

University of Florida
MAR3503: Consumer Behavior
Fall 2016
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Classroom: HVNR 240

Class: Tuesdays and Thursdays (periods 5-6; 11:45am – 1:40pm)

Office hours: Thursdays 2-4pm or by appointment

Course Overview

Contemporary approaches to business emphasize the importance of adopting a consumer focus. Marketing, in particular, begins and ends with the consumer—from identifying and creating consumer needs, shaping consumer attitudes, influencing purchase decisions, to increasing consumer well-being. The purpose of this course is to inform future managers, analysts, consultants, and advisors of the processes and biases underlying consumer behavior, with an emphasis on how to incorporate such insights into marketing and business strategies to **change consumer behavior**.

Through this course, I aim to help you think differently (and better) about how consumers arrive at judgments and decisions, drawing on insights from behavioral sciences (e.g., psychology, marketing, economics). Equally important, because we are all targets of influence (not only from marketers, but also from the media and almost everybody around us), I aim to help you better understand yourself as a target of influence and gain insight into your own decisions and behaviors.

This course consists of both theoretical and practical objectives. We will (1) cover theories and empirical evidence that is relevant to analyze consumer behavior, and (2) apply these insights to generate novel ideas for effective marketing solutions. By shedding light on consumers' decision making processes, experiences, cognitions, and motivations, this course will help students **make more insightful and evidence-based decisions** in business (and personal life), and develop novel ideas to influence other people's attitudes and, ultimately, **change their behaviors**.

Course Topics

1. Introduction to consumer behavior
2. Nudge: Be a choice architect
3. Research methods
4. The "social" consumer: Harnessing social influence
5. Money, pricing, and financial decision making
6. The "hot" consumer: Experience, desire, and motivation
7. The "cold" consumer: Attitude, learning and memory
8. The "happy" consumer: Hedonomics and consumer welfare

Course Format

This course will combine lectures, discussions, in-class exercises, and a group project. The ultimate goal is to help you understand consumer behavior from a behavioral science perspective, and to get you to think a little bit differently about marketing (and your personal life).

Course Materials

- Lecture Slides: Available on Canvas before class.
- Required Text: ***Nudge: Improving Decisions About Health, Wealth, and Happiness*** (by Richard H. Thaler and Cass R. Sunstein)
- Recommended Text: *Influence: The Psychology of Persuasion* (by Robert B. Cialdini)
- Other Readings: Available on Canvas.

Performance Evaluation

Class Participation (Individual)	10 points
Three Thought Papers (Individual)	30 points
Group Project (Group)	30 points
Midterm Exam (Individual)	20 points
Final Exam (Individual)	30 points

TOTAL possible points 120 points

**The overall course grade will be determined using a curve reflecting the University of Florida guidelines.*

Class Participation (10 points)

The class participation grade will be determined by:

- Attendance (5 points)
- Contribution to in-class exercises and discussions (5 points)

Thought papers (30 points)

Three 500-word (max) written assignments provide you with an opportunity to demonstrate that you have grasped the behavioral insights conveyed in class and gained new perspectives to think about consumer behavior, marketing strategy or marketplace anomalies.

Each paper will be graded on a 1-10 scale, within one week of its submission. Each paper should have three parts: 1) identify ONE consumer/marketplace phenomenon you would like to discuss (3 points), 2) explain your “old” view of the phenomenon (2 points), and 3) explain your “new” view of the phenomenon using the concepts covered in class and explain (5 points).

[EXAMPLE]

Product trials are frequently used by marketers to increase sales. [Elaborate]

My original view is that the trials work because they provide more information to consumers. [Elaborate]

Now I think these product trials work also because they create an endowment effect, making consumers unwilling to “give up” their status quo when the trial experience ends.

[Elaborate]

- Thought Paper 1 (10 points)
- Thought Paper 2 (10 points)
- Thought Paper 3 (10 points)

Group project: business proposal (30 points)

The ultimate goal of this course is to prepare you, future managers, analysts, consultants, and advisors, for the real business world where you will be generating implementable strategies and making

evidence-based decisions to **change consumer behavior** (e.g., increase their purchase, satisfaction, word of mouth, engagement in social media, loyalty, well-being, etc.). Thus in this group project I will ask you to identify a challenge regarding changing consumer behavior in a real business, apply 3-5 concepts and theories covered in class to analyze the situation and generate corresponding actions, and design an experiment to test the effectiveness of one of your proposed actions.

