

University of Southern California
Marshall School of Business
MKT 525 - Consumer Behavior
Fall 2015

Tuesday 6:30 pm - 9:30pm JKP 212

Professor

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Access to readings: <https://reserves.usc.edu>

Marketing Department

Accounting Building, Room 306E
Phone: (213) 740-5033
Hours: Monday to Friday 9 am – 5 pm

Course Description

*"...nothing is so powerful as an insight into human nature, what compulsions drive a man, what instincts dominate his action, even though his language so often camouflages what really motivates him. For if you know these things about a man you can touch him at the core of his being."
Bill Bernbach*

Contemporary approaches to business emphasize the importance of adopting a consumer focus. Marketing, in particular, is a customer-driven function that begins and ends with the consumer—from recognizing his or her needs to ensuring post-purchase satisfaction. In this course you will enhance your understanding of how and why people choose, use, and evaluate goods and services the way they do.

While all of us are consumers, our intuitions about our own behavior as well as that of others' are often inaccurate. In this class we will use theories developed in marketing, psychology, and other behavioral sciences to better predict how consumers will respond to different marketing activities.

Learning Objectives

The objective of the course is to provide key tools and frameworks for analyzing consumer behavior in order to solve marketing problems and define effective marketing strategy.

Specifically, you will:

- Appreciate the importance of consumer analyses to the design, implementation, and evaluation of successful marketing strategies and programs.

- Learn about relevant theories and research in behavioral sciences (e.g., psychology, sociology, economics) to understand and influence consumer behavior.
- Improve your abilities to discover original consumer insights that go beyond surface-level intuitions.
- Analyze the strengths and limitations of specific, often competing theories for interpreting particular consumer issues.
- Apply consumer behavior research findings when designing and evaluating marketing strategies.

Course Format

We will use several different kinds of materials and approaches in this course to illustrate consumer behavior phenomena and to get us thinking about managerial implications of those findings. Material will be presented in lectures, discussions, articles, videos, several case analyses, and by guest speakers. We will apply relevant theories and research to real-world consumer behavior problems. In addition, you will be part of a team and conduct a consumer behavior project of your choice that will allow you to draw upon the knowledge you gained during class, gain greater insight into a specific area of consumer behavior and develop recommendations for marketers or public policy makers based on your findings.

Communication:

The best way to reach me outside class is via email. I access my email many times a day – a lot more often than I remember to check my phone messages. Official office hours are Tuesday 5 pm to 6 pm. But you can always email me and set up an appointment at a different time that works with your schedule.

I will use Blackboard's email system to contact you individually or as a group about the class (e.g. changes in the syllabus, assignments, etc.). It is your responsibility to make sure that emails sent via Blackboard can reach you at an email address you check on a regular basis.

Course Conduct

The classroom is a professional learning environment, and students' in-class behaviors should reflect this. Intrusive classroom exits and entrances, systematic tardiness and text messaging are rude, disruptive and discouraged.

Prior research shows that using laptops in the classroom is distracting to you and your classmates, reduces conceptually learning because it encourages verbatim note taking, and for all these reasons is detrimental to academic performance and satisfaction with students' learning experience. Hence I will not allow laptop usage in class.

We should all try to make the classroom atmosphere as congenial as possible to allow everybody to contribute to the class. This does not, however, mean that you must agree with every comment offered by your classmates (i.e., it's ok to disagree with me and your classmates as long as it's in a civil and constructive way).

Academic Integrity

No cheating, plagiarism, or dishonest behavior will be tolerated. Copying the work of a current or past student whether from USC or another place, plagiarizing in any way, or performing any other act of academic dishonesty will be dealt with in a manner consistent with University policy.

Although I encourage you to study in teams and help one another, the *individual* work that you present to me, either in an individual assignment or on a quiz, must be yours and yours alone. I also expect the members of each team to contribute equally to their group projects. Keep in mind that part of contributing involves encouraging others in your group to contribute and listening to what they have to say.

All students are expected to understand and abide by the general principles of academic honesty as set for by USC. Scampus, the Student Guidebook, contains the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A: <http://www.usc.edu/dept/publications/SCAMPUS/gov/> . Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/> .

