



MKTG 211 – CONSUMER BEHAVIOR

Syllabus (Updated: August 21, 2016)

Fall 2016

Instructor: Professor Jason Riis

Office: 753 Huntsman Hall

Office Hours: Tuesday 3:00pm – 4:30pm (or by appointment)

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Class Meetings (section 001): Monday & Wednesday, 1:30pm – 2:50pm, JMHH 365

Class Meetings (section 004): Monday & Wednesday, 3:00pm – 4:20pm, JMHH 365

Class Starts: Wednesday, August 31, 2016

COURSE DESCRIPTION

To make money, businesses need many individual consumers to decide to purchase their products. Most businesses routinely fail in this regard, as most products end up failing in the marketplace – too few individual consumers decide to buy, so the business cannot earn sufficient profit.

At the same time, there is considerable failure from the consumer perspective too. Few people manage to behave exactly as they feel they should. Social problems associated with consumer behavior include obesity, addiction, lack of exercise, low savings rates, etc. And people frequently spend money on products and services that just don't end up bringing the anticipated joy (e.g., vacations with unexpected hassles, clothes that looked better in the store, and technologies that turn out to be too hard to use).

The study of consumer behavior is about understanding what leads to the individual purchase decisions that are so important to business profitability, and to personal prosperity.

To understand individual purchases, we must understand basic psychological processes (such as memory, habit, identity, preference, and intuition). We must also understand specific behaviors at different stages of the consumer journey: from pre-purchase search, to moment-of-purchase deliberation, to post-purchase user experience and word-of-mouth.

This course will examine all of these concepts, drawing both on academic research, and on industry practice. Students will be encouraged to apply the course concepts to cases that are of

particular interest to them. These applications will be developed through participation (both online and in class), as well as through two assignments (described below).

There will be three modules to the course: 1) basic psychological processes, 2) pre-purchase behavior, 3) moment-of-purchase and post-purchase behavior.

REQUIRED READING

Ahead of each class, you will be expected to read:

1. A short (2-3 page) introductory note, written by me, introducing the key concepts for that session's topic. These notes will be posted on Canvas several days before each session.
2. One published paper or case study on the day's topic drawn from the academic or practitioner literatures. The papers will be available through Study.Net.

The readings have been carefully chosen to reflect state-of-the art research that spans disciplines including behavioral economics, marketing, psychology, information technology, sociology, and others. Wharton has a rich research tradition in consumer behavior research – many of the readings for this course were authored by current and former Wharton faculty.

ASSESSMENT DETAILS

Participation	20%
Test 1	20%
Test 2	20%
Test 3	20%
Assignment 1	10%
Assignment 2	10%

Participation (online):

Before 12:00pm (noon) on the day of each class (and preferably the day before), you will be expected to post some brief comments on Canvas. These comments should be based on your reading of that class's introductory note and published paper. Specific guidance will be provided on Canvas ahead of each class. But generally, the kinds of things to comment on will include the following:

- Examples of concepts in the introductory note or published paper that relate to cases that interest you (e.g., brands, companies, policies, news stories)
- Nuances or questions relating to the concepts or frameworks in the readings

The main purpose of these comments is to help you keep up with and engage with the readings. Your online comments may also be a basis for contribution in class. A teaching assistant or I will read all of your comments. We will occasionally respond online, and other times will address your comments in class. Your online comments will generally be scored as either satisfactory or unsatisfactory/incomplete. You will have one “free” pass for online submissions (your first unsatisfactory or incomplete submission will be ignored). After that, unsatisfactory or incomplete submissions will hurt your participation score.

Participation (in class):

A critical component of the success of this course depends on you. Although the obligation to speak up can be intimidating to some, this class relies on informed engagement for learning.

You should be prepared to contribute to class discussions throughout the semester by raising issues that are relevant to the current focus of the class. Preparation and engagement are crucial to effective class contribution. You are expected to attend every class session having read and thought about the assigned material. You should always be prepared to contribute to the class discussions and demonstrate your preparation by asking questions whenever necessary and integrate the vocabulary and concepts from the readings into your class comments. A contribution to class discussion is a comment that possesses one or more of the following properties:

- Uses logic, evidence, and data to support conclusions, and is more than an expression of an opinion or feeling;
- Shows curiosity, creativity, and the willingness to experiment;
- Takes into consideration the ideas already offered by others, and moves the analysis forward to generate new insights; and/or
- Helps others feel safe about participating.

