

## CUSTOMER BEHAVIOR

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(You are welcome to drop anytime that I am in my office.)

### **Overview:**

Marketing begins and ends with the customer, from determining wants and needs to providing customer satisfaction. Thus, a clear understanding of the principles, concepts, and results of customer behavior is critical to successful marketing.

This course will introduce you to the topic of customer behavior. We will learn how and why consumers (including ourselves) behave the way that they do, and we will also learn how to ask (and answer) meaningful questions about customer behavior. Emphasis will be given to appreciating the scope of customer behavior, understanding the psychological basis of customer behavior within its social context, and developing a customer analysis 'toolbox' for making informed decisions about marketing strategy.

### **Course Objectives:**

1. To introduce you to *current* knowledge of *theory* and *practice* in customer behavior.
2. To develop your abilities to *apply* customer behavior concepts to marketing problems.
3. To learn *analytic tools* that can be used to investigate customer behavior and guide managerial decision-making.

### **Course Format:**

The course is organized around substantive topics in marketing that particularly benefit from a customer behavior perspective. We focus on the psychological core (motivation, attention, perception, attitude formation and change) and decision-making processes that form the basis of customer behavior.

The course format is a combination of lectures, discussions, cases, assignments, exercises and customer research. The lectures and discussions are designed to reinforce and expand upon selected material in the text and introduce new perspectives on customer behavior theory (objective #1). Cases, field exercises, and the assignment provide you with an opportunity to apply conceptual material to practical problems in marketing (objective #2). Customer research, cases, and field exercises also introduce you to various analytic tools used in marketing research (objective #3). This course format reflects the notion that 'learning by doing' improves understanding and retention of conceptual material and develops and sharpens your analytic skills.

### **Required Materials:**

1. Bulk Pack of readings and cases available from Wharton Reprographics
2. A Wharton computing account for access to course website: <http://webcafe.wharton.upenn.edu/mktg>

For anyone wishing additional (optional) background material in the form of a textbook, I recommend Consumer Behavior (4<sup>th</sup> or 5<sup>th</sup> ed.), by Hoyer and MacInnis. I can provide chapter recommendations to cover each topic in the course, if you wish. I will also post and/or recommend additional optional materials (from the academic, business and popular press) via webCafé for those students with a deeper interest in specific topics that we cover. If you don't see a topic that interests you, just ask!

**Grading:**

Your course grade will be determined as follows.

|                                                             | Points     |
|-------------------------------------------------------------|------------|
| • Class Participation (including individual field exercise) | 25         |
| • Team Case                                                 | 25         |
| • Team Assignment                                           | 50         |
| • Individual Exam                                           | 100        |
| <b>TOTAL:</b>                                               | <b>200</b> |

- Class participation is based on three components:
  - ◆ Attendance: regular class attendance is a signal of your commitment to the course. (Moreover, attendance in class *from the very first day* is strongly recommended. Students who shop around and join this class late find it *very* difficult to catch up.)
  - ◆ In-class Discussion: your best opportunity to demonstrate that you are thinking about the topics and relating these topics to one another and to material learned elsewhere. Quality counts at least as much as quantity.
  - ◆ Exercises: see field exercise requirements; other exercises to be announced in class and/or on-line in webcafe.
- The team case and team assignment are completed in self-selected teams of 5 members (from the same section). Teams should choose one case and one assignment to complete (do not do more than one). Reports are due at the start of class on the day indicated in the course schedule. See case and assignment details for further information. Team members typically receive the same grade, although adjustments will be made if necessary based on instructor and peer assessment of contributions to team work.
- The exam consists of multiple choice, short-answer and short-essay questions. The exam focuses on testing your understanding of basic customer behavior concepts and your ability to apply these concepts to marketing problems (i.e., What is it? Why is it important? Give or explain a marketing example.). You must achieve at least 50% on the exam to pass this course.

**Classroom Environment:** All students are reminded of the core values—active engagement, integrity and ethical conduct, collective learning, and mutual respect—that are the foundation of Wharton’s learning environment. “Concert rules” also apply so please: arrive on time, turn off electronic devices, and display name tents throughout this course.