Course Materials

Course Package (Required)

A course package that comprises the four assigned cases and a few readings not available through ARES (see below) is available at the USC Bookstore. ***Careful, there is also a daytime class which uses a very different course reader!***

Readings (Required)

The majority of required readings for this class will be made available via the USC ARES system. You can access ARES using your USC log-in from any computer at <https://reserves.usc.edu>

Lecture Notes

I will post a subset of the slides I use in class on Blackboard. These slides will be available by 8pm the night before our class. However, note that these slides merely serve as an outline and will not include everything we saw and discussed in class.

Additional Readings (Recommended based on interest)

Hoyer, Wayne D., Deborah J. MacInnis, Rick Pieters (2012), *Consumer Behavior*, 6th Ed. Houghton Mifflin Co: Boston: MA.

Cialdini, Robert (2006), *Influence: The Psychology of Persuasion*, Collins

Underhill, Paco (2001), *Why We Buy: The Science of Shopping*, Texere Publishing

There are many popular book titles that discuss issues related to our class discussions. I will be more than happy to recommend additional readings if you are interested.

Seating & Name tents

Please choose a seat you are comfortable with and stick to it. Please always bring your name tent or create one in case you forgot. Memorizing names is greatly improved by providing visual aids. Not having a name tent will not prevent on being called upon, it just makes it more awkward.

Return of Paperwork

Returned paperwork, unclaimed by a student, will be discarded after 4 weeks. Students who miss class sessions when assignments are returned are responsible for arranging an appointment to retrieve their materials. To keep things fair for future students, I do not allow students to take their actual quizzes out of the classroom. You may look over your quizzes in my office at any time.

Students with Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776

Assessment

Each student will be evaluated on the following basis:

In-class contribution & Case Write-ups (Individual)	20%
3 Quizzes (Individual)	35%
Top Ten assignment (Individual)	10%
Consumer Behavior Field Project (Team)	35%

The Department of Marketing follows the grading policy of the Marshall Graduate School of Business for elective courses.

Your grades will be posted on our course page on Blackboard. Please check there from time to time to make sure all your points are recorded properly.

Key Dates & Deadlines:

09/15	Field Project Proposal due
09/15	Quiz #1
10/6	Quiz #2
11/3	Quiz #3
11/17	Group Presentations
11/24	Group Presentations
12/1	Field Project Reports & Top Ten List due
	Quiz # 4

Attendance and In-class contribution

Attendance is expected. Your ability to benefit from the course and contribute to the class is largely dependent upon your attendance during class meetings. If you cannot attend class, you will be responsible for everything covered or announced in class.

During days when we invited a guest speaker or when project presentations take place I expect full attendance.

In-class contribution will be assessed based on the quality and consistency of participation. You are neither expected to have all the right answers in every class, nor to dominate every in-class discussion. However, you are required to be prepared and contribute regularly. The quality of our class discussions depends on how well prepared you are and your willingness to share the results of your preparation with the class. This means that the quality of your participation is a lot more important than the quantity. It is entirely possible that you can talk a lot and receive a low grade for in-class contribution. When evaluating your contribution to the class discussions, factors such as the following are considered:

- Does the participant attend class regularly and come to class on time? Is the participant prepared?
- Do comments add insight to our understanding of the marketing concept, the problem or situation, or are others left with a “so what” feeling?
- Do comments generate discussion by yielding a new perspective?
- Is the participant a good listener? Are comments timely and do they advance the comments recently made by others? Are they linked to the comments of others? Is there a willingness to interact with other class members?

Case write-ups

You will be asked to prepare four cases for class discussion (see class schedule). Our class discussion crucially depends on you having thoroughly read and analyzed the cases in advance. Everyone has to submit a case write-up via email. The write-up cannot exceed 1-page in length (Times New Roman 12, single spaced, 1” margins min); an additional 1 page of appendices following the same format guidelines may be added, but is not required. This limit will be strictly enforced and non-conforming papers will be penalized. You need to be very concise in writing this assignment, which requires you to get at the gist of the problem and propose a clear-cut solution; this skill will be very helpful. Although study questions to prepare the case write-up will be provided, you do NOT have to answer these questions, they are only guidelines to help you think about the main problems addressed in the case.

I recommend you to use instead the structure of an executive summary:

- Main issue(s)
- Main recommendation(s)
- Supporting evidence/rationale leading to your recommendation(s)

Please email me your case analysis by Noon the day of our case discussion via Blackboard. Assignments submitted late, but prior to class will receive half credit. Assignments received after class started or not turned in will result in a zero.

I will read your analyses before class so I have some sense about the different perspectives represented in the class. If there are any major problems with your write-up I will contact you to discuss these. Case analyses will contribute to your class participation.

