

Consumer Behavior
Marketing 211- Spring 2008
Room F50 JMHH

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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. Thus to be successful, one needs to understand consumers and how they behave.

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 when and why products, ideas, and behaviors catch on and become popular. To achieve this end, students will read and discuss academic research from Psychology, Sociology, 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. We will also read a variety of related material including portions of 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 three substantive units: 1) How do consumers process information? 2) How do consumers form attitudes, generate preferences, and make decisions? 3) How do products catch on? These units will not be treated in isolation; rather concepts will recur throughout the course. The units merely provide a framework to organize topics.

Required Materials- Bulk Pack of readings

Suggested Additional Readings - Made to Stick (Chip Heath), The Tipping Point (Malcolm Gladwell), Unleashing the Ideavirus (Seth Godin)

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/ Individual Assignments	30%
Exam	30%
Idea Paper	10%
Group Proposal and Presentation	15%
Group Presentation	15%

Class participation

Your class participation score is based on both attendance and active participation in class discussion. You should come to class prepared to discuss the readings and exercises. I worked hard to make your study time efficient. Class could be rather dull for all of us if it's just a lecture, so on your side, I expect you to come every session prepared to actively discuss and work with the concepts in the readings. I reserve the right to practice "cold-calling". This is simply to ensure that students are paying attention and keeping up with the readings. Material from the readings will be on the exam, and will be directly tied to the class for that day, so be sure to do them. 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.)

A note on absences. Absences will hurt your class participation because when you are gone the class can't benefit from your comments and insights on the material. Also, if you are absent, *you should arrange beforehand with a classmate to take notes for you and pick up any assignments or handouts.* Don't compound one absence by being unprepared for the next session because you didn't pick up the necessary materials.

Individual Assignments

Throughout the semester there will be a variety on short write-ups and assignments that you will be asked to complete. Many of these will be short exercises that involve examining consumer behavior in the real world and applying things we've learned in class. These assignments should be done individually (unless otherwise noted) and submitted via the assignment function on webCafé before the start of class on the due date. You'll also be asked to submit a case write for the Diesel case (preparation questions for this assignment will be posted on webCafé). Directions about the length of each assignment will be given out with the assignment and they will be graded on a 2/1/0 grading scheme.

Exam

The exam will be held in class on 4/15. It is closed book and notes. It consists of multiple-choice questions, short answer and short essays.

Idea Paper (2 pages, single spaced)

The goal of the idea paper is to analyze the contagiousness of a particular thing—why it stuck and spread or why it didn't, and what might be done to improve it.

Grading criteria.

Appropriateness—Your paper topic should be appropriate for the course.

- Try to focus on ideas you have some insight into—Everyone has particular areas of interest, industries they may know more about, or hobbies they spend time doing. Try to pick a topic you already have some knowledge into and which will benefit from your particular insights. These can be products, ideas, behaviors, attitudes, policies, movies, catchphrases, etc.
- Focus on things, not environments—We are going to focus on how the right “design” can make a product or idea succeed, so your paper should as well. If an idea was adopted because top management forced people to act on it, it's not a good topic for this paper. If an advertising campaign succeeded because the company spent lots of money repeating it, it's not a good topic. You want to focus on how things about the product or idea itself made it sticky or contagious.
- Focus on concepts, not benefits. If a product or service succeeds largely because it is a great product, you're going to have to work hard in the paper to show that the idea behind the product added any value. The iPod may have such clear benefits that it may be difficult to argue that anything about the “concept” of the iPod that made it successful.
- Avoid tired topics. Avoid writing about the most well-known ad campaigns (e.g., Think Different, Whassup!, Got Milk!, the Absolut ads, and DeBeers' Diamonds are Forever). These overdone topics make it harder to show me your unique insights. If you suspect a topic might be tired, ask before writing about it.

Mastery—Write your paper to explain three to five insights about why a product/idea does or doesn't work. These papers are one of your main opportunities to show that you have mastered class material, so make sure you use the concepts and principles we have developed in class.

- Analyze, don't describe. At least $\frac{3}{4}$ of your paper should be analysis. If you need to do more background description, put it in an appendix. One easy way to keep description to a minimum is to attach a newspaper article, magazine article, or web page that contains the relevant background. You should also feel free to write up the relevant background in an appendix.
- Use class material to analyze the idea. If there are topics we have discussed in class that are relevant for an idea, use them.
- Suggest improvements. It's easy to critique a bad idea, it's harder to craft an effective one. Use the principles we discuss in the course to propose some improvements for the idea you discuss. Present the idea, analyze why it works and where it doesn't, then improve the parts that don't work.

Group Research Project

Everyone will also take part in a group research project. There is a world of consumer behavior outside the classroom, and this assignment will give everyone a chance to apply what you've learned in class to studying a phenomenon in the real-world. We'll talk more about the substance of the project as the course evolves but in general the idea is to pose a research question about consumer behavior that you will then collect actual data to test. For example, why do certain stories spread more than others? What about certain products makes them catch on like wildfire? You will collect data to test your hypotheses, whether using experiments, historical data analysis, or some other method.

