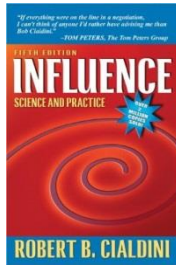


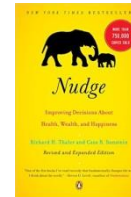
**CONSUMER BEHAVIOR, MKTG 211  
FALL 2015**

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OFFICE HOURS: Mondays 1:30 pm – 3 pm or by appointment

**Required Readings:**



- ⇒ *Influence*, fifth edition, Robert Cialdini  
(If prior edition much cheaper, get that, it's fairly similar)



- ⇒ *Nudge*, revised and expanded edition, Richard Thaler and Cass Sunstein

You will only be assigned particular chapters from *Influence* and *Nudge*, but I would encourage you to read both books in their entirety over the course of the semester. Each book costs approximately \$10-\$15 at Amazon. Both of these books are available on reserve at the library, but you can't take them out of the library.

- ⇒ Additional required readings are specified in the syllabus and links to the articles will be provided (to access through the Penn library). Some of the HBR readings may also be accessed through Penn library. Cases will be available for purchase on Spike.net at the beginning of the semester.

**Some additional suggested readings (based upon your interests):**

- Kahneman: *Thinking Fast and Slow*
- Heath and Heath: *Made to Stick: Why Some Ideas Survive and Others Die*
- Belsky and Gilovich: *Why Smart People Make Big Money Mistakes*
- Underhill: *Why We Buy*
- Zaltman: *How Customers Think*

## **Course Description:**

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 ensuring customer satisfaction. In today’s world, product life cycles are shorter, market segments are smaller, and the competition is more intense than ever. The marketing manager who possesses an in-depth, scientific understanding of consumer judgment and decision-making will succeed where others might fail.

The primary goal of this course is to enhance your understanding of consumer behavior. The psychology of the consumer includes some intuitive and some non-intuitive ideas about how consumers behave. A primary goal of this course is to train your intuition, so that you think more like a psychologist about how consumers perceive and respond to marketers. Many of the psychological theories and insights are particularly useful for strategy, brand positioning, and marketing communication decisions. Whereas our primary focus will be on understanding consumer behavior theories, we will discuss many of these applications in class, and guest speakers from several industries will show the application of these concepts. Not only do we want to better understand how consumers behave, but we want to develop and evaluate marketing strategies intended to influence their behavior.

Additionally, we will focus on learning research methodology to build the tools you will need to conduct and interpret consumer research. Don’t forget that, on a daily basis, you are a customer of market research (think about the products you purchase, the features you find important, the people that influence your purchasing decisions, the ads that are shown to you, etc.). The ability to correctly interpret market research will make this research much more actionable in managerial contexts.

## **Course Format:**

This class will employ a variety of instructional methods, including lectures, exercises, videos, cases, discussions, guest speakers, etc. The class will be more enjoyable and educational if you participate in discussions. Please do not hesitate to express your opinion, to offer your thoughts, or to provide a relevant example to the class.

A special note: There is a significant amount of reading in this course. It is critical that you read and think about this material BEFORE coming to class. Class begins with the assumption that you have at least a rudimentary understanding of assigned reading material. At times, we will talk in depth about the assigned readings, whereas at other times we will not talk about them at all – they will be a supplement to the class discussions. The readings are meant to give you a background on the topic and/or to give interesting examples of how this topic has been examined either in academia or in the media. Assuming you come prepared and energized, we should all have an interesting learning experience at each meeting.

## **Grading:**

There will be three in-class, closed-book, exams given during the semester, which will consist of both multiple choice and short answer questions. Beyond that, you will have three assignments: an individual consumer interview, an individual analysis of an advertisement, and an end of semester group project and presentation on a topic related to public policy (how we can use the tools learned in the book “Nudge” to make consumers better off). All of the details for the assignments are noted in this syllabus. Class attendance will be recorded and participation will be evaluated, as discussion is vital to this course. The points assigned to these activities are summarized below:

|  |           |
|--|-----------|
| Exams (100 each)                           | 300       |
| Individual Consumer Interview Assignment   | 35        |
| What Makes Ads Stick Individual Assignment | 60        |
| Final (Nudge) Group Project Paper          | 80        |
| Final (Nudge) Group Project Presentation   | 30        |
| Class Attendance and Participation         | <u>45</u> |
| TOTAL                                      | 550       |

