SYLLABUS
MKTG 211-002 Consumer Behavior
Fall 2020

Instructor: Professor Barbara Mellers

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Course Time and Place: Tuesdays and Thursdays 1:30 - 3 pm ET Online

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Office Hours: Thursdays 3 to 4:30 pm ET or by appointment

Course Description:

Good managers understand their customers. They have accurate mental models that allow them to predict what people perceive, what they learn, what they prefer, and what makes them keep coming back. The best mental models rest on psychological principles and insights. This course will give you a solid understanding of the perceptual, cognitive and emotional processes of consumers. We will also discuss social influences (reference groups, competition, and tipping points) in the context of business problems. Your group project will be an attempt to help consumers make better decisions. Finally, we'll discuss ways to handle practical business problems, such as customer selection, customer complaints, loyalty programs, advertising, and more.

Course Objectives:

* Examine theories, findings, methods and procedures to understand consumers. Gain insights about how to predict and understand consumer behavior, including cognitive mechanisms (sensation, perception, attention, memory, and learning) and emotional mechanisms (surprise, pleasure, pain and satisfaction). You will get a better understanding of attitudes and persuasion. You will also learn about the consumer's view of new products, innovation, and tipping points.

* These insights will provide you with tools to see how consumer behavior should shape marketing strategies

Course Requirements

This course will be a continuing conversation that includes lectures, discussions, cases, a guest lecture, and group presentations. I am a firm believer in active learning, and this is more challenging than ever with remote classes. Regardless, you should expect me to call on you in class. Bring questions and comments to each session! At the beginning of class, I'll ask if you have any thoughts about the readings. We have a large class, so I will stop my lecture every 10 minutes to take questions. Please write questions in the chat, and the TA help me will keep track of them. I will try to connect with whomever asks questions and give you my thoughts about your questions. I suspect I will have to mute everyone during the lecture portion of class, especially if there is background noise. But I'll unmute when we are doing Q and A!.

Your course grade will be determined based on your performance on the following items:

Class Participation	**10%**
Paper 1	**15%**
Paper 2	**15%**
Homework and Case Prep	**30%**
Group Paper	**25%**
Group Presentation	**5%**

Class Participation. Read the papers before each class! Think about questions you'd like to ask or thoughts you have and have those thoughts ready. Participate in discussions by advancing the conversation. Take turns. When I call on you, I want to hear your thoughts, suggestions, criticisms, and questions, but do so in a way that advances the conversation and respects the time of others. I'll post lectures after class.

Papers. There are two papers that I will ask you to write. Post them before class on the day they are due. All work must be your own. Your papers should be no longer than 3 pages, double spaced, 12 point font and 1" margins.

Homework: On some weeks, I will ask you to do exercises and assignments. I may give you an exercise that needs SPSS. You should be able to access a copy of it on Wharton's virtual computing labs. Here is the link: [https://support.wharton.upenn.edu/help/virtual-labLinks to an external site.](https://support.wharton.upenn.edu/help/virtual-labLinks). Also, students could download a trial student version for their computers here: [https://www.ibm.com/analytics/spss-trials (Links to an external site.)](https://www.ibm.com/analytics/spss-trials)

Case Preparations. I will give you case discussion questions to answer. Before the start of the day we discuss the case, submit your write-up on Canvas. Make a copy for yourself. Your write-up should be no more than 2 pages double-spaced. No credit for late write-ups. Cases include: 1) Uber, 2) Gap, 3) Behavioral Insights Team A

Group Project/Presentation: The theme is how to help customers make better choices. Please form groups of 4-5 students to work on the project together. You can choose your groups or I can assign you to groups. If someone is not pulling his or her weight, please let me know right away. When the project is over, I'll also be asking each person to assess the value of his or her team members. If a problem occurs, I will know about it.

How can you make an important, constructive difference in the lives of consumers now and in the future? Define some kind of behavior you would like to address. Topics could include (but are not limited to) tobacco consumption, excessive alcohol consumption, drugs, (either by themselves or coupled with actions such as machine operations or driving), overeating, exercising, unprotected sex, sexually transmitted diseases, unwanted pregnancies, gambling addictions, savings, charitable donations, or recycling. Define a population you wish to help. It could be the general population or a

segment – such as children, adolescents, elderly, illiterate, disabled, etc. You will need to explanation for why this is an important segment to target.