Quizzes

4 Quizzes will be administered during the semester. Their dates are indicated in the course schedule below. The quizzes will include material covered in the readings and class discussions since the last quiz. During the week prior to a particular quiz, I will explain the coverage and nature of the upcoming quiz. Each quiz will consist of multiple-choice and short essay questions and will be scheduled for about 30 minutes at the end of the indicate class session.

The best three of these four quizzes will be counted. That means you can either skip a quiz or try all four and drop one. Please do not bank too much on the last quiz being your third quiz as unplanned events may lead you to miss more than one quiz and missing two quizzes will result in a zero on one quiz.

Top Ten Lessons Every Marketer should know

The final, integrative individual assignment for this course will be for you to prepare a list of the top 10 lessons for marketers that you've taken away from this course. What are the top 10 things you believe all marketers need to understand about consumer behavior? You will have to pick specific concepts and ideas. Just going by class headlines will not suffice!!

The "lesson" needs to be a unique point from the class discussion or readings. However, it is not required that all class topics are covered in your Top 10 list.

Be sure to specify why you think each point you list deserves to be in the Top 10. What are the implications for marketers of each point? Explain why and how knowing this theory/fact concept, etc. will benefit marketers. Your write-up should not exceed two pages single-spaced pages. More details will be announced in class.

Consumer Behavior Field Project

This project provides a hand-on opportunity to analyze and understand specific behaviors consumers engage in. In class you learn a lot of different concepts, theories, and applications related to consumer behavior. This knowledge should help you understand people's behavioral tendencies that may create problems for your company, non-profit organization, or society at large. You should adopt a 'client' for your project and address the specific question from that organization's perspective. This client can be either real or hypothetical. In teams comprised of about 4 - 5 members, students will investigate a consumer issue or puzzle of their selection and try to change it. Using your knowledge of consumer behavior, you will diagnose the underlying consumer tendencies that give rise to that problem, create at least two interventions based on these insights, implement these and measure your success in changing consumer behavior. Finally you will complete a report that summarizes your insights and could be provided to the "client". Please see separate handout for more details.

GROUP WORK PEER EVALUATIONS

A great deal of marketing analysis, strategy, and planning materializes from work in teams that typically include individuals with different backgrounds, skills, responsibilities, and priorities. Active and positive participation from every team member is critical to a successful field research project. Since there is no natural reporting hierarchy in academic course group projects, the members of every team will evaluate each other's contribution. Students who are consistently and persuasively evaluated negatively by fellow team members will have their project grade significantly reduced.

Projected Class Schedule Fall 2015

You are responsible for any changes announced in class or posted on Blackboard

Week	Date	Topic	Assignment
1	8/25	Introduction to the Course The Study of Consumer Behavior	
2	9/1	Motivation and Needs	Bring magazines and other photo material to class
3	9/8	Case: Renova Attention and Information Search	Case write-up
4	9/15	Perception Quiz #1	Field Project Proposal due
5	9/22	Perception and Categorization	
6	9/29	Creating and changing opinions Field Project consultation	
7	10/6	Case: American Legacy Quiz #2	Case write-up
8	10/13	Learning and Memory Interpersonal Influence	
9	10/20	Guest speaker: Konrad Ribeiro (Sr. Account Executive, Media & Entertainment, Google) Consumer Decision Making	
10	10/27	Consumer Decision Making Case: Selling CFLs at Wal-Mart Selling CFLs at Wal-Mart	Case write-up
11	11/3	Consumption and Satisfaction Quiz #3	
12	11/10	Case: Zip Car Culture and Subcultures	Case write-up
13	11/17	Field Project Presentations	
14	11/24	Field Project Presentations & Consultations Culture and Subcultures	
15	12/1	Course Catch up and Review Quiz #4	Final group report Top Ten List

Required Readings Fall 2015

****You are responsible for any changes announced in class or posted on Blackboard***

Introduction to the Course

The Study of Consumer Behavior

1. Andreasen, Alan R. "Backward Market Research," Harvard Business Review, May 1, 1985 (*in course package*)
2. Ellison, S., "Studying Messy Habits To Sweep Up a Market", WSJ, Jul 14, 2005, B1
3. Brat, I., "The Emotional Quotient of Soup Shopping", WSJ, Feb 17, 2010, B6
4. Wasserman, T., "Sharpening the focus", Brandweek, November 2003, 28-32
5. Rodriguez, A. "Can Data Save the Mall? 'Smart Malls' Turn to Data Troves to Enhance Shopping Experience", Advertising Age, March 23, 2015
6. McClusky, M. "The Nike Experiment: How the Shoe Giant Unleashed the Power of Personal Metrics", Wired Magazine, June 26, 2009.
7. Duhig, C. "How Companies Learn your Secret," NYT, February 16, 2012.
8. Bulik, B. "EA Games Follows Its Audience for the Win", Advertising Age, February 18, 2013

