

Consumer Behavior
Marketing 211
Fall Semester, 2010

Location: JMHH 355

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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. 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 most of the enjoyable and useful book *The Paradox of Choice*, as well as 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.

Required Materials

1. *The Paradox of Choice* by Barry Schwartz
2. The bulkpack available on study.net

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 | 30% |
| Group Project | 30% |
| 4 Case Preparation Write-ups | 20% |

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**. Interviews and other extracurricular activities are not excused.

Please come only to the section for which you are assigned.

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. **Grades will be based on quality of comments, not quantity.**

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. Come to class on time, close your laptops, and turn off your cellphone/PDA.

Guest Lectures

There will be three guest lectures during the semester by industry experts. The guests will speak one time for several course sections from 4:30-5:45pm. All lectures will be videotaped and made available in the event that you have another obligation at this time. Guest lectures will be in **SHDH 350**. Class will not meet at the usual time on the dates of these guest lectures: Tuesday 10/05, Thursday 10/26, and Thursday 11/23.

Exam

There will be one in-class exam on 11/18. It is closed book and notes, and consists of multiple-choice questions, short answers, 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:

| | |
|---------|--|
| Sept 30 | (PRODUCT) RED |
| Oct 21 | A Case for Brand Loyalty |
| Nov 9 | Retail Promotional Pricing: When is a Sale is Really a Sale? |
| Nov 30 | Coke Vending Machine: Pricing to Capture Value, or Not? |

Case Preparation questions for this assignment will be posted on webcafe. These should be no more than 3 pages double-spaced **MAXIMUM**. These will be graded on a 1-5 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. I do not accept late write-ups.**

Other Useful Course Information

- All course documents (e.g., project description) will be made available on web café.
<https://webcafe.wharton.upenn.edu/eRoom/mktg/211-fa09-2>

Students who are already enrolled, but do not yet have a Wharton computing account can create one using this site: <http://accounts.wharton.upenn.edu>

- Optional: I am available for 'take your professor to lunch.' 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.

New Trends in Consumer Behavior (Group Project)

The purpose of this assignment is to identify current emerging trends that are relevant to companies' marketing/business strategy and that are or should be impacted by consumer behavior concepts we discussed.

You will form small groups (4-5 students). Your team's task is to identify **a current consumer-related topic or trend**. You will present a summary of your analyses and implications for marketing strategy in a short write-up and during a class presentation.

On Dec 1, you will need to turn in your report and a copy of your slides. Additional information and guidelines on how to prepare your oral presentation will be given at a later point in time.

The report should be a reflection of the knowledge you have gained studying a certain topic. This knowledge should be based on:

1) **An analysis of the current situation**

2) **Your understanding of consumer behavior** (and marketing in general). Imagine you are working for a consulting company or for a company that is affected by this current trend and it is your job to get your boss up to speed on the issues and to make predictions about future developments and recommendations for how to react.

Make sure that you note the sources you use to base your analysis and recommendations.

That is, make sure you cite relevant literature (i.e., articles you read, etc.) where appropriate! Pick one citation style (either Chicago or APA, etc.) and cite accordingly in the text as well as in the bibliography.

Your written analysis should include the following parts:

- **Summary of the issue/trend and how it developed**
This part should include but is not limited to: What are the important facts? Why is this currently in the news? What has changed? What's the history? Etc.
The purpose of this section is to get the reader up to speed on what's going on.
- **Customers/Consumers' perspective**
Explain how they are affected. Make sure you point out relevant links to consumer behavior concepts and theories that you have learned about.
- **Marketers' perspective**
Make sure to think about all marketing entities that may be affected by this situation. This could be manufacturers, retailers, etc.
This part should include but is not limited to: How are they affected? What are they doing currently? What are their options? What are they planning to do? Etc.
- **Implications for marketing strategy**
This is where your opinion/assessment is crucial. What do you think will happen? What

should marketers do? Why? Make sure you base your recommendation on consumer behavior theory that helps you predict how consumers will react to these changes.

– **Format**

12 point font, double spaced. Make sure your pages are numbered. Headings and subheadings should be numbered accordingly, and their numbering should be reflected in the “Table of Contents”.

Your report should be about 6-10 pages long. It should include the following elements.

Elements in bold are required, others may be helpful to support your overall work and conclusions and should be used as appropriate.