Comments that are vague, repetitive, unrelated, disrespectful of others, or without sufficient foundation are discouraged and will be evaluated negatively. High quality class contribution involves knowing when to speak and when to listen or allow others to speak. I will undertake “supportive cold calling” (partly informed by your online participation which the TAs and I will read before class) to encourage balanced involvement, to ensure appropriate preparation and attention, and to elevate the quality of in-class discussions.

If you will be absent or late, or if you must leave class early, you are expected to inform me via email prior to class. Excused absences must be reported through the course absence report system (e.g., Penn InTouch or the undergrad/MBA program office). You may miss one class with impunity. But beyond that, absences may result in significant penalty or failure of the course. Leaving class (and returning) is disruptive to other students (and to me), so please try to avoid it.

You should also note that this class is “unplugged.” Once class commences, all electronics (e.g., computers, cell phones, tablets, pagers, walkie-talkies, etc.) should be turned off and put away. If you need to use a device because of a language or disability issue, you need to secure my permission and the permission of Student Disabilities Services at the beginning of the term. The misuse of an electronic device (e.g., surfing the internet or messaging others) is disrespectful and a distraction. Because participation is central to the course, absences, a lack of preparation, or the misuse of an electronic device can seriously affect your grade (i.e., it can result in LT/D/F grades in the course even if you pass all other parts of the course).

Lastly, this class does not depend only on you, but also on me. I will be disappointed if there is a problem in the classroom—particularly one that could be remedied—but nobody shares it with me. To benefit our class, I will ask you to provide feedback to me during the semester on what is going well and what we can improve. Although I cannot guarantee that I will satisfy all of your suggestions, I will try my best to address them. I have articulated these expectations, rules, and norms because I believe that if we abide by them, we will create a better and more supportive learning environment.

Tests:

There will be three tests, one after each module. The tests will generally consist of short answer questions that focus on empirical studies discussed in class. There may be a few multiple choice questions as well, but they will also focus on studies discussed in class. The tests are closed note and they will be completed through Canvas, in the computer lab, JMHH 380, during the usual class time.

Assignments:

The first assignment will focus on concepts from module 2, on pre-purchase behaviors. The second assignment will focus on concepts from module 3, on the moment-of-purchase and post-purchase behavior.

For both assignments, you will choose a product or service that is of interest to you (either for personal or professional reasons). For assignment 1, your task will be to develop insights about the typical consumer’s pre-purchase behaviors. This will include an examination of the various issues we have discussed in class related to need recognition, search, and evaluation. For assignment 2, you will examine issues related purchase process, payment, product usage and engagement, consumer word-of-mouth, and loyalty.

A detailed description will be posted on Canvas, but as part of each assignment you will be asked to do the following:

- Interview 2-3 potential consumers of this product about their experiences and draw connections to course concepts

- Look at ads, webpages, reviews, retail environment, and other marketing materials to understand how marketers are trying to influence customers and to evaluate these marketing efforts based on your understanding of consumer behavior
- Read and apply findings of academic research related to the product / issues that you are studying. (A separate Canvas page will be set up to help you with this.)
- Identify key challenges (with respect to consumer behavior) that the company faces, and articulate a hypothesis about how to solve or better understand the challenge.

The assignments will be done individually, but you will be encouraged to get feedback from me on your ideas. This will be done through small group office hours that will be scheduled throughout the semester. All assignments will be graded by me and/or one of the TAs.

In addition, part of your grade for the assignment will be based on peer review. Incorporating peer review has several educational advantages: 1) it allows you to see the work of other students in a formal way, 2) research has shown that it is at least as reliable and accurate as grading done by a single faculty member, 3) it engages you with the course concepts from a different perspective, and 4) it develops your reviewing skills – reviewing the work of others is a critical function in most professional occupations.

The peer review systems does not lighten the work load for faculty and TAs. We still grade each assignment. I am using it for this course as a supplement, because I have seen it used successfully at Wharton (including in this course last year), and because I strongly believe in its value to you as students.