Details:

- You may select groups of 5-6 students, who need to be in the same 211 section as you.
- *Proposal*: At the start of class on April 1, each group must submit a 3-page MAX, single-spaced proposal of the idea you plan to test and how you plan to test it (e.g., experimental methods, historical data analysis, etc.) I will provide feedback on these proposals. The proposal is worth 10% of your grade. Prior to the proposal each group should plan on meeting with me once to talk through some ideas.
- *Test*: Your group will test your idea either through a mini-experiment (a minimum of 20 participants per condition) or through collecting existing data. Don't worry, we will cover these methods during class, so you will be well aware of them when it comes to use them. If you run an experiment, participants should not be informed of the hypothesis before participating and you may (obviously) not participate in your own experiment.
- *Presentation*: In the last 4 days of class, your group will have 15 minutes to present the hypotheses and results of your test in class. Prizes will be awarded to the best idea (via class vote) and the presentation is also worth 15% of your grade.

Other useful information.

- All course documents (other than bulkpack readings) are available on webcafe. <https://webcafe.wharton.upenn.edu/eRoom/mktg/211-fa07-2>

Course Schedule and Readings

<u>Date</u>	<u>Topic</u>	<u>Readings</u>	<u>Outside Exercises Due</u>
1/17 (Th)	Introduction	*Schwartz. Prologue-chapter 2(p. 1-44) * <i>Time</i> . The Quest for Cool * <i>NYT</i> . Is Justin Timberlake a Product of Cumulative Advantage?	
1/22 (T)	Consumer Behavior Methods	*Aronson, Ellsworth, Carlsmith, & Gonzales. Chapter 1 *Brandweek. Sharpening the Focus	
How do consumers process information?			
1/24 (Th)	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	
1/29 (T)	Memory	*Memory * <i>BW</i> . McDonald's: Fries with that salad? * <i>WSJ</i> . As VW tries to sell pricier cars, everyman image holds it back	
1/31 (Th)	<i>Guest Speaker: Jason Heidema (eBay)</i>		Social Networks Exercise Due
2/5 (T)	Heuristics	Schwartz, pg. 56-63 *Wansink, Kent, & Hoch. An anchoring and adjustment model of purchase quantity decisions	
How do consumers form attitudes, generate preferences, and make decisions?			
2/7 (Th)	Attitudes	*Petty, Cacioppo, & Schumann. Central and peripheral routes to advertising effectiveness: The moderating role of involvement *HBR. Symbols for Sale * Sloan Management Review. Complexity of Identity	

2/12 (T)	Preferences and Decision Making	*Kahneman, Knetch, & Thaler. The Endowment effect, Loss Aversion, and Status Quo bias *Simonson. Get closer to your customers by understanding how they make choices *Gladwell. Big and bad: How the S.U.V. ran over automotive safety	
2/14 (Th)	<i>Guest Speaker: Virginia Kwan</i>	*NYT. Mac and PC's Overseas Adventures	Influence Exercise
2/19 (T)	Social Influence and Persuasion	*HBR. Harnessing the Science of Persuasion *BW. Buzz Marketing *Asch. Opinions and social pressure	
2/21 (Th)	<i>Case 1: Diesel</i>	*Diesel for Successful Living	Case Write Up Due
How do products catch on?			
2/26 (T)	Intro to Social Epidemics	*Gladwell. Introduction & Three Rules of Epidemics *Rogers. Diffusion of Innovations (Introduction)	Contagious Examples
2/28 (Th)	Stickiness	*Gladwell. The Spin Myth	Speech Exercise Due
3/4 (T)	How to Make Ideas Stick	*Heath. Introduction *Keys. Why misquotes drive out real quotes	
3/6 (Th)	What Sticks?	*TBA	Conversation Exercise Due
3/11- 3/13	No Class, Spring Break		
3/18 (T)	What Spreads?	*Godin. Ideavirus *HBS. The Buzz on Buzz *FT. You can't stop them talking	
3/20 (Th)	Cues in the Environment	* <i>Nature</i> . In-store music affects product choice * <i>Sloan Management Review</i> . What You See Affects What You Get *Berger and Heath. Idea Habitats	
3/25 (T)	Social Networks	* Milgram. The Small-World Problem *Kevin Bacon, the Small-World, and Why It All Matters *Strength of weak ties	Idea Paper Due

3/27 (Th)	<i>Guest Speaker: Winter Mason (Yahoo Research)</i>		
4/1 (T)	Special People?	* Rogers. Diffusion of Innovations (Chapter 7) *NYT. To Sharpen Nike's Edge, CEO Taps 'Influencers' *Watts. Accidental Influentials	Group Research Proposal Due
4/3 (Th)	Divergence and Identity- Signaling	* WSJ. No Kick From 'Chavpagne' *USA Today. Escalade scores *Harper's. My Crowd *K@W: From Cool to Passé	
4/8 (T)	Creating Contagiousness	*Center for Science in the Public Interest	
4/10 (Th)	<i>Guest Speaker: Mike Kramer, Abercrombie</i>		
4/15 (T)	Exam		
4/17 (Th)	Presentations I		
4/22 (T)	Presentations II		
4/24 (Th)	Presentations III		
4/29 (T)	Review and Synthesis		