class lectures and discussions will generally assume that these readings were completed.

*Suggested Additional Readings.* Students who are interested in additional background on consumer behavior or wish to go deeper into certain topics may also find the following books useful:

1. *Consumer Behavior* (5th Edition) by Wayne D. Hoyer and Deborah J. MacInnis, South-Western, 2008. This is an excellent, if somewhat encyclopedic, text on consumer behavior. It covers many of the topics and concepts that will be covered in class. Several copies are available on reserve in the Business School’s Watson Library in Uris.
2. *Influence: The Psychology of Persuasion* (Revised Edition) by Robert B. Cialdini, Collins Business, 2006. This is a short but classic reference on the science of persuasion. It was named by the *Journal of Marketing Research* one the most important books written for marketers.
3. *Why We Buy: The Science of Shopping* (Revised Edition) by Paco Underhill, Simon & Schuster, 2008. This is another classic that includes a range of insights on shopping behavior.
4. *Consumer Insights: Findings from Behavioral Research*, Edited by Joseph W. Alba, Marketing Science Institute, 2011. A recent compilation of major findings in academic consumer research with their implication for marketing.

**Contact**

Whenever possible, I prefer real-time, in person communication over e-mail (to which I may not be able to respond promptly). If you have any questions regarding the class, please come to speak to me after class, or drop by my office (515 Uris) or call me (212-854-3472) during my office hours. If you can’t visit or call during these hours, please schedule an appointment.

**Canvas**

Course-relevant materials and additional important information (about readings, assignments, etc.) will be posted on the school’s Canvas system. Because some of the readings are provided by an external site, please use Mozilla’s *Firefox* to access the course materials on Canvas, as Microsoft’s *Internet* *Explorer* tends to create problems when accessing external sites. Please consult the course’s site regularly (at least twice a week) because important announcements may be posted. It will be assumed that any announcement that has been posted at least 24 hours prior to a class (e.g., on Sunday night) has been read prior to that class (on Wednesday).

**Logistics and Course Conduct**

* Time is a very precious commodity for all of us. Please help us ensure that classes start and finish on time by being punctual.
* In addition, as a courtesy for everybody and to avoid distraction (of yourself, your neighbors, and the instructor), please put away your laptops, cell phones, and other mobile devices when the class is in session.
* So that I can remember who is who and address you properly, please always have your name card in front of you. (If you forget to bring it, just make a temporary one.) In addition to facilitating classroom discussions, having your name in front of you will ensure that your class participation is recorded properly.

**Preparation for the First Class**

* Download and prepare the Segway case. (See discussion questions on Canvas.)
* Fill out Survey 1 (regarding Segway case) by 8:00AM
* Complete the readings
* Remember to bring your name card

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| **Strategic Consumer Insight**Course Schedule (Guest speakers’ schedule TBC) |
| Session | Topics & *Cases/Activities* | Assignments | Readings (Subject to Updates on Canvas) |
| 1Jan. 25 | * Introduction to Strategic Consumer Insight: What Is Consumer Insight?
* *Case 1: Segway*
 | * Review Syllabus
* Complete Survey 1
 | * What is Consumer Behavior?
* "Stories That Deliver Business Insights"
 |
| 2Feb. 1 | * How Consumers Make Decisions (I)
* *Microsoft Office: Insight into the Life of a College Student*
 | * Complete Survey 2
 | * The Consumer Decision Making Process
* Are You Ignoring Trends that Could Shake Up Your Business?
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| 3Feb. 8 | * How Consumers Make Decisions (III)
* *Client Companies’ Presentations of Projects*
 | * Review Project Briefs
* Complete Survey 3
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| 4 Feb. 15 | * How Consumers Make Decisions (III)
* *Case 3: Introducing New Coke*
 | * Complete Survey 4
* Submit Project Choice and Group Composition Proposal by Friday, Feb. 17 at 8:00PM
 | * Get Closer to Your Customers by Understanding How they Make Choices
 |
| 5Feb. 22 | * Qualitative Market Research for Consumer Insight
* *Project Planning Workshop 1*
 | * Submit Project Proposal by 10PM on Feb 23
 | * The Research Process
* Developing and Using Information about Consumer Behavior
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| 6Mar. 1 | * *Guest Speaker: Hayes Roth, H.A. Roth Consulting, former CMO of Landor*
* Understanding the Role of Feelings & Emotions in Consumer Behavior
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* Product Emotions
* The New Science of Customer Emotions
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| Study Day & Exam Week (No class on March 8 & 15) |

