

CONSUMER BEHAVIOR
MARKETING 211, Sections 001 & 002
Fall Semester 2002

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Overview:

Marketing begins and ends with the consumer, from determining consumers' wants and needs to providing customer satisfaction. Thus, a clear understanding of the principles, concepts, and results of consumer behavior is critical to successful marketing.

This course will introduce you to the topic of consumer behavior. We will learn how and why consumers (including ourselves) behave the way that they do, and we will also learn how to ask (and answer) meaningful questions about consumer behavior. Emphasis will be given to appreciating the scope of consumer behavior, understanding the psychological basis of consumer behavior within its social context, and developing a customer analysis 'toolbox' for making informed decisions about marketing strategy.

Course Objectives:

1. To introduce you to *current* knowledge of *theory* and *practice* in consumer behavior.
2. To develop your abilities to *apply* consumer behavior concepts to marketing problems.
3. To learn *analytic tools* that can be used to investigate consumer behavior and guide managerial decision-making.

Course Format:

The course is organized around substantive topics in marketing that particularly benefit from a consumer behavior perspective. We begin with an introduction to segmentation and targeting of consumers in society. We then focus on the psychological core (motivation, attention, perception, attitude formation and change) and decision-making processes that form the basis of consumer behavior. Finally, we use our understanding of consumer behavior to consider issues related to diffusion of innovation and consumer welfare in society. Thus, the course moves roughly from a macro to a micro and back to a macro perspective on topics in consumer behavior.

The course format is a combination of lectures, discussions, cases, assignments, exercises and consumer research. The lectures and discussions are designed to reinforce and expand upon selected material in the text and introduce new perspectives on consumer behavior theory (objective #1). Cases, assignments and exercises provide you with an opportunity to apply conceptual material to practical problems in marketing (objective #2). Consumer research, cases, and assignments also introduce you to various analytic tools used in marketing research (objective #3). Consumer research provides a hands-on opportunity for you to investigate

consumer behavior and experience the research process – from design to data collection to analysis to interpretation. Thus, this course format reflects the notion that ‘learning by doing’ improves understanding and retention of conceptual material and develops and sharpens your analytic skills.

Course Pre-Requisite:

Penn students must have already successfully completed MKT 101. Non-Penn students must consult the instructor.

Required Materials:

1. Text: Consumer Behavior (2nd Ed.), by Hoyer and MacInnis
2. Bulk Pack of readings and cases available from Wharton Reprographics
3. Class Handouts (these will be billed to your Bursar’s account at the end of the semester)
4. You may need to use a camera and develop film as part of an assignment for this course. Access to a tape recorder may also prove beneficial but is not required.

Grading:

Your course grade will be determined as follows. Each component of your grade is explained in greater detail below.

	Points
• Class Participation	30
• Team Assignments	50
• Group Project	50
• Midterm	60
• Final Exam	60
TOTAL:	250

Grading Notes:

1. Class participation is based on three components:
 - Attendance: regular class attendance is a signal of your commitment to the course. (Moreover, **attendance in class from the very first day is strongly recommended. Students who shop around and join this class late find it very difficult to catch up.**)
 - In-class Discussion: your best opportunity to demonstrate that you are thinking about the topics and relating these topics to one another and to material learned elsewhere. Quality counts at least as much as quantity.
 - Exercises: Throughout the semester, you will be given the opportunity to complete various short exercises (see web-based and case-based optional exercises). Some of these exercises are required and will form the basis of in-class discussion (e.g., VALS). The rest are designated as “optional”. Choose one (1) of the optional exercises and focus on some aspect that interests you. Write up a short (max. 2-3 page) report describing insight(s) that you gained from the exercise and submit it at the start of class on the day scheduled in the syllabus. Exercises must be completed individually, but you are encouraged to share what you have learned in these exercises during class discussion.
2. Team assignments are designed to reinforce important concepts from the readings. The nature of assignments varies but typically consists of a combination of consumer

research, case-work and questions. You must complete two assignments (select any 2 out of 3). These assignments should be completed in teams of two (2).

3. The group project is designed to provide a hands-on opportunity to practice consumer research in-depth and to apply consumer behavior concepts in an integrative fashion to a marketing problem. The project should be completed in groups of five (5).
4. The Midterm will be held in class; the final exam will be held during exam week. These exams are closed-book and consist of multiple choice, short-answer and short-essay questions. Exams focus on testing your understanding of basic consumer behavior concepts and your ability to apply these concepts to marketing problems (i.e., What is it? Why is it important? Give a marketing example.). The final exam is cumulative but emphasizes material after the midterm.
5. If extra credit opportunities arise, they will be announced in class.
6. Overall course grades will be established using cutoff points. Typically, A-/A/A+ lies in the 90-100% range; B-/B/B+ lies in the 80-90% range; and so on.

Note A: The exercises, assignments and project are designed to delve deeper into various consumer behavior concepts and their applications in marketing. You are given considerable freedom to select topics that interest you – so give some careful and creative thought to the topics that you pursue and take advantage of this opportunity to tailor course requirements to fit your own interests.

Note B: Under certain circumstances, students may complete assignments and projects individually; consult the instructor *beforehand* if you wish or need to do so. Team members typically receive the same grade, although adjustments will be made if necessary based on instructor and peer assessment of contributions to team work.

