MKTG 711 – CONSUMER BEHAVIOR

Syllabus (December 1, 2014)
Spring 2015

Instructor: Professor Jason Riis
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Class Meetings: Monday & Wednesday, 1:30pm – 2:50pm, JMHH
Class Starts: Wednesday, January 14, 2015

COURSE DESCRIPTION

Successful businesses must have an accurate and deep understanding of consumer behavior. This understanding begins by assessing the typical consumer decision journey *(need recognition, search, evaluation, purchase, usage, loyalty*). And it continues with the study of nuances for specific brands and product categories.

This course will apply the study of consumer behavior to specific business contexts, including health, tech, media, CPG, and others. We will begin by getting up to speed on state-of-the-art thinking about consumer behavior (drawing on the best of the academic and practitioner literatures). We will then push that thinking as we apply frameworks to specific consumption domains and to emerging product categories. Throughout, we will consider the basic methods for attaining key consumer insights (experiments, interviews, surveys, etc.)

We will have several industry guests who will talk to us about how their companies think about consumer behavior. We will discuss several case studies that focus on solving consumer behavior challenges. Students will complete two individual projects, one where they develop a deep understanding of consumer behavior for a company of interest to them (*possibly a start-up, or possibly a company they hope to work for*), and another where they engage in a personal behavior change project (*e.g., learning a new skill, developing a new taste, changing a habit)*

We will examine a variety of industries, but we will organize our applications around five consumer domains: *1) Health, 2) Food, 3) Entertainment, 4) Beauty and Apparel, and 5) Services and Durables.* For each of these five domains, there will be one interactive lecture (drawing on recent research), one guest speaker, and one case discussion.

REQUIRED MATERIALS

Readings: There will typically be two readings for each class, drawn from academic and business sources. These are listed later in the syllabus, and will be available on Canvas.

ASSESSMENT DETAILS

Assignment 1 (Part A)	25%
Assignment 1 (Part B)	25%
Assignment 2	25%
Quizzes	25%

Assignment 1 (Parts A and B):
In this individual assignment you will do a deep dive into the consumer decision making process for a specific product or service of your choosing. This could be a product or service that you yourself are interested in developing for an entrepreneurial enterprise. Or it could be a real existing product or service that is currently on the market. Your tasks will be 1) to identify key details at each stage of the consumer decision process, 2) to identify key questions and engage in consumer research to answer those questions, and 3) to indicate the implications of the decision making process for the marketing of the product or service.

Deliverables:

- Part A) 6-10 page written report describing the application of course concepts to the six decision stages for your specific product. (Due: Feb 18)
- Part B) 6-10 written report identifying key insights that you have developed regarding consumer behavior for your specific product. (Due: End of course)

Assignment 2:
In this individual assignment you will work to change an aspect of your own behavior. This can involve starting a new habit (exercise, eating better, etc.), learning a new skill (music, language, etc.), or developing a new preference (new food, new music, new sports team etc.). Throughout, you will 1) apply course frameworks to help achieve your goal, 2) make detailed observations about barriers that prevent behavior change and learning, and 3) regularly (but briefly) report your progress.

Deliverable:

- 6-10 page written report describing your progress and key insights. (Due: End of course)

Quizzes:
At the start of most classes, there will be a short written quiz that tests your knowledge of that day's readings. These quizzes are designed to ensure that you have carefully read the material. Each quiz will be graded on a scale ranging from 0 to 2.

SESSION PLAN

There will be one lecture, one guest, and one case focusing on each of our five consumer domains: *1) Food, 2) Health, 3) Entertainment, 4) Beauty & Apparel, and 5) Services & Durables.* Dates for cases and guests are still TBD (but all are after Spring Break).

