

MKTG 950: Consumer Judgment and Decision Making (PhD Seminar)

Deborah Small - Fall 2020

Draft version—subject to change

Instructor: Deborah Small deborahs@wharton.upenn.edu

Schedule: Fridays 9am-12pm (virtual)

Course website: Canvas

Part A Course Overview:

The main objective is to provide an introductory yet in depth discussion of judgment and decision making topics in consumer research. The weekly readings are intended to provide PhD level coverage of classic and current research related to consumer decision processes.

In addition to content, the other main objective is to increase your ability to think through and assess the research process. That is, my goal is to improve your ability to critically think about research and be able to generate ideas before translating them into testable hypotheses (and eventually to a publishable paper). This will be done in the context of the seminar topics, but we will also discuss some general aspects of the research process.

For each topic we cover, articles have been chosen (although this list might be revised), and we will discuss those in detail. Our goals with these readings will be to gain exposure to the latest ideas in consumer judgment and decision research, to determine the main ideas and research questions driving current work in each topic area, and to develop novel related research questions. In particular, our goal each week is to generate in class the design/idea for at least one new study in the focal topic area. In addition, my goal is to help you develop the skill of reading and critiquing an academic paper. We will therefore have student-led discussions of papers and required summaries (see below).

The readings (available on Canvas) should be **read carefully** by everyone attending the class. In addition, in each class one or two students (depending on class size) will be responsible for leading the discussion on one of the papers. This responsibility entails two things: (1) guiding discussion on a specific paper, and (2) submitting a one-page summary of that paper to canvas on the discussion board “paper summaries”. For the article for which you are responsible, make sure to examine the stated objective and positioning of the research, the conceptual framework and hypotheses, the methodology, the results, the actual contribution, and opportunities for further research.

Finally, each student will be expected to prepare the following:

(1) **Each Week:** Prior to class (*no later than Thursday, 3:00 pm*), you are required to submit via Canvas a short “idea” based on the current set of readings. In this very brief response (a short paragraph, or a few bullet points), you could respond to a criticism you have about one of the papers, extend the original paper theoretically (maybe through developing boundary conditions), or suggest a more appropriate research approach (methods or analysis). Some of your ideas will be discussed in class each week.

You do not need an idea for Day 1.

Each idea will be graded on a 1-5 scale.

*Note that although what you submit should be very brief, it does not mean I expect little attention/time paid to thinking about this. To the contrary, this should be the most important/challenging action on your part—to come up with a thoughtful criticism/idea and to succinctly describe it.

(2) One goal of this seminar is to help you develop the skills to read academic papers and be able to communicate key ideas, methods, findings, conclusions, and yes, weaknesses. To this end, every week students will help lead a discussion on a paper and will circulate a **1-page summary of that paper** [posted on Canvas discussion board. Each student will do this once or twice during the course, depending on class size.

(3) **Research Proposal.** This includes two (2) components:

- a. Presentation of your research idea on last day of class. This (brief) presentation should include all of the aspects of the research proposal described below.
- b. Research Proposal (3-4 pages double spaced) due on October 16. The proposal must include the following: clear presentation and motivation of the problem and contribution, a concise mention of key findings from the literature, well developed hypotheses, and most importantly, a plan to test your hypotheses (e.g., experiment).

* Note that the proposed research idea must (generally) relate to the JDM topics we focus on during the seminar. Even if this idea builds on your current (non JDM) interests, the goal of this proposal is take a JDM perspective on whatever problem you are addressing.

Grading Components:

- 15% class participation
- 10% Discussion leading
- 25% weekly ideas (5% each)
- 50% Research paper
 - 5%: Paper idea outline (Due October 8)
 - 5%: In-class presentation (On October 16)
 - 40%: Final proposal (Due October 16)

Course Schedule
-- subject to change --

Date	Topic
1. September 4	Introduction to Consumer Judgment and Decision-Making Research
2. September 11	Loss Aversion, The Endowment Effect, and Ownership <i>Visitor: Carey Morewedge, Boston University</i>
3. September 18	Constructed Decision Processes and Context-Dependent Preferences <i>Visitor: Ioannis Evangelidis, ESADE</i>
4. September 25	Mental Accounting <i>Visitor: Cindy Cryder, Washington University</i>
5. October 2	Charitable Giving
6. October 9	Consumer Decision Neuroscience <i>Visitor: Gidi Nave</i>
7. Oct 16	Presentations

Detailed Course Schedule and Reading List

-- subject to change --

Session 1: Course Introduction (and some foundation)

Tversky, Amos and Daniel Kahneman (1974), "Judgment under Uncertainty: Heuristics and Biases," *Science*, 185, 1124-1131.

Kahneman, Daniel and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision under Risk," *Econometrica*, 47 (March), 263-291.

Tversky, Amos and Daniel Kahneman (1986), "Rational Choice and the Framing of Decisions," *Journal of Business*, 59 (4), S251-S278.