The ideal group size is 5, but 4 is also acceptable.

Your group will assume the role of a consulting firm, which has been hired to improve the marketing performance in a particular company of interest. Your paper should be in the form of a **business proposal** and should be **no more than 10 double-spaced pages, not including cover page and references/appendix (Times New Roman; Font Size 12; 3000-word max)**. It should include the following three parts:

- 1) Background information of the business/company (be brief) and analysis of the business challenge.
- 2) Use the concepts and theories covered in classes to suggest 3-5 actions the business/company can adopt to change consumer behavior. For each action, include:
 - a. The rationale (i.e., behavioral insights) behind this action.
 - b. The specifics of how to implement it (e.g., designs of ads, campaign information)
- 3) Propose an experiment that will test the effectiveness of ONE of your proposed actions. Clearly state how you intend to manipulate and/or measure your key variables and the expected results.

[EXAMPLE]

Our client is a restaurant. This restaurant has several items with very high margins. The dishes are well received by customers, but the manager wishes to sell more of them relative to other options in order to increase overall profitability.

We propose three actions/strategies.

Action 1 is related to concept/theory A... [explain the rationale]. Specifically, the restaurant should ... [specify implementation details]

Action 2 is related to concepts/theories B, C and D... [explain the rationale]. Specifically, the restaurant should... [specify implementation details]

Action 3 is related to concepts/theories E and D... [explain the rationale]. Specifically, the restaurant should... [specify implementation details]

We will conduct an experiment to test the effectiveness of action 2. The independent variable in our experiment is X, and it has two levels (X_0 = control condition, X_1 = treatment condition). In the control condition, we will... In the treatment condition, we will... The dependent variable in our experiment is Y. We will measure it via ...

Your group will have two opportunities to share with the class your ideas and gather feedback to improve your business proposal.

- In Week 10, your group will present the preliminary plan. Each group has 7 minutes for presentation and 3 minutes for Q&As. The purpose of this presentation is for your group to gather feedback and suggestions from both the instructor and your classmates. This presentation will not be evaluated.

- In Week 13, your group will present the final business proposal. Each group has 18 minutes for presentation and 5 minutes for Q&As. The purpose of this presentation is for your group to gather further feedback and suggestions, which will help you strengthen the final business proposal that you turn in. This presentation will be evaluated by your classmates who will assume the role of a CMO/manager.

Each group should select ONE person to present the proposal on behalf of the group. In the Q&A session, all the group members can take questions.

- Presentation (5 points; peer review; submit in groups)
 - “If you were the CMO/manager, how likely will you adopt this proposal?” (0% - 100%)
- Paper (25 points)
 - Analysis of the Challenge (5 points)
 - Proposed Actions/ Strategies (15 points)
 - Proposed Experiment (5 points)

Midterm (20 points) and Final (30 points)

The midterm and final will be in the same format, consisting of a mixture of multiple-choice questions, short response questions, and long response questions. More information will be given in class.

Classroom Policies

Attendance

Regular and punctual class attendance is required and you should be prepared to discuss the concepts, topics, and issues for each class. Your participation in the discussions and activities is a crucial way for you to benefit from the course. In addition, you will be graded on the quality (not quantity!) of your contributions to the class, which is determined by the extent to which your comments are relevant to the topic at hand, constructive, and insightful. Note that there are a few in-class exercises that will be used to evaluate participation.

Name Cards

Please use name cards in each class session throughout the semester (even if you think everyone knows your name). If you forget to bring your name card to class, create a temporary one to use that day.

No Laptop, No Mobile Device Policy

I do my best to create a supportive learning environment. A mutually supportive learning environment depends on active attention and engagement. For this reason, the use of laptops and mobile devices is not allowed during class.