Note C: Students may choose to “opt out” of one or more of the team assignments, the group project and/or class participation. For record-keeping purposes, you must inform the instructor in writing (or by email) of your intention to opt out by the following deadlines: class participation (Sep 18), team assignment(s) (Sep 23), and the group project (Oct 28). Your grade for opted-out components of the course will be based on the mean of your midterm and final exam grades.

Academic Integrity:

All University policies regarding Academic Integrity must be followed. Transgressions will result in a grade of zero and judicial proceedings. Bottom line: Do not cheat. Do not plagiarize. Do not ‘fudge’ data. Do not pass off others’ work or ideas as your own. Do not consult others on individual work. Contribute fairly to group work. Always cite *all* reference materials that you use (including materials from the WWW). When in doubt, err on the safe side. If issues of academic integrity arise in this class, consult me immediately. For further information, consult your student handbook or visit <http://www.college.upenn.edu/responsibilities/integrity.html>.

Acknowledgements:

This course syllabus was developed in consultation with Professor Americus Reed II of the Wharton School and benefited from the advice of Professors Alan Cooke, Barbara Kahn, Mary-Frances Luce and former students of MKTG 211.

Consumer Behavior Course Schedule:

DATE	TOPIC	READING	ASSIGNMENTS*
INTRODUCTION TO CONSUMER BEHAVIOR			
Sep 9 (Mon)	Introduction	Chapter 1	
Sep 11 (Wed)	Marketing Research	Chapter 2 <i>Spend a Day in the Life of Your Customers</i> <i>Consumers in the Mist</i> <i>Western-style research in the Middle East...</i>	
MACRO VIEW: CONSUMERS IN SOCIETY			
Sep 16 (Mon)	Market Differentiation and Segmentation I	Skim Chapters 13-15 <i>Census 2000: The New Demographics</i>	
Sep 18 (Wed)	Segmentation and Targeting II	Chapter 17 <i>Who is the Chinese Consumer?</i> <i>B2-4B Spells Profits...</i>	
MICRO VIEW: THE PSYCHOLOGY OF CONSUMER BEHAVIOR			
Sep 23 (Mon)	Motivation, Ability and Opportunity	Chapter 3	Team Assignment 1 Due
Sep 25 (Wed)	Exposure, Attention and Perception I	Chapter 4 <i>What You See is What You Buy</i>	
Sep 30 (Mon)	Perception II: Behavioral Pricing	<i>Retail Promotional Pricing Case</i> <i>Prospect Theory (2-page excerpt)</i>	
Oct 2 (Wed)	Knowledge and Understanding I	Chapter 5	Team Assignment 2 Due
Oct 7 (Mon)	Knowledge II	TBA	
Oct 9 (Wed)	Knowledge III: Brand Image	<i>Land Rover Case</i> <i>The Brand Report Card</i> <i>The Best Global Brands (skim)</i>	
Oct 14 (Mon)	Attitudes I	Chapter 6 & 7	
Oct 16 (Wed)	Attitudes II	<i>Procter & Gamble Case</i>	
Oct 21 (Mon)	MIDTERM		
Oct 23 (Wed)	Attitude Measurement	<i>Smoking Case</i>	
Oct 28 (Mon)	Team Consumer Research Meetings		Submit Group Project Proposal
CONSUMER DECISION-MAKING PROCESS			
Oct 30 (Wed)	Memory and Retrieval	Chapter 8	
Nov 4 (Mon)	Problem Recognition and Info Search: POP Behavior	Chapter 9	

Nov 6 (Wed)	Decision-Making I	Chapter 10 & 11	
Nov 11 (Mon)	Decision-Making II: Brand Loyalty	<i>Brands in a Bind</i>	Team Assignment 3 Due
Nov 13 (Wed)	Post-Decision Processes I: Customer Satisfaction	Chapter 12, <i>Chapter from Services Marketing Xerox Case</i>	
Nov 18 (Mon)	Post-Decision II: Service Failure Recovery	<i>Northwest Airlines Case Why Service Stinks</i>	
CONSUMER WELFARE			
Nov 20 (Mon)	New Product Innovation and Diffusion	Chapter 19 <i>Buzz Marketing Creating Breakthroughs at 3M</i>	
Nov 25 (Wed)	New Product Innovation II	<i>Customer-Driven Innovation Spark Innov. Through Empathic Design</i>	
Nov 27 (Wed)	Team Consumer Research Meetings		
SYNTHESIS			
Dec 2 (Mon)	Special Topics I		Group Project Due
Dec 4 (Wed)	Special Topics II		
Dec 9 (Mon)	Review and Synthesis	<i>Hey, Are You Listening to Me? Wanted: Eclectic Visionary...</i>	
TBA	FINAL EXAM		

* Choose two team assignments and turn in at the start of class on the day indicated in the syllabus.

* Choose one individual optional exercise and turn in at the start of class on the day indicated on the website.

CONSUMER BEHAVIOR: TEAM ASSIGNMENTS

There are three (3) team assignments; complete any two (2) of your choice. These assignments must be completed in teams of two (2); you may NOT consult with anyone else unless otherwise indicated. Write up your report in a business-like manner. (Imagine that you are a consultant reporting to senior executives in a firm.) Support your analysis and conclusions, and write clearly and succinctly. Assignments that are poorly written, disorganized, or that significantly exceed the page limit, will be penalized. (Good communication is essential in business.) Assignments must be turned in to the instructor at the start of class on the day indicated in the schedule. Late assignments will not be accepted. Keep a spare copy of your assignment so that you can refer to it during in-class activities and discussion.

