

Consumer Behavior
Marketing 211
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JMHH 345

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Course Objectives

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.

The overarching goal of this course is to help you think differently (and better) about how consumers arrive at judgments and choices and how their choices ultimately affect their well-being. By the end of this course you will be knowledgeable about consumer psychology and ways of better meeting consumers' needs. During this process, you will come to better understand yourself as a target of marketing influence. You will also appreciate how an understanding of consumer psychology can be used to develop powerful marketing techniques and tactics.

Who should take this course?

This course is targeted to those with *intellectual curiosity* and an interest in human psychology. The field of consumer behavior is relatively young. Much of the knowledge is particularly nuanced and thus the applications to business problems are not always straightforward. It will be your task to think critically about how and when to utilize the knowledge to inform your own business decision making. Critical thinking goes hand and hand with *writing*. As discussed below, there are frequent writing assignments so this course is also targeted to those who like to write.

Class Format

Classroom time will be devoted to a combination of lectures, discussions, cases, and application days with guest lectures from industry specialists. To facilitate students in applying these course concepts to areas that they care about, several assignments allow students to build off of course concepts to your own areas of interest.

Materials

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.

Please purchase *The Paradox of Choice* by Barry Schwartz and the bulkpack available on study.net. If you are new to study.net, please check out:
<https://reprographics.wharton.upenn.edu/studynet.cfm>

Live Cases

To complement our own discussions, we are fortunate to have several experts, who use customer insights in their work in interesting ways, come and speak with us. Depending on availability and interest, you may also sign up to join any of them and me for lunch. This is optional and has no effect on your grade. You may sign up on Canvas.

The live cases are:

February 18—Brand Meaning

Guest: Melissa Schoenke, Target

March 18—The Path to Purchase

Guest: Phil McGee, Campbell’s Soup

April 8—Word of Mouth

Guest: Ed Keller, Keller and Fay Group

April 15-Customer Satisfaction

Guest: Paul Courtney, The Verde Group

Evaluation

Reading/Attendance Checks	20%
4 Written/Oral Assignments	40%
Case Preparation Write-ups	15%
Exam	25%
Total	100%

- 1) **Reading/Attendance Checks (20%).** Robust class discussion is *essential* for learning this material. It is therefore very important that students come fully prepared and take an active role in classroom activities and discussions.

In every class (except for when we have guest lectures, cases with preparation write-ups, or student presentations), there will be a brief, simple reading/attendance check quiz at the start of class. These quizzes will be based on the reading you have been assigned for the day. You need not study for these quizzes. Rather, I expect that students who have read the article and digested the key points will have no troubling ace-ing them. **Be sure to always bring notebook paper and a pen for this!**

The quizzes will be graded on a 0-2 scale. You will receive a zero if absent or late for a quiz, which will start promptly at the beginning of class. A score of 1 will be given for answers reflecting minimal understanding, and all others will receive a 2. Please note that even good excuses for missed quizzes will not be excused. Instead, your lowest quiz score will be dropped.

In addition, you will receive points off this portion of your grade if late or absent on days which we have a guest lecture, so please come on time.

- 2) **FOUR Written/Oral Assignments (40%, 10% each).** To reinforce the learning process, you will write your ideas often. You must complete **FOUR** assignments, but you can do this a number of different ways. Please submit all written assignments on Canvas. **These papers have a strict 3-page limit.** All papers should be double-spaced with standard margins and 12-point font.

- **“Regular” Short writing assignments (each counts as ONE assignment)**
- **Guest lecture writing assignment (counts as ONE assignment; may only do this for one of your four assignments)**
- **In-class oral presentation (counts as TWO assignments; subject to available class time)**

I have set aside two class periods for presentations on April 20 and April 22; If demand for this option is greater than supply of time on those two dates, I will make some time on other dates.

a) **“Regular” Short writing assignments (each counts as ONE assignment)**

At the end of the syllabus, there is a long list of possible assignment questions grouped under four different due dates. If you choose to do an oral assignment, you will only need to do 2 of the 4 assignments and can choose which of the two to do so long as they are submitted by the deadline listed. If you choose to do 4 written assignments, you may choose one assignment from each grouping and submit it prior to the due date listed.

Deadlines:

Assignment 1: February 9

Assignment 2: February 25

Assignment 3: March 25

Assignment 4: April 8

b) Guest lecture short writing assignment (counts as ONE assignment)

In addition to the regular options, you may also submit ONE assignment in place of the “regular” assignment, which analyzes one of our guest lectures by applying course concepts. **Same 3-page limit.** Please do not just restate what he/she said. Rather, integrate it in terms of how it relates to concepts you have learned in class. This is due by 9am on the class day immediately following the guest lecture.

c) In-class oral presentation (counts as TWO assignments)

A brief (10 minutes MAXIMUM with time for 5 minutes of Q&A after) talk that applies course material to a business or personal question of interest. These should be practically minded and essentially of the form “how has this course helped me think about possible explanations for and/or solutions to this problem or puzzle?”