All assignments must be turned in on the assigned due date. Failure to do so without PRIOR authorization from the professor will result in a zero for that component of the course. A student's final grade will be determined by summing the points earned on the items listed above, and translating them into percentages (out of 100%), to ultimately represent a letter grade. The range of weighted percentages and the letter grade representing each range are as follows:

| <u>Percent Range</u> | <u>Grade</u> | <u>Percent Range</u> | <u>Grade</u> |
|----------------------|--------------|----------------------|--------------|
| 97-100               | A+           | 73-76.9              | C            |
| 92-96.9              | A            | 70-72.9              | C-           |
| 90-91.9              | A-           | 67-69.9              | D+           |
| 87-89.9              | B+           | 63-66.9              | D            |
| 83-86.9              | B            | 60-62.9              | D-           |
| 80-82.9              | B-           | 0-59.9               | F            |
| 77-79.9              | C+           |                      |              |

### **Class Participation**

The quality of your participation in class is reflective of your preparation and your interest in the class. A good participation grade is possible only through consistent attendance and quality participation. To facilitate accurate grading of class participation, please choose a seat on the first day of class and keep this seat throughout the semester. Also, please display your name cards during class, at least for the first few weeks until I learn all of your names.

Attendance will be worth 45 points. There are 21 classes that do not include guest speakers and peer presentation, and 3 days of guest speakers (total 24 classes). For each class, you will earn 1 point if you attend (are mentally present, not distracted by technology) and either 1/2 point or 1 point for participation. Thus, you can earn up to 48/45, 3 bonus points for your attendance grade.

From time to time, life events (e.g., an interview) may prevent you from attending class. Because of the possibility of earning bonus points, you can miss a class and it will not hurt your grade.

## Consumer Interview Individual Assignment

To prepare for our class discussion on consumer decision making, please conduct an in-depth interview with someone (someone not in the class) about a recent purchase.

If your last name starts with A – K, please ask this person to describe a recent purchase for a product that cost under \$5.

If your last name starts with L – Z, please ask this person to describe a recent purchase for a product that cost over \$100.

Your goal in the interview will be to discover the decision-making process that led up to this purchase decision (including both external and internal factors that motivated this decision). Please be sure to find out the following:

- What led this consumer to realize that he or she needed or wanted to buy in this product category?
- How many alternatives (if any) did the consumer consider?
- How did the person decide to buy the alternative that he or she chose?
- Who influenced their decision to purchase that item?
- Where did the consumer purchase the product (what came first – decision of what to buy or where to buy?)
- Which product attributes were important to this consumer? Why was it important to him or her that the product have these attributes? Important: please use the laddering technique to prompt the consumer to tell you the key benefits/values that they associate with product attributes. First, ask them to name an important attribute of the product, and then ask them why it is important to them that product have that attribute. After they answer, ask them why it is important to them that they get that benefit, and so on, until you've found out a higher-level, more-abstract motivation (e.g., self-esteem, peace of mind, safety) underlying their preference for the attribute.
- Are there other key associations (e.g., beliefs, feelings, memories, etc.) that come to mind for the consumer when thinking about this product that have not already been described?
- Will the person buy this same product (and brand) again? Why or why not?

After conducting this interview, please write up a concise summary and analysis of your findings. **Important: Be sure to include key marketing implications in your discussion of your findings.** Your write-up should not exceed one page. Please be prepared to talk about your interviews and your observations regarding marketing implications when we talk about consumer decision making.

## **What Makes Ads Go Viral? – Individual Assignment**

The goal of this assignment is to familiarize you with the 6 Sticky principles from Chip and Dan Heath's book, *Made to Stick*. These principles are useful for word-of-mouth marketing and give insight as to why some ads go viral. The first chapter of *Made to Stick* may be available through Penn Library, or you can find this chapter just by using a search engine such as Google; it summarizes all 6 principles (You're welcome to get the book and read it – but it's not necessary for this assignment).

Find an ad that you believe has gone viral (use Youtube, adage.com, or any resource of your choosing). Write a short summary of if (and how) the ad utilizes the 6 sticky principles.

Be brief, and do not exceed 2 double-spaced pages. Submit your summary with a web link to the ad.

This assignment will be graded out of a possible 60 points: Expect to receive 55-60 points if all 6 sticky principles noted and coherently discussed 45-50 points = Most but not all sticky principles noted and coherently discussed 35-40 pts = Mostly coherent but there is a glaring mistake, and anywhere between 0 to 30 if it's Minimally coherent

## **Final Group Project: Helping Consumers Make Better Choices** (3 students per group, you choose your own groups)

In recent years, the field of consumer research has undertaken a new mission: transformative consumer research. The mission suggests that the field should strive to make a beneficial difference in the lives of consumers, both present and future generations, through the chosen focus and conduct of specific research, and in the communicating of its implications and usefulness. The key word “transformative” signifies important and constructive influence, including the potential for uplifting change.

