

ECONOMIC RESEARCH: CONSUMERS & MARKETS

IE University

Professor: **BRUNO SORIA BARTOLOME**

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Academic year: 23-24

Degree course: FOURTH

Semester: 2^o

Category: COMPULSORY

Number of credits: 6.0

Language: English

PREREQUISITES

SUBJECT DESCRIPTION

Market analysis is an important aspect of economic analysis. This course presents two important aspects of market analysis: how to incorporate all aspects of customer behaviour to the analysis, and how to tailor the analysis and its presentation to different types of recipients and users of the report.

OBJECTIVES AND SKILLS

This course objective is to provide students with the tools to do economic analyses of market and consumers in a variety of different contexts and for specific purposes. The focus will be on the consumer behaviour: how to include all drivers of consumer purchasing decisions in the analysis, and how to define different customer segments to perform separate analyses for groups of customers with different behaviours in a given market.

Students will have the opportunity to hone their skills to:

- Adapt their market analyses and how to present them to the intended recipient of the analysis
- Play different professional roles (business advisor, economic consultant, independent expert)
- Understand the dynamics of markets and their implications for the interaction between supply and demand
- Define and analyze customer segments within a market
- Understand and analyze the drivers of consumer decisions beyond price
- Apply innovative approaches to economic analysis

METHODOLOGY

The course will combine lectures, class discussions, individual and group desk work, and presentations by students to the class.

Lectures will introduce the topics, tools and methodologies that students will use for their practical work.

Class discussions will require students to prepare the topic in advance with the appointed reading materials and any other they research, in order to be prepared to engage in a discussion guided by the professor.

Students will perform two market analyses and write a report for each of them: one on an individual basis and the other by groups. Those analyses will require the application in practice of the tools learnt in class. The professor will provide guidance to the work: topic selection, approach, data research, methodology, etc.

The results of the reports will be presented by students in the last sessions. They must prepare a presentation and deliver it orally to the class, and be ready to explain and uphold their conclusions, data sources and methodology.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	33.33 %	50 hours
Discussions	20.0 %	30 hours
Exercises	13.33 %	20 hours
Group work	26.67 %	40 hours
Other individual studying	6.67 %	10 hours
TOTAL	100.0 %	150 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Introduction

Presentation of the course: learning objectives, professor, structure, evaluation

THEORETICAL FRAMEWORK

Those sections will discuss the main limitations of conventional equilibrium market analysis and will introduce some tools to overcome them in order to improve the quality of market analyses.

SESSION 2 (LIVE IN-PERSON)

Theoretical framework: approaches to market analysis

Limitations and shortcomings of equilibrium market analysis. Alternative approaches

SESSION 3 (LIVE IN-PERSON)

Theoretical framework: analyzing demand

Understanding the drivers of customer decision making and their implications for analysis.
Behavioural economics

Practical Case: Halo Top Ice Cream & Behavioral Economics (AHU010001-U-ENG-WOD)

SESSION 4 (LIVE IN-PERSON)

Theoretical framework: analyzing supply - customer segmentation

Customer segmentation in business management and strategy

Book Chapters: The Mind of the Strategist (Chapter 3) (See Bibliography)

Book Chapters: Competitive Strategy (Chapter 2) (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

Theoretical framework: analyzing supply - lifecycles

Industry lifecycles (nascent, mature, declining). Implications for business strategy and management, industry economics, competition dynamics.

Book Chapters: Competitive Strategy (Chapters 10 to 12) (See Bibliography)

MARKET ANALYSIS WITH A PURPOSE

Market analysis is not just a theoretical exercise. The results of market analyses are used by different agents as an input of their decision making. In these sessions, we will review the most important types of target users of market analyses. We will also see the different types of analyses that suit each recipient, as a function of their identity, how they intend to use the analysis, and in some cases how those analyses are regulated.

SESSION 6 (LIVE IN-PERSON)

Market analysis with a purpose

Different types of market analyses. How to adapt analysis to each type of reader's needs and expectations.