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| Schedule (cont’d) |
| Session | Topics & *Cases/Activities* | Assignments | Readings (Subject to Updates on Canvas) |
| 7Mar. 22 | * Understanding and Analyzing Consumer Motivations (I)
* *Case 4: Saxonville Sausage*
* *Project Planning & Customer Insight Workshop 2*
 | * Complete Survey 5
* Submit Progress Report on Field Project
* Submit Group Assignment 1 by Friday, Mar. 24 at 8:00PM
 | * A Theory of Human Motivation
* Laddering Theory, Method, Analysis, and Interpretation Individual Differences: Tools for Theory Testing and …
 |
| 8Mar. 29 | * Understanding and Analyzing Consumer Motivations (II)
* *Case 5: Diamonds are Forever*
* Understanding Shopping Behavior
 | * Complete Survey 6
 | * Excerpts from Dichter’s Handbook of Consumer Motivation
* Why Do People Shop
* The Science of Shopping
 |
| 9Apr. 5 | * *Guest Speaker: Robert Tomei, President , Consumer & Shopper Marketing, IRI*
* *Project Planning & Customer Insight Workshop 3*
 | * Submit Group Assignment 2 by Friday, Apr. 7 at 8:00 PM
 | * Does the Smell of Coffee Remind You of Your Mother?
* The Culture Code
* The Hero and the Outlaw
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| 10Apr. 12 | * Understanding Consumer Culture
* *Case 6: Harley Davidson*
 | * Complete Survey 7
 | * The Globalization of Markets
* Values and Culture
* Getting Brand Communities Right
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| 11Apr. 19 | * More on Consumer Culture: Evolutionary Drivers of Consumer Behavior
* *Project Customer Insight Workshop 4*
* Course Conclusion
 | * Complete Survey 8
 | * Consumers Born and Made
 |
| 12Apr. 26 | * *Project Presentations to Clients*
 | * Upload Presenta-tions by 11:00AM
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| Monday, May1: Submit Final Reports for Field Project by 9:00AM |

Michel Tuan Pham

Kravis Professor of Business

Columbia Business School

Michel Tuan Pham is the Kravis Professor of Business in Marketing at Columbia Business School, whose faculty he joined more than 20 years ago. At Columbia he teaches in the MBA, EMBA, Ph.D., and Executive Education programs. He is also the Research Director of the Columbia Center on Global Brand Leadership and Co-Director of Columbia’s *Brand Leadership* program for executives. Professor Pham has a Licenciate degree in Applied Economics from the Catholic University of Louvain-Mons, Belgium and M.A. and Ph.D. degrees in Business-Administration/Marketing from the University of Florida. He has held visiting professorships at various international institutions, including the University of Chicago, where he was the Ford Foundation Visiting Professor of Marketing, the Catholic University of Leuven in Belgium, the China Europe International Business School in Shanghai, the Hong Kong University of Science and Technology, Singapore Management University, and the Institut d’Administration des Entreprises (IAE) of the University of Paris I - Sorbonne.

Professor Pham’s business expertise and consulting activities are in the areas of marketing strategy and management, branding strategy, consumer psychology, trademark psychology, and the psychology of decision making. He has worked on these issues with companies from a variety of industries. An acclaimed executive teacher, he has also taught these subjects to executives and companies around the world. Recent training and consulting clients include Bayer Healthcare, Adidas, Brighton Collectibles, The Walt Disney Company, Bath & Body Work, Federal Home Loan Bank of New York, Nike, Converse, Coca-Cola, DNAinfo, Gucci, Singapore Airlines, and Lonza. His comments on current business issues have been widely publicized, including in the New York Times, Forbes, Wall Street Journal, AdWeek, BBC’s World Business Report, and CNN’s Headline News.

His current research focuses on the role of affect (moods, feelings, and emotions) in judgment and decision-making and consumer self-regulation. His numerous scientific articles are widely cited, have received several awards and have appeared in many leading academic journals in marketing, management, and psychology, including the *Journal of Consumer Research*, *Journal of Marketing Research*, *Psychological Science, Organizational Behavior and Human Decision Processes, Journal of Consumer Psychology, Review of General Psychology, Personality and Social Psychological Review, Psychology and Marketing, Marketing Letters, Journal of Economic Psychology, and Recherche et Application en Marketing.* He is a scientific advisor for numerous academic journals, and serves or has served on the Editorial Boards of *Journal of Consumer Research, Journal of Marketing Research, Journal of Consumer Psychology, International Journal of Research in Marketing,* and *Recherche et Application en Marketing.* He is a past President of the *Society for Consumer Psychology*, the leading professional organization for the advancement of the psychological science of the consumer. In 2015 he was inducted as a lifetime Fellow of the Society for “Outstanding Contributions to the Field of Consumer Psychology.”

On the personal front, Professor Pham is an avid traveler, curious reader, happy eater, foreign movie admirer, former judo competitor, and wine lover (not necessarily in that order). He is a Belgian citizen of Vietnamese descent, permanent resident of the US, who was born in Congo. He lives in Manhattan, with his wife, a Taiwanese citizen (whom he married in Spain), and their two children, both US citizens.