After you chose the behavior and population, assume that you are a consultant and are hired by an organization that attempts to change human behavior. Your task is to advise the organization how it can help consumers make better choices using any of the principles we have discussed in the class or new ones if you wish. Make sure your project includes the following sections:

1. The current situation and how it relates to the behavior. For example, if the behavior you chose is savings and the population is Americans, track the saving rate in the US, read about the causes of the trends you see and lay the groundwork for the problem you want to solve. Is there really a problem? What are the cause(s)? Your data sources could be governmental reports, census data, NGO data, newspapers (such as the NYT or WSJ), or more. Make sure your data come from a respectable source, NOT obscure websites.
2. When analyzing secondary data, identify the weapons of influence that may have helped create the problem (e.g., persuasive techniques of tobacco ads). Discuss methods of influence and how companies have contributed to the problem (e.g., fast food industries and overeating). You should also discuss cultural, socio-economic, and peer factors that play key roles in shaping the problem. The depth of the analysis in this section is very important.
3. Now suggest ways to solve the problem. 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 how could you help some charities or organizations? Think about becoming a choice architect, what options would you present to people and how would you present them? You can look at book, *Nudge* by Thaler and Sunstein*,* as well as the book *Simpler* by Sunstein, to come up with ideas. Note: 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. Now examine people's reactions using a survey format. Ideally you would interview 15 to 20 people from your target population (Be sure to wear masks!) Do not use yourselves or other students in the course. You don't need to perform any statistical analyses. Simply use descriptive measures such as proportions, means, medians and variances to argue that your solution is better than the status quo. For example, you might report the percentage of people who said they would change their behavior in the intended way following your solution. Note that you should not tell people directly what you are doing. Ask them to imagine the solution and see how they react. For example, show them ads that you design to change behavior or give them scenarios to evaluate. You can (and should) be creative.
5. Using the data you collected, adjust your solution. Then present your final recommendation. You also might need to collect some data again. While the cost of your solution is not part of this project, think about solutions that are not be excessively expensive. With finite amounts of money, we need to allocate it smartly. Note the limitations of your work. What could you have done better as you conducted your research? What biases might you have had that influenced your conclusions?
6. In your presentation, there should be no reading or use of note cards. Talk to the audience, and try to maintain eye contact. Generate enthusiasm about your topic. The information you present

is very important. Use visuals, ads, etc. as appropriate to make the topic interesting to the class. You can have access to PowerPoint if you wish. You can show me your presentation before you give it for comments. Please submit your presentation materials on the day of your presentation.

7. At any time during the project, you can visit my office hours or set up an appointment. Your presentation should be NO LONGER than 10 minutes, but times could vary depending on class enrollment. I will let you know how much time you have well before your presentation is due. Use creative ways of keeping the audience involved.

Group Paper. Your group paper should be NO LONGER than 10 pages double spaced, excluding title page, charts, tables, appendices, and references. 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), also not included in the 10 page maximum.

Academic Integrity. In order to ensure fairness, students suspected of cheating will be referred to the Office of Student Conduct. That office determines whether cheating occurred, and if so, the appropriate punishment. 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 for the course should be carefully proofread and free of grammatical and typographical errors. Although I am not explicitly grading you on your writing, I can't help but be influenced by the way you express yourself as well as the content. It has an enormous influence on the overall impression of a paper.

Course Materials. All course documents will be available on Canvas.

Accounts. Students who are enrolled but do not have Wharton computing account can create one on this site: http://accounts.wharton.upenn.eduLinks to an external site.

Important Dates

Sept 10th Case Write-up for Gap-due before class

Sept 24th Case Write-up for Uber-due before class

Oct 6th Paper 1 -due before class

Oct 13th Paper 1 Presentations (I will email some of you before class and invite you to present you ideas)

Oct 15th Case Write-up for Behavioral Insights-due before class

Oct 27th Guest Speaker: Wesley Barrow

Nov 5th Paper 2 - due before class

Nov 12th Paper 2 Presentations (I will email some of you before class and invite you to present your ideas)

Nov 24th, Dec 1st, Dec 3rd, and Dec 8th Student Presentations

Dec 8th Final Group Paper Due

Topics and Assignments (All Reading Assignments Due before Class)

1. Sept 1st Introduction (Please do the Welcome Survey under assignments)

Reading: NYT How Companies Learn Your Secrets by Charles Duhigg

2. **Sept 3rd Behavioral Research Methods**

Reading: Managing the Total Customer Experience by Leonard Berry, Lewis Carbone, & Stephan Haeckel, MIT Sloan Management Review, SMR082 (Spring, 2002). (1.Studynet)

Reading: Boost your Marketing ROI with Experimental Design by Eric Almquist and Gordon Wyner, Harvard Business Review, (October, 2001). R0109K (2.Studynet)

3. **Sept 8th Exposure, Attention, Perception**

Reading: Influence of Beer Brand on Taste Perception, Journal of Marketing Research

Reading: Marketing Actions can Modulate Neural Representations of Experienced Pleasure, PNAS

4. **Sept 10th Gap (Post Case to Canvas BEFORE class)**

Reading: Gap Case

5. **Sept 15th Information Search and Memory**

Reading: Want to Perfect your Company's Service? Use Behavioral Research (3.Studynet)

6. **Sept 17th Thinking**

Reading: Chapter 1-4, Thinking, Fast and Slow by Daniel Kahneman.