SESSION 7 (LIVE IN-PERSON)

Market analysis with a purpose: Management

Market analysis to support business decision making: business development, marketing

Technical note & tutorials: Market Research Process (MKS020140-U-ENG-VID)

SESSION 8 (LIVE IN-PERSON)

Market analysis with a purpose: financial markets

Market analysis to inform financial decision makers: investors, lenders

SESSION 9 (LIVE IN-PERSON)

Market analysis with a purpose: financial markets

Practical session: discussion of an investment bank report

SESSION 10 (LIVE IN-PERSON)

Market analysis with a purpose: public policy

Regulatory and public policy market analysis: impact assessment of regulatory/policy proposals or decisions

SESSION 11 (LIVE IN-PERSON)

Market analysis with a purpose: public policy

Practical session: discussion of one European Commission impact assessment

SESSION 12 (LIVE IN-PERSON)

Market analysis with a purpose: competition

Market analysis in competition cases: mergers and other antitrust.

Book Chapters: Competition policy: theory and practice (See Bibliography) (Optional)

Reading of the recommended book is not compulsory, but highly recommended if you are interested in competition economics or considering to become a competition economist. In my opinion it is the best handbook on competition market analysis. Prof. Motta was appointed Chief Competition Economist of the European Commission shortly after he published this book.

SESSION 13 (LIVE IN-PERSON)

Market analysis with a purpose: judicial and arbitration courts

Expert witness reports. Legal and evidence requirements. How to integrate market analysis into expert witness reports

SEGMENTATION

In those sessions we will work with customer segmentation, i.e. analyzing market demand as a subset of customer segments rather than a single group of homogeneous customers. We will see how customer segments can be identified, defined and processed.

SESSION 14 (LIVE IN-PERSON)

Segmentation

When and why should we define customer segments to analyze a market?

Technical note & tutorials: Market Segments and Segmentation Criteria (MKS020165-U-ENG-VID)

SESSION 15 (LIVE IN-PERSON)

Segmentation criteria

Customer segmentation axes: demographic, psychographic, behavioural, geographic

Book Chapters: Competitive Advantage (Chapter 7) (See Bibliography)

SESSION 16 (LIVE IN-PERSON)

Inductive segmentation

Inductive segmentation: define customer segments to analyze based on understand market economics and competition dynamics

SESSION 17 (LIVE IN-PERSON)

Deductive segmentation

Deductive segmentation: identify potential segmentation criteria by finding patterns in data

SESSION 18 (LIVE IN-PERSON)

Segmentation: exercises

We will do exercises in database segmentation

SESSION 19 (LIVE IN-PERSON)

Segmentation: looking beyond the evident

Techniques to look for hidden insights: outlier analysis

CUSTOMER BEHAVIOUR

In those sessions we will analyze the drivers of customer behaviour beyond price, and present techniques to include those drivers when performing market analysis.

SESSION 20 (LIVE IN-PERSON)

Customer behaviour

Drivers of customer behaviour: cultural, social, personal, psychological.

Technical note & tutorials: Consumer Behaviors and Drivers (MKS020136-U-ENG-VID)

SESSION 21 (LIVE IN-PERSON)

Customer behaviour

Stated preferences analysis

SESSION 22 (LIVE IN-PERSON)

Customer behaviour: exercises

Exercises in preference analysis

In those final sessions we will discuss the results of practical application of the techniques studied. Students will present to the class the results of their individual and team work, and engage in a discussion with the professor and the full class. There will be three lines of work:

- Individual work: each student will select one of four markets (Fixed and mobile broadband, newspapers and magazines, Internet platforms, or electric and combustion cars) at the beginning of the course and will perform a simple analysis of that market with a specific goal (marketing, financial market, public policy, competition, etc.). Each student will define and conduct the analysis with guidance from professor. Those works will be briefly presented and discussed in the first four sessions of this block.
- Individual exam: every student will do a exam in class with some single option questions, and two or three questions requesting short essays or simple calculations.
- Team work: each team in the class will select a market and type of analysis of their choice with guidance and approval by the instructor. Each team will write a 7-page report (plus annexes if required) that will be submitted before session 28. The works will be presented to the full class and subject to discussion in the last two sections of this block.

PRACTICAL APPLICATION OF STUDIED TECHNIQUES

SESSION 23 (LIVE IN-PERSON)

Practical case discussion: individual work

Fixed and mobile broadband (segmentation and competition)

Students that analyze this market for their individual work will present their insights and conclusions, and discuss them with the full class.