#	DATE	TOPIC	READING
1	Wed, Jan 14	Introduction 1: Concepts and frameworks	Gourville
	Mon, Jan 19	NO CLASS (M.L.K. DAY)	
2	Wed, Jan 21	Introduction 2: Consumer psychology - memory, attention, belief	Kahneman | Cialdini
3	Mon, Jan 26	**Need Recognition:** What triggers interest in your product?	Duhigg | Berger
4	Wed, Jan 28	**Search:** How do consumers find information about your product?	Huang | Simonson
5	Mon, Feb 2	**Evaluate:** Will consumers like your product?	Hsee | Mlodinow
6	Wed, Feb 4	**Purchase:** How will consumers shop for and buy your product?	Greenleaf | Anderson
7	Mon, Feb 9	**Usage**: How do consumers use and engage with your product?	Rust | Norman
8	Wed, Feb 11	**Re-Evaluate**: Will consumers promote and re-purchase your product?	Keiningham | Aral
9	Mon, Feb 16	Assignment 2 discussion: Methods for learning & behavior change	
10	Wed, Feb 18	Assignment 1B discussion: Methods for understanding consumers	Assignment 1A due
11	Mon, Feb 23	Assignment 1B discussion: Consumer interviews	
12	Wed, Feb 25	**Food:** How do consumers decide what and where to eat?	Wansink | Hartman
13	Mon, Mar 2	**Health:** What do consumers do to keep themselves healthy?	Johnson | Osterberg
14	Wed, Mar 4	**Entertainment:** How do consumers choose music, film, and sports?	Salganic | TBD
	Mon, Mar 9	NO CLASS (SPRING BREAK)	
	Wed, Mar 11	NO CLASS (SPRING BREAK)	
15	Mon, Mar 16	Assignment 2 discussion: Challenges in learning & behavior change	
16	Wed, Mar 18	**Beauty & Apparel:** How do consumers make themselves look good?	Postrel | Han
17	Mon, Mar 23	**Services & Durables:** How are practical purchases different?	Benartzi | TBD
18	Wed, Mar 25	Food case: **Annie's**	Case
19	Mon, Mar 30	Food guest: TBD	
20	Wed, Apr 1	Health case: **PatientsLikeMe**	Case
21	Mon, Apr 6	Health guest: TBD	
22	Wed, Apr 8	Entertainment case: **Beyoncé**	Case
23	Mon, Apr 13	Entertainment guest: TBD	
24	Wed, Apr 15	Beauty & Apparel case: **Sephora**	Case
25	Mon, Apr 20	Beauty & Apparel guest: TBD	
26	Wed, Apr 22	Services & Durables case: **New York Life**	Case
27	Mon, Apr 27	Services & Durables guest: TBD	
28	Wed, Apr 29	Conclusion	

READINGS (for interactive lectures)

Session 01 – Introduction 1: Concepts and frameworks

- Gourville & Norton (2014). Consumer behavior and the buying process. *HBSP*.

Session 02 - Introduction 2: Consumer psychology - memory, attention, belief

- Kahneman (2011). The characters of the story. *Thinking Fast and Slow (Chapter 1).*
- Cialdini (2003). The science of persuasion. *Scientific American*.

Session 03 - **Need Recognition**: What triggers interest in your product?

- Duhigg (2012). How companies learn your secrets. *New York Times.*
- Berger (2013). Triggers. *Contagious (Chapter 1).*

Session 04 - **Search**: How do consumers find information about your product?

- Huang et al (2009). Searching for experience on the web: An empirical examination of consumer behavior for search and experience goods. *Journal of Marketing.*
- Simonson & Rosen (2014). What marketers misunderstand about online reviews. *Harvard Business Review.*

Session 05 - **Evaluate**: Will consumers like your product?

- Hsee & Hastie (2006). Decision and experience: why don't we choose what makes us happy? *Trends in Cognitive Science.*
- Mlodinow (2009). A hint of hype, a taste of illusion. *Wall Street Journal.*

Session 06 - **Purchase**: How will consumers shop for and buy your product?

