

**CONSUMER BEHAVIOR
MARKETING 211
Fall Semester 2013**

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Office Hours: MW: 300-4:00 and by appointment

Marketing begins and ends with the customer, from determining customers' needs and wants to providing customer satisfaction and maintaining customer relationships. This course examines the basic concepts and principles in customer behavior with the goal of understanding how these ideas can be used in marketing decision making.

The class will consist of lectures, discussions, cases and special guest speakers. Assigned readings should be completed by the day they are listed on the class schedule. The readings cover most important customer behavior issues and provide many examples. The class sessions will be interactive and will be an extension and synthesis of the ideas discussed in the readings. You are highly encouraged to ask questions and participate in class. The goal is to provide you with a set of approaches and concepts to consider when faced with a decision involving understanding customer responses to marketing actions.

Course Objectives

- 1) To appreciate the importance of understanding the customer to a firm's success.
- 2) To introduce current findings and theory about customer behavior.
- 3) To provide concepts for anticipating customer reactions to marketing stimuli.
- 4) To learn to use customer behavior concepts in determining marketing strategy.

Required Materials

1. Text: Hoyer/MacInnis, "Consumer Behavior," Edition 5, Southwestern, 2010.
<http://www.cengagebrain.com/shop/en/US/storefront/US?cmd=CLHeaderSearch&fieldV alue=9780547079929>

You can purchase an electronic textbook, you can rent the hardcover textbook, or you can purchase the hardcover textbook

2. Bulk Pack of cases available from Wharton Reprographics, Studynet.
3. Lecture Notes will be available on Canvas

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/Attendance	20%
Exam—first half (Oct. 21)	25%
Open Book Exam—second half (November 25)	25%
Group Project	30%

Class Participation

Your class participation score is based on the following:

- (1) **Attendance:** Regular class attendance is a signal of your commitment to the course.
- (2) **Discussion Contributions:** In-class discussions are your best opportunity to demonstrate that you are thinking about the topics covered in class and relating these topics to one another and to material learned in other classes. You should be *at least* as concerned with the quality of your contributions to class discussions as you are with the quantity of these contributions.

Exams:

There will be two exams. Each will count 25% of your final grade. Everything discussed in class and in the assigned readings may appear on an exam. The first exam will cover the first half of the course and the second one (open book) will cover the second half of the course.

Academic Integrity

In order to ensure fairness, students suspected of cheating will be referred to the Office of Student Conduct. The Office of Student Conduct will determine if there is cheating and if so, what punishment will be administered. There are no exceptions to this policy under any circumstances. Please familiarize yourselves with the University Code of Academic Integrity: <http://www.vpul.upenn.edu/osl/acadint.html>

GROUP PROJECT

Wharton | ebay – Consumer Behavior Challenge

Summary. Ebay marketplaces recently launched a one-hour delivery service, called *ebay-now*. The service is live in several key MSAs around the United States (New York, San Jose, San Francisco & west bay, and Chicago), and is following an aggressive expansion plan. Leveraging inventory from local retailers, ebay-now is faced with several interesting challenges as it continues to build momentum.

There are many challenges to this initiative including: competitive entry, brand perception, user acquisition, consumer experience, and operational scalability. We believe a key insight to making the right decisions across these domains is a solid understanding of our customers' perceptions, attitudes, decision-making strategies, and relevant social influencers.

Challenge. Choose one aspect of this initiative to analyze and suggest a creative and

ambitious customer research/insight approach that will inform your decision making. Be prepared to make specific recommendations to the company based on this customer analysis.

Key Take-aways from the project:

- Mastering course material – that is learning how understanding the customer can help inform managerial/competitive decisions
- Understanding the current positioning and competitive environment of a new product initiative
- Learning to develop research questions to provide an understanding of consumers in a specific target market.

General Hints:

- Defining the problem is key
- Pay attention to assumptions
- Specify your recommendations in as much detail as possible.

Background.

- **Operations.** eBay Now is predicated upon ebay's local-product-availability technology and leverages a fundamentally different model than a traditional fulfillment infrastructure. Instead of storing products in a warehouse, ebay-now "valets" receive product orders, travel to local stores where the product is in stock, and deliver the items to users. Users pay a flat-fee of \$5.00 per retailer location visited (i.e. \$5 to have an ipad delivered from Best Buy, \$5 to have an ipad and a TV delivered from Best Buy, \$10 to have an ipad delivered from best Buy and detergent delivered from Target). eBay has approached delivery in two ways: (1) a team of ebay-employed valets who facilitate deliveries, and (2) a marketplace of vetted, but not directly employed, delivery personnel. The latter is piloting in Chicago.
- **Consumer Experience.** Ebay-now initially launched on iOS, and has recently opened up to Android, mobile & tablet web, and desktop. eBay Now is available for immediate delivery, and will soon offer scheduled delivery (e.g. 4PM on Saturday versus immediately). Users receive the item in around 60 minutes and the application provides real-time updates (they can track courier progress on a map), as well as direct phone-calls from the courier throughout the process. Consumer experience has been extremely positive, and repeat usage, while high, is a KPI ebay is looking to increase.
- **Competitive Entry.** The fulfillment landscape is quickly crowding. Incumbents like Amazon are on track to have distribution centers within "same-day delivery" distance of 14 of the largest MSAs in the United States by 2014. Fulfillment pure-plays continue to expand their presence and increase fulfillment turn-around time, and Google Express Shipping recently launched in the bay area following ebay now's model of leveraging existing in-store inventory, but providing delivery time-spans (e.g. it will arrive between 8 and 11).
- **Brand Perception.** Originally founded as an auctions-only marketplace facilitating non-professional sellers, ebay today sees 70% of items sold new, and 70% "buy it now." In an effort to assist a perception change, in October of 2012 ebay began a significant re-branding effort in tandem with a re-design of its key applications (spearheaded by ebay.com). Ebay-now, today, requires an increased level of consumer education to help users understand its value proposition due to this perception gap.