Kahneman, Daniel (1991), "Judgment and Decision Making: A Personal View," *Psychological Science*, 2 (May), 142-145.

Thaler, Richard H. (1981), "Some Empirical Evidence on Dynamic Inconsistency," *Economics Letters*, 8, 201-207.

Session 2: Loss Aversion, Ownership, and the Endowment Effect

Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler (1991), "The Endowment Effect, Loss Aversion, and the Status Quo Bias," *Journal of Economic Perspectives*, 5 (1), 193-206.

Johnson, Eric J., Gerald Häubl, and Anat Keinan (2007), "Aspects of Endowment: A Query Theory of Value Construction," *Journal of Experimental Psychology: Learning Memory, and Cognition*, 33 (3), 461-474.

Burson, Katherine, David Faro, and Yuval Rottenstreich (2013). "Multiple-unit Holdings Yield Attenuated Endowment Effects," *Management Science*, 59(3), 545-555.

Atasoy, O., & Morewedge, C. K. (2018). "Digital goods are valued less than physical goods." *Journal of Consumer Research*, 44(6), 1343-1357.

Session 3: Constructed Preferences and Context Dependent Preferences

Background (not discussed in detail):

James R. Bettman, Mary Frances Luce, John W. Payne (1998), "Constructive Consumer Choice Processes," *Journal of Consumer Research*, 25, 187-217.

Context Dependent Preferences

Simonson, I. (1989). Choice based on reasons: The case of attraction and compromise effects. *Journal of Consumer Research*, 16, 158-174.

Frederick, Shane, Leonard Lee, Ernest Baskin (2014). "The Limits of Attraction." *Journal of Marketing Research*, 487-507. (and comments).

Evangelidis, Ioannis, Jonathan Levav, & Itamar Simonson (2018). "The Asymmetric Impact of Context on Advantaged versus Disadvantaged Options," *Journal of Marketing Research*, 55(2), 239-253.

Session 4: Mental Accounting

Thaler, Richard H. (1985). Mental Accounting and Consumer Choice. *Marketing Science*, 4(3), 199-214.

Thaler, Richard H. (1999), "Mental Accounting Matters," *Journal of Behavioral Decision Making*, 12(3), 183-206.

Heath, Chip and Jack Soll (1996), "Mental Budgeting and Consumer Decisions," *Journal of Consumer Research*, 23, 40-52.

Gourville, J. & Soman, D. (1998). Payment depreciation: The behavioral effects of temporally separating payments from consumption. *Journal of Consumer Research*, 25, 160-174.

Sussman, Abigail B. and Adam L. Alter (2012). The exception is the rule: Underestimating and overspending on exceptional expenses. *Journal of Consumer Research*, 39, 800-814.

Cheng, Andong & Cynthia Cryder (2018). Double Mental Discounting: When a Single Price Promotion Feels Twice as Nice", *Journal of Marketing Research*, Vol. LV, 226-238.

Session 5: Charitable Giving

Small, Deborah A., George Loewenstein, and Paul Slovic (2007), "Sympathy and callousness: The impact of deliberative thought on donations to identifiable and statistical victims," *Organizational Behavior and Human Decision Processes*, 102(2), 143-53.

Hsee, Christopher, K., Jiao Zhang, Zoe Y. Lu, & Fei Xu (2013). "Unit asking: A method to boost donations and beyond," *Psychological Science*, 24(9), 1801-08.

Olivola, Christopher Y. and Eldar Shafir (2013). "The martyrdom effect: When pain and effort increases prosocial contributions." *Journal of Behavioral Decision Making*, 26, 91-105.

Gneezy, Uri, Elizabeth A. Keenan, & Ayelet Gneezy (2014). "Avoiding overhead aversion in charity," *Science*, 346, 632-35.

Berman, Jonathan Z., Alixandra Barasch, Emma E. Levine, and Deborah A. Small (2018), "Impediments to Effective Altruism: The Role of Subjective Preferences in Charitable Giving," *Psychological Science*, 29 (5), 834-44.

Session 6: Consumer Decision Neuroscience

Chen, M. Keith, Venkat Lakshminarayanan, and Laurie R. Santos. "How basic are behavioral biases? Evidence from capuchin monkey trading behavior." *Journal of Political Economy* 114.3 (2006): 517-537.

Krajbich, Ian, et al. "Rethinking fast and slow based on a critique of reaction-time reverse inference." *Nature communications* 6.1 (2015): 1-9.

Nave, Gideon, et al. "Single-dose testosterone administration impairs cognitive reflection in men." *Psychological science* 28.10 (2017): 1398-1407.

Aydogan., Goekhan et al. "Genetic underpinnings of risky behavior relate to altered neuroanatomy." *bioRxiv* 862417 (2019).

Plassmann, Hilke, et al. "Marketing actions can modulate neural representations of experienced pleasantness." *Proceedings of the National Academy of Sciences* 105.3 (2008): 1050-1054.