### GRANDE PRAIRIE REGIONAL COLLEGE BUSINESS ADMINISTRATION COURSE OUTLINE

#### BA 2190 - CONSUMER BEHAVIOR

TEXT:

Basic Canadian Marketing Cases, Gordon H.G. McDougall, Charles

B. Weinberg, McGraw Hill Ryerson Ltd., 1992.

PREREQUISITE:

BA 1090

COURSE DESCRIPTION: The solution to marketing problems rests in sound analysis of consumer behavior. Using the case method, students will find a practical outlet for quantitative and qualitative consumer analysis tools. Cases will explore both goods and services marketing in industrial and consumer environments.

COURSE OBJECTIVES:

- To learn and apply consumer behavior analytical models.
- To solve real marketing problems.
- To improve business writing skills.

GRADING:

Hand in Cases (3 x 15)	45%
Midterm Case	20%
Final Presentation (Group)	20%
Class Contribution	15%
	100%

N.B.

- Final Case will take the form of an oral presentation and a written hand-in to be done in groups of approximately 5 individuals. It will be presented during the last two class periods. It may be an analysis of consumer behavior relative to major project in BA 2090 Marketing Strategy. Alternately, groups may elect to formally present a case.
- A major project of individual research valued at 30% may be substituted for two cases after consultation with instructor.
- Late cases will not be graded <u>under any circumstances</u>.
   There will be no exception to this rule. Cases are late as of the <u>beginning</u> of the class in which they are discussed.

- The case method requires each student's active participation in the form of
  - response to Instructor's questions
  - ii) voluntary input
  - iii) interaction with other students
  - iv) other newspaper clippings, anecdotes, feedback to instructor etc.

Each student's contribution will be assessed for each class. Attendance is necessary but not sufficient for contribution. Those handing in a case during that class session are expected to contribute more.

- The case method DOES NOT WORK unless students are prepared. See text pp xv - xviii.
- 6) The course will be structured as follows:

Tuesdays: lecture/tools/issues/hints

Thursdays: case discussion and written hand-ins for some students. Marked cases will be returned by the next Tuesday.

The purpose of this structure is to improve quality of hand-ins. Students in the past have experienced frustration in not "getting" the case. Please understand that the process of analysis is far more important than the outcome.

 It may be possible to economize by sharing a textbook with a trusted fellow student.

Page 3 BA 2190 - Consumer Behavior

# COURSE CONTENT:

Week Ending	Tuesday	Thursday
Sept. 11	Introduction/Case Method	BA 1090 Review
Sept. 18	#3 Windsor Golf (sample case)	#11 Port-A-Pad (sample case)
Sept, 25	#8 Coors (in class project)	#7 Cdn. House hold Prods
Oct 1.	Lecture	#1 BC Packers
Oct. 8	Lecture	Dominion Motors
Oct. 15	Lecture	#21 Boot Dryer
Oct. 22	Lecture	#10 Nabob Summit
Oct. 29	Lecture	Cinema 5
Nov. 5	Lecture	#30 Vancouver Public Aquarium
Nov. 12	Midterm Exam	Remembrance Day
Nov. 19	Debrief Mid	V.O.A.
Nov. 26	Film	#27 Evergreen Paper Co.
Dec. 3	Computron	Frank Horner
Dec. 10	Oral Final	Oral Final

### Page 4 BA 2190 - Consumer Behavior

Please indicate your preference in package by signing below and advising me. First come first served.

Package 1	Package 2
Cdn. Household Boot Dryer Evergreen	BC Packers Nabob Summit Frank Horner
Package 3	Package 4
Dominion Motors Cinema 5 Computron	Boot Dryer Vancouver Public Aquarium Frank Horner

# N.B. Approximately 3.5 weeks apart

Progressively more demanding cases in each package.

- Mixture of \*small, large companies
  - \*services, products
  - Canadian, foreign

#### CONSUMER BEHAVIOUR : CASE MARKING SCHEME

Cases in BA 219, Consumer Behaviour, are the principle learning and testing mechanism. It is important that students have a good appreciation of what is required.

