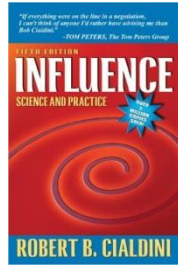


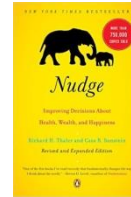
**CONSUMER BEHAVIOR, MKTG 711
FALL 2015**

PROFESSOR: Julia Bayuk, PhD
OFFICE: 716 Huntsman Hall
E-MAIL: jbayuk@wharton.upenn.edu (Best way to reach me)
OFFICE HOURS: Mondays 1:30pm - 3pm or by appointment

Required Readings:



- ⇒ *Influence*, fifth edition, Robert Cialdini
(If prior edition is 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.

- ⇒ Additional required readings are specified in the syllabus (reading schedule at the end), and links to the articles (to access through Penn library) will be provided. You will also be able to access HBR readings through the Penn library. Cases will be available for purchase through Study.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 further 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 two in-class, closed-book, exams given during the semester, which will consist of primarily short answer questions. Beyond that, you will have an individual assignment and a group paper, which will also result in a short presentation to the class. Details for all of the assignments are specified 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:

Exam (100 each)	200
What Makes Ads Go Viral Individual Assignment	60
Final Group Project Paper	70
Final Group Project Presentation	30
Class Attendance and Participation	<u>50</u>
TOTAL	410

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.

Class Participation:

The quality of your participation in class is reflective of your interest in the class and of the amount of your preparedness for it. 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 the names.

Attendance will be worth 50 points. There are 21 classes that do not include guest speakers and peer presentations, and 5 additional classes for guest speakers and peer presentations, for a total of 26 non-exam classes. For each class, you will earn 1 point if you attend (are mentally present, not pre-occupied by technology) and either ½ point or 1 point for participation if you participate, depending on the quality of your contributions. Thus, you can earn up to 52/50 points for participation.

From time to time, life events (e.g., an interview) may prevent you from attending class; when this happens, you will receive a zero for class participation for that day. You can have one unexcused absence without it negatively impacting your grade.

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* will be available to you through the Penn library (or you can easily find just by using Google or any search engine); 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:

I realize that students come into this class from different backgrounds and with different interests. Thus, I want your projects to reflect problems and topics that you find most interesting and important. You can apply the concepts we have discussed in class to help companies make better decisions, or to help consumers make better decisions.

As a group (you can choose your own group, ideally with 5 members, we will decide on groups once the semester begins), you can choose from either of the following 2 projects. I do not have any preference re: which you choose.

Option 1: Consumer Behavior and the Organization

The primary objective of this project is to answer your question, "So what is the relevance of all this to me and my organization?" The focus of this project is the application of consumer behavior concepts to a specific marketing strategy problem facing your organization (or one you are familiar with). For instance, you might ask "How do we increase awareness for a new product?" or "How can we better understand why a particular segment is choosing our product versus a competitor's product?" There are many possible questions you could ask. For the purpose of this paper, try to focus on one key question. Secondary and primary research is expected. The report should include the following three sections:

(1) Background

The background section provides the context and focus for the consumer analysis. Secondary research is expected for this section, drawing on information from company reports, online sources, news articles, etc. The section should include a discussion of the marketing strategy problem, describing the current situation, and identifying the specific marketing strategy problem. Use course concepts in your explanation. What is the customer segment that is most relevant to the marketing problem you identified? Explain the segment's current or potential value.

(2) Consumer Analysis

Use a form of primary research to gain information on and understanding of the consumer. This may involve observation research, a focus group, interviews, an experiment, etc. Describe your research objectives, method and findings. What did you want to know? How did you study it? What did you learn? How could you improve the research methodology (if you could go back and have the opportunity to redo it). I don't expect you to use major statistical analyses as we do not cover them in this course.