Field Project on Consumer Insight

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| The Home Depot – In-Store Mobile Use |
| Sponsoring Company / Division / Brand | The Home Depot | Contact PersonTitleEmailPhone number | Brendan BabyDirector of Customer StrategyBrendan\_Baby@HomeDepot.com770-384-4467 |
| Project Background  | The Home Depot is one of the world’s most successful retailers. The company sells Home Improvement products and services through a network of ~2200 stores and via its website (HomeDepot.com) to DIYers and Pros in the US, Mexico and Canada. In the last several years the significant rise of mobile devices and the increased availability of home improvement products online has begun to change the way people shop: Customers are able to browse, compare and purchase from anywhere; the internet is also being integrated into the in-store experience, introducing a competitive environment into our retail footprint – customers are able to consider and purchase from other retailers while in a Home Depot.How should Home Depot address these new shopping patterns to most effectively drive increased sales either online or in-store? |
| Project Description | How can Home Depot use a mobile strategy to drive increased sales either online or in-store, possibly drawing on lessons from current home improvement shoppers and other big-box retailers (e.g. Ikea, Target, Walmart, etc…)Conduct a qualitative study among in-store shoppers at home improvement retailers (Home Depot, Lowe’s). Recommend ~30 interviews / shop-alongs with HI shoppers (15 THD preferrers, 10 Lowe’s preferrers, 5 Amazon or other digital native preferrers; other big box retailer use as it naturally occurs among interviewees). Screen for range of DIY interest to include full spectrum of engagement with home improvement task (“do nothing” to “do everything” myself). (We are open to other qualitative methods such as focus groups or ethnographic observation as a complement or substitute for in-depth interviews)Determine home improvement consumer use of mobile in-store and its impact on shopping behavior across all retail industries and correlate with current Home Depot experience to identify opportunities for improvement of mobile experience (web and app) and/or in-store environment (limited to low-cost actions, e.g. signage)* Identify the motivations for mobile use and major positives and pain points in both home improvement and general retail
* Establish risk of defection and potential for upsell among in-store mobile users
* Recommend a mobile strategy to increase home improvement sales (either in-store or online) among mobile users
* Other information/opportunities we’re missing?
 |
| Questions of Particular Interest (in order of importance) | 1. How do consumers use their mobile device out of the store
2. How do consumers use their mobile device in the store?
3. What sources of information or websites/apps are consumers typically using?
4. How great a risk is in-store mobile use for consumer defection?
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| Available Research  | Will put together a package of existing consumer shopping and mobile use research. |

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| Constellation Brands – High End Total Beverage Alcohol (TBA) Growth |
| Sponsoring Company / Division / Brand | Constellation Brands / Beer Division | Contact PersonTitleEmailPhone number | Yvonne Louis-PrescottSenior Analyst, Consumer Insightsyvonne.louis-prescott@cbrands.com312.873.9628 |
| Project Background  |  Constellation Brands is a leading producer and maker of beer, wine and spirits. Constellation is the No. 3 beer company in the U.S. with high-end, iconic imported brands including Corona Extra, Corona Light, Modelo Especial, Negra Modelo, Pacifico and Victoria. The portfolio also includes Ballast Point, one of the most awarded craft brewers in the U.S. Constellation is also the world’s leader in premium wine, including brands such as; Robert Mondavi, Clos du Bois, Kim Crawford, Meomi, Mark West and more. Constellation’s premium liquors include SVEDKA Vodka and Casa Noble Tequila. Constellation Brands is uniquely positioned within the beverage alcohol category given its presence across beer, wine and spirits categories. No other competitor has representation in all 3 major beverage alcohol categories. Given this unique positioning, Constellation Brands aspires to be the leader in High End total beverage alcohol (i.e. beer, wine and spirits) consumer insights that ultimately fuel growth for both Constellation Brands & retailers.  |
| Project Description | ***Determine how Constellation Brands can leverage its unique point of difference in the beverage alcohol category (as described above) in a way that is meaningful to consumers and/or retailers and fuels growth for the company.***  |

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| Questions of Particular Interest (in order of importance) | 1. We know that many alcohol drinkers drink more than one category (beer, wine, spirits), yet in any given shopping trip they tend to only buy one category. Why don’t consumers buy more than 1 alcohol category in a given shopping trip?  Can we drive impulse (i.e. unplanned) purchasing of 2+ categories in the same shopping trip?  If so, how?
2. We know that in general many alcohol drinkers drink more than one category (beer, wine, spirits), yet in any one occasion they tend to stick with one category. Why don’t consumers currently drink more than 1 category in a specific occasion?  When they do switch from one category to another, why and in what occasions?  Can we drive more consumption of 2+ categories in the same occasion?  If so, how?
3. High end/premium brands are driving the growth in beer, wine and spirits. Why are consumers “premiumizing” to high end alcohol? Is this shift expected to continue long term?
4. Are there other high end/premium beverage categories Constellation Brands should be tapping into?
 |
| Available Research  | Dollar and volume sales trends over time. Dollar share and volume share at brand level indicating the biggest gainers and losers within beer, wine and spirits. Market share within beer, wine and spirits. A compilation of quantitative consumer and shopper insights; includes specific information around percentage of consumers who drink beer, wine and spirits. |