- Greenleaf & Lehmann (1995). Reasons for substantial delay in consumer decision making. *Journal of Consumer Research.*
- Anderson & Simester (2003). Mind your pricing cues. *Harvard Business Review.*

Session 07 - **Usage:** How do consumers use and engage with your product?

- Rust et al (2006). Defeating feature fatigue. *Harvard Business Review.*
- Norman (2013). Design thinking. *The Design of Everyday Things (Chapter 6).*

Session 08 - **Re-Evaluate**: Will consumers promote and re-purchase your product?

- Keiningham et al (2014). The high price of customer satisfaction. *Sloan Management Review.*
- Aral (2014). The problem with online ratings. *Sloan Management Review.*

Session 09 - Assignment 2 discussion: Methods for learning & behavior change

- TBD (short)

Session 10 - Assignment 1 discussion: Methods for understanding consumers

- None (Assignment 1, Part A is due)

Session 11 - Assignment 1 discussion: Consumer interviews

- TBD (short), and come prepared to discuss your consumer interview

Session 12 - **Food**: How do consumers decide what and where to eat?

- Wansink & Sobal (2007). Mindless eating: the 200 daily food decisions we overlook. *Environment and Behavior.*
- Hartman (2012). The online grocery opportunity. *Hartman Group.*

Session 13 - **Health**: What do consumers do to keep themselves healthy?

- Osterberg & Blaschke (2005). Adherence to medication. *New England Journal of Medicine.*
- Johnson (2014). Health-related information seeking: Is it worth it? *Information Processing and Management.*

Session 14 - **Entertainment**: How do consumers choose music, film, and sports?

- Salganik et al (2006). Experimental study of inequality and unpredictability in an artificial cultural market. *Science.*
- TBD (probably something on sports fans)

Session 15 - Assignment 2 discussion: Challenges in learning & behavior change

- None (but be prepared to discuss challenges you are facing with the learning & behavior change assignment

Session 16 - **Beauty & Apparel**: How do consumers make themselves look good?

- Postrel (2013). The makeover, the suntan, and other selections. *The Power of Glamour (selected passages).*
- Han et al (2010). Signaling status with luxury goods: the role of brand prominence. *Journal of Marketing.*

Session 17 - **Services & Durables**: How are practical purchases different?

- Benartzi & Thaler (2007). Heuristics and biases in retirement savings behavior. *Journal of Economic Perspectives.*
- TBD

CASE DISCUSSIONS

There will be five case discussions, one from each consumer domain. The cases vary in the degree to which they are focused on consumer decision making, but I will provide very specific preparation questions to organize our thinking. Generally we will not expect to "crack" the cases since they describe marketing decisions that cannot yet be objectively evaluated in terms of how well they have achieved the company's goals. Instead, our objective in the case discussions will be to describe and understand the nuances of the behavior of the company's customers, and to apply this understanding to the marketing opportunities at hand.

- Health case: *PatientsLikeMe: An online community of patients*
- Food case: *Annie's: Growing organically*
- Entertainment case*: Beyonce*
- Beauty case: *Sephora Direct: Investing in social media, video, and mobile*
- Services: *New York Life and immediate annuities*

GUEST LECTURES

Guest lecturers will give us an up close view of how the consumer decision making process is understood and studied in practice. For most of these sessions, we will begin by discussing the topic amongst ourselves, while the guest observes. The guest will offer feedback on our discussion, and indicate how we have hit or missed key issues that they are trying to understand in their practice. There will of course be time for Q&A. To prepare for the guest lectures, there may be a short reading providing background on the company.

OTHER COURSE DETAILS

Attendance:
Attendance will be tracked, and is required and expected.

Participation:
Participation, though not evaluated directly, is strongly encouraged. Sessions will be highly interactive.

Leaving class early: If you need to leave class a few minutes early, please let me know in advance (unless there is an emergency). You can do this by just telling me in person right before class; you do not have to email me in advance. If you leave class early without permission for a non-emergency reason you will receive a zero for your quiz grade that day.

Laptops / phone: Wifi, internet, or email use is not allowed during class.