The first thing that I look at is length-5 to 6 (double spaced) pages are strongly recommended although there may be cases in which more or less may be justified. The logic here is that the level of analysis required cannot be done in less than five pages.

The next thing I look at is structure. I won't accept unstructured reports any more than your boss of the future will. By structure I mean a series of logical titles and sub-titles.

Thereafter, I reed the case with the main idea of ascertaining WHO BUYS AND WHY; seemingly simple, this is the crux of the matter and I suggest that you write your papers with this foremost in your mind. More specifically, marks are allocated as follows:

(refer handout re:109 Review)

facts of case has no value)

(useful insights derived-repeating

Structure & English 3

#### CONSUMER BEHAVIOUR

segmentation and

positioning 2

.use of analytic tools 4 .use of case date 4

Alternatives and Recs 2

TO THE STATE OF TH

TOTAL 15

#### FOUR FINAL HINTS:

- 1) Assume the role of peid consultant/marketing analyst addressing yourself to an interested party identified in the case. FIX THAT PERSON'S PROBLEMIIIIII
- 2) Supported statements always carry weight. Data supported statements carry more. Analyzed data supported statements carry most.
- 3)Questions are designed to focus your attention. Ignore them at your peril but simply enswering them alone will not yield good results.
- 4) The name of the course is Consumer Behaviour and that's where the gold is buried. . .

#### BA 109 REVIEW (for BA 219)

Product Concept : sell what we've got Marketing Concept : .get what we can sell

. satisfy customers at a profit.

Def'n: Marketing

.Planning and executing the conception, pricing , promotion and distribution of ideas, goods and services that satisfy consumer objectives.

. Demand Management.

.Attention to services produced by the product rather than the product.

Marketing Mix: 4 P's and C

Market: set of all present and potential buyers for a product or service.

Product: "bundle of satisfactions."

Innovation Strategies:

Present Marketa

11

Present Prode	New Prods.	
Penetration	Product Development	
Merket Dev't	Diversification	

### New Markets

2) Innovator/Imitator

Segmenter (satisfy one slice very well) vs. Combiner (satisfy more than one slice pretty well) NB. Combine segments not products

Marketing Warfars:leader, challenger, follower, nicher defense, offense, flanker, guerrilla. see attached- NB. Most cases will use this analysis.

Demographics - necessary but not sufficient. Psychographics - not required.

PRODUCT LIFE CYCLE- VITAL- USE IT!!!-see attached.

### CONSUMER BEHAVIOUR

- 1)Economic Needs (man as utility maximizer)
- .economy of purchase/use
- .convenience
- .efficiency in operation/use
- .dependability in use
- .improvement of earnings
- . reliability of service
- . durability
- .enhancement of productivity.

- 2) Maslow's Hierarchy of Needs: re: bundle of satisfaction. Physiological (survive), Physical Safety/Emotional Security (over time), Social (fitting in), Ego/Self Esteem (sticking out) and Self Actualization (growth and creativity.)
- 3)Perceptions: In the battle for the mind, confusion is the enemy! selective exposure-what interests us

perception-screen out irrelevancies

- retention-don't remember-why adm are repeated
- 1) Interest level vital-are they in the market? AIDA ii) Adoption curve
- iii)Perceptions from customers point of view-what are their problems, info needs and choice criteria?
- 4)Learning-where on adoption curve-diff. message to diff. level of learning.

. impact of trial

- .degree of brand awareness (rejection, ignorance, indifference awareness, interest, preference, insistence.
- .education requires deep pockets.
- 5) Attitudes-word of mouth

-intention to buy

- +. -, or neutral leads to very diff. strategies.

- "Go with what's there and shape it. "

- 6)Personality- Activities, Interests, and Opinions (AIO)
   Psychographics
- 7) Family: who decides?
  Consumer, Customer, Influencer, Decision Maker, Agent,
  Financier, Initiator.
  Stages in consumption patterns- link to demographics.
- 8)Social Class = f(education, occupation, place of residence, and source of income) not income.