The peer review system uses a sophisticated process, developed here at Wharton, to make the system as fair and effective as possible. Each student will review the assignments of 5 randomly assigned and anonymous other students. The student grader will read and rank the assignments from best to worst (1-5). Those ranks will then be used by the algorithm and combined with my rankings (and the TAs) to create an overall score. All graders are somewhat “noisy” (unreliable) in the statistical sense, and the algorithm is able to measure each peer grader’s “noisiness”. Peer graders whose rankings are vastly inconsistent with mine and with everyone else’s are given less weight in determining overall assignment scores.

Much more information about the peer review system, and about the assignments themselves will be available as the course progresses. While the first assignment is not due until October, there are two assignment-related tasks that must be completed before then. The first is a test of the online peer review system and we’ll call it Assignment 0. For Assignment 0, you will be required to submit a joke which your peers will rank within a set of other jokes. In turn, you will rank 5 of your peers’ jokes. Your score will, of course, not count toward your grade, but failing to participate in the process could result in a penalty. The second pre-assignment task to be completed is the submission of assignment topic ideas a few weeks into the course (details will be posted on Canvas). Again, this will not count toward your grade unless you fail to submit topic ideas on time, in which case you may be penalized.

SCHEDULE

NOTE: Some schedule changes may be required to accommodate guest speakers. I will give as much notice as possible. You might want to delay purchasing the HBS case studies until I confirm the discussion dates.

#	DATE	TOPIC	READING (+introductory note)	DUE (+online comment)
1	Wed, Aug 31	<i>Introduction</i>		
	Mon, Sep 5	No Class (Labor Day)		
2	Wed, Sep 7	Automatic vs. deliberative processes	#1. Kahneman 2011	
3	Mon, Sep 12	Memory and learning	#2. Ratner & Riis 2014	
4	Wed, Sep 14	Habit	#3. Eyal 2013	
5	Mon, Sep 19	Identity	#4. Reed 2012	
6	Wed, Sep 21	Intuition and emotion	#5. Scott 2016	Topic ideas
7	Mon, Sep 26	<i>Test 1 (in JMHH 380 computer lab)</i>		
8	Wed, Sep 28	<i>Methods for consumer research</i>	#6. Simmons 2011	Interview
9	Mon, Oct 3	<i>Guest (David Neal, Behavioral Scientist)</i>	Case: CVS	Assignment 0
10	Wed, Oct 5	Barriers to need recognition	#7. Shu & Gneezy 2010	
11	Mon, Oct 10	Triggers of needs	#8. Dai 2014	Peer grading 0
12	Wed, Oct 12	Awareness, consideration, search	#9. Elsen 2016	
13	Mon, Oct 17	<i>Guest (Kelsey Price, Google)</i>	Case: Google	
14	Wed, Oct 19	Reviews and predicting experience	#10. De Langhe 2016	
15	Mon, Oct 24	<i>Guest (Pam Strifler, Monsanto)</i>	Case: Monsanto	
16	Wed, Oct 26	Framing and social norms	#11. Goldstein 2008	
17	Mon, Oct 31	<i>Test 2 (in JMHH 380 computer lab)</i>		
18	Wed, Nov 2	POS choice architecture	#12. Hildebrand 2014	Assignment 1
19	Mon, Nov 7	Price perception	#13. Thaler 2008	
20	Wed, Nov 9	Retail friction and grease	#14. Bell 2014	Peer grading 1
21	Mon, Nov 14	<i>Guest (Leslie Revitt, Macy's)</i>	Case: Macy's	
22	Wed, Nov 16	User experience + engagement	#15. Billeter 2011	
23	Mon, Nov 21	<i>Guest (Jordan Bennett, Video Games)</i>	Case: Angry Birds	
	Wed, Nov 23	No Class (Thanksgiving)		
24	Mon, Nov 28	Generating WOM	#16. Barach&Berger 2014	
25	Wed, Nov 30	Loyalty	#17. Wang 2016	
26	Mon, Dec 5	<i>Guest (Neal Hogan, OfferCraft)</i>	Case: American Well	Assignment 2
27	Wed, Dec 7	<i>Test 3 (in JMHH 380 computer lab)</i>		
28	Mon, Dec 12	<i>Wrap up</i>		Peer grading 2

READING LIST (STUDY.NET)

