

**Consumer Behavior**  
Marketing 211  
Spring Semester, 2009  
JMHH F65

Professor Deborah Small  
deborahs@wharton.upenn.edu  
760 Jon M. Huntsman Hall  
Office Hours: Mondays 1:30-3pm or by telephone appointment  
Tel: 215-898-6494

Teaching Assistant: Xiaoyan Deng  
deng3@wharton.upenn.edu  
726.2 Jon M. Huntsman Hall  
Office hours: by appointment  
Tel: (215) 898-7603

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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 1                       | 30% |
| Exam 2                       | 30% |
| 4 Case Preparation Write-ups | 20% |

The grading distribution is as follows:

|     |   |
|-----|---|
| 39% | A |
| 40% | B |
| 16% | C |
| 4%  | D |
| 1%  | F |

Pluses and minuses will also be given to those at the top and bottom of each letter grade. The cut-off is at my discretion.

### Class participation

Your class participation score is based both on 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 includes being **on time to class**. Tardiness is a distraction.

Attendance will always be taken on 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.

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.

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

## Exams

There will be two in-class, exams. They are both closed book and notes, and consist of multiple-choice questions, short answer and short essays. The exams are non-cumulative.

## 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:

- 2/5 Retail Promotional Pricing: When is a Sale Really a Sale?
- 2/24 TiVo in 2002
- 4/2 Coke Vending Machine: Pricing to Capture Value, or Not?
- 4/16 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 **at the start of class on the due date. Please make sure to have pages stapled before class.**

## Other useful information.

- All course documents (other than bulkpack readings) are available on webcafe. <https://webcafe.wharton.upenn.edu/eRoom/mktg/211-sp09-1>
  
- Optional: I am available for 'take your professor to lunch' through the undergraduate program office on the following dates: Jan. 28, Feb. 18, March 18 at noon. You can sign up through webcafe. This is a nice, fun way for me to get to know you 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*

*\*\* indicates in webcafe*

| <u>Date</u>                                                                                     | <u>Topic</u>                                                                     | <u>Readings</u>                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1/15                                                                                            | <b>Introduction</b>                                                              | Schwartz Prologue-chapter 2 (p.1-44)<br>* <i>NYT</i> . "Markets shaped by consumers"                                                                                                                                              |
| 1/20                                                                                            | <b>Consumer behavior methods</b>                                                 | *Almquist and Wyner. "Boost your marketing ROI with experimental design"                                                                                                                                                          |
| <b>Unit 1: How do consumers process information?</b>                                            |                                                                                  |                                                                                                                                                                                                                                   |
| 1/22                                                                                            | <b>Exposure and Perception</b>                                                   | *Allison & Uhl. "Influence of beer brand identification on taste perception"<br>* <i>NYT</i> : Any where the eye can see, it is likely to see an ad"<br>*Merikle. "Subliminal perception"<br>* <i>NYT</i> : Pointed Copy          |
| 1/27                                                                                            | <b>Memory</b>                                                                    | * <i>BW</i> . "McDonald's: Fries with that salad?"<br>* <i>WSJ</i> . "As VW tries to sell pricier cars, everyman image holds it back"<br>** <i>WSJ</i> . "Do you hear what I hear"                                                |
| 1/29                                                                                            | <b>Heuristics</b>                                                                | Schwartz, pg. 56-63<br>*Wansink, Kent, & Hoch. "An anchoring and adjustment model of purchase quantity decisions"                                                                                                                 |
| 2/3                                                                                             | <i>Guest lecture: Gregg Ribatt, President and CEO of Stride Rite Corporation</i> |                                                                                                                                                                                                                                   |
| 2/5                                                                                             | <b>Case 1</b>                                                                    | *HBS: Retail Promotional Pricing: When is a sale really a sale?                                                                                                                                                                   |
| <b>Unit 2: What do consumers like and dislike and how can marketers change their attitudes?</b> |                                                                                  |                                                                                                                                                                                                                                   |
| 2/10                                                                                            | <b>Motivation and Involvement</b>                                                | TBD                                                                                                                                                                                                                               |
| 2/12                                                                                            | <b>Attitudes</b>                                                                 | *Petty, Cacioppo, & Schumann. "Central and peripheral routes to advertising effectiveness: The moderating role of involvement"<br>*Olson and Fazio. "Implicit attitude formation through classical conditioning"                  |
| 2/17                                                                                            | <b>Persuasion</b>                                                                | *Cialdini. "Harnessing the Science of Persuasion"<br>* <i>BW</i> . "Buzz Marketing"                                                                                                                                               |
| 2/19                                                                                            | <b>Impulse buying and consumer self control</b>                                  | *Schelling. "Self-Command in Practice, in Policy, and in a Theory of Rational Choice."<br>*Baumeister. "Yielding to temptation: Self-control failure, impulsive purchasing, and consumer behavior"<br>* <i>NYT</i> : Step by Step |