This project begins by defining the behavior you wish to tackle. Some possible examples include tobacco consumption, excessive alcohol consumption or street drugs consumption (by themselves or coupled with machine operations, including vehicular driving), overeating (and particularly obesity), exercising, unprotected sexual behavior (that may lead to AIDS or other sexually transmitted diseases, or undesired pregnancies), gambling, saving (for retirement or otherwise), charitable donations (of money and/or time and to any cause, not a particular one), recycling. You can certainly choose a different behavior, just please be sure it is an important one for consumers.

The next step is to define population you wish to help. It could be the general population, segments (or one segment) – such as children, adolescents, elderly, illiterate, disabled, etc. You should have a good explanation for why this is an important segment to target.

For the purposes of this project, after you chose the population and behavior, please assume that you are a consultant and were hired by an organization that aims to help consumers with that behavior. Your goal in this project is to advise the organization how to nudge consumers to make better choices in that particular area.

### **Your project should include the following sections:**

- The current situation related to the behavior. For example, if the behavior you chose is saving and the population is Americans, track the saving rate in the US, read about the causes for the trends you see in the data and present this. In other words, lay the ground for the problem (is there really a problem? What seem to be the causes for the problem? etc.). Your data sources for this part can come from a variety of sources, such as governmental or other NGO’s data, newspapers (such as the NYT or WSJ), etc. Please make sure your data come from a respectable source, and NOT from obscure websites.
- In analyzing the secondary data, identify the weapons of influence that may have helped in causing the problem. Discuss them and the companies that may have used them and how (for example, if your behavior is overeating and obesity, you can find data on how the fast food industry contributed to this problem). In addition to the weapons of influence, you should discuss cultural (and sub-cultural), socio-demographic, and peer factors that play key roles in shaping the problem. The depth of the analysis in this section is very important.
- Now that you laid the ground for the problem, suggest a way to solve it. I realize that the problems I listed are difficult to solve, so start small. How can you make a difference in the lives of a segment of consumers? Or by helping some charities or some organizations? Think about becoming a choice architect, what options would you present to people and how would you present them, in order to lead them to choose what is best for them. Use the relevant chapters from *Nudge* to come up with ideas (however, the behavior or problem you chose and your solution cannot be one that was discussed in the book. You must come up with your own ideas on how to improve consumers’ lives and choices). You must explain your rationale regarding why your solution is good and how it will operate.
- After formulating your solution, test it. Since your sample will be small (aim to interview or survey at least 15-20 people from your target population, but do not include anyone from this course). I do not expect you to perform any statistical analyses. Use simple measures to test whether your solution is better than the status quo, for example, % who said they will increase/decrease the behavior following your solution. Note that at this point, you should not tell people directly what you are doing, but simply put them in the situation and see how they react. For example, show them ads that you designed to change behavior, give them scenarios to evaluate etc. You can (and should) be creative at this point. For example, interview party participants (probably toward the end of the party) to learn about effects of alcohol. When you report this part in your write-up, discuss your sample, and clearly explain how you obtained the data and what data was obtained.
- Based on the data you gathered, make adjustments to your solution, and present the final recommendation to tackling the problem. While the cost of your solution is not part of this project, try to think about a solution that will not be excessively expensive. Clearly with infinite money we can do almost anything, but when the money is finite, we need to allocate it smartly.
- Noting limitations of your work is encouraged and expected! What could you have done better as you conducted your research? What biases might you have had that influenced your conclusions?

## **Written Report and Guidelines**

Please limit the report up to 10 pages excluding title page, charts, tables, appendices, and reference list. Please make sure the reference list includes all the work you cited. This project should include an executive summary of your report (1-2 paragraphs of key findings), not included in the 10 page maximum.

## **Presentation**

No reading or use of note cards. Relate to the audience, focus on scanning the room, and maintain eye contact. Generate enthusiasm about your topic. The information you present is very important but also use visuals, ads, etc. as appropriate to make the topic interesting to the class. You can have access to PowerPoint if you choose to use it. Please submit your presentation materials to me the night before the presentation - maximum of 10 minutes for each presentation, though this may vary depending on enrollment in the course (I will let you know the time limit well before the presentation is due). Use creative ways of keeping the audience involved.

## **A few additional things:**

**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 was 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.upenn.edu/academicintegrity/>

**Writing.** All writing completed for the course should be carefully proofread and free of grammatical and typographical errors. I reserve the right to penalize any and all instances of poor writing even if writing quality is not explicitly listed as grading criterion.