1. Kahneman (2011). The characters of the story. *Thinking Fast and Slow (Chapter 1)*.
2. Ratner and Riis (2014). Communicating science-based recommendations with memorable and actionable guidelines. *Proceedings of the National Academy of Sciences*.
3. Eyal (2013). The app of God. *The Atlantic*.
<http://www.theatlantic.com/technology/archive/2013/07/theappofgod/278006/>
4. Reed, A., Forehand, M. R., Puntoni, S., & Warlop, L. (2012). Identity-based consumer behavior. *International Journal of Research in Marketing*, 29(4), 310-321.
5. Scott, S. E., Inbar, Y., & Rozin, P. (2016). Evidence for Absolute Moral Opposition to Genetically Modified Food in the United States. *Perspectives on Psychological Science*, 11(3), 315-324.
6. Simmons, J. P., Nelson, L. D., & Simonsohn, U. (2011). False-Positive Psychology: Undisclosed Flexibility in Data Collection and Analysis Allows Presenting Anything as Significant. *Psychological Science*, 22(11), 1359-1366.
7. Shu, S. B., & Gneezy, A. (2010). Procrastination of Enjoyable Experiences. *Journal of Marketing Research*, 47(5), 933-944.
8. Dai, H. C., Milkman, K. L., & Riis, J. (2014). The Fresh Start Effect: Temporal Landmarks Motivate Aspirational Behavior. *Management Science*, 60(10), 2563-2582.
9. Elsen, M., Pieters, R., Wedel M. (2016). Thin Slice Impressions: How Advertising Evaluation Depends on Exposure Duration. *Journal of Marketing Research (forthcoming)*.
10. De Langhe, B., Fernbach, P.M., Lichtenstein, D.R. (2016). Navigating by the Stars: Investigating the Actual and Perceived Validity of Online User Ratings. *Journal of Consumer Research (forthcoming)*.
11. Goldstein, N. J., Cialdini, R. B., & Griskevicius, V. (2008). A room with a viewpoint: Using social norms to motivate environmental conservation in hotels. *Journal of Consumer Research*, 35(3), 472-482.
12. Hildebrand, C., Haubl, G., & Herrmann, A. (2014). Product Customization via Starting Solutions. *Journal of Marketing Research*, 51(6), 707-725.
13. Thaler, R. H. (2008). Mental accounting and consumer choice. *Marketing Science*, 27(1), 15-25.

14. Bell et al (2014). How to win in an omnichannel world. *Sloan Management Review*, 56(1), 45-53.
15. Billeter, D., Kalra, A., & Loewenstein, G. (2011). Underpredicting Learning after Initial Experience with a Product. *Journal of Consumer Research*, 37(5), 723-736.
16. Barasch, A., & Berger, J. (2014). Broadcasting and Narrowcasting: How Audience Size Affects What People Share. *Journal of Marketing Research*, 51(3), 286-299.
17. Wang, Y., Lewis, M., Cryder, C., Sprigg, J. (2016). Enduring Effects of Goal Achievement and Failure Within Customer Loyalty Programs: A Large-Scale Field Experiment. *Marketing Science* (forthcoming).

GUEST LECTURES

Guest lecturers will give us an up close view of how the consumer decision making process is understood and studied in practice. We will have several such guest lectures through the semester:

1. David Neal, Founder of Catalyst Behavioral Science
2. Kelsey Price, Google
3. Pam Strifler, Vice President of Marketing, Monsanto
4. Leslie Revitt. Vice President of Omnichannel. Macy's
5. Jordan Bennett, Video Game Entrepreneur
6. Neal Hogan, Principle, OfferCraft

CASE STUDIES

Generally, for each guest lecture, we will read a case study as background. In some cases, the case study will simply provide background on the company being discussed by the guest. In other cases it will examine a consumer behavior challenge faced by a different company. Although the case documents are not organized around consumer behavior, each of them, at its core, discusses a managerial challenge relating to consumer behavior.

NOTE: The cases have been assigned tentatively to specific dates and speakers. It is possible that some schedule changes will be made. You may want to wait until dates are confirmed (usually a few weeks before each guest lecture) before buying the cases.

1. CVS Health: promoting drug adherence
2. Google Inc. in 2014
3. Monsanto: helping farmers feed the world
4. Terry Lundgren at Macy's
5. Angry Birds
6. American Well: the DTC decision