Hints:

- Page numbers are occasionally provided in brackets to help guide you to relevant material in the text. However, do not restrict yourself to only these pages and use your own judgment in determining the relevance of reading materials in completing the assignments.
- Spend some time brainstorming ideas for your assignment. Quick 'n' easy topic choices lead to weak and boring assignments; interesting and challenging topics tend to be rewarding both from a learning and a grading perspective.

Assignment 1: Motivation and Means-End Chain Analysis (Interview and Ad Analysis) (4 pages + appendix)

1. Interview a consumer about his or her motivation to purchase and consume a product/service. Your objective is to develop a deep understanding of the motivation driving the consumer's behavior. Use means-end chain analysis and develop a hierarchical values map linking the product to attributes, benefits, instrumental and terminal values. [Include a figure or chart representing the hierarchical values map in the appendix. See sample.]

You should carefully read the description of means-end chain analysis in the textbook (pp. 429-430) and prepare a list of potential questions ahead of time. You should also refer to the discussion in the textbook regarding instrumental and terminal values (pp.418-419) to familiarize yourself with these values. Note that consumers are unlikely to use established terminology for instrumental and terminal values in answering your questions. Instead, you will need to translate their answers onto these value constructs (e.g., "My friends and I like to hang out together" = belonging). In your report, quotations from the interview should be used as evidence to support your hierarchical values map (for organizational purposes, you may find it convenient to include these in your figure/chart).

2. Find 2 advertisements for the product/service. Analyze the ads in terms of the attributes and values that form the basis of their appeals and assess whether these ads would be effective in appealing to the consumer that you interviewed. [Include the ads in an appendix to your report.]

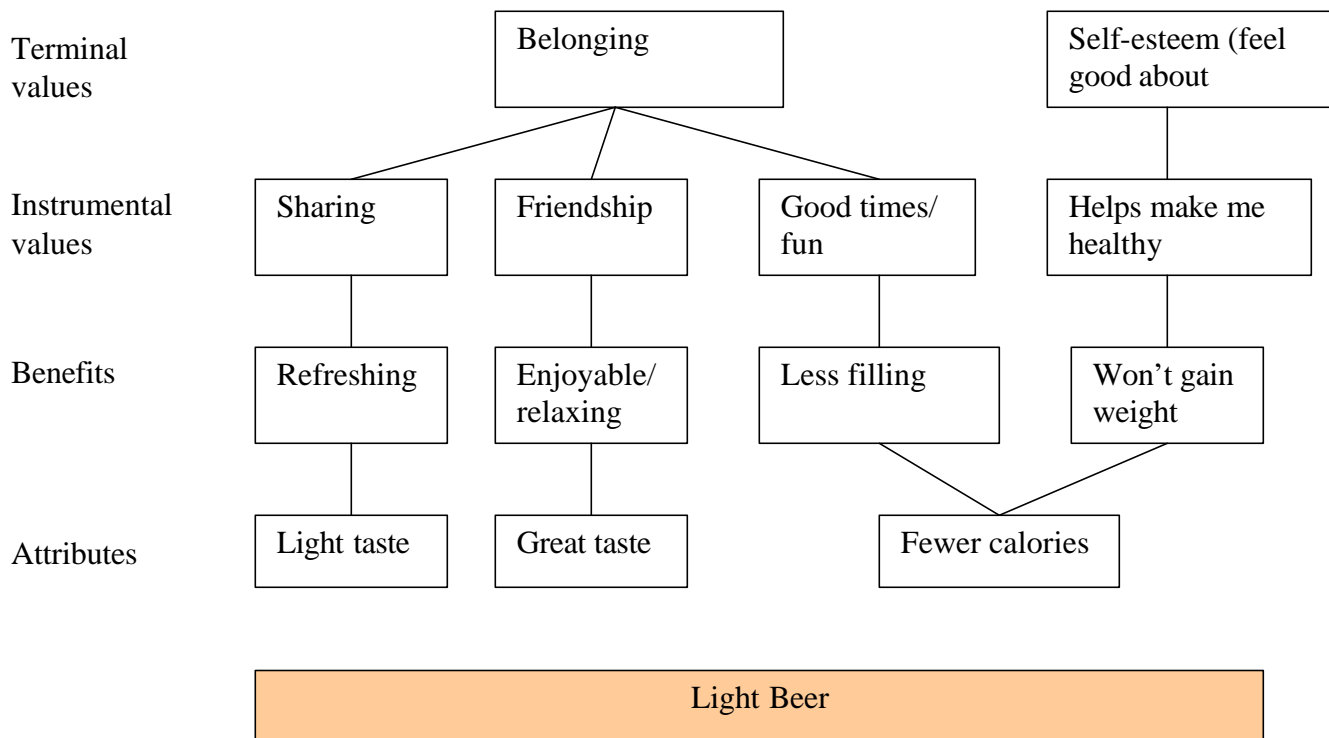
Note: Choose a consumer who is not a business or marketing student. Conduct your interview professionally (e.g., introduce yourself, receive permission from the interviewee, etc.). In the interview, avoid jargon-laden questions based on the text that a consumer is unlikely to be able to answer directly. Instead, you will need to understand what questions you are after and structure your interview to elicit those answers in a detailed and insightful way. You may also find it helpful to tape-record the interview (with permission) and/or take detailed notes for use in preparing your report.

3. Optional: After analyzing the ads in question 2, you may also find it interesting to go back to the consumer and ask for his/her reaction to the ads. Compare this reaction to your own assessment of the ads' appeals for this consumer and consider why it may be similar or different.