7. **Sept 22th Beliefs, Risk and Confidence**

Reading: Stealth Marketing: How to Reach Customers Surreptitiously. California Management Review, CMR 288 (August, 2004).

Reading: Bukszar, E., & Connolly, T. (1988). Hindsight Bias and Strategic Choice: Some Problems in Learning from Experience, Academy of Management Journal, 31, pages 628-641.

8. **Sept 24th Uber (Post Case to Canvas BEFORE Class)**

Reading: Uber Case

9. **Sept 29th Attitudes**

Reading: Petty, R., Cacioppo, J., & Schuman, D. (1983) Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement, Journal of Consumer Research.

10. **Oct 1st Persuasion**

Reading: The Science of Persuasion by Robert Cialdini, Scientific American

Reading: Chapter 1 and Epilogue, Made to Stick by Chip Heath and Dan Heath, Random House.

11. **Oct 6rd Wants and needs**

 Reading: Why Consumers Don't Buy: The Psychology of New Product Adoption by John Gourville, Harvard Business School 9-504-056 (April, 2004). (4.Studynet)

Reading: The Endowment Effect, Loss Aversion, and the Status Quo Bias by Daniel Kahneman, Jack Knetsch, and Richard Thaler, Journal of Economic Perspectives, 5, Winter, 1991, pages 193-206.

12. **Oct 8th Frames and Nudges**

Reading: Nudge Your Customers Toward Better Choices by Daniel Goldstein, Eric Johnson, Andreas Herrmann, and Mark Heitmann, Harvard Business Review, (December, 2008). R0812H.(5.Studynet)

13. **Oct 13th Paper 1 Presentations**

Oct 15th Behavioral Insights (Post Case to Canvas BEFORE Class)

Reading: Behavioral Insights Team A

15. **Oct 20th Preferences**

Oct 22nd Time Inconsistent Preferences

Reading: Self-Command in Practice, in Policy, and in a Theory of Rational Choice by Thomas Schelling, American Economic Association Papers and Proceedings, May, 1984.

Reading: Baumiester, R. (2002). Self Control Failure, Impulsive Purchasing, and Consumer Behavior, Journal of Consumer Research, 28, 670-676.

17. **Oct 27th Guest Speaker: Wesley Barrow**

Oct 29th Money and Pricing

Reading: Pricing and the Psychology of Consumption by John Gourville and Dilip Soman, Harvard Business Review (September, 2002). R0209G (6.Studynet)

Reading: Mental Accounting Matters by Richard Thaler, Journal of Behavioral Decision Making, 1999, 12, pages 183- 207.

19. **Nov 3rd Fairness**

Reading: Fairness as a Constraint on Profit Seeking: Entitlements in the Market by Daniel Kahneman, Jack Knetsch, and Richard Thaler, The American Economic Review, 76, 728-741.

Reading: Perceptions of Fair Prices by James Heyman and Barbara Mellers, Handbook of Consumer Psychology, 2007.

20. **Nov 5th Satisfaction and Loyalty**

Reading: Your Loyalty Program is Betraying You. Harvard Business.org (7.Studynet)

21. **Nov 10th Innovation and Tipping Points**

Reading: Chapters 1 and 2, The Tipping Point by Malcolm Gladwell.

22. **Nov 12th Paper 2 Presentations**

23. **Nov 17th A Social Relational Framework for Consumers**

Reading: Tetlock, P. (2003). Thinking the unthinkable: Sacred values and taboo cognitions. Trends in Cognitive Science.

Reading: McGraw, A.P., Davis, D., Scott, S., & Tetlock. (2016). The price of not putting a price on love. Judgment and Decision Making, 11, 40–47

24. **Nov 19th Reflections**

25. **Nov 24th Presentations**
26. **Nov 26th Thanksgiving**

27. **Dec 1st Presentations**

28. **Dec 3rd Presentations**

29. **Dec 8th Presentations and Final Paper Due**