Title Page

Table of Contents

Executive Summary

Text

- **Summary of the issue/trend and how it developed**
- **Customers/Consumers’ perspective**
- **Marketers’ perspective**
- **Implications for marketing strategy**

Bibliography

Tables and Figures (as appropriate)

Appendix (as appropriate)

Remarks on the “Executive Summary”

An executive summary is a synopsis of the key points of the report you produced. Its purpose is to explain the gist of your findings and analysis in a way that both informs and excites the reader. If, after reading the executive summary, the reader understands what the topic is about and he/she is eager to know more, the executive summary has done its job.

As a miniature version of the report, an executive summary usually contains a key point or two from most sections of the plan. Due to space limitations, some sections may get missed, but an accurate summary will provide the reader with a succinct explanation of the entire report. Should be no more than 1 page in length.

There will be group evaluations at the end of the semester where group members rate each other’s contributions. My expectation is that all group members will contribute equally!

Course Schedule and Readings

**indicates availability on study.net*

- 9/9 NO CLASS due to holiday
- 9/14 Introduction
Schwartz Prologue-Ch. 2 (p.1-44)
**NYT. "Markets shaped by consumers"*
**Berry, Carbone, and Haeckel. "Managing the total customer experience"*
- 9/16 Consumer Behavior Methods
**Almquist and Wyner. "Boost your marketing ROI with experimental design"*
- 9/21 Continued
- 9/23 Exposure and Perception
**Allison & Uhl. "Influence of beer brand identification on taste perception"*
**NYT. "Anywhere the eye can see, it is likely to see an ad"*
**Merikle. "Subliminal Perception"*
**NYT. "Pointed copy"*
- 9/28 Memory
**BW. "McDonalds-Fries with that salad?"*
**WSJ. "As VW tries to sell pricier cars, everyman image holds it back"*
**WSJ. "Do you hear what I hear?"*
- 9/30 Brand Meaning Case
**Case 1: (PRODUCT) RED case*
- 10/5 Guest Lecture by Jed Berger, Modell's Sporting Goods
- 10/7 Motivation and Involvement
**WSJ. "Discounting is no bargain"*
**Brand builders: Sparkler on the other hand*
**Kasser and Sheldon. "Of wealth and death: Materialism, mortality salience, and consumption behavior"*
- 10/12 No Class: Fall Break
- 10/14 Attitudes and Persuasion
**Petty, Cacioppo, and Schumann. "Central and peripheral routes to advertising effectiveness: The moderating role of involvement"*
**Olson and Fazio. "Implicit attitude formation through classical conditioning"*
**Cialdini. "Harnessing the Science of Persuasion"*
**BW. "Buzz Marketing"*

- 10/19 Impulsivity and Control
*Schelling. *"Self-Command in Practice, in Policy, and in a Theory of Rational Choice"*
*Baumeister (2002). *"Yielding to temptation: Self-control failure, impulsive purchasing, and consumer behavior"*
*NYT. *Step by Step*
*The New Yorker. *"Don't!"*
- 10/21 Brand Loyalty Case
*Case 2: *"A case for brand loyalty"*
- 10/26 Guest Lecture by Pattie Glod, Victoria's Secret
- 10/28 Decision Making Steps
Schwartz Ch. 3&4 (p. 63-98)
*Levin and Gaeth *"How Consumers are Affected by the Framing of Attribute Information Before and After Consuming the Product"*
- 11/2 Behavioral Econ I
*Thaler. *"Mental Accounting and Consumer Choice"*
*Gourville and Soman. *"Pricing and the psychology of consumption"*
*Goldstein, Johnson, Herrmann, and Heitmann. *"Nudge your customers toward better choices."*
- 11/4 Behavioral Econ II
*Kahneman, Knetch, & Thaler. *"The Endowment effect, Loss Aversion, and Status Quo bias"*
*Simonson. *"Get closer to your customers by understanding how they make choices"*
- 11/9 Reference Points Case
*Case 3: *Retail Promotional Pricing: When is a sale really a sale?*
- 11/11 Social Effects in Choice and Consumption
Schwartz, Ch. 7 (p. 147-166). Ch.9 (p. 181-200)
*Silverstein & Fiske. *"Luxury for the masses"*
*WP. *"When you're flush, but acting flat broke"*
- 11/16 The Psychology of Money
*Vohs, Mead, & Goode. *"Merely activating the concept of money changes personal and interpersonal behavior"*
*Are you a tightwad or a spendthrift? And what does this mean for retailers?
- 11/18 Exam

11/23 Guest Lecture by Paula Courtney, Verde Group
*Reichheld. "The one number you need to grow."

11/25 No Class: Thanksgiving Break

11/30 Ethics Case
*Case 4: *Coke Vending Machine: Pricing to capture value, or not?*

12/2 Presentation Day

12/7 Presentation Day

12/9 Presentation Day