Written/Oral Assignment Grading System: All assignments will be graded using a five point system. The grades can be interpreted as follows:

1=Poor evidence of reading and little application of the course concepts to the actual question that was asked. Few papers receive this grade.

2=Evidence of reading but little application of the course concepts to the actual question that was asked. Few papers receive this grade.

3=A solid application of the course material, with some good points but few creative insights. Many papers will receive this grade.

4=A deeper level of thinking than the obvious answer, clearly written, perhaps with creative examples. Only very good papers receive this grade.

5=An exceptional paper, with original insight and clear analysis. Such papers make us say, “I wish I had thought of that!” VERY FEW of these grades are given.

3) Case Preparation Write-Ups (15%, 5% each). To facilitate good case discussions, each of you is responsible for submitting a case write-up due at 9am on the day we discuss each of the following 3 cases:

Feb 2 Product Red

Feb 11 Retail Promotional Pricing: When is a Sale Really a Sale?

April 13 A Case for Brand Loyalty

There is no case write-up assignment for the following cases: Introducing New Coke and Renova.

Case Preparation questions for this assignment are posted on Canvas. These should be no more than 2 pages double-spaced MAXIMUM.

Grading System:

This will be similar to the grading system described on page 4 for Written/Oral Assignments.

- 4) **Exam.** An in-class exam will test your knowledge and understanding of course concepts. It is closed book and notes. It will consist of a variety of standard formats, including multiple choice, short answer, and essay.

Policies and other course information

- All course documents will be made available on Canvas. You should submit all written assignments on Canvas due by 9am.
- *Laptop policy:* Before each class session begins, please turn off your computer. **NO COMPUTER USE** permitted in class, unless you receive express permission from the instructor.
- *Feedback from you:* I enthusiastically welcome input from students. For example, if you particularly learned a lot (or did not learn a lot) from a reading or a guest lecture, please let me know. I welcome you to meet with me during office hours or to contact me via email. Finally, I encourage you to contribute topic-relevant comments and questions during class time.
- **Optional:** I am available for ‘student-faculty.’ You can sign up through Canvas. This is a nice 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. I have posted sign-up slots in canvas for a few dates in the semester. If there is demand, I will add more. In addition, students may sign up to join the guest speaker and me for lunch.

Course Schedule, Readings, and Assignments

**indicates availability on study.net*

Date	Topic	Assignments Due
Jan 14	Introduction	Readings: Schwartz Prologue-Ch. 2 (p. 1-44)
Jan 21	Case: Introducing New Coke	Read case, but no written assignment this time only
Jan 26	Consumer Research Methods	Readings: *HBS. "A Step-by-step guide to smart business experiments"
Jan 28	Motivation, Ability, & Opportunity	Readings: *Wansink. "Using laddering to understand and leverage a brand's equity" WSJ. "Discounting is no bargain" *"Brand builders: Sparkler on the other hand"
Feb 2	Case: Product Red	Case Preparation Write-up Due
Feb 4	Sensation, Exposure and Attention	Readings: *RENOVA case *Please Touch the Merchandise *NYT. "Anywhere the eye can see, it is likely to see an ad" *NYT. "Attached to technology and paying a price" *USA Today. "TV commercials shrink to match our attention spans" *NYT. "Pointed copy"
Feb 9	Perception	Readings: *Allison and Uhl. "Influence of beer brand identification on taste perception" *NYTimes. "If it says McDonald's, then it must be good" *LA Times. "Objects in store are smaller than they appear" *NYT. "Picking brand names in China is a business itself" Assignment 1 due

Date	Topic	Assignments Due
Feb 11	Case: Retail Promotional Pricing: When is a Sale Really a Sale?	Case Preparation Write-up Due
Feb 16	Knowledge and Memory	Readings: *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?" *NYT. "The good ol' days of 20 years ago" *NYT. "Your brain lies to you"
Feb 18	Live Case: Brand Meaning Guest Lecture by Melissa Schoenke, Target	
Feb 23	Attitudes	Readings: *Petty, R., Caioppo, J., & Schumann, D., "Central and Peripheral Routes to Advertising Effectiveness,"
Feb 25	No class today	Assignment 2 due
Mar 2	From Attitudes to Behavior	Readings: Cialdini, "Harnessing the Science of Persuasion"
Mar 4	Decision Making I: Problem Recognition, Information Search, and Choice Strategies	*Huang, Lurie, & Sabyasachi. "Search for Experience on the Web: An Empirical Examination of Consumer Behavior for Search and Experience Goods"
March 16	Decision Making 2: Heuristics	Readings: Schwartz, pg. 56-63 *Wansink, Kent, & Hoch. "An anchoring and adjustment model of purchase quantity decisions"
Mar 18	Live Case: The Path to Purchase Guest Lecture by Philip McGee, Campbell's Soup	

