

Consumer Behavior, MGT/MGP 293-001 Wednesdays (6:10 pm- 9:00 pm)

Professor: Dr. Vasu Unnava, Ph. D.

Pre-requisite: Marketing Management, MGP-204

Office Hours: Tuesdays 6:30 pm to 8:00 pm via zoom or an appointment can be set up via email (vunnava@ucdavis.edu)

Course Objectives:

The study of consumer behavior has been a central theme of contemporary business practices. Based on developing an understanding of the importance of consumer centricity for business success, the study of consumer behavior leads to designing effective marketing strategies. Marketing starts and ends with consumer, from recognizing latent consumer needs to managing post purchase satisfaction and loyalty. Gaining in-depth knowledge of consumers and understanding their behavior using scientific approaches is critical to the success of businesses in today's markets characterized by highly fragmented customer segments, short product life cycles, and increased competition.

This course will focus on gaining insights into consumer psychology and its implications for decision-making by consumers with regard to the acquisition, use or disposition of business offerings. Because we are all consumers too, we think about purchases on a daily basis, make purchases, recognize product features relevant to us, and others' influence on our purchase decisions. Amid marketing communications we are exposed to, and our own experiences, we may have developed intuitions about consumers, often shallow. This course provides an approach to scientific research and appropriate interpretation of the likely response of consumers to different marketing activities.

Required Course Material:

1. Harvard Business Review Business Simulation, "Managing Segments and Customers V3"
2. List of online articles from academic publications and popular press (Listed on Course website in CANVAS)

Course format:

We will use a variety of materials and approaches in this course to gain insights into consumer phenomena and to develop managerial implications. Material presentation will be through lectures, classroom discussions, activities, business cases, articles, videos, simulation etc. Application of relevant theories to real-world consumer behavior situations will be an integral part of the course.

Course Requirements and grading:

Your course performance will be determined by five components:

1. Individual: Class participation	15%
2. Individual: Three Assignments, 10% each	30%
3. Project work and presentations:	
(Part 1) Individual: Your undertaking in the project	10%
(Part 2) Team: Project work and presentation	15%
4. Team: 'Managing Segments and Customers' Simulations	20%
5. Individual: Peer Evaluation	10%
Total	100%

All assignments must be submitted on or before the due date. Failure to do so without prior authorization from the professor will result in a score of zero for that component of the course.

Grading Scheme:

The following is the grading scheme for assigning letter grades:

Range	Letter Grade	Range	Letter Grade
100- 97%	A+	<80-77%	C+
<97- 94%	A	<77-73%	C
<94-90%	A-	<73-70%	C-
<90-87%	B+	<70-67%	D+
<87-83%	B	<67-63%	D
<83-80%	B-	<63-60%	D-
		<60%	F

1. Individual Participation (15 % of total grade)

Class participation is an important component of your grade. Regular and punctual attendance is required. You will come prepared to discuss concepts, topics and issues related to readings in each class and actively participate in class activities.

In-class contribution will be assessed based on the quality and consistency of your contributions. 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 contributions is more important than the quantity. It is entirely possible that you can say more things than others in class and receive a low grade for in-class contribution. When evaluating your contribution to the class discussions, the following factors will be 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?

From time to time, life events (e.g., an interview) may prevent you from attending class; when this happens, please let me know as soon as possible and we will work out a schedule based on the situation.

2. Three Individual Assignments (30% of total grade)

Assignment #1: Netomi Case (10%)

Applying consumer behavior concepts to real problems is valuable in improving business skills. This assignment is about identifying front-end consumers needs in business-to-business (B2B) markets. B2B businesses like Netomi (netomi.com) enable companies to build superior customer relationships by anticipating front-end consumer service needs and resolving them using artificial intelligence (AI) supported chat bots.

The objective of the assignment is to expand Netomi's growth by identifying a B2B business where AI supported chat bots can alleviate frequently occurring front end customer pain points and provide support to complete customer tasks. You can view a list of Netomi's customers at <https://www.netomi.com/customers>. Specifically, the focus is to identify untapped verticals for Netomi's expansion.

As a part of this assignment, you will research about B2B businesses and their customer service needs. You will identify a B2B business and describe its end customers' needs that can be resolved by Netomi. You will assess the impact of utilizing Netomi's product on the B2B and provide justifications for financial viability. Additional details will be provided in the first class. You will turn in a double spaced preformatted two-page report.