- **User Acquisition.** Ebay now is currently available via stand-alone applications on iphone, android, mobile/tablet web, and desktop. User acquisition for the service has been driven exclusively by large marketing spend. Ebay is working to integrate both local inventory and local delivery services into the core site experience in hopes the integration will acceleration user acquisition.

Below is a list of topics we will cover in the course. This list is presented to help you think about what type of problem you might want to address in this project.

1. **Underlying Consumer Psychological Processes:**

Theoretical Points: Customer perceptions, motivations, attention.

Application Areas: Perceptions about pricing, perceptions about image, getting customer attention, segmentation; perceptions of “us versus them”

Relevant Research Methods: perceptual mapping, means-ends analysis, value laddering; value mapping; qualitative research; motivational research; focus groups; depth interviewing

2. **How Consumers Think, Processing Marketing Stimuli**

Theoretical Points: Learning, Memory, Product Categorization, Attitudes and Attitudes Change, Persuasion, Cognitive Structures

Application Areas: Identification of attitudes, attitude measurement, branding

Relevant Research Methods: surveys, information processing

3. **How Consumer Choose, Psychological Processes Relevant to Purchase**

Theoretical Points: customer decision making processes, high/low involvement; decision rules, consideration sets

Application Areas: purchase processes, customer satisfaction, building customer relationships, brand loyalty, variety seeking

Relevant Research Methods: choice modeling, conjoint analysis, panel data, scanner data, satisfaction surveys

4. **How Consumers Interact – Social and Cultural Factors**

Theoretical Points: social influence, social media, opinion leaders

Application Areas: mobile platforms, social media strategies, consumer culture

Relevant Research Methods: customer analytics; experiments

We will pass around a sheet on September 11 (Wednesday) for students to sign up for groups. If you form a group in advance of this course meeting, all you will need to do is write your group members' names on the sign up sheet. Groups should have 5-6 members each.

A pre-proposal discussing your product or service and outlining the issue that your research proposal will address is due on October 25 (Wednesday). Final research proposals are due on December 4 and will be presented in class on December 4 and December 9 (if extra time is needed).

COURSE SCHEDULE *and* READINGS

Date	Textbook Readings	Cases	Topic
Wed. Aug 28	Chapter 1		Introduction to Course
Wed. Sept. 4	Group Project Introduction		eBay Project Introduction Christopher Payne, SVP North America, eBay Healey Cypher, Head of Retail Innovation, eBay
Mon. Sept. 9	Enrichment Chapter		Consumer Behavior research
Wed Sept. 11	Chapter 2	GROUP SIGN-UPS DUE	Motivation , Ability & Opportunity
Mon Sept. 16		Introducing New Coke, HBS 9-500-067	Customer Focus, Taste Perceptions
Wed Sept. 18	Chapter 3		Exposure, Attention & Perception
Mon. Sept. 23			Philip McGee, Director Shopper Insights Campbell Soup APPLICATION: Perceptions/Attention/Path to Purchase
Wed. Sept.25		GROUP PRE-PROPOSAL DUE	APPLICATION: Perception of Prices & Pricing/Packaging Perceptions
Mon.Sept. 30	Chapter 7		Memory and Retrieval
Wed. Oct. 2	Chapter 4		Knowledge and Understanding
Mon Oct. 7		Burberry HBS 9-504-048	Product categorization
Wed. Oct. 9	Chapters 5 and 6		Attitudes and Learning
Mon. Oct.			Attitudes and Persuasion

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Wed, Oct. 16		Wharton/Baker Case: J.C. Penney: Turbulent Times for an Iconic American Department Store	Changing Attitudes
Mon. Oct 21		Exam, 1st half	
Wed, Oct. 23			Guest speaker: Fran Boller, Director of Apparel Brand Jordan Nike (Haddad) APPLICATION: Branding
Mon Oct. 28	Chapter 8		Problem recognition and Information Search
Wed, Oct. 30	Chapters 9 & 10		Judgment and Decision Making
Mon., Nov. 4			Judgment and Decision Making
Wed, Nov. 6			Guest Speaker:: Ron Offir SVP Global,E-Commerce, MICHAEL KORS APPLICATION: eCommerce Strategies
Mon. Nov. 11	Chapter 11		Post Decision Processes/Satisfaction/ Customer Complaints
Wed., Nov. 13			Guest Speaker: Bari Harlam, SVP Membership Marketing and Analytics at BJ's Wholesale Club APPLICATION: Customer Loyalty
Mon. Nov. 18		Rapid Rewards at Southwest Airline HBS 9-602-065	Customer Complaints
Wed, Nov. 20	Chapter 15		Social Influence
Mon. Nov. 25			Exam 2: Open book
Wed. Nov. 27			No class – reading day

Mon. Dec. 2	Chapters 16,17		APPLICATION: Diffusion of Innovation/Fashion/ Culture
Wed. Dec 4			Course WRAP UP
Monday, Dec. 9	FINAL GROUP PROJECT AND PRESENTATION DUE	Project Presentations:	eBay Christopher Payne, SVP North America, eBay Healey Cypher, Head of Retail Innovation, eBay