  Class is a state of mind not a state of bank book ie. two consumers with the same \$ of \$ will consume profoundly differently.

  Targeted class impacts each part of mix as a package.

  Where is your TV and do you pay off your credit card?
- Regardless of class 20% are price minimizers (the cheapest) 60% are value maximizers (the best) & 20% are quality maximizers (the best)
- 9) Reference Groups-for visibly consumed products and services.

-impact of others- inner vs. other directed

-which peers?

-endorsements and word of mouth

- -inhovators/opinion leaders and early adopters critical.
- 10) Culture and Sub culture- nichemanship

### 11)Problem Solving Consumer

Avareness, Information Gathering, Evaluation of Alternatives, Decision, Evaluation of Decision (Post purchase reinforcement)

#### HOW FAST?

Consumer : Extensive, Limited and Routine Industrial : New Task, Modified Rebuy, Straight Rebuy

# Segmentation- Required in every case

- . homogeneous within
- . heterogenous among
- .useable, accessible and big enough to be profitable. YOUR PERCEPTION OF MARKET.

# Positioning - Required in most cases

- .location in the mind
- . niches in the mind
- . unique selling proposition
- . who the real competition is.

THEIR PERCEPTION OF YOU AND OF COMPETITION.

N.B. Merketing warfare position is a different concept to this in that it looks at competitive roles within a market.

Product - Product Life Cycle (for industry)

- Goods Class Convenience (impulse, staple, emergency)
   Shopping (Hetero, Homo)

  - Specialty
  - Unsought (New and Regularly)

# Place = Channel of Distribution- draw a map!

- . Intensity -intensive, selective, exclusive.
- . Verticel Integration- Fwd- closer to customer
  - backed closer to rew material
- . Channel Captaincy who calls the shots
- .Co-operation Opportunities partnerships
- . push to channel, pull to consumers
- .care and feeding of middlemen is VITAL.
- . direct vs. indirect.

Promotion = Blend of Mass Advertising, Personal Selling, Publicity, and Sales Promotion.

. 1 (PLC, s, competition, adoption curve, target <channel or consumers>, product class)

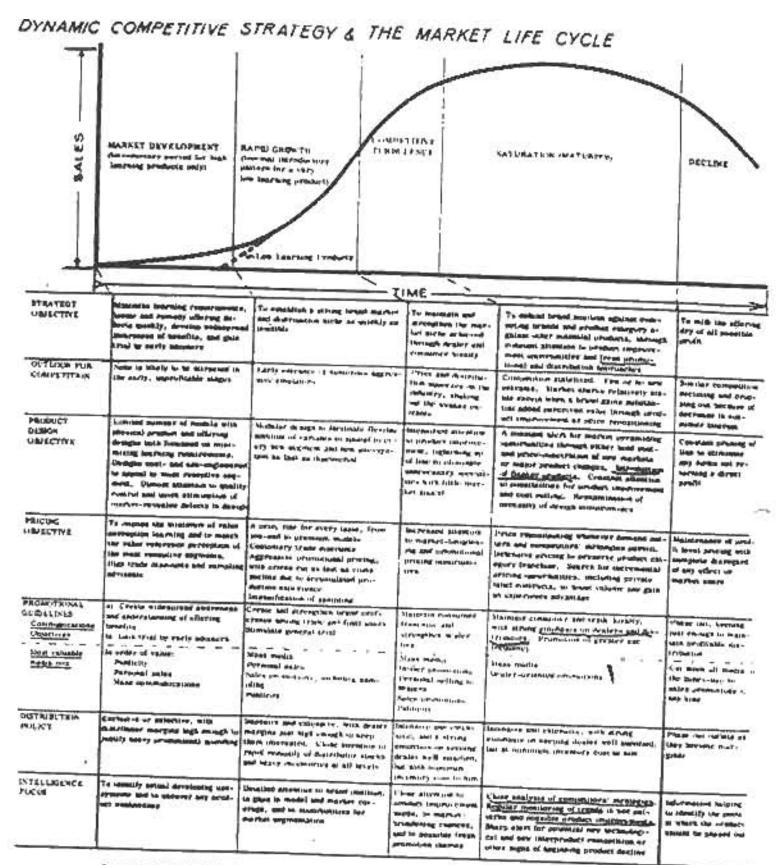
Can't judge a piece of communication without knowing Target Market (TM) and objectives. AIDA