SAMPLE

Team Assignment 1: Hierarchical Values Map

Here is a sample of what a hierarchical values map might look like based on means-end chain analysis. Of course, the map's structure will depend upon the product/service selected and the values/motivation of the consumer that you interview. This example is based on the chart in exhibit 17.6 but displays the information in pictorial form. A hierarchical values map should clear linking attributes-benefits-instrumental-terminal-values with lines to show relationships. Notice how there can be 1-to-1 or 1-to-many relationships among the different levels in the means-end-chain analysis. You must support your hierarchical values map with evidence from the means-end chain analysis of your consumer interview.



Assignment 2: Branding (Observation and Perceptual Analysis) (4 pages + appendix)

1. Visit a retail outlet and select a product category.* For this product category, do the following:
 - a) Record the characteristics of every brand within the product category. Be sure to include price, packaging (color, size, shape), location within the store, location relative to other brands, and location on the shelf (if relevant). Record whether the brand is on promotion, and whether unit pricing (or other comparative information) is available. You must have at least 4 brands within the category.
 - b) If there are multiple offerings within a brand, record information for each separately. Your report should include all characteristics of each brand in a table. [See the example below for the garbage bag product category. Include your table in the appendix of your report.]
 - c) Analyze the positioning of each brand within the product category. The goal of this analysis is to determine what characteristics might lead a person to buy the brand. These may be functional features of the product (e.g., “It has a tie top.”) or unconscious associations (e.g., “The color blue denotes strength, which is a good characteristic in a garbage bag.”). Other questions to consider in this analysis are:
 - Which brands appear most similar to which other brands, and on which dimensions?
 - What aspects of the packaging do you think will lead to enhanced recall?
 - What inferences do you think customers make about the brands? On what information are these inferences based?
 - How do brand differences reflect the segments that exist in the marketplace?
 - How does brand shelf and store location influence competition among brands?
 - Which brands do you think compete most heavily with which other brands? Why?

BRAND	FEATURES	PACKAGING	LOCATION	OTHER
Hefty	<ul style="list-style-type: none"> ▪ Strong (3mil) ▪ 2-ply construction ▪ “cinch-sac” top 	<ul style="list-style-type: none"> ▪ Yellow rectangular box ▪ Bold type ▪ 50 and 100 bags per box 	<ul style="list-style-type: none"> ▪ Household cleaners aisle ▪ Left-hand side of store ▪ Eye-level ▪ Next to store brand 	<ul style="list-style-type: none"> ▪ On promotion (in-store coupon for \$.30 off) ▪ Unit pricing available
Albertson Store Brand	<ul style="list-style-type: none"> ▪ 2 mil ▪ one-ply construction ▪ twist ties in box 	<ul style="list-style-type: none"> ▪ White rectangular box with blue lettering and picture of a garbage can ▪ 50 and 100 bags per box 	<ul style="list-style-type: none"> ▪ Household cleaners aisle ▪ Left-hand side of store ▪ 2nd shelf from bottom ▪ next to Hefty 	<ul style="list-style-type: none"> ▪ Etc.
Etc.				

*** IMPORTANT: do not select CVS pharmacy as your retail store; do not select a cleaning product or garbage bags as your category.**

2. Optional: Do the brands in this category appear in other product categories? If so, list these brand extensions. Does the branding in these multiple product categories support a consistent and coherent brand image? For example, what are the shared associations? Are there any negative associations? Identify an existing (or propose a new) brand extension that you think is a good fit for the brand image? A bad fit?

Assignment 3: Decision-Making (Ethnography)

(4 pages + appendix)

1. Visit a retail outlet that distributes a specific product/service. Your objective is to assess consumer in-store decision-making processes based on observable behaviors. You will also assess factors in the retail environment that may influence in-store or point-of-purchase behavior. These may include both intentional and unintentional aspects of store design, layout, atmospherics, signage, and so on. For example:

- Do consumers appear to spend very little or a great deal of time/effort in the retail environment and at the point-of-purchase? Do they engage in any information search; if so, what kind of external information is available and what do they search? Can you draw any inferences regarding consumer decision-making processes (decision models, etc.) from their in-store behavior?
- What might trigger problem recognition in the in-store environment? Are there any decision-making triggers in the environment? How might point-of-purchase displays influence information search? How might the retail environment and POP displays influence decision-making (brands, attributes, strategies, etc.)? Does social influence play a role in this environment? If so, how?

Note: Carefully observe customer behavior in the retail environment and document examples of point-of-purchase influences on the consumer decision process. Avoid the obvious – e.g., candy displays in the check-out line – and look for interesting and/or unique features of the particular retail environment. Behave professionally and discreetly when photographing the retail environment. Note: do not disturb or photograph customers. [Number photos and place in the appendix of your report.] Remember that not all environmental factors lend themselves to photography (e.g., non-visual cues); do not neglect these other factors in your assessment.

2. Write a report describing what you have learned about the consumer decision-making processes and in-store point-of-purchase behavior for the product/service. Identify several implications for marketers of brands in this category based on the results of your field study.

- Note: You may not be able to fully answer all of the questions listed above; instead, you should focus on what you learned from the experience. Do not simply provide a description of your in-store observations; rather, you should use your in-store observations and photographs as evidence to support your analysis and discussion. Text references include: problem recognition and information search (pp.199-220), alternative decision-making models (pp.228-238), factors (both internal to the consumer, and external in his/her environment) that may influence the decision process (pp.238-244), social influence, if any, on the decision (pp.387-412), etc.

