

Consumer Behavior
Marketing 211
Fall Semester, 2007
JMHH F50

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Course Overview

Contemporary approaches to business emphasize the importance of adopting a customer focus. Marketing, in particular, begins and ends with the consumer – from determining consumer needs to providing customer post-purchase satisfaction.

This course will review concepts, issues, and methods applicable to the study of consumer behavior. In general, the aim of this course is to gain a better understanding of how consumers make choices and how their choices ultimately affect their well-being. To achieve this end, students will read and discuss academic research from Psychology, Economics, and Marketing (and many shades in between). The issues we cover are not only of direct concern to marketing managers, but will be of further interest because in trying to understand consumers, we ultimately seek to understand ourselves.

This course will consist of lectures/discussions, cases, guest lectures from industry specialists, and a group project and presentation. Although there is no “textbook” per se, we will read the enjoyable and useful book *The Paradox of Choice* in full, portions of other relevant books, academic papers, and relevant news pieces (e.g., from *The Wall Street Journal*, *Harvard Business Review*). The assigned readings are MANDATORY and essential to following and engaging in class discussions.

Course Organization

After an introduction and review of research methods for consumer behavior, the course is organized into four substantive units: 1) How do consumers process information? 2) What do consumers like and dislike and how can marketers change their attitudes? 3) How do consumers make decisions? and 4) What makes consumers happy? These units will not be treated in isolation; rather concepts will recur throughout the course. The units merely provide a framework to organize topics. Each unit contains several lectures and a case.

Required Materials

1. *The Paradox of Choice* by Barry Schwartz
2. Bulk Pack of readings

Grading

Your course grade will be determined on the following basis. Each aspect of your grade is explained in greater detail on the following pages.

Class participation	20%
Exam	40%
4 Case Preparation Write-ups	20%
Group Proposal	10%
Group Presentation	10%

Class participation

Your class participation score is based on both attendance and active participation in class discussion.

Attendance: Attendance signals your commitment to the course and includes the first few classes of the semester. Students who miss these crucial lectures find it difficult to follow later on.

Attendance will always be taken on presentation days and days on which we have guest lectures.

Discussion: Each of you can improve the quality of the course by sharing your own insights from the readings and from observations in the real world. Class could be rather dull for all of us if it's just a lecture. I expect you to speak out *on a regular basis* but also to make your comments relevant. If class is quiet, I reserve the right to practice "cold-calling". This is simply to ensure that students are paying attention and keeping up with the readings. If engaging class discussion ensues, there will be no need for cold-calling.

Please be respectful of your classmates. Take care to allow others a turn to speak. Healthy debate is acceptable. Intimidating remarks and dominating the conversation are not acceptable.

You are strongly encouraged to bring in magazine and newspaper articles related to class concepts. This can boost your class participation grade, should it need boosting.

Finally, do your best to limit class distraction (i.e., arriving late, cell phone ringing, etc.)

Exam

The exam will be held in class on 11/13. It is closed book and notes. It consists of multiple-choice questions, short answer and short essays.

Case Preparation Write-Ups

To facilitate good case discussions, each of you is responsible for submitting a case write-up due at the start of class on the day we discuss each of the following 4 cases:

- 9/25 Retail Promotional Pricing: When is a Sale Really a Sale?
- 10/11 TiVo in 2002
- 11/1 Coke Vending Machine: Pricing to Capture Value, or Not?
- 11/8 A Case for Brand Loyalty

Case Preparation questions for this assignment will be posted on webCafé. These should be no more than 3 pages double-spaced **MAXIMUM**. These will be graded on a 2/1/0 grading scheme.

Case preparation write-ups should be submitted via the assignment function on webCafé **before the start of class on the due date**.

Group Project with the Eagles Youth Partnership

We have a special opportunity to work with the Eagles Youth Partnership, the charity of the Philadelphia Eagles, to apply consumer behavior ideas and methods to designing and testing marketing materials for the charity. Eagles Youth Partnership is in a unique position in the Philadelphia region to raise funds and provide services because of the strong, positive brand associations of the Eagles football team. Moreover, they do really good things for the community--like providing vision tests, eyeglasses and books to children in need and building safe places for children to play. How can they drum up awareness and raise money? How can a brochure, poster, tv segment capture attention, prime the warm "Fan" feelings associated with the Eagles, and appeal to sympathy for the cause? These are the sorts of questions that you should ask yourself when planning this project.

Details:

- You may select groups of 5-6 students, who need to be in the same 211 section as you.
- On September 18, Sarah Martinez-Helfman, Executive Director of Eagles Youth Partnership will come to class and tell you about the organization and its strengths and challenges.
- *Proposal*: At the start of class on November 1, each group must submit a 3-page MAX, double-spaced proposal of the idea you plan to test. The test should employ an experimental design to test a specific hypothesis(es). I will give you more suggestions and terms concerning this test after we have covered experimental design and have heard from Ms. Martinez-Helfman. I will provide feedback on these proposals. The proposal is worth 10% of your grade.
- *Test*: Your group will conduct a mini-experiment (a minimum of 10 participants per experimental condition). You can use your friends, roommates, teammates, etc. as participants, but participants should not be informed of the hypothesis before participating. You may not participate in your own experiment.
- *Presentation*: In the last 4 days of class, your group will have 10 minutes to present the hypotheses and results of your test in class. Class will take a vote of the most practical,

fruitful idea for EYP to consider for implementation. Prizes will be awarded. The presentation is also worth 10% of your grade.