SESSION 24 (LIVE IN-PERSON)

Practical case discussion: individual work

Newspapers and magazines (declining market)

Students that analyze this market for their individual work will present their insights and conclusions, and discuss them with the full class.

SESSION 25 (LIVE IN-PERSON)

Practical case discussion: individual work

Internet platforms (nascent market becoming mature)

Students that analyze this market for their individual work will present their insights and conclusions, and discuss them with the full class.

SESSION 26 (LIVE IN-PERSON)

Practical case discussion: individual work

Electric and combustion cars (geographic and demographic segmentation)

Students that analyze this market for their individual work will present their insights and conclusions, and discuss them with the full class.

SESSION 27 (LIVE IN-PERSON)

Exam

Written exam in classroom

SESSIONS 28 - 29 (LIVE IN-PERSON)

Group presentations

Each student team will present and discuss its report to the class

SESSION 30 (LIVE IN-PERSON)

Closing

Course wrap-up: lessons learnt, future development, Q&A

BIBLIOGRAPHY

Compulsory

- Kenichi Ohmae. *The Mind of the Strategist - The Art of Japanese Business*.

McGraw-Hill. ISBN 0070479046 (Printed)

Please read at least Chapter 3

- Michael E. Porter. *Competitive Strategy - Techniques for Analyzing Industries and Competitors*. The Free Press. ISBN 0029253608 (Printed)

Recommended

- Michael E. Porter. *Competitive Advantage - Creating and Sustaining Superior Performance*. The Free Press. ISBN 0029250900 (Printed)
- Massimo Motta. (2004). *Competition Policy: Theory and Practice*. Cambridge University Press. ISBN 0521016916 (Digital)

EVALUATION CRITERIA

Students will be evaluated based on a comprehensive assessment of their performance covering both written and oral delivery.

Criteria	Percentage	Comments
Final Exam	25 %	
Individual Presentation	30 %	
Group Presentation	30 %	
Class Participation	15 %	

Individual work will comprise a 7-page written report (plus annexes if necessary), that will be presented to the class in a 10-minute presentation followed by questions and discussions from the class and instructor.

Group work will comprise a 7-page written report (plus annexes if necessary), that will be presented to the class in a 10-minute presentation followed by questions and discussions from the class and instructor. The same mark will be assigned to all members of the group, therefore it is not necessary that everybody in the group speak at the oral presentation.

Final exam: the exam will include four or five single-answer questions, plus two or three questions asking for short essays or simple calculations.

Class participation: this concept will be evaluated based on the quality and reasoning of interventions in class, not the number of times the student speaks. Well reasoned and argued interventions will be given a high mark, even if they prove finally incorrect because of data or evidence not known by the students.

PROFESSOR BIO

Professor: **BRUNO SORIA BARTOLOME**

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Bruno Soria holds a PhD in Economics (Universidad Autónoma de Madrid), an MBA (IE Business School) and an MSc in Telecommunications Engineering (Universidad Politécnica de Madrid).

He is Adjunct Professor at IE University where he teaches a course on Business, Government and Sustainability to MBA students. He is also Guest Professor on Economics, Competition and Regulation of Digital Markets at Universidad de Barcelona and Universidad Carlos III de Madrid. He has published several books and articles on digital markets economics, regulation and strategy, and presents his research regularly at international conferences.

With 30 years' experience in digital markets, he is currently an Associate Director at NERA Economic Consulting, where he writes and presents economic reports for regulatory, competition and legal proceedings in the telecommunications, Internet and media markets. He has advised the governments and regulators of Spain, the UK, Brazil and Saudi Arabia, as well as most of the leading telecommunications and Internet companies in Europe and Latin America. Prior to his work for NERA, he held executive positions at Telefónica and MCI Worldcom, and was a Project Leader at The Boston Consulting Group (BCG).

OTHER INFORMATION

Students can reach me at my email bsoriab@faculty.ie.edu for any doubt, clarification, request for assistance, or just to share any ideas or suggestions that are meaningful to them. We can arrange meetings in-person or by videoconference as needed.

I will do my best to reply as soon as possible. However, please note that because of eventual international travel or report delivery deadlines, the response may be delayed by a few days.