3. Optional: Describe what you learned about these ethnographic techniques (observation, photography) and what problems you had conducting this study. Did any question or technique work particularly well for you? Would you do anything differently next time? Are there any ethical issues in conducting this kind of research? Imagine that you also conducted interviews with consumers about their decision to purchase the product/service studied above. Compare and contrast what you might learn from observation versus interview. What are the advantages and disadvantages of each technique?

CONSUMER BEHAVIOR: GROUP PROJECT

Every student will complete a group project as part of the requirements for the course. You will form teams of five (5) and submit team members' names and a brief description of your topic choice in writing to the instructor on the day that the team proposal is due (as noted in the schedule). Your team will choose between two project options. Project #1 is a 'classic' segmentation study that employs observation and survey methods to investigate the usefulness of demographic and psychographic variables in segmenting a specific product market. Project #2 is an advertising experiment with a social marketing 'twist' that uses experimental methods to investigate the effectiveness of various advertising appeals in a consumer welfare context. It is strongly recommended that you arrange a team meeting with the instructor to obtain feedback once you have developed a rough draft of the study design and questionnaire items. The instructor is also available for assistance with analysis and other issues.

Hint: Take care in forming your team and in selecting a project topic. Try to find team members with compatible work habits and schedules. Select a product/service/issue for which there is a high level of interest in your group and which seems particularly appropriate for the assignment. Spend some time brainstorming before making your selection – time invested early on in choosing an interesting and challenging product/service/issue will pay off in the long run. You have considerable latitude in choosing your project topic. The project options are my suggestions – but you are encouraged to consult the instructor if you have another idea that you would like to pursue!

The team project consists of a report and a presentation. The report must be turned in at the start of class on the day indicated in the schedule, along with a copy of your presentation slides. Late submissions will be penalized by 10% each day. Keep a spare copy of your report so that you can refer to it during in-class activities and discussion. You must also keep all evidence of your data collection activities (e.g., completed questionnaires) – you may be required to submit these to the instructor upon request.

All team members must participate in completing the project; selected team members may be designated to make the presentation. You may NOT consult with anyone outside your team unless otherwise indicated. Hint: Page numbers may be provided in brackets to help guide you to relevant material in the text. However, do not restrict yourself to only these pages and use your own judgment in determining the relevance of reading materials in completing the assignments.

Write up your report in a business-like manner. (Imagine that you are a consultant reporting to senior executives in a firm.) Integrate consumer behavior concepts throughout your paper (e.g., to justify your study design, selection of variables, etc.). Support your analysis and conclusions, and write clearly and succinctly. Assignments that are poorly written, disorganized, or that significantly exceed the page limit, will be penalized. Good communication is essential in business.

Peer Evaluation Form

Team members typically receive the same grade, although adjustments may be made if necessary based on instructor and peer assessment of contributions to team work. See the Peer Evaluation Form for further information.

Consumer Behavior
Team Assignment
Peer Evaluation Form

Every team member is expected to contribute fairly to team assignments. Contributions take many forms, including intellectual contributions (assessing problems, generating ideas, doing research, analyzing data), communication contributions (contributing to group discussions, listening to others, writing reports, making presentations), and team-work contributions (attending meetings, meeting deadlines, keeping team on task and on time). Using the form below, each team member will assess his/her own contribution and the contributions of all other team members. Be specific – your descriptions should give the instructor a solid understanding of the who/what/how/when of contributions to team assignments.

Group Member	Description of Contribution	Rating*

* Rate each team member's contribution on a scale from 1 to 5, where 1 is poor and 5 is excellent. Include yourself on this form.

COMMENTS: If you have any other comments about your team's work on the team assignments, please use the back of this page.

Project Option #1: Segmentation Study (15 pages + appendix)

1. Select a product category. It should have clearly defined segments and be familiar to you and your team members. Think carefully about this product category.
 - Conduct some initial secondary research regarding segmentation for this product category and other categories that may be related in terms of purchase behavior. What can you learn about buyer behavior in this category based on secondary research? What demographic and psychographic variables may be useful for segmenting consumers in this category? Why? Develop a set of hypotheses that predict the effect of these segmentation variables on product purchase. Use consumer behavior concepts to justify your selection of variables and to develop your hypotheses.
2. Observational Data: Observe people buying the product. Try to select a reasonably neutral location with reasonable traffic and product purchase rate for observing consumers (i.e., one that appeals to all segments of the population). Categorize people according to three basic demographic variables (e.g., age, gender, race, etc.) and whether or not they purchase the product. You should choose variables that are easily observed and that you think efficiently segment the market for the product. For example: if you choose gender, you would end up with a table of the number of men observed who bought the product, the number of men observed who didn't buy the product, the number of women observed who bought the product and the number of women observed who didn't buy the product. You must have at least five observations in each cell.
3. Calculate the efficiency of each level of each segment (e.g., for gender, the efficiency of men and the efficiency of women). Show your tables and your calculations. Of your three variables, which provides the most efficient segmentation of the market?
4. Calculate a chi-square measure of association for the variable with the greatest efficiency. Is the association between this variable and purchase of the product statistically significant (using $\alpha=.05$)? Calculate a Cramer's ϕ based on this χ^2 value (you will need this value later).
5. Psychographic Survey: Based on the above data, do you think you could segment the market more efficiently using psychographic variables? Which ones and why? Develop a survey that you think will distinguish segments based on psychographic information. You should include at least 20 psychographic questions, and at least one question measuring purchase frequency, usage rate, or some other question relevant to product purchase. This behavioral question should also have a continuous scale. You should include questions about a few different products so as to obscure the product of interest. Choose psychographic questions that you expect (based on intuition, consumer behavior concepts and other research) to be related to the purchase behavior you ask about. The associations you show should make sense (i.e., you can explain why you expect the variables to be related) and have implications for marketing strategy.
6. Have at least 30 respondents fill out your questionnaire. Select respondents who are at least somewhat knowledgeable about the product category and who are reasonably varied on the variables of interest to you.
7. Compute measures of association among pairs of variables.