Assignment #2: "Black Lives Matter" (10%)

Black Lives Matter (BLM) movement to improve racial justice has captured the attention of several US consumers last year and many businesses seem to signal their position regarding the movement by displaying insignia related to the movement at workplaces. In this assignment, you will conduct research on identifying two consumer brands/companies with varying efforts with regard to BLM cause. You will then develop a framework on how consumer demand for a company's products may be affected by various forms of political advocacy and apply the framework to compare the two brands you have chosen for this exercise. A framework attempts to identify the various routes by which a company's performance may be affected by the variable of interest – in this case, a political advocacy. Test your framework by conducting qualitative interviews with any two consumers - summarize the interview results and see if they match your proposed framework. Your discussion on the results and analysis should include at least three key takeaways from our course material (e.g., motivation, attention, attitude). Additional details will be provided in the first class. You will turn in a double spaced four-page report including references.

Assignment #3: Roundtable Discussion in class (10%)

Roundtable Discussions provide an opportunity to learn consumer behavior topics and apply to real marketing situations. You will lead the discussion in the classroom on an assigned topic. The focus of the discussion is about learning objectives or key questions, identifying real consumer issues and relating to course topic under study. You will submit a discussion guide consisting of one page handout to students, in-class presentation material and two-page report on the learnings about consumers before roundtable discussion date. A basic format for the discussion would be:

A brief outline of three key concepts you will highlight in your discussion

Relate each concept to the types of business decisions where it is relevant
Identify one short business article for each concept to show how a business is using the concept (e.g., if advertising recall is a concept, show how a company used it)
Initiate a discussion by bringing three questions on the topic that you would like to know more about.

3. Project Presentations on “How COVID-19 Reshaped Consumer Behavior”

COVID-19 has impacted consumer behavior in several ways and some of which have lasting effects. Post COVID-19, many consumers adopted new behaviors in several aspects of their lives (e.g., eating healthy or trading down for value) and marketers would like to understand these changes so they can meet consumer needs better.

Your team will undertake one area of study, for example, work life, education, shopping for groceries etc. Your team will explore traditional behaviors, identify the changes in those behaviors through your reading of published sources and conduct interviews of five consumers to see if your research is supported by the behaviors of those consumers. Then, indicate how traditional marketing techniques should change or have changed to deal with the changes in consumer behavior you identified. For the research of published sources, I expect a minimum of 15 references for this project. These publications may be academic or popular press. Again, I would like to see your ability to abstract and synthesize the information from your references, not just a rewrite of what is being mentioned in those papers. You should submit the list of references and also indicate which group member will be responsible for which part of the discussion in your project.

Part 1) Your individual undertaking in the project (10%): Each group member will conduct literature review of their list of articles and submit a three-page summary.

Part 2) Group work and presentation (15%): Your team will organize the research findings, develop interview questions to gather primary data. Your team will interview a total of 5 consumers and analyze the findings. The group presentation will contain introduction to problem, organization of research and objectives of qualitative interviews, interview takeaways, and propositions for marketing implications. Each group will submit their presentation slides 24 hours ahead of the presentation day.

4. Two Executions of “Managing Segments and Customers” (20%)

Managing Segments and Customers simulation deep dives into concepts of customer satisfaction and retention. As a group, you will decide on allocation of resources to improve customer satisfaction and see the impact of your actions on various financial measures in the first execution. In the second execution, new challenges arise from social media and your team will respond with altered allocation decisions with regard to marketing communications and learn how your actions affects customer satisfaction and retention.

5. Peer Evaluation of business cases participation (10%)

You will work in groups on business cases and 10% of your grade depends on an anonymous rating given by your group peers after team presentations. The peer evaluation will look into your contribution to the group’s work product and simulation.

Academic Integrity: All students who take this course are governed by the Univ. of California's standards of ethical conduct for students. These sections set forth the responsibilities of students and faculty to maintain a spirit of academic honesty and integrity. You were given this code of conduct with explicit explanations of violations (e.g. plagiarism, cheating, unauthorized collaboration, etc.) and your responsibilities in regard to them during orientation. It is essential that you are aware of this code of conduct and the disciplinary actions that may be taken in the event of a violation. A copy of the Code of Academic Conduct can be found at <http://sja.ucdavis.edu/files/cac.pdf>. If you are uncertain about what constitutes an academic conduct violation, please refer to the code linked above, contact your instructor, or refer to the Office of Student Judicial Affairs.