Motivation and Needs

1. Byron, E. "More Pet Brands Target Owners Who Like to Cook Their Own Dog Food," WSJ (online), March 24, 2014
2. Frazier, Mya, "How P&G Brought the Diaper Revolution to China", CBSnews.com, January 7, 2010
3. McLain, S. "Why the World's Cheapest Car Flopped," WSJ, 15 October 2013, B1
4. Neff, J. "'Stress Sweat' and Other Problems You Never Knew Existed", Advertising Age, March 5, 2013.
5. Pink, D. "Metaphor Marketing", Fast Company, December 18, 2007
6. Catchings-Castello, G., "The ZMET alternative", Marketing Research, July, 2000
7. Reynolds, T. & Gutman, J., "Laddering Theory, Method, Analysis and Interpretation", Journal of Advertising Research, Feb/Mar 1988

Attention and Information Search

1. Neff, J. "P&G pushes design in brand-building strategy," Advertising Age, Apr 12, 2010, pg. 6
2. Story, L., "Viewers Fast-Forwarding Past Ads? Not Always", NYT, February 16, 2007
3. Vranica, S. "Element of Choice Draws In Online Viewers," WSJ, February 4, 2010.
4. James, Z. "Forget Amazon. YouTube Is Where Shoppers Do Research", Adweek, August 28, 2013
5. Negroni, C, "Airline Tests Retail Sales at 35,000 Feet," NYT, November 19, 2010
6. Carey, B., "Who's Minding the Mind?", NYT, July 31, 2007

Perception

1. Allison, R. I., and K. P. Uhl (1964), "Influence of beer brand identification on taste perception", *Journal of Marketing Research*, 36-39
2. Bakalar, N., "If It Says McDonald's, Then It Must Be Good", *NYT*, August 14, 2007
3. Bloom, P., "How Expectations Can Turn Anything From Worthless To Priceless," *Fast Company*, December 2011
4. MacArthur, K., "Why McDonald's Hasn't Cut the Fat", *Advertising Age*, November 2006
5. Hirsch, J., "On store shelves, stealthy shrinking of containers keeps prices from rising," *LA Times*, November 9, 2008
6. Wines, M. "Picking Brand Names in China Is a Business Itself", *NYT*, November 11, 2011.

Perception and Categorization

1. Boudette, N., "Customers Wanted: As VW tries to sell pricier cars, everyman imagine holds it back", *WSJ*, May 13, 2004
2. Klaase, A., "In Mac vs. PC Battle, Microsoft Winning in Value Perception," *Advertising Age*, May 18, 2009
3. Zmuda, N., "What's a Sport? Gatorade redefines to broaden target," *Advertising Age*, Apr 12, 2010, p. 3
4. Netzer, O. "Generating Perceptual Maps from Social Media" (in *course package*)
5. Boffey, P., "Rational' Decisions Prove Not To Be", *NYT*, Dec 6, 1983
6. Tversky, A. & Kahneman D., "The Framing of Decisions and the Psychology of Choice," *Science*, January 30, 1981
7. Johnson, E.J. & Goldstein D., "Do Defaults Save Lives?", *Science*, November 21, 2003.
8. Ries, A., "Nintendo Will Win Game Wars by Thinking 'Different,' Not 'Better'", *Advertising Age*, February 2007

Creating and Changing Opinions

1. Cowell, A., "The Perfect Bacon Sandwich Decoded: Crisp and Crunchy", *NYT*, April 11, 2007
2. Gladwell, M., "The Formula", *The New Yorker*, October 10, 2006
3. Petty, R., Cacioppo, J., & Schumann, D., "Central and Peripheral Routes to Advertising Effectiveness", *Journal of Consumer Research*, Sep 1983
4. Warner, M., "California Wants to Serve a Warning With Fries", *NYT*, Sep 21, 2005.
5. York, E. B., "Consumers Say They Want Healthy, but Aren't Buying It," *Advertising Age*, June 22, 2009