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|-------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2/24                                            | <b>Case 2</b>                                                                             | *TiVo in 2002                                                                                                                                                                                                                                                              |
| 2/26                                            | <i>Guest Lecture: Pattie Glod, SVP<br/>Marketing and Media, Victoria<br/>Secret Brand</i> |                                                                                                                                                                                                                                                                            |
| 3/3                                             | <b>Review/Catch up</b>                                                                    |                                                                                                                                                                                                                                                                            |
| 3/5                                             | <b>Exam 1</b>                                                                             |                                                                                                                                                                                                                                                                            |
| <b>Unit 3: How do consumers make decisions?</b> |                                                                                           |                                                                                                                                                                                                                                                                            |
| 3/17                                            | <b>Decision Making Steps</b>                                                              | TBD                                                                                                                                                                                                                                                                        |
| 3/19                                            | <b>Framing and Mental Accounting</b>                                                      | *Thaler, R. "Mental Accounting and Consumer Choice"<br>*Levin and Gaeth. "How Consumers are Affected by the Framing of Attribute Information Before and After Consuming the Product"<br>*Gourville and Soman. "Pricing and the psychology of consumption"                  |
| 3/24                                            | <b>Consumer Comparisons</b>                                                               | Schwarz, Ch. 7 (p. 147-166)<br>Schwartz Ch.9 (p. 181-200)<br>*Silverstein & Fiske. "Luxury for the masses"                                                                                                                                                                 |
| 3/26                                            | <b>Value and Decision-Making</b>                                                          | Schwartz Ch. 3 & 4 (p. 63-98)<br>*Kahneman, Knetch, & Thaler. "The Endowment effect, Loss Aversion, and Status Quo bias"<br>*Simonson. "Get closer to your customers by understanding how they make choices"                                                               |
| 3/31                                            | <b>Automatic and Deliberative Choice</b>                                                  | Schwartz Ch. 6 (p. 117-146)<br>*Wilson and Schooler. "Thinking too much: Introspection can reduce the quality of preferences and decisions"<br>*NYT. "The unconscious mind: A great decision maker"<br>*Gladwell. "Big and bad: How the S.U.V. ran over automotive safety" |
| 4/2                                             | <b>Case 3</b>                                                                             | Coke Vending Machine: Pricing to Capture Value, or Not?                                                                                                                                                                                                                    |

## Unit 4: What makes consumers happy?

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|------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4/7  | <b>Happiness Predictions and Satisfaction</b>                                                          | Schwartz Ch. 5 (p. 99-116), Ch 8 (p. 167-180)<br>*Chase & Dasu. "Want to perfect your company's service? Use behavioral science"<br>*Fast company. "But wait, you promised..."<br>*Hsee & Hastie. "Decision and experience: Why don't we choose what makes us happy?"<br>*Wirtz et al., "What to do on Spring Break? The Role of Predicted, On-Line, and Remembered Experience in Future Choice" |
| 4/9  | <b>No class</b>                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4/14 | <b>Emotion and Experience</b>                                                                          | **WSJ. "Designing shortcuts to happiness"                                                                                                                                                                                                                                                                                                                                                        |
| 4/16 | <b>Case 4</b>                                                                                          | <b>A case for brand loyalty</b>                                                                                                                                                                                                                                                                                                                                                                  |
| 4/21 | <b>Catch up and Review</b>                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4/23 | <b>Customer Satisfaction</b><br><i>Guest Lecture: Paula Courtney,<br/>President of the Verde Group</i> | Reichheld. "The one number you need to grow."                                                                                                                                                                                                                                                                                                                                                    |
| 4/28 | <b>Exam 2</b>                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                  |