

**CONSUMER BEHAVIOR
MARKETING 711
Fall Semester 2014**

Professor Barbara E. Kahn
7th Floor JMHH
kahn@wharton.upenn.edu

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, in-class 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/Pieters, "Consumer Behavior," Edition 6, Cengage 2013.
<http://www.cengagebrain.com/shop/isbn/9781133435211>

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

2. Cases available from Wharton Reprographics, Study-net.
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 (including case work)	20%
Exam—first half (Oct. 20)	25%
Open Book Exam—second half (November 24)	25%
Group Project (Dec. 8)	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

Group Project Challenge. Choose one of the four eBay projects to analyze and suggest a creative and ambitious customer research/insight approach that will inform your decision making. As part of the project, you will need to design and pretest a survey to test your hypotheses about consumer behavior. As a result of your data analysis, you should modify your recommendations to reflect how people are likely to respond. Be prepared to make specific recommendations to the company based on this customer analysis.

In –Class Case-ettes: For three of the four projects, we will also do an in-class exercise that eBay executives will help administer. Everyone in the class will have to submit their individual answers to two questions prior to the class session. We will then discuss in class in groups and some groups will present their recommendations. The two in-class questions that need to be answered are listed below.

Course Topic	ebay inc entity	High-Level	Details
perception/motivations	PayPal	PayPal in-store checkout adoption	<p>This project is about the introduction of PayPal as a payment means in the physical store via “phone + pin” – otherwise known as “hands free checkout” Initially piloted w/ Home Depot and then quickly scaled to Toys R Us, Aeropostal, GNC and more... didn’t get much early consumer adoption.</p> <ol style="list-style-type: none"> (1) Provide a one-sentence explanation for why you think consumers did not adopt this method of payment as quickly as expected. (2) Provide a one-sentence suggestion of an improvement in current payment processes in stores like Home Depot, Toys R Us, Aeropostal, GNC, possibly using PayPal, Venmo, etc. (or something entirely new) <p>Be prepared to defend your answers using theories about consumer perceptions and motivation.</p>
information search / purchase process	Retail Innovation (ebay inc)	Retail Innovation Technology Investments	<p>Introduce the idea of framing a “physical store” session like an online session – collecting the same data, making the same KPI determinations, and informing how to infuse technology in places that make sense.</p> <ol style="list-style-type: none"> (1) Where is the low hanging fruit in collecting data within the store (from the store’s perspective)? Or alternatively, the most important point in the path-to-purchase where data is not currently easily collectible (e.g., fitting room) (2) Name a consumer touch point within the store, and identify the type of interaction that the consumer might find beneficial. <p>Be prepared to defend your answers using your knowledge of information search and path to purchase.</p>

choice	Retail Innovation (ebay inc)	Digital Storefronts	<p>A project on our Digital Storefronts in Westfield Mall.</p> <p>(1) Provide one sentence to describe how you think consumers will want to interact with the screen.</p> <p>(2) Provide one sentence to describe how you might design the interface to increase the likelihood of purchase.</p> <p>Be prepared to defend your answers using your knowledge of the consumer decision-making process.</p>
social/cultural	ebay Marketplaces	"identity" in context of ebay marketplaces	<p>How can eBay make the purchase process more social? What makes certain marketplace models especially good for social integration (e.g., AirBnB, Uber) and others not?</p> <p>(1) Identify an opportunity for social interaction in a retail environment</p> <p>(2) How can use social interaction to increase purchase likelihood in a retail setting (can be a physical or online store or a service event like concerts or sports events.)</p>

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.

Below is a list of topics we will cover in the course that correspond to the eBay Projects. 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 ladder, 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 10 (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 September 29 (Monday). Final research proposals (both final presentations and reports) are due on December 8.

COURSE SCHEDULE *and* READINGS

Date	Textbook Readings	Cases	Topic
Wed. Aug 27	Chapter 1		Introduction to Course
Wed. Sept. 3	eBay Group Project Introduction— GUEST SPEAKERS		eBay Project Introduction Christopher Payne, SVP North America, eBay Healey Cypher, Head of Retail Innovation, eBay

Mon. Sept. 8	Appendix		Consumer Behavior research
Wed Sept. 10	Chapter 2	GROUP SIGN-UPS DUE	Motivation , Ability & Opportunity
Mon Sept. 15	Chapter 3		Exposure, Attention & Perception
Wed, Sept. 17		In-class	eBay, PayPal Project
Mon. Sept. 22			APPLICATION: Perception of Prices & Pricing/Packaging Perceptions
Wed. Sept. 24		Introducing New Coke, HBS 9-500-067	Customer Focus, Taste Perceptions
Mon Sept. 29	Guest Speaker	GROUP PRE-PROPOSAL DUE	BUILDING A GLOBAL BRAND: Stuart Weitzman, CEO of Stuart Weitzman
Wed. Oct. 1	Chapter 4		Memory and Retrieval
Mon. Oct 6	Chapter 4		Knowledge and Understanding
Wed. Oct 8		Burberry HBS 9-504-048	Product categorization
Mon. Oct 13	Chapters 5 and 6		Attitudes and Learning
Wed. Oct 15			Attitudes and Persuasion
Mon. Oct 20		Exam, 1st half	
Wed, Oct. 22	GUEST SPEAKER		PATH TO PURCHASE Wesley Barrow, Nomi
Mon Oct. 27		Wharton/Baker	Changing Attitudes

		<u>Case: J.C. Penney:</u> Turbulent Times for an Iconic American Department Store	
Wed. Oct. 29	Chapter 7		Problem recognition and Information Search
Mon. Nov 3		In class	eBay Physical Store/Online store technology project
Wed. Nov 5	Chapters 8 & 9		Judgment and Decision Making
Mon., Nov. 10			Judgment and Decision Making
Wed, Nov. 12		In class	eBay-Digital Store front
Mon. Nov. 17			GUEST SPEAKER: Jeff Melton, Chief Analytics and Media Officer, MRY
Wed., Nov. 19	Chapter 10		Post Decision Processes/Satisfaction/ Customer Complaints
Mon. Nov. 24			Exam 2: Open Book
Wed, Nov. 26			NO CLASS—reading day
Mon. Dec 1	Chapter 11		Social Influence
Wed. Dec 3	Chapters 15,16		APPLICATION: Diffusion of Innovation/Fashion/ Culture/Course Wrap up
Monday, Dec. 8	FINAL GROUP PROJECT AND PRESENTATION DUE	Project Presentations:	eBay Christopher Payne,

			SVP North America, eBay Healey Cypher, Head of Retail Innovation, eBay
--	--	--	--