Ad types- Pioneer, Competitive (Direct and Indirect), Comperative, and Reminder.

Price-consumer oriented
-profit oriented
-cost oriented
-competition oriented.
The lazy way to market share is the cut price.

Break even analysis B/E = Fixed Costs divided by
Contribution Margin
An excellent reality test[[]][[]][[]]

It is my assumption that these terms and tools are meaningful to you and that they be USED frequently and where appropriate.



Copyright (3 1978 by Chester R. Maison. Rased on Masson, DYKANGE COMPETITIVE STRATEGY & PRODUCT LIFE CYCLES, Challenge Books, St. Charles, 111., 1974, and Austin Press, P. O. Box 9774. Austin, Texas 78766, in 1978.

MOTE: Strictly speaking, this is the cycle of the category market, and only a high learning introduction passes through all phases indicated above. The term, product life cycle, in sometimes applied indiscriminately to both brand cycles and category cycles. Most new brands are only smulative of other products already on the market, have a much shorter life cycle than the product category, and must follow a strategy similar to any low-learning product.

#### MARKETING WARFARE STRATEGIES

#### DEFENSIVE: LEADER

- only leader plays defense
- . best defense is a good offense, therefore, be aggressive against nibblers
- . block strong competitive moves quickly and overwhelming (no more Mr. Nice Guy!)

#### OFFENSIVE: CHALLENGER

- . main consideration is the strength of the leader
- .attack weaknesses of leader (where vulnerable)
- . attack on a nerrow front (where you are strong)
- . requires enormous and sustained effort- no half measures

#### FLANKING: FOLLOWER

- . move into uncontested areas
- .tectical surprise-no testing or telegraphing
- .pursuit is as critical as the attack itself-keep pushing Trap-don't emulate leader if successful ie. no long thin lines; continue to concentrate forces in overpowering mass.

#### GUERRILLA: NICHER

- .find niche small enough to defend (take crumbs too small for others to care about)
- -be ready to "bug out" at a moments notice to conserve forces to fight again.
- .94% of merket fighters ought to be guerrillas.

### 5 QUESTIONS

- 1) What position do we own in the mind? Via research.
- 2) What position do we want?
- 3) Whom must we outgun? What strengths and weaknesses? Who leads?
- 4)Do we have enough ammunition and WILL? (to get mind share)
- 5) Can we stick it out for the long term?

#### AXIONS

Start with what's in the mind.

Product ladders-leader gets twice business as 2nd who gets twice 3 rds. Only 7 brands in a HIGH interest ares. Cherchez les creneux- available "holes" in the mind.

#### ANALYSIS

Definition: To Analyze: to take to pieces, to resolve into elements, to examine critically part by part

In other words, analysis sheds light on and makes meaningful raw data. Qualitative or quantitative raw data is mere description and as such, is worthless in terms of marks.

The following activities are a partial listing of analytical activities:

- compare and contrast (absolute and relative)
- comments, observations and insights
- judgements, conclusions and implications
- assessment of value, appropriateness
- cause/effect relations, separation of symptoms and problem
- patterns, trends, generalizations
- central tendencies
- use of theory or model to explain data
- etc.

Example	a)	Description:	Person	Mark
			Fred	85
		Joe	80	
			Susan	50
			Max	45
			Dagmar	40

# b) Analysis

- central tendencies mean, median, mode, standard, deviation, skew, graph
- # of fails, % fails
- # of excellents, t excellent
- males do better than females
- those with names with last letter before "f" do better
- even increments of 0/5
- etc.