- a) Enter data for all questions into an EXCEL spreadsheet with each respondent on a separate row and each question in a separate column. Be sure to specify how the questions were coded (i.e., the rating scale's meaning).
 - b) Calculate the Pearson product-moment correlation (r) between all pairs of questions.
8. Which variables are strongly associated? Why do you think this is? In particular, which psychographic variables are related to your behavioral variable of interest? Why is this?
 9. Select the psychographic variable having the highest correlation with your behavioral measure. Test the statistical significance of this correlation (by computing a t statistic). Is the psychographic variable a significant predictor of behavior? Show your calculation, degrees of freedom, critical value and reasoning.
 10. Is the best psychographic predictor of purchase better than the best demographic predictor? To answer this question, compare the Cramer's ϕ you calculated to the r value you calculated. Which variable has the largest absolute value?
 11. What do these results imply about the market? How could you efficiently segment the market? What segment(s) would you target and why? What are the characteristics of the segment(s)? Why do you think people in the segment(s) are frequent users of the product? How could you test your theory?
 12. Consider the brands in the product category. How are these brands positioned to appeal to various market segments? How does this positioning relate to your segmentation results? What recommendations would you make to brands in this category based on your segmentation study?
 13. What (if any) potential problems are there in generalizing the results of your segmentation study? (You may wish to consider the respondents, the design of the questionnaires, how the study was conducted, etc.) For example, would these results generalize to the entire population as a whole? Would these results generalize to other product categories? Why or why not?

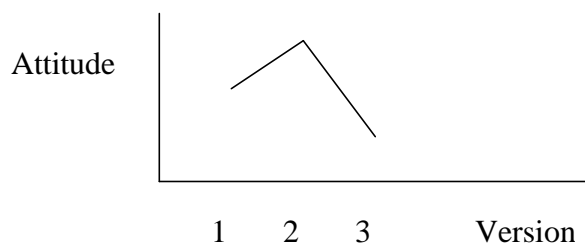
Note: Your survey should include an introduction, stating that it is part of a class project studying consumer behavior. Conduct your survey professionally (e.g., introduce yourself and explain the general purpose beforehand, receive permission from the survey respondent, etc.). Append a copy of the survey, spreadsheet data, correlation matrix and details of statistical analyses to your report. References for this assignment include chapters 2 and 13-17. For analysis calculations, refer to the separate handout.

Project Option #2: Social Marketing Experiment (15 pages + appendix)

1. Select a consumer welfare issue that interests your team. It should be an issue for which consumer attitudes can be measured and a social marketing campaign devised. Several topic areas are mentioned in the textbook (e.g., Ch. 20 and 21: health and exercise; civic duties; addictive behaviors; environmentally conscious behaviors; self-image issues). You are especially encouraged to select an issue that you feel is important but is not covered in the text, or an issue that has special importance here in Philadelphia or among students.
 - Conduct some initial secondary research to explore the important aspects of this issue. Why is this issue important for consumer welfare? What are the negative consequences for consumers? Are there any offsetting positive consequences? Is this issue particularly important for certain segments of the population? What is currently being done by government or other organizations or individuals to address this issue? [Use these questions as a starting point for researching the issue. Naturally, the relevant questions will depend upon the nature of the issue that you are investigating.] Use this information to develop a deeper understanding of the consumer welfare issues and consumers' current attitudes and to motivate the social marketing campaign that you will design.
3. Design a social marketing experiment for this issue. As you do so, keep in mind a particular population segment that you wish to target with your campaign.
 - a) Define your objective. Specifically, what consumer attitude/behavior(s) do you wish to change? (Avoid objectives that are overly broad or vague.)
 - b) Develop 2 different advertisements that might be used to change attitude/behavior(s). For example, one ad might use a cognitive appeal; a second ad might use an emotional appeal; similarly, you might develop an appeal based on social influence (e.g., opinion leader, reference group) or one's identity or self-concept (e.g., ideal self). Explain the rationale behind your designs based on consumer behavior concepts. Develop hypotheses concerning the predicted effectiveness of each ad appeal.
 - c) Design a questionnaire that measures the attitude/behavior(s) of interest. It is best to include more than one measure of the target attitude/behavior (you can ask the question in various ways and ask questions about other related attitudes/behaviors) and to include other measures to disguise the variable of interest.
 - d) After measuring the target attitude/behavior, the questionnaire should also measure other variables of interest to help you understand consumer's reactions to the ad (e.g., attitude toward the ad, toward various aspects of the ad, demographics and psychographics related to the target attitude).
4. Put together your experiment test instruments. You should have 3 versions as follows:

Version	Advertisement Condition	Experiment procedure
1	Appeal #1	Respondents see ad, then answer questionnaire.
2	Appeal #2	
3	No advertisement	Respondents just answer questionnaire.