(3) Recommendations

Conclude the report with recommendations, based on the secondary and primary research you conducted. The recommendations should address the marketing problem you identified, and may involve aspects of segmentation, positioning, and marketing mix decisions. Be specific. Suggest how your recommendations could be implemented. Also, identify what additional research you recommend.

Option 2: Helping Consumers Make Better Choices (focus on *Influence* and *Nudge*)

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. Explain why this is the key 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:

(1) 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, academic or newspapers (such as the NYT or WSJ), etc. Please make sure your data come from respectable sources, and NOT from obscure websites.

(2) In analyzing the secondary data, identify the weapons of influence that may have helped cause 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.

(3) 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.

(4) 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, or run a small experiment, 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.

(5) 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.

Written Report and Guidelines (regardless of project topic):

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 (format of this does not matter to me, as long as I can find the reference if I need to). This project should also include an executive summary of your report (1-2 paragraphs of key findings), not included in the 10 page limit.

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? Evaluating your own work helps you grow as a marketer, especially when conducting research.

I will ask you to complete peer evaluations at the end of the semester. These can influence your individual grade.

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. I will ask you to submit the slides to me the night before presentations begin, so I can have them on the computer and ready to go. Maximum 10 minutes for each group presentation. Use creative ways of keeping the audience involved. Your presentation will be graded primarily on content, professionalism, and ability to get your point across and interest your audience.

A Few Other Things:

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, iPods and laptops. Please turnoff all cell phones and iPods 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. This is very common in the MBA curriculum across top programs. If, for some reason you need to use a computer for note taking, please speak with me.

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/>

SCHEDULE AND READINGS (Additional readings may be posted on Canvas during the semester)

Each reading is due on the first day we cover that topic, unless otherwise noted

Wednesday	26-Aug	1. Introduction	
Monday	31-Aug	2 and 3. 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", <i>Harvard Business Review</i>
Wednesday	9-Sep	4 and 5. 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	6 and 7. 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,"
			"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	8 and 9. Memory and Learning; "Introducing New Coke" Case	
Wednesday	30-Sep	Discussion on September 30th	"Introducing New Coke" Case, <i>Harvard Business Review</i>
Monday	5-Oct	Guest Speaker:Charles Villa (Vice President of Global Consumer and	
Wednesday	7-Oct	10-13. Consumer Decision Making	Begin reading <i>Nudge</i>
Monday	12-Oct		"A hint of hype, a taste of illusion," <i>Wall Street Journal</i>
Wednesday	14-Oct		"Want to perfect your company's service? Use behavioural science," <i>Harvard Business Review</i>
Monday	19-Oct		"Euro-Air" Case, <i>Harvard Business Review</i>
Wednesday	21-Oct	Guest Speaker: Lauren La Cascia (Vice President of Consumer Insights, Ann Inc.)	
Monday	26-Oct	Exam 1	
Wednesday	28-Oct	14-16. Attitudes and Consumer Behavior	"Made to stick," Chapter 1
Monday	2-Nov		
Wednesday	4-Nov	Completion of Attitudes and Consumer Behavior; Nudge	What Makes Ads Go Viral Assignment Due; Done <i>Nudge</i>
Monday	9-Nov	17 and 18. Influence (Contrast Effect, Liking, Reciprocity, Consistency, Scarcity)	Influence: Chapters 1-3, 5-7 (Read by November 4)
Wednesday	11-Nov		
Monday	16-Nov	19 and 20. Influence (Authority and Consumer Behavior in Groups/ Social Proof)	Influence: Chapter 4 "Social Proof: Truths Are Us" (This and readings below by November 16)
Wednesday	18-Nov		"Finding the 'Weapons' of Persuasion to Save Energy", <i>New York Times</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	23-Nov	Exam 2	
	30-Nov	21. Dark Side of Consumer Behavior	"Influence of Licensed Characters on Children's Taste and Snack Preferences," Roberts, Baik, Harris, and Brownell, <i>Pediatrics</i>
Monday			
Wednesday	2-Dec	Group Papers Due/ Presentations Day 1	
Monday	7-Dec	Presentations Day 2	