#### Summary

Analysis is the massaging of data with the objective of making the data meaningful and useful. Computers generate data, managers analyze it (or, at least, instruct the computer to analyze it.) It is impossible to make good decisions based on description; analysis is mandatory.

TESTS: Only those students who contact me before a test will be permitted to write a supplemental.

#### ASSIGNMENTS:

- f. Barring legitimately exceptional circumstances assignments are due by 3:00 p.m. on the due date (or in class for evening course). Late assignments will be docked 10% per school day late. Please note that assignments are late as of 3:05 p.m.
- Preferably assignments will be typed.
  However, so long as they are legible they
  will be accepted in handwritten form.
  Illegible papers will be returned unmarked.
- At the College level, you are expected to submit assignments which are properly edited, free of spelling and grammatical errors. Assignments with excessive errors may be returned unmarked.
- 4. Students are encouraged to discuss cases among themselves. However, unless the case is specifically designed as a group paper, writeups are done independently. Plagiarism will be treated in the harshest possible terms.

### PUNCTUALITY/ ATTENDANCE:

Classes will start on time and reviews of material already covered will not be provided for late students. While students are expected to attend class regularly, attendance will not be taken. Failure to attend regularly will impact the class contribution portion of the final grade and will influence my willingness to provide remedial assistance. In other words, don't ask me to help if I haven't seen you in class for six weeks (barring legitimate reasons, of course).

. . . . 4

### WRITING STYLE: HINTS FOR STUDENTS

Students have, quite legitimately, complained that my expectations pertaining to written submissions have been vague and/or unrealistic. To address this, please note the following:

- Colloquialisms use is discouraged but if appropriate, should be in quotes eg. "max out".
- Spelling buy and use a dictionary. In particular, please take note of errors identified and learn from them.
- 3. Grammar at the College level, it is presumed that errors of grammar should be rare. In particular, please watch noun/verb agreement.
- Possessives a small but telling difference in English quality, eg. the company's assets not companies assets.
- 5. Recurring Errors -

Correct develop definite rationale a lot Incorrect develope definate rational alot

 Singular/Plural - The following are often confused by business students.

Singular datum criterion appendix medium Plural data criteria appendices media

- Structure Structure is key for 2 reasons:
   i) organized writer's thinking and analysis
  - ii) eases reader's tasks

By structure, I mean a systematic and logical series of titles, subtitles and numbering scheme.

for example:

- A. INTRODUCTION
- B. ANALYSIS
  - 1) Current Situation
    - i) Sales
    - ii) Competition
      - a) Domestic

The importance of structure cannot be over emphasized. Failing to do so <u>creates</u> problems, it does <u>not solve</u> them and no manager I know of would accept a document of more than one page without coherent structure.

FINALLY: purpose or objective statements are invaluable tools and deserve frequent use.

- eg. "Our purpose in examining competitive pressures is to highlight their growing intensity ...."
- eg. "The objective of minimizing risk by ...."
- <u>Data</u> Charts and lengthy calculation should be in appendices. A suggested format for dealing with charts is:
  - eg. TITLE: Question 10

Mean (weighted): 2.71

Conclusions: i) Wide spread suggests .....

Also, histograms (bar charts) are useful visual tools, but should not replace sound analysis.

### 9. Sundry

- Street language is never acceptable
   eq. sort of, kinda, try and do something
- Point form is acceptable as long as it doesn't approach "punchiness:
  - eg. Advantage - cheap
- Bullet format (such as sundry section) is another valuable structure tool.
- Unless warranted MUSH words (such as may, perhaps, could, might, etc.) are not acceptable.

HOPE THIS HELPS, (ALOT).

#### CASE METHOD

This course used the case method as the primary learning testing vehicle. It is, therefore, crucial that students be conversant with my expectations.