5. You will need to have at least 20 people fill out each version of your survey (for a total of at least 60 people). Select respondents who are part of the target segment for which you designed your advertisements.
6. Analyze the data from your experiment. Enter data for all questions into an EXCEL spreadsheet with each respondent on a separate row and each question in a separate column. Be sure to specify how the questions were coded (i.e., the rating scale's meaning). Be sure to include a column indicating the version of the advertisement seen by the respondent.
7. Calculate the means for the target attitude/behavior(s) as a function of the ad version. Plot these means on a graph like this:



In this example, a social influence appeal (#2) resulted in more positive attitudes than a cognitive appeal (#1). Any appeal led to more positive attitudes than the no-advertisement condition (#3).

You will need a graph for each target attitude/behavior that you measured. Visually inspect these graphs to see whether there is any effect of the different advertisements (compared to each other and compared to no advertisement).

8. Calculate whether any differences you observed visually are *statistically* significant (see analysis handout for instructions on how to conduct comparisons of means with t-tests).
9. Continue your analysis by examining the relationships between the target attitude/behavior(s) and other measured variables (attitude toward the ad, demographic and psychographic variables that you measured, etc.). For example, if you measured gender, you can analyze its effect on attitude/behavior by calculating means for males and females and then statistically testing whether they are significantly different (as in the previous question). As another example, if you measured attitude toward the ad, values or other continuous variables, you can calculate correlations of these variables with each other and the target variable. Report this analysis for at least 2 other variables.
10. Based on your results, which (if any) advertisement was most effective in changing consumer attitude/behavior(s)? Why do you think specific ads succeeded or failed in inducing attitude change? What do these experimental results imply for developing a social marketing campaign?
11. What (if any) potential problems are there in generalizing the results of your experiment? (You may wish to consider the respondents, the design of the ads, the design of the questionnaires, how the experiment was conducted, etc.) For example, would these results generalize to the entire population as a whole? Would these results generalize to all ad executions, all media, etc.? Why or why not?

Note: Your experiment should include an introduction, stating that it is part of a class project studying consumer behavior. Conduct your experiment professionally (e.g., introduce yourself and explain the general purpose beforehand, receive permission from the respondent, etc.). Append a copy of the experiment materials, spreadsheet data, graphs, and details of the statistical analyses to your report. References for this assignment include chapters 2, 6-7, 16, 18, and 20-21. For analysis calculations, refer to the separate handout.

Report and Presentation:

Write up a report describing the product/service/issue that you investigated, the design of your study, the data analysis that you conducted, and a discussion of its implications for marketing.

Your team will have 10-15 minutes to make a presentation in class based on your report. Provide some brief background information and your team's perspective on the issue and then discuss the results of the consumer research that you undertook. Do not get bogged down in presenting detailed statistical data from your project. Remember, a picture (or graph) is worth a thousand words. In choosing what to present, focus on where you think your team *learned* the most and what you think will be most *interesting* to the class.

Grading:

Grade emphasis for the project will be placed on: choice of product/service/topic, selection of demographic and psychographic variables (option #1), design of ads (option #2), rationale and hypotheses, development of questionnaire items, quality of analysis, depth and thoroughness of discussion, and quality of overall report and presentation.

CONSUMER BEHAVIOR

CASE GUIDELINES

Just reading a case is not enough. Study the case thoroughly to develop your understanding of the problems and to generate alternative solutions and assess their advantages and disadvantages. Do not be surprised if you feel the case lacks some facts that you need in order to make a good decision. Management decisions must frequently be made based on incomplete information. Don't look for "the answer" to the case in class. Business situations are complex and seldom have a single ideal solution. Instead, the cases give you an opportunity to analyze complex business problems and generate and assess alternative solutions. Expressing and defending your own ideas, and listening to your colleagues perspectives, are a key benefit of case analyses – and rely on your thorough and thoughtful preparation for class. As you read each case, consider the listed questions and be prepared to contribute to the case discussion in class!

Note: Due to time constraints and the nature of the course, case discussions will focus on selected consumer behavior concepts illustrated by the cases rather than full-blown case analyses.

1. Retail Promotional Pricing

- a) Why has retailing become so price promotional in the United States? Why have retailers adopted a policy of high-low pricing, in particular?
- b) How does comparative price advertising, based on high-low pricing, influence consumers in their purchase decisions? Pay particular attention to the marketing research reported in this case. What conclusions do you draw from this research?
- c) How should the regular or original price be defined?
- d) What ruling do you expect in the case, and why?
- e) Optional Exercise:
 - Visit a retail outlet of your choice. Describe three examples of price promotions that you observe in the store. Discuss the consumer behavior principles that you think underlie these price promotions. Some of these principles may be related to perception. (For example: How does the price promotion capture consumer attention (pp.87-90)? How will consumers perceive the price promotion via the five senses (pp.92-96) and through perceptual organization (pp.99-101)?). Other principles may be related to how consumers react to different price points and deals (for some hints, see pp.261-264) and to high-low pricing policies (see case).

2. Land Rover North America, Inc.

- a) Why do people buy SUVs?
- b) Who is the typical SUV consumer and how is this changing?
- c) Why is LRNA launching the Discovery?
- d) LRNA considered 3 alternatives for positioning the Discovery: as The Definitive Family 4x4, as an Evolved Land Rover, and as an Affordable Range Rover. List the pros and cons of each positioning. (Use a table/chart for organization and clarity. Limit discussion in the text to a brief summary of the conclusions that you reached from your table/chart.)
- e) What are the differences among competitive SUV offerings? Consider the position of LRNA (as an umbrella brand) with respect to its competitors, as well as differentiation

among sub-brands in the LRNA line. Pay particular attention to the marketing research that supports your analysis.