Principles of Community: All participants in the course, instructor and students, are expected to follow the UC Davis Principles of Community, which includes affirmation of the right of freedom of expression, and rejection of discrimination. The right to express points-of-view without fear of retaliation or censorship is a cornerstone of academic freedom. A diversity of opinions with respectful disagreement and informed debate enriches learning. However, in this course, any expression or disagreement should adhere to the obligations we have toward each other to build and maintain a climate of mutual respect and caring.

Statement on Accommodation: UC Davis is committed to educational equity in the academic setting, and in serving a diverse student body. All students who are interested in learning about how disabilities are accommodated can visit the Student Disability Center (SDC). If you are a student who requires academic accommodations, please contact the SDC directly at sdc@ucdavis.edu or 530-752-3184. If you receive an SDC Letter of Accommodation, submit it to your instructor for each course as soon as possible, at least within the first two weeks of a course.

Additional Readings (recommended based on your interests)

There are several textbooks and popular press book titles that cover issues related to our class discussions. If earlier editions are cheaper for suggested additional readings, they are generally similar to more recent editions and you can get them instead.

My first recommendation is a comprehensive consumer behavior textbook that you may wish to purchase as a supplement to your course pack:

- Hoyer, Wayne D., Deborah J. MacInnis, and Rik Pieters, *Consumer Behavior*, 7th edition, by Cengage Learning. ISBN-13: 978-1305507272/ ISBN-10: 1305507274

I also highly recommend the following books that touch on topics we will cover during the term (you are not required to purchase these, but you may wish to for your own, independent reading).

- Kahneman, Daniel (2011), *Thinking Fast and Slow*.
- Thaler, Richard H. and Cass Sunstein (2009), *Nudge: Improving Decisions about Health, Wealth, and Happiness*.
- Zaltman, Gerald and Lindsay H. Zaltman (2008), *Marketing Metaphoria: What Deep Metaphors Reveal About the Minds of Consumers*.
- Iyengar, Sheena (2011), *The Art of Choosing*.
- Schwartz, Barry (2004), *The Paradox of Choice: Why More is Less*.
- Cialdini, Robert (1984), *Influence, The Psychology of Persuasion*
- Heath, Chip and Dan Heath (2007), *Made to Stick*.

A Few Other Things:

A special note: There is a significant amount of reading in this course. It is critical that you read and think about this material BEFORE class time. Each class begins with the assumption that you have at least a rudimentary understanding of assigned reading material. At times, we will talk in depth about the assigned readings, and at other times we will not talk about them at all – they will be a supplement to the class discussions. The readings are meant to give you a background on the topic and/or illustrate interesting examples of how this topic has been examined either in academia or in the media. Assuming you come prepared and energized, we should all have an interesting learning experience at each meeting.

Writing. All writing completed for the course should be carefully proof-read and free of grammatical and typographical errors. I reserve the right to penalize any and all instances of poor writing even if writing quality is not explicitly listed as a grading criterion. All your written reports will be double spaced with 12-font of Times New Roman format.

COURSE CALENDAR* Winter Quarter, 2022

**Calendar is subject to change. All changes will be discussed in advance of the day affected.*

<u>Date</u>	<u>Topic</u>	<u>Pre-Class Readings/Assignment Due Dates</u> <u>(Dropbox closing time is 11 pm)</u>
1/5	Consumer Behavior, Market Orientation and Social Justice	<ol style="list-style-type: none"> More American Are Living Solo, and Companies Want Their Business (2019), (WSJ) A Step-by-Step Guide to Smart Business Experiments (2011), (HBR) search for AN 58558644 Marketing in the Age of Alexa (2018), HBR Studying Messy Habits to Sweep Up a Market (2005), WSJ
1/12	Motivations	<ol style="list-style-type: none"> The Elements of Value (2016), HBR Using laddering to understand and leverage a brand's equity (2003) SSRN Three Weird Customer Insights That Led to Kick-Ass Products (2017), Fast Company Food Companies Can't Figure Out What Americans Want to Eat (2018), WSJ
1/19	Exposure, Attention and Perception	<ol style="list-style-type: none"> Objects in the store are smaller than they appear. (2008) LA Times How companies change packaging without alienating customers (2018), CNN Business Three Consumer Attention Myths Holding Back Marketers 2017, Mediavillage How consumer needs shape search behavior and drive intent (2019), Think with Google <p>.Submission: Netomi Case</p>
1/26	Memory and Learning	<ol style="list-style-type: none"> The Angel Who Keeps Citi Bike Working for New York (2018), Outside Magazine The Problem with Feedback (2018), The Atlantic What the wine industry understands about connecting with consumers (2019), HBR <p><u>Roundtable 1</u>: How does consumer motivations and values differ between Uber and Lyft? .Submission: List of each member's research articles for the Group Project</p>
2/2	Consumer Attitudes	<ol style="list-style-type: none"> Track Customer Attitudes to Predict Their Behaviors (2014), HBR How Certainty Transforms Persuasion (2015), HBR Consumers Are More Likely to Use or Drop Brands on Racial Justice Response, Survey Finds (2021), WSJ <p><u>Roundtable 2</u>: What are the differences in consumer attitudes towards Instagram and tiktok?</p>
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COURSE CALENDAR* Winter Quarter, 2022 (Continued)