Late Assignments and Make-ups

No late or make-up assignments will be accepted. If you fail to turn in an assignment by the due, you should assume that you will not be given an opportunity to make it up or turn it in late.

Re-grading

If you believe an error has been made in grading your assignments, you may request a re-grade. Write a brief e-mail to me explaining why you think there may be an error. I might ask you to re-submit the assignment. All re-grade requests must occur within 7 calendar days after grades have been posted. I reserve the right to re-grade the entire content of any re-submitted assignment(s). Your grade may go up or down and the new grade will be final.

Honor Code

Students are required to adhere to the standards of conduct in the University of Florida Honor Code. Be sure to sign the following Honor Code Pledge on every assignment: "I pledge my honor that I have not violated the University of Florida Honor Code during this assignment: _____"

Course Schedule

Week	Date	Day	Topic	Readings and assignments
1	Aug. 23	T	Introduction to consumer behavior	Nudge: Introduction
	Aug. 25	R	Nudge: Be a choice architect (1)	Nudge: Chapter 1 (Biases and blunders)
2	Aug. 30	T	Nudge: Be a choice architect (2)	Nudge: Chapter 5 (Choice architecture)
	Sep. 1	R	Nudge: Be a choice architect (3)	Nudge: Chapter 16 (A dozen nudges)
3	Sep. 6	T	Nudge: Be a choice architect (4)	*Assignment: Thought paper 1 (due Sep. 7)
	Sep. 8	R	Research methods (1)	"Boost your marketing ROI with experimental design"
4	Sep. 13	T	Research methods (2)	"A step-by-step guide to smart business experiments" "How to design smart business experiments"
	Sep. 15	R	The "social" consumer: Harnessing social influence (1)	Nudge: Chapter 3 (Following the herd)
5	Sep. 20	T	The "social" consumer: Harnessing social influence (2)	"People around you control your mind: The latest evidence"
	Sep. 22	R	The "social" consumer: Harnessing social influence (3)	*Assignment: Thought paper 2 (due Sep. 26)
6	Sep.27	T	Money, pricing and financial decision making (1)	Nudge: Chapter 7 (Naïve investing)
	Sep. 29	R	Money, pricing and financial decision making (2)	Nudge: Chapter 8 (Credit markets)
7	Oct. 4	T	Money, pricing and financial decision making (3)	
	Oct. 6	R	The "hot" consumer: Experience, desire, and motivation (1)	Nudge: Chapter 2 (Temptation)
8	Oct. 11	T	The "hot" consumer: Experience, desire, and motivation (2)	Nudge: Chapter 6 (Save more tomorrow)
	Oct. 13	R	The "hot" consumer: Experience, desire, and motivation (3)	*Assignment: Thought paper 3 (due Oct. 17)
9	Oct. 18	T	Midterm exam review	(no readings)
	Oct. 20	R	Midterm exam (in class)	
10	Oct. 25	T	Group meeting (no class): prepare for presentation	
	Oct. 26	R	Presentation: preliminary plan	
11	Nov. 1	T	The "cold" consumer: Attitude, learning and memory (1)	"Predicting short-term stock fluctuations by using processing fluency"
	Nov. 4	R	The "cold" consumer: Attitude, learning and memory (2)	"The seven sins of memory"
12	Nov. 8	T	The "cold" consumer: Attitude, learning and memory (3)	
	Nov. 10	R	Group meeting (no class): prepare for final presentation	
13	Nov. 15	T	Presentation: business proposal (1)	
	Nov. 17	R	Presentation: business proposal (2)	*Assignment: Group project business proposal (due Nov 23.)
14	Nov. 22	T	Group meeting (no class): finalize business proposal	
	Nov. 24	R	Thanksgiving (no class)	(no readings)
15	Nov. 29	T	The "happy" consumer: Hedonomics and consumer welfare (1)	Nudge: Chapter 12 (Saving the planet)
	Dec. 1	R	The "happy" consumer: Hedonomics and consumer welfare (2)	"Decision and experience: Why don't we choose what makes us happy?"
16	Dec. 6	T	Final exam review	(no readings)
	Dec. 8	R	Reading days (no class)	
17	Dec. 13	T	Final exam (in class)	