#### A) FORMAT

The following major headings should be used:

PROBLEM: · concise

·in the form of a question

open ended so as to not eliminate alternatives

EXECUTIVE SUMMARY short paragraph which summarizes recommendations provides a "sneak preview" of direction and bias

ALTERNATIVES numbered and stated concisely

#### ANALYSIS

- a) Consumer behaviour
- b) Current Mix Product
  - Price
  - Promotion
  - Place

# N.B. appropriateness MUST be assessed

- c) Other financial, preferences of management, anything else which helps in analysis of alternatives, etc.
- Alternatives advantages disadvantages plus explanatory notes.
- Summary not always required if one alternative is clearly superior.

RECOMMENDATIONS - numbered and action oriented MUST "solve" problem

#### B) REQUIREMENTS

Written case analyses should:

- a) be typed and double-spaced on one side of unlined 8 1/2 x ll paper, or be handwritten legibly. Illegible papers will be returned ungraded.
- show pages numbered consecutively
- c) have pages held together in a booklet or stapled together in the upper left hand corner
- d) be free of errors in grammar, spelling and punctuation.

# REQUIREMENTS (continued)

- be written clearly and succinctly. Brevity is strenuously encouraged but not at the expense of sound and complete analysis
- fully document in footnotes, all sources which are quoted or referred to
- employ accepted form for any footnotes, charts, tables or bibliography
- h) present lengthy calculations, in appendices rather than in the body of the report.
- i) have a title page
- j) be clearly and logically organized around headings, eq.,
   PROBLEM, Market, i) Consumer
- k) have a table of contents
- be submitted on time. Only extremely exceptional circumstances will justify a late case.

# C) SUGGESTIONS

- absorb and think about the case over a period of time; avoid starting "cold" shortly before the due date
- remember that you are not required to agree with the opinions expressed by individuals in the case
- be sure that your case rests on a close analysis of the market
- d) bring to bear other material from the course where it is relevant and useful. Use of terms and analytical techniques are strongly encouraged
- e) feel free to discuss the case with others in the class
- f) consult other sources such as businessmen and trade literature if you wish, but it is not expected of you

# SUGGESTIONS (continued)

- g) quantify wherever possible
- h) where it is necessary to make certain assumptions in order to proceed with your analysis, identify them as such and show why they are reasonable
- remember that since there is no single "right" answer to a case, you are merely expected to show what course of action, all things considered, would appear to be the best--and why
- j) remember that calling for more information is usually a ploy to postpone hard thought. Therefore before making such a recommendation verify that you have "squeezed" the information at hand, and be sure that the company can afford to wait for the time that it would take to obtain it; then specify in detail what information should be obtained
- design your report for a busy, perceptive, demanding and action-oriented company management
- assume that the reader of your report is fully familiar with the facts as they are presented in the case
- m) get briskly to the point by avoiding windy preliminaries
- n) write economically by eliminating verbiage, duplication, and baroque sentences
- be sure that you have dealt with all of the major reasonable alternatives to the course of action you recommend
- p) if you can't write correct English, enlist a knowledgeable and punctilious person to purge your report of errors in spelling, grammar and punctuation

Plagiarism is the taking of ideas and exact words of another and the offering of them as one's own. Plagiarism specifically consists of copying verbatim from a book, magazine, etc; using someone else's ideas (theory, interpretation, etc.); handing in a paper written by

Plagiarism is a deceitful practice which is unbecoming of any professional business person. And it is not to be tolerated.

The Department of Administrative Studies is concerned about plagiarism within our program. As instructors we encourage students to use resources whether primary or secondary to support or refute positions they may take. If resources are used, if ideas are borrowed, if someone's exact words are used, the students should document their

If an instructor suspects a student of plagiarism, he or she may:

- wish to discusss the situation with the student
- try to find the original source

If an instructor accuses a student of plagiarism, he or she may

- 1) a "0" for the assignment
- 2) a "" for the course

If a student accused of plagiarism wishes to contest the charge he/

- discuss the problem with the instructor 2)
- discuss the situation with the Chairman of the department appeal to the Executive Committee of Academic Council