

MKTG 951: Consumer Judgment and Decision Making

Fall 2019

Instructor: Barb Mellers mellers@wharton.upenn.edu

When and Where: Tuesdays 9-12 (JMHH 741; Marketing conference room)

Course website: Canvas

Course Overview:

This course will give you an overview of judgment and decision-making topics in consumer research. The weekly readings will cover some classic papers and some newer areas in consumer decision making. You will learn about outstanding questions and current controversies. Each week, I'll start with a short lecture and then we'll discuss articles. Your job is to read all assigned papers and come up with at least two discussion questions. Be prepared to share your answers. You also need to bring an idea about a topic of the week that could eventually lead to a study. See below. The final project is a research proposal. Students will present proposals on the last day of class.

Assignments

Each week before 11 pm on Mondays, submit via Canvas

1) An idea related to the current set of readings. It should be at least a few paragraphs in which you: 1) react to a paper by proposing a different theoretical mechanism, 2) discover a flaw in reasoning, 3) create a new way to investigate the question, 4) investigate boundary conditions, or something entirely different. Be prepared to discuss the idea in class.

(2) At least two interesting discussion questions. Be prepared to share your answers.

Students will take turns presenting papers and leading discussions about key components.

On the last day of class, turn in a research proposal and present your work to the class. You'll have a chance to share your ideas and get feedback. The proposal could build on one or more of your weekly ideas or it could be completely new. This is a half course, so there will not be a midterm or final. Generate a research idea related to the course, briefly discuss relevant papers, propose a design, say how you would implement the experiment, what analyses you would do, and inferences you would draw given different results. The proposal should not exceed 6 pages (excluding references or graphs). It should be typed, double-spaced, 12 point font, and 1 inch margins. Don't hesitate to talk to me about your ideas or proposals before the deadline.

- **Grading**

25% Weekly Ideas and Questions

25% Presentations of Articles, Discussions, and Class Participation

40% Research Proposal

10% Presentation of Proposal

Course Schedule

Oct 22nd, More on Constructed Choices

Rieskamp, J., Busemeyer, J., & Mellers, B.A. (2006.) Extending the bounds of rationality: Evidence and theories of preferential choice. *Journal of Economic Literature*, 44, 631-661.

Shafir, E., Simonson, I., & Tversky, A. (1993). Reason-based choice. *Cognition*, 49(1-2), 11-36.

Luce, M.F., Payne, J. & Bettman, J. (1999). Emotional trade-off difficulty and choice. *Journal of Marketing Research*, 36, 143.

Ariely, D., & Levav, J. (2000). Sequential choice in group settings: Taking the road less traveled and less enjoyed. *Journal of Consumer Research*, 27, 279-290.

Recommended Reading

Mellers, B.A., & Cooke, A. D.J. (1996). The role of task and context in preference measurement. *Psychological Science*, 7, 76-82.

Oct 29th, Emotions in Judgment and Decision Making

Wilson, T., & Gilbert, D. (2005). Affective forecasting: Knowing what to want, *Current Directions in Psychological Science*, 3, 131-134.

Slovic, P., Finucane, M., Peters, E., & MacGregor, D. (2002). The affect heuristic. In T. Gilovich, D. Griffin & D. Kahneman (Eds.), *Heuristics and biases: The psychology of intuitive judgment* (pp. 397-420). New York, NY: Cambridge University Press.

Mellers, B. A. (2000). "Choice and the relative pleasure of consequences. *Psychological Bulletin*, 126, 910-924.

Isen, A. M (1993). Positive affect and decision making. In M. Lewis & J.M. Haviland (Eds.), *Handbook of emotions* (pp 261-277). New York: Guilford Press

Recommended Readings:

Kahn, Barbara E. and Alice Isen (1993), "The Influence of Positive Affect on Variety Seeking among Safe, Enjoyable Products, *Journal of Consumer Research*.

Patrick, W., MacInnis, D, & Park, C. (2006). Not as happy as I thought I'd be? Affective misforecasting and product evaluation. *Journal of Consumer Research*, 33, 4, 479-489.

Simonson, I. (1992). The influence of anticipating regret and responsibility on purchase decisions. *The Journal of Consumer Research*, 19, 105-118.

Valenzuela, A., Mellers, B.A., & Strebel, J. (2010). Pleasurable surprises: A cross-cultural study of consumer responses to unexpected incentives. *Journal of Consumer Research*, 36, 792-805.

Punam, A., Lipkus, I. & Rimer, B. (2003). Affect, framing, and persuasion. *Journal of Marketing Research*, 40, 54-64

Mellers, B.A., & McGraw, P. (2001). Anticipated emotions as guides to choice. *Current Directions*, 6, 210-214.

Nov 5th, Loss Aversion in Hedonic Ratings

Weaver, R. & Frederick, S. (2012) A Reference Price Theory of the Endowment Effect, *Journal of Marketing Research*. 696-707.

Mellers, B.A., & Ritov, I. (2010). How beliefs influence the relative magnitude of pleasure and pain, *Journal of Behavioral Decision Making*, 23, 369-382.

McGraw, P., Larsen, J. Kahneman, D., & Schkade, D. (2010). Comparing gains and losses. *Psychological Science*.

Birnbaum, M. (1999). How to make $9 > 221$: Use between-subject designs. *Psychological Methods*

Rozin, P. & Royzman, E. (2001). Negativity bias, negativity dominance, and contagion. *Personality and Social Psychology Review*, 4, 296-320

Recommended Reading.

Mellers, B., Richards, V., & Birnbaum, M. (1992). Distributional theories of impression formation. *Organizational Behavior and Human Decision Processes*, 51, 313-343.

Nov 12th, Financial Decision Making

Tufano, P. (2009). Consumer finance. *Annual Review of Financial Economics*, 1.1, 227-247.

Navarro-Martinez, D., Salisbury, L, Lemon, K. Stward, N., Matthews, W. & Harris, A. (2011). Minimum required payment and supplemental information disclosure effects on consumer debt repayment decisions. *Journal of Marketing Research*, 48, S60-S77.

Fernandes, D., Lynch, J, & Netemeyer, R. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60, 8, 1861-1883.

Briers, B. & LaPorte, S. (2013). A wallet full of calories: The effect of financial dissatisfaction on the desire for food energy," *Journal of Marketing Research*.

Recommended Readings:

Shah, A., Mullainathan, S., & Shafir, E. (2012). Some consequences of having too little. *Science*

Wiener, R Holtje, M, Winter, R. Cantone, J., Gross, K. Block-Lieb, S. (2007). Credit Card Use: The Roles of Creditor Disclosure and Anticipated Emotion. *Journal of Experimental Psychology: Applied*, 32, 46

Sharma, E., Alter, A. (2012). Financial deprivation prompts consumers to seek scarce goods. *Journal of Consumer Research*

Nov 19th, When and Why Do Nudges Work?

Sunstein, C. (2014). Nudging: A very short guide. *Journal of Consumer Policy*.

Szaszi, B., Palinkas, A., Palifi, B., Szollos, A. Aczel, B. (2018). A systematic scoping review of the choice architecture movement: Toward understanding when and why nudges work. *Journal of Behavioral Decision Making*. 31, 355–366.

Li, M. & Chapman, G. (2013). Nudge to health: Harnessing decision research to promote health behavior. *Social and Personality Psychology Compass*, 187–198.

Loewenstein, G. & Chater, N. (2017). Putting nudges in perspective. *Behavioural Public Policy*, 1, 26–53.

Recommended Reading:

Thaler, R. The Power of Nudges for Good and Bad, NYT Oct 31, 2015.

Dec 3rd, Presentations