Date	Topic	Assignments Due
Mar 23	Decision Making 3: Preferences and Loss Aversion	Readings: Schwartz Ch. 3&4 (p. 63-98) *Kahneman, Knetch, & Thaler. "The Endowment effect, Loss Aversion, and Status Quo bias" *Simonson. "Get closer to your customers by understanding how they make choices"
Mar 25	Decision Making 4: Mental Accounting	Readings: *Thaler. "Mental Accounting and Consumer Choice" *Gourville and Soman. "Pricing and the psychology of consumption" *Goldstein, Johnson, Herrmann, & Heitmann. "Nudge your customers toward better choices" Assignment 3 due
Mar 30	Self-control and Lack Thereof	Readings: *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!"
Apr 1	Live Case TBA	
Apr 6	Social Influences in Decision Making	Readings: Schwarz, Ch. 7 (p. 147-166). Ch.9 (p. 181-200) *Silverstein and Fiske. "Luxury for the masses" *WP. "When you're flush, but acting flat broke" *WSJ: "On many campuses, big brewers play a role in new alcohol policies" *WSJ: "Ordinary People Starring in Ads Convey Realistic, Genuine Feel"
Apr 8	Live Case: Word of Mouth Guest lecture by Ed Keller, Keller Fay Group	Reading: *Lovett, Peres, and Schachar, "On brands and word of mouth." Assignment 4 due

Date	Topic	Assignments Due
Apr 13	Case: A Case for Brand Loyalty	Case Preparation Write-up Due
Apr 15	Live Case: Customer Satisfaction Guest lecture by Paula Courtney, Verde Group	Readings: *HBR. "The one number you need to grow."
Apr 20	Student Presentation Day	
Apr 22	Student Presentation Day	
Apr 27	Exam	
Apr 29	Wrap Up	

Short Writing Assignment Questions

Assignment 1 options (choose 1) due February 9

- 1) Design separate promotional strategies for a technology product, each of which stresses one of the levels of Maslow's hierarchy of needs.
- 2) Visit a set of web sites for one type of product (e.g., personal computers, perfumes, laundry detergents, or athletic shoes) and analyze the colors and other design principles employed. Which sites "work" and which ones don't? Why?
- 3) Assume that you are a consultant for a marketer who wants to design a package for a new premium chocolate bar targeted to an affluent market. What recommendations would you provide in terms of such package elements as color and graphic design?
- 4) Check out this year's Superbowl ads. Do they utilize Consumer Psychology that we have learned in this class? How so?

Assignment 2 options (choose 1) due February 25

- 5) How can you use the principle of JND in Packaging? Pricing? Advertising? Promotion? Provide specific examples.
- 6) Collect some pictures of “classic” products that have high nostalgia value. Show these pictures to a few consumers, and ask them to free-associate. Analyze the types of memories that they evoke, and write about how a marketer might employ these associations in a product’s promotional strategy.
- 7) Watch one hour of tv of a single channel during prime time. Immediately after watching, list all of the commercials that you can recall seeing. Compare and contrast the commercials in terms of persuasion concepts that we have learned (e.g., central vs. peripheral route, etc.)

Assignment 3 options (choose 1) due March 25

- 8) Apply one of Cialdini’s principles to a business problem of personal interest. Describe how this will increase firm profitability and/or consumer welfare.
- 9) Reflect on how you might choose each of the following products or services:
 - a. Post-graduation job
 - b. A restaurant for dinner with your significant other on your anniversary
 - c. Toothpaste during a trip to a foreign country where none of your usual brands are available and you don’t know any brand names.

For each please indicate: i) how you will know what evaluation criteria to use, ii) which choice model you would use and how.

- 10) Imagine you are involved in a new product launch of a consumer packaged good (you can make up the good...). How might you utilize the representativeness heuristic to your advantage in promoting the good? How might the reliance of this heuristic be a disadvantage for you?
- 11) One of the lessons of this course is that framing “matters.” Some people have learned that lesson better than others. Find an example of inept framing in the news and fix it. That is, find a quote or argument by anyone being quoted in any news source that you think could be improved had they known how to “frame” and rewrite it in a way that you think will be superior. Explain why you think your approach is better.

Assignment 4 options (choose 1) due April 8

- 12) Try to find a real world example of the **compromise or attraction effect** and present this as a written assignment. Try to explain the firm's intent, and why it will or will not work, in your judgment, using the principles in reading and lecture. Attach a copy of the ad.
- 13) Mental accounting, to the extent that it violates fungibility, is (according to economic theory) irrational. Do you think there are any circumstances where mental accounting makes people better off nonetheless? How?
- 14) To deal with self-control problems, many people use the equivalent of sunk costs to commit themselves to an activity. Examples include paying a large annual health club fee rather than paying per visit, or buying season tickets for the theater. Can you suggest other products that might benefit from using prepayment as a self-control device? Devise a marketing strategy to implement this plan.
- 15) Consider how much of a role you think public policy makers should play in helping consumers make better food choices. Look for sources to support your views or serve as illustrations. Come up with two areas where you think legislation is good and two where you think it is bad and explain your position.