**A Special Note about Academic Integrity:** All University policies regarding academic integrity must be followed. Transgressions will result in a grade of zero and judicial proceedings. Bottom line: Do not cheat. Do not plagiarize. Do not ‘fudge’ data. Do not pass off others’ work or ideas as your own. Do not consult others on individual work. Contribute fairly to group work. Always cite *all* reference materials that you use (including materials from the WWW). When in doubt, err on the safe side. If issues of academic integrity arise in this class, consult me immediately. For further information, consult the Wharton Graduate Code of Ethics.

**Teaching/Learning Philosophy:**

“It’s wanting to know that makes us matter. Otherwise we’re going out the way we came in.”  
Tom Stoppard

**COURSE SCHEDULE:\***

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| <b>DATE</b>                                            | <b>TOPIC</b>                            | <b>READING</b>                                                | <b>DELIVERABLES</b>  |
|--------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------|----------------------|
| <b>INTRODUCTION TO CONSUMER BEHAVIOR</b>               |                                         |                                                               |                      |
| 5 Sep                                                  | Introduction                            |                                                               |                      |
| 10 Sep                                                 | Consumer Research I                     |                                                               |                      |
| 12 Sep                                                 | Consumer Research II                    | Tivo in 2002: Consumer Behavior                               | Case Report Due      |
| <b>MICRO VIEW: THE PSYCHOLOGY OF CUSTOMER BEHAVIOR</b> |                                         |                                                               |                      |
| 17 Sep                                                 | Motivation I                            | Means-End Chain Analysis<br>Values and Marketing              | Field Exercise 1 due |
| 19 Sep                                                 | Motivation II:                          | The Complexity of Identity                                    |                      |
| 24 Sep                                                 | Perception I: Exposure<br>and Attention | What You See is What You Buy                                  |                      |
| 26 Sep                                                 | Perception II: Positioning              | Land Rover Case                                               | Case Report Due      |
| 1 Oct                                                  | Perception III: Pricing                 | Retail Promotional Pricing Case                               | Case Report Due      |
| 3 Oct                                                  | Perception IV:<br>More on Pricing       | Prospect Theory excerpt<br>Mind Your Pricing Cues             |                      |
| 8 Oct                                                  | Attitudes I                             | Attitudes chapter                                             | Field Exercise 2 due |
| 10 Oct                                                 | Attitudes II                            | P&G Case                                                      | No case report       |
| 15-17 Oct                                              | No classes – Fall Break                 |                                                               |                      |
| 22 Oct                                                 | TBA                                     |                                                               |                      |
| 24 Oct                                                 | TBA                                     |                                                               |                      |
| <b>DECISION-MAKING PROCESSES</b>                       |                                         |                                                               |                      |
| 29 Oct                                                 | Decision-Making I                       | Decision Processes chapter<br>Get Closer to Your Customers... |                      |
| 31 Oct                                                 | Decision-Making II                      |                                                               | Field Exercise 3 due |
| 5 Nov                                                  | Post-Decision I                         | Services Marketing chapters<br>Xerox Case                     | Case Report due      |
| 7 Nov                                                  | Post-Decision II                        | Northwest Airlines Case                                       | No case report       |
| 12 Nov                                                 | Optional Review Day                     |                                                               |                      |
| 14 Nov                                                 | EXAM                                    |                                                               |                      |

|                |                                                                      |                            |                                         |
|----------------|----------------------------------------------------------------------|----------------------------|-----------------------------------------|
| 19 Nov         | SPEAKER: Andrew Ma,<br>VP of Consumer Insights<br>with KFC Marketing |                            |                                         |
| 21 Nov         | No classes - Team<br>Meetings                                        | <i>Happy Thanksgiving!</i> |                                         |
| SPECIAL TOPICS |                                                                      |                            |                                         |
| 26 Nov         | Presentations I                                                      |                            | Assignment Report<br>and PPT slides due |
| 28 Nov         | Presentations II                                                     |                            |                                         |
| 3 Dec          | Presentations III                                                    |                            |                                         |
| 5 Dec          | Review and Synthesis                                                 |                            |                                         |

\*This schedule is subject to change (e.g., if a guest speaker opportunity arises, if the university cancels classes).