- f) Assess whether the marketing mix effectively delivers on LRNA's positioning.

3. Procter & Gamble Company

- a) How is the LDL market segmented? What is the logic underlying the positioning of P&G's brands? Pay particular attention to the marketing research regarding P&G's positioning.
- b) How do consumers buy and use LDLs? (For example: How loyal are LDL users? What attributes do consumers want most in LDLs? How are attribute preferences or other aspects of LDL consumer behavior likely to change in the near future?)
- c) What would you recommend to P&G: 1) introduce a new brand, 2) improve an existing brand, or 3) increase marketing expenditures on an existing brand? Why?
- d) How might aspects of P&G's organization influence or constrain the company's new product development and marketing efforts?

4. Xerox Corporation: The Customer Satisfaction Program

- a) What is customer satisfaction?
- b) What are the important features of the Xerox customer satisfaction program? What prevents other organizations doing the same?
- c) Should Xerox offer a guarantee? If so, which?
- d) How does Xerox research and measure customer satisfaction? Pay particular attention to the CS research conducted by Xerox. What would you recommend to improve the program?
- e) Optional Exercise: Conduct an interview with a copy machine customer in a *business market* (not a consumer market). How was this copier purchased; what is the service arrangement? Assess this business customer's satisfaction with their copier and its service. What aspects of performance, service, etc., are important to their satisfaction? Assess this business customer's view of different types of guarantees. How does this customer's view of satisfaction and guarantees compare to that of the Xerox case?
Note: The copier does not have to be a Xerox brand. It is important that you identify and interview a *business* customer. For example: an owner/manager of a copy shop or of an office that has an on-site copier(s) for business purposes (e.g., in a university, firm or retail setting).

5. Northwest Airlines and the Detroit Snowstorm

- a) What went wrong? Why did it go wrong? Who, or what is responsible – the weather, a particular organization, several organizations?
- b) Could this situation have been avoided? If not, could it have been mitigated (and if so, how)?
- c) What should Northwest Airlines do in response to this situation?

BULKPACK READINGS
MARKETING 211
CONSUMER BEHAVIOR

Professor Lisa E. Bolton
The Wharton School

Fall 2002
Sections 1 & 2

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Statement of Academic Integrity:

Students are expected to contribute fairly to team assignments and the group project. Students are also expected to abide by Penn’s Code of Academic Integrity. This includes no cheating, no plagiarism, and reporting any knowledge thereof. To raise student awareness of the importance of academic integrity in the university community, please read the code and then sign below.

University of Pennsylvania Academic Integrity
Source: <http://www.college.upenn.edu/rules/integrity.html>

Academic integrity is the core value of a university. It is only through the honest production and criticism of scholarship that we become educated and create knowledge. Admission to Penn signifies your entry into this community of scholars and your willingness to abide by our commonly agreed upon rules for the creation of knowledge.

Specifically, as members of this community, we are all expected to be honest about the nature of our academic work. Papers, examinations, oral reports, the results of laboratory experiments, and other academic assignments must be the product of individual endeavor, except when an instructor has specifically approved collaborative efforts. Multiple submissions of the same paper, except with the expressed approval of both instructors, are also unethical and a violation of academic integrity.

Academic work represents not only what we have learned about a subject but also how we have learned it. Therefore it is unethical and a violation of academic integrity to copy from the work of others or submit their work as one's own; all sources, including the sources of ideas, must be acknowledged and cited in ways appropriate to one's discipline. Electronic sources, such as found in the Internet or on the World Wide Web, must also be cited. These are the methods of scholars, adopted so that others may trace our footsteps, verify what we have learned, and build upon our work, and all members of the academic community are expected to meet these obligations of scholarship. There are many publications, such as the Chicago Manual of Style or the MLA Handbook for Writers of Research Papers (which has been placed in Rosengarten Reserve by the Honor Council), that provide information about methods of proper citation. When in doubt, cite. Failure to acknowledge sources is plagiarism, regardless of intention.

Academic integrity extends beyond the submission of academic work. It also requires refraining from tampering with the projects of other students, stealing or damaging library books and periodicals, misrepresenting grades and/or accomplishments, falsifying credentials or letters of recommendation, and assisting in any of the above.

A full discussion of the Code of Academic Integrity and the measures for its enforcement can be found in the The Pennbook. Since many graduate and professional schools specifically request information about a student's academic honesty, a violation of the Code of Academic Integrity can have major consequences.

The best strategy is to avoid situations where academic dishonesty might occur. Consult with instructors about assignments; plan ahead to leave sufficient time to complete work; utilize academic support services; remember that all members of the university community are expected to exemplify the utmost integrity in their academic lives.

I have abided by the Penn Code of Academic Integrity in completing this assignment and throughout this class.

Print: _____ Signature: _____ Date: _____

Print: _____ Signature: _____ Date: _____

Print: _____ Signature: _____ Date: _____

Print: _____ Signature: _____ Date: _____

Print: _____ Signature: _____ Date: _____

All students contributing to an assignment/project should sign this statement; attach the statement to team reports before submitting to the instructor.

Please consult the professor immediately if you have any questions or concerns related to issues of academic integrity. Thank You.