Course Overview

Contemporary approaches to business emphasize the importance of adopting a customer focus. Marketing, in particular, begins and ends with the customer—from identifying and creating customer needs, shaping customer attitudes, influencing purchase decisions, to increasing customer well-being. This course is designed to inform managers, analysts, consultants, and advisors of the psychological processes and biases underlying consumer behavior, with an emphasis on incorporating these insights into marketing and business strategies to change customer behavior.

In 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 insights into your own decisions and behaviors.

This course consists of both theoretical and practical objectives. We will (1) cover theories and empirical findings on consumer behavior, and (2) apply these insights to generate novel ideas for effective marketing solutions. By shedding light on consumers’ decision making process, social nature, experience, motivation, cognition and emotion, this course will help you make more insightful and evidence-based decisions in marketing (as well as management, finance, and your personal life), and develop novel ideas to change customer behavior.

Course Topics

1. Introduction
2. Nudge: Be a choice architect
3. Research methods
4. The “social” consumer: Harnessing social influence
5. Money: Behavioral pricing and financial decision making
6. The “hot” consumer: Experience, desire, and motivation
7. The “cold” consumer: Tailoring information to cognitive misers
8. The “happy” consumer: Hedonomics and consumer welfare
Course Format
This course combines lectures, discussions, debates, and in-class exercises. It is highly interactive.

Course Materials
• Lecture Slides: Available on Canvas after class.
• Recommended Text: *Influence: The Psychology of Persuasion* (by Robert B. Cialdini)
• Other Readings: Available on Canvas.

Performance Evaluation

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<tr>
<th>Evaluation Type</th>
<th>Points</th>
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<tbody>
<tr>
<td>Class Participation (Individual)</td>
<td>10</td>
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<tr>
<td>Three Thought Papers (Individual)</td>
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<tr>
<td>Group Project (Group)</td>
<td>30</td>
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<tr>
<td>Final Exam (Individual)</td>
<td>30</td>
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**TOTAL possible points 100 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 customer 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 (2 points), 2) explain your “old” view of the phenomenon (3 points), and 3) explain your “new” view of the phenomenon using the concepts covered in class (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 customers. [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 help you generate implementable strategies and make evidence-based decisions to change customer behavior (e.g., increase purchase, retention, loyalty, satisfaction, word of mouth, etc.) in your business. Thus in this group project I ask you to identify a “challenge” regarding changing customer behavior in a real business, apply 3-5 concepts and theories covered in topics 1-6 to analyze the situation and propose corresponding strategies, and design an experiment to test the effectiveness of one of your proposed strategies.

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 (e.g., a group member’s current or past company). Your business proposal 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 challenge.

2) Use the concepts and theories covered in topics 1-6 to suggest 3-5 specific actions the business/company can adopt to change customer behavior. For each action, include:
   a. The rationale (i.e., behavioral insights) behind the 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 specific actions.*

*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...*

In meeting 7 (Dec 11, 2016), your group will present the business proposal. Each group has 15 minutes for presentation and 4 minutes for Q&As. The purpose of this presentation is for your group to gather feedback and suggestions from your peers, which will help you strengthen the final business proposal that you turn in. This presentation will be evaluated by your peers who will assume the role of a manager of the company/business that you are “consulting” for.

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

Final Exam (30 points)
The final exam is closed book, closed notes. It will draw mainly from lectures and readings, and consist of a mixture of multiple-choice questions, true/false questions, short response questions, and long response questions. More information will be given in class prior to the exam to help you prepare.

Class Policies
Attendance
Regular and punctual class attendance is required. 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 Tent
Please use name tent in each class session throughout the semester (even if you think everyone knows your name). If you forget to bring your name tent 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. 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: _____________”

A Final Note
Most of this syllabus is necessarily formal, but the class sessions need not be. The class should be engaging and interesting for everyone. In addition to being important to marketing, this course consists of many topics to which we all, as consumers, can relate. I encourage everyone to bring up relevant examples and to ask questions at any point.
<table>
<thead>
<tr>
<th>Meeting</th>
<th>Date</th>
<th>Topic</th>
<th>After-class readings and assignments</th>
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| 1       | Sep 11, 2016 | • Introduction  
          • Nudge: Be a choice architect (1)                                 | Nudge: Introduction  
          Nudge: Chapter 1 (Biases and blunders)                                |
| 2       | Oct 8, 2016  | • Nudge: Be a choice architect (2)                                    | Nudge: Chapter 5 (Choice architecture)  
          Nudge: Chapter 16 (A dozen nudges)                                     |
|          |             |                                                                       | **Assignment: Thought paper 1 (due Oct. 16 11:55pm EST)**                 |
| 3       | Oct 9, 2016  | • Research methods  
          • The “social” consumer: Harnessing social influence              | Nudge: Chapter 3 (Following the herd)                                      |
| 4       | Nov 5, 2016  | • Money: Behavioral pricing and financial decision making            | Nudge: Chapter 7 (Naïve investing)  
          Nudge: Chapter 8 (Credit markets)                                     |
|          |             |                                                                       | **Assignment: Thought paper 2 (due Nov. 13 11:55pm EST)**                 |
| 5       | Nov 6, 2016  | • The “hot” consumer: Experience, desire, and motivation             | Nudge: Chapter 2 (Temptation)  
          Nudge: Chapter 6 (Save more tomorrow)                                 |
| 6       | Dec 10, 2016 | • The “cold” consumer: Tailoring information to cognitive misers  
          • The “happy” consumer: Hedonomics and consumer welfare          | Nudge: Chapter 12 (Saving the planet)                                      |
|          |             |                                                                       | **Assignment: Thought paper 3 (due Dec. 18 11:55pm EST)**                 |
| 7       | Dec 11, 2016 | • Group project presentation                                       | **Assignment: Group project business proposal (due Dec 18. 11:55pm EST)** |
| 8       | Jan 7, 2017  | • Final exam                                                        | (None)                                                                      |