**Calendar is subject to change. All changes will be discussed in advance of the day affected.*

<u>Date</u>	<u>Topic</u>	<u>Pre-Class Readings/Assignment Due Dates</u> <u>(Dropbox closing time is 11 pm)</u>
2/9	Consumer Decision Making	<ol style="list-style-type: none"> 1. We Actively Avoid Information That Can Help Us (2020) HBR 2. Too Many Choices: A Problem That Can Paralyze (2010), NYT 3. The Elusive Green Consumer (2019), HBR 4. How E-Commerce Sites Manipulate You Into Buying Things You May Not Want (2019), NYT <p><u>Roundtable 3: Consumer Learning and Product Failures</u> .Submission: “Black Lives Matter” report</p>
2/16	Post Decision Process: Customer Satisfaction and Retention	<ol style="list-style-type: none"> 1. Linear Thinking in Nonlinear World, (2017) HBR 2. Nudge your customers toward better choices (2008), HBR 3. How Tech Giants Get You to Click This (and Not That) (2019), WSJ <p><u>Roundtable 4: Information search and switching costs</u> .Submission of Execution I Summary</p>
2/23	Social Influence	<ol style="list-style-type: none"> 1. You remind me of me, (2004) NYT 2. Is Justin Timberlake a Product of Cumulative Advantage?, (2007) NYT Magazine 3. How Consumers Really Use Online Reviews, (2020) WSJ 4. There is Something About Breath Mints and Sharing (2017), WSJ <p><u>Roundtable 5: Consumer Online Reviews</u> .Submission of Individual part of research on group project topic</p>
3/2	Social Influence and Word of Mouth	<ol style="list-style-type: none"> 1. Harnessing the Science of Persuasion (2001), HBR search for AN 5329110 2. The Trendiest Fitness Class Now: Working Out Alone at Home (2019), WSJ 3. The consequences of Sharing (2020), Current Opinion in Psychology <p><u>Roundtable 6: Consumer Personalization and Privacy</u> .Submission of Execution II Summary</p>
3/9 1:30 pm	“How COVID-19 Reshaped Consumer Behavior”	.Group Presentations
3/16	Final Project PPT and Peer Evaluation Submissions	.Submission of PPT and Peer Evaluations Forms

Topics, Pre-readings list and Assignment Due Dates

A note about accessing readings: Linked items are available online or through the UC Davis library. If noted, some links will need to be accessed from on campus or by using the [library VPN](#). Some items will need to be searched for directly. The link will take you to main the HBR page of the library. Click on “Search within this publication” and then search for “AN [Insert number]” in the second field.

Class 1: Jan 5

Topic: Consumer Behavior, Market Orientation and Social Justice

Video(s) to watch prior to class: “Introduction to Consumer Behavior”

Pre-Class Readings:

1. [More American Are Living Solo, and Companies Want Their Business](#) (2019), (WSJ)
2. [A Step-by-Step Guide to Smart Business Experiments](#) (2011), (HBR) search for AN 58558644
3. [Marketing in the Age of Alexa](#) (2018), HBR
4. [Studying Messy Habits to Sweep Up a Market](#) (2005), WSJ

Suggested articles on “Social Justice and Black Lives Matter” topic

1. [Consumers want retailers to do the right thing](#) (2020), Deep Dive.
2. [Aunt Jemima and Uncle Ben’s, Rooted in Racist Imagery to change](#) (2020), WSJ
3. [Sephora’s Purpose Come To Life Through Action](#) (2021), WSJ