Other useful information.

- All course documents (other than bulkpack readings) are available on webCafé. <https://webcafe.wharton.upenn.edu/eRoom/mktg/211-fa07-2>
- I am also the undergraduate advisor for the marketing department. Please feel free to approach me by email and/or come to office hours if you have questions regarding the majors and minors in marketing. Check out the department website for general information:

http://marketing.wharton.upenn.edu/programs/undergrad_program.cfm

- Optional: I am available for ‘take your professor to lunch’ through the undergraduate program office on the following dates: September 26, October 17, and November 14. You can sign up through webCafé. This is a nice, informal way for students and faculty to interact on an informal basis outside of class. This is completely **optional** and has no effect on your grade or status in the course.

Course Schedule and Readings

* indicates Bulk Pack reading

<u>Date</u>	<u>Topic</u>	<u>Readings</u>
9/6	Introduction	Schwartz Prologue-chapter 2 (p.1-44) * <i>NYT</i> . "Markets shaped by consumers"
9/11	Consumer behavior methods	*Almquist and Wyner. "Boost your marketing ROI with experimental design"
Unit 1: How do consumers process information?		
9/13	Exposure and Perception	*Allison & Uhl. "Influence of beer brand identification on taste perception" * <i>NYT</i> : Any where the eye can see, it is likely to see an ad" *Merikle. "Subliminal perception" * <i>NYT</i> : Pointed Copy
9/18	Memory <i>Also, visit from EYP director, Sarah Martinez-Helfman</i>	* <i>BW</i> . "McDonald's: Fries with that salad?" * <i>WSJ</i> . "As VW tries to sell pricier cars, everyman image holds it back"
9/20	Heuristics	Schwartz, pg. 56-63 *Wansink, Kent, & Hoch. "An anchoring and adjustment model of purchase quantity decisions"
9/25	Case 1	*HBS: Retail Promotional Pricing: When is a sale really a sale?
Unit 2: What do consumers like and dislike and how can marketers change their attitudes?		
9/27	Attitudes	*Petty, Cacioppo, & Schumann. "Central and peripheral routes to advertising effectiveness: The moderating role of involvement" *Olson and Fazio. "Implicit attitude formation through classical conditioning"
10/2	Persuasion	*Cialdini. "Harnessing the Science of Persuasion" * <i>BW</i> . "Buzz Marketing"
10/4	Impulse buying and consumer self control	*Schelling. "Self-Command in Practice, in Policy, and in a Theory of Rational Choice." *Baumeister. "Yielding to temptation: Self-control failure, impulsive purchasing, and consumer behavior" * <i>NYT</i> : Step by Step
10/9	<i>Guest lecture by Miriam Zalcman, Tiffany and Co.</i>	

10/11	Case 2	*TiVo in 2002
Unit 3: How do consumers make decisions?		
10/18	Framing and Mental Accounting	<p>*Thaler, R. "Mental Accounting and Consumer Choice"</p> <p>*Levin and Gaeth. "How Consumers are Affected by the Framing of Attribute Information Before and After Consuming the Product"</p> <p>*Gourville and Soman. "Pricing and the psychology of consumption"</p>
10/23	Consumer Comparisons	<p>Schwartz, Ch. 7 (p. 147-166)</p> <p>Schwartz Ch.9 (p. 181-200)</p> <p>*Silverstein & Fiske. "Luxury for the masses"</p>
10/25	Value and Decision-Making	<p>Schwartz Ch. 3 & 4 (p. 63-98)</p> <p>*Kahneman, Knetch, & Thaler. "The Endowment effect, Loss Aversion, and Status Quo bias"</p> <p>*Simonson. "Get closer to your customers by understanding how they make choices"</p>
10/30	Automatic and Deliberative Choice	<p>Schwartz Ch. 6 (p. 117-146)</p> <p>*Wilson and Schooler. "Thinking too much: Introspection can reduce the quality of preferences and decisions"</p> <p>*<i>NYT</i>. "The unconscious mind: A great decision maker"</p> <p>*Gladwell. "Big and bad: How the S.U.V. ran over automotive safety"</p>
11/1	Case 3	<p>Coke Vending Machine: Pricing to Capture Value, or Not?</p> <p><i>Project Proposal Due</i></p>

Unit 4: What makes consumers happy?

11/6	Happiness Predictions and Satisfaction	Schwartz Ch. 5 (p. 99-116), Ch 8 (p. 167-180) *Chase & Dasu. "Want to perfect your company's service? Use behavioral science" *Fast company. "But wait, you promised..." *Hsee & Hastie. "Decision and experience: Why don't we choose what makes us happy?" *Wirtz et al., "What to do on Spring Break? The Role of Predicted, On-Line, and Remembered Experience in Future Choice"
	Case 4	A Case for Brand Loyalty
11/8		
11/13	Exam	
11/15	Customer Satisfaction <i>Guest Lecture by Paula Courtney, President of the Verde Group</i>	Reichheld. "The one number you need to grow."
11/20	NO CLASS	
11/22	THANKSGIVING	
11/27	Presentations	
11/29	Presentations	
12/4	Presentations	
12/6	Presentations	