Learning and Memory

1. Byron, E. "The Great American Soap Overdose WSJ, Jan 27, 2010. D.1
2. Wegner, D. and , "The Internet Has Become the External Hard Drive for Our Memories", Scientific American, December 2013, 58-61
3. Wang, S. and Admodt, S. "Your Brain Lies to You," NYT, June 27, 2008.
4. Stone, J. "Blood donors in Sweden get a text message whenever their blood saves someone's life", The Independent, June 10, 2015
5. Rodrigues, A., "How to Create a Rewards Program That Really Works", Advertising Age, June 17, 2015
6. Halliday, J., "Volvo Wants a Piece of Your Right Brain", Advertising Age," April 2007

Interpersonal Influence

1. Cialdini, R. B., The Science of Persuasion, Scientific American Mind, 2003
2. Steinberg, B. "Ordinary People Starring in Ads Convey Realistic, Genuine Feel", WSJ, September 6, 2005
3. Gilovich, T. & Savitsky, K., "The Spotlight Effect and the Illusion of Transparency: Egocentric Assessments of How We Are Seen by Others", Current directions in psychological science, 1999.
4. Murray S. & Gruley, B. "On Many Campuses, Big Brewers Play a Role In New Alcohol Policies", WSJ, November 2, 2000
5. Begley, S., "Alternative peer groups may offer way to deter suicide bombers", WSJ, October 8, 2004

Consumer Decision Making

1. Severson, K., "Seduced by Snacks? No, Not You," NYT, October 11, 2006
2. Trop, J. "Online Help to Pick a Car and Make the Down Payment," NYT, November 26, 2013
3. Pearlstein, S., "...And the New Thinking About Money Is That Your Irrationality Is Predictable", The Washington Post, January 27, 2002
4. Cordeiro, A, "Consumer-Goods Makers Heed 'Paycheck Cycle,'" WSJ, February 23, 2009, B3.
5. Goode, E., "In Weird Math of Choices, 6 Choices Can Beat 600", NYT, January 9, 2001
6. Neff, J. "Walmart reversal marks victory for brands-they matter after all," Advertising Age, Mar 22, 2010, p1-2
7. Chrzan, K., "Decisions, Decisions," Marketing Research, Summer 2009
8. Goldstein, D., E. Johnson, A Herrmann, and M. Heitmann. "Nudge your customers toward better choices." Harvard Business Review 86, no. 12 (2008): 99-105 (*course package*)

Consumption and Satisfaction

1. Kesmodel, D., "Liquor Discounts Become Bad Habit for Spirits Makers," WSJ, Feb 25, 2010, B.1
2. Hafner, K., "At Netflix, Victory for Voices Over Keystrokes", NYT, August 16, 2007
3. Mattioli, D. "Customer Service as a Growth Engine," WSJ, Jun 7, 2010, B.6
4. Gourville J. & Soman, D. "Pricing and the Psychology of Consumption, Harvard Business Review, 2002. (*in course package*)
5. Ransom, D. "As Online Reviewers Grow, Businesses are Listening,' WSJ, November 20, 2009.
6. Nassauer, S., "The Psychology of Small Packages", WSJ, April 15, 2013
7. McCartney, S. "Dear Airline, Here's the Problem..."", WSJ, April 3, 2013.
8. Lamberton, C and Rose, R., "When is Ours Better than Mine? A Framework for Understanding and Altering Participation in Commercial Sharing Systems," July 2012, *Journal of Marketing*.

Culture and Subcultures

1. Ball, D., "Women in Italy like to clean but shun the quick and easy", WSJ, April 25, 2006
2. Norton, K., "Wal-Mart's German Retreat", Business Week Online, July 31, 2006
3. Cheng, A. "Costco Cracks Taiwan Market," WSJ, Apr 2, 2010. pg. B.5
4. Cordeiro, A. "P&G Targets India for Expansion Push," WSJ, Jun 23, 2010. pg. B.6
5. Doland, A. "Why The North Face Made Chinese Customers Run the Gantlet," Advertising Age, February 05, 2014
6. Goode, E., "How Culture Molds Habits Of Thought", NYT, August 8, 2000
7. Regalado, A., "McCann Offers Peek at Lives of Latin America's Poor," WSJ, December, 8, 2008
8. Hymoowitz, C., "Marketers Focus More on Global 'Tribes' Than on Nationalities, WSJ, December 10, 2007