Class 2: Jan 12

Topic: Consumer Motivations

Video(s) to watch prior to class: Consumer Motivations- Part 1 and Part 2

Pre-Class Readings:

1. [The Elements of Value](#) (2016), HBR
2. [Using laddering to understand and leverage a brand’s equity](#) (2003) SSRN
3. [Three Weird Customer Insights That Led to Kick-Ass Products](#) (2017), Fast Company
4. [Food Companies Can’t Figure Out What Americans Want to Eat](#) (2018), WSJ

Class 3: Jan 19

Topic: Exposure, Attention and Perception

Videos to watch prior to class: Exposure, Attention and Perception

Pre-Class Readings:

1. [Objects in the store are smaller than they appear.](#) (2008) LA Times

2. [How companies change packaging without alienating customers](#) (2018), CNN Business
3. [Three Consumer Attention Myths Holding Back Marketers](#) 2017, Mediavillage
4. [How consumer needs shape search behavior and drive intent](#) (2019), Think with Google

Submission: Netomi Case

Class 4: Jan 26

Topic: Memory and Learning

Video(s) to watch prior to class: Memory and Learning

Pre-Class Readings:

1. [The Angel Who Keeps Citi Bike Working for New York](#) (2018), Outside Magazine
2. [The Problem with Feedback](#) (2018), The Atlantic
3. [What the wine industry understands about connecting with consumers](#) (2019), HBR

Roundtable 1: How does consumer motivations and values differ between Uber and Lyft?

Submission: List of each member's research articles for the Group Project

Class 5: Feb 2

Topic: Consumer Attitudes

Video(s) to watch prior to class: Consumer Attitudes

Pre-Class Readings:

1. [Track Customer Attitudes to Predict Their Behaviors](#) (2014), HBR
2. [How Certainty Transforms Persuasion](#) (2015), HBR
3. [Consumers Are More Likely to Use or Drop Brands on Racial Justice Response, Survey Finds](#) (2021), WSJ

Roundtable 2: What are the differences in consumer attitudes towards Instagram and tiktok?

Class 6: Feb 9

Topic: Consumer Decision Making

Video(s) to watch prior to class: Consumer Decision Making

Pre-Class Readings:

1. [We Actively Avoid Information That Can Help Us](#) (2020) HBR
2. [Too Many Choices: A Problem That Can Paralyze](#) (2010), NYT
3. [The Elusive Green Consumer](#) (2019), HBR

4. [How E-Commerce Sites Manipulate You Into Buying Things You May Not Want](#) (2019), NYT

Roundtable 3: Consumer Learning and Product Failures

Upcoming Submission: “Black Lives Matter” report by Feb 13th

Class 7: Feb 16

Topic: Consumer Decision Making (continued) and Post Decision Process

Videos to watch prior to class: Consumer Decision Making (Continued)

Pre-Class Readings:

1. [Linear Thinking in Nonlinear World](#), (2017) HBR
2. [Nudge your customers toward better choices](#) (2008), HBR
3. [How Tech Giants Get You to Click This \(and Not That\)](#) (2019), WSJ

Roundtable 4: Information search and switching costs

Submission of Execution I Summary

Class 8: Feb 23

Topic: Social Influence and Word of Mouth

Video(s) to watch prior to class: Social Influence

Pre-Class Readings:

1. [You remind me of me](#), (2004) NYT
2. [Is Justin Timberlake a Product of Cumulative Advantage?](#), (2007) NYT Magazine
3. [How Consumers Really Use Online Reviews](#), (2020) WSJ
4. [There is Something About Breath Mints and Sharing](#) (2017), WSJ

Roundtable 5: Consumer Online Reviews

Submission: Individual part of research on group project topic

Class 9: Mar 2

Topic: Social Influence and Word of Mouth (Continued)

Pre-Class Readings:

1. [Harnessing the Science of Persuasion](#) (2001), HBR **search for AN 5329110**
2. [The Trendiest Fitness Class Now: Working Out Alone at Home](#) (2019), WSJ
3. [The consequences of Sharing](#) (2020), Current Opinion in Psychology

Roundtable 6: Consumer Personalization and Privacy

Submission of Execution II Summary

Class 10, Mar 9

Group presentations on “How COVID-19 Reshaped Consumer Behavior”

Finals Week: Mar 16, 11 pm: Final Project PPT and Peer Evaluation Submissions