**Cell phones, iPads and laptops.** Please turnoff all cell phones and iPads upon entering the classroom. Please do not use laptops (or any other electronic devices) during class, as they can be distracting to those around you.

**SCHEDULE AND ASSIGNED READINGS (DRAFT): All readings for a topic assigned for the first day of topic discussion**

|           |        |   |  |
|-----------|--------|---|--|
| Wednesday | 26-Aug | Introduction  |  |
| Monday    | 31-Aug | Research in Consumer Behavior   | "A step-by-step guide to smart business experiments," Anderson and Simester, <i>Harvard Business Review</i>                          |
| Wednesday | 2-Sep  |   | "How surveys influence consumers," Dholakia and Morwitz, <i>Harvard Business Review</i>  |
| Wednesday | 9-Sep  | Motivation, Personality, and Consumer Values  | "Using laddering to understand and leverage a brand's equity," Wansink, <i>Qualitative Market Research</i>                           |
| Monday    | 14-Sep |   |  |
| Wednesday | 16-Sep | Guest Speaker: Marissa Heitshusen (Director, Digital Development Strategy and Insights, Viacom Music & Entertainment Group) |  |
| Monday    | 21-Sep | Perception, Exposure and Attention  | "If it says McDonald's, then it must be good," <i>New York Times</i>   |
| Wednesday | 23-Sep |   | "Please touch the merchandise," Williams and Ackerman, <i>Bloomberg</i>  |
|           |        |   | "TV commercials shrink to match attention spans," <i>USA Today</i>   |
|           |        |   | "Objects in store are smaller than they appear," <i>Los Angeles Times</i>  |
|           |        |   | "The psychology of discounting: Something doesn't add up," <i>The Economist</i>  |
|           |        |   | "Consumer Behaviour: Top tips on sales to irrational shoppers," <i>Financial Times</i>   |
| Monday    | 28-Sep | Memory and Learning   | "Introducing New Coke" Case, <i>Harvard Business Review</i>  |
| Wednesday | 30-Sep |   |  |
| Monday    | 5-Oct  | Guest Speaker: Charles Villa (Vice President of Global Consumer and Consumer Insight, Campbell Soup Company)                |  |
| Wednesday | 7-Oct  | Exam 1  |  |
| Monday    | 12-Oct | Consumer Decision Making  | Begin reading "Nudge"; Consumer Interview Assignment Due   |
| Wednesday | 14-Oct | Consumer Decision Making  | "A hint of hype, a taste of illusion," <i>Wall Street Journal</i>  |
| Monday    | 19-Oct | Consumer Decision Making  | "Want to perfect your company's service? Use behavioural science," <i>Harvard Business Review</i>                                    |
| Wednesday | 21-Oct | Guest Speaker: Lauren La Cascia (Vice President of Consumer Insights, Ann Inc.)   |  |
| Monday    | 26-Oct | Consumer Decision Making (and discussion of "Euro-Air" Case)  | "Euro-Air" Case, <i>Harvard Business Review</i>  |
| Wednesday | 28-Oct | Attitudes and Consumer Behavior   | "Made to stick," Chapter 1   |
| Monday    | 2-Nov  | Attitudes and Consumer Behavior   |  |
| Wednesday | 4-Nov  | Completion of Attitudes and Consumer Behavior; Nudge  | "What makes ads go viral?" assignment due; Should also be done reading <i>Nudge</i>  |
|           |        |   | "Helping the poor in education: The power of a simple nudge," <i>New York Times</i>  |
|           |        |   | "Nudge your customers toward better choices," Goldstein, Johnson, Herrmann, and Heitmann, <i>Harvard Business Review</i>             |
|           |        |   | "In praise of small miracles," Op-Ed, Brooks, <i>New York Times</i>  |
| Monday    | 9-Nov  | Exam 2  |  |
| Wednesday | 11-Nov | Influence (Contrast Effect, Liking, Reciprocity, Consistency, Scarcity)   | Influence: Chapters 1-3, 5-7   |
| Monday    | 16-Nov |   |  |
| Wednesday | 18-Nov | Influence: Chapter 4 "Social proof: Truths are us"  |  |
| Monday    | 23-Nov | Influence (Authority and Consumer Behavior in Groups/ Social Proof)   | "Finding the 'weapons' of persuasion to save energy", <i>New York Times</i>  |
| Monday    | 30-Nov | Dark Side of Consumer Behavior  | "Influence of licensed characters on children's taste and snack preferences," Roberts, Baik, Harris, and Brownell, <i>Pediatrics</i> |
| Wednesday | 2-Dec  | Exam 3  |  |
| Monday    | 7-Dec  | Papers Due/ Presentations   | Papers and Slides Due  |