

# **CONSUMER BEHAVIOR**

## **COURSE OUTLINE AND READING LIST**

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## 1 COURSE OVERVIEW

Course Name:	Consumer Behavior
Degree Programmes:	1. Master BWL 2. Master Wirtschaftsingenieurwesen 3. Master Wirtschaftswissenschaften
Lecturer:	Prof. Dr. Daniel Wentzel
Contact:	Nam-Chi Nguyen (nguyen@time.rwth-aachen.de)
Location and Time:	Mondays, 12.30-14.00, H10 (1385 217) Thursdays, 14.30-16.00, E1 (1090 301) (please refer to the more detailed schedule below)
Content Description:	This course aims to provide students with a fundamental understanding of how consumers decide and behave in the marketplace. Specifically, the course will focus on understanding (a) how consumers choose between competing options, (b) how emotions influence consumers' decision processes, (c) how consumers are (unconsciously) affected by the order and presentation of different product options, and (d) how decisions are influenced by situational and social cues. Importantly, the course will follow a psychological approach for understanding consumer behavior and will be mostly based on scientific journal articles. Furthermore, students are expected to take an active part in class discussions.
Qualification Objectives:	The course aims to provide students with a fundamental understanding of how consumers decide and behave in the marketplace and how they form their preferences for products and services. Specifically, the course intends to familiarize students with current research in consumer behavior and to help them understand how and to what extent this research can be used to address practical, real-life marketing problems.  Another aim of the course is to enable students to critically reflect on and to develop the current theoretical discourse related to consumer behavior. To this end, students will develop their own research projects in small groups that focus on a specific aspect of consumer behavior. These research projects will be presented and discussed in class and will also be documented in a final report. Thus, the course also aims to help students improve their methodological skills and their communication abilities.
Literature:	See readings below
Course Examination:	1. Group work (50%) 2. Individual written exam (50%)
Participation Requirements:	1. Solid command of English 2. Basic knowledge in marketing
Group Size:	45 participants (max)
Type of Teaching Event:	Lecture with integrated exercise and group coaching sessions
Language:	English
Credits:	5

## 2 COURSE ORGANISATION

The course consists of two different parts. The first part will be held at the beginning of the semester and will follow an interactive lecture format. After an initial introduction into consumer behavior (session 1) and into the mechanics of experimental design (sessions 2 and 3), the course will move into discussing a number of advanced consumer behavior topics (sessions 4 to 13). These sessions will focus on the discussion of selected articles (typically 3-4 per session) from top-tier marketing and psychology journals. The second part of the course will focus on the group works where students will develop and present a consumer behavior project of their own. The table below depicts the preliminary schedule.

### *Preliminary schedule*

<b>Session 1</b> 07/10/2019 Introduction and Basic Concepts  12.30-14.00 H10	<b>Session 2</b> 10/10/2019 Experimental Design I  14.30-16.00 E1	<b>Sessions 3</b> 14/10/2019 Experimental Design II  12.30-14.00 H10	<b>Session 4</b> 17/10/2019 Variety Seeking  14.30-16.00 E1	<b>Session 5</b> 21/10/2019 Variety and Choice  12.30-14.00 H10	<b>Session 6</b> 28/10/2019 Endowment Effects  12.30-14.00 H10	<b>Session 7</b> 31/10/2019 Competitive Relations  14.30-16.00 E1
<b>Session 8</b> 4/11/2019 Default Effects  12.30-14.00 H10	<b>Session 9</b> 11/11/2019 Trivial Differentiation  12.30-14.00 H10	<b>Session 10</b> 14/11/2019 Regulatory Focus  14.30-16.00 E1	<b>Session 11</b> 18/11/2019 Construal Levels  12.30-14.00 H10	<b>Session 12</b> 21/11/2019 Processing Fluency  14.30-16.00 E1	<b>Session 13</b> 25/11/2019 Self- Regulation  12.30-14.00 H10	<b>Session 14</b> 18/12/2019 Group Presentations  9.00-14.00 B301

This course will be managed via the e-learning platform RWTHmoodle. All lecture slides, student presentation slides and readings will be deposited here. In addition, we will communicate all important pieces of information (e.g. group allocation, room changes, course and exam preparation) only via RWTHmoodle. It is hence essential for you to sign up for our RWTHmoodle course by 07/10/2019 (12.30 pm) at the very latest.

All lectures, discussions and student presentations will be in English language. Please note that the exam questions will be in English and that you will be required to answer in English.

The final grade is composed of two elements:

- (1) Group work: 50 percent
- (2) Individual written exam: 50 percent

Please note that both elements need to be passed if the course is to be passed.

## 3 GROUP ASSIGNMENT

A key component of this course is the group assignment, which will count for 50 percent of the final grade. For this group assignment, each student will be assigned to a group typically consisting of five to six members. Each group will be asked to develop a consumer behavior project that builds on the topics discussed in class. Groups will be asked to document their ideas in a written assignment (10-12 pages without references and appendices, Times New Roman, 12 pt, 1.5 line spacing, 2.5 cm margins). Groups will also be asked to present the current state of their work in class in the second part of the course (see schedule below). In class, 30 minutes will

be allocated to each group, of which 20 should be used for the group presentation and 10 for a discussion with the audience. Groups should support their presentation with up to 15 PowerPoint slides and will need to bring their presentation saved on a memory stick in both ppt and pdf format to their respective session. The language for the presentation and the discussion with the audience is English. While the presentations will not be marked separately, they are a valuable opportunity for receiving feedback and polishing the final project reports.

To help students develop their projects and prepare the presentation, each group will be entitled to a 45-minute coaching session with a member of the marketing group at the end of the year. Although this session is optional, groups are encouraged to use this coaching session for receiving critical feedback at an early stage of their projects. Appointments for these sessions will be scheduled individually for each group. The primary goal of the group work is to help students understand how research is generated and how knowledge is developed in marketing and social psychology. A secondary goal of the group work is to help students develop some practical, hands-on research skills that may prove useful in the course of writing a Master or PhD thesis. Students are encouraged to reflect critically on the topic they have been assigned and to go beyond the materials that are handed out and discussed in class.

Depending on the total number of groups, all presentations will be held on a joint presentation day on 18/12/2019. The final group assignments have to be handed in until 12/01/2020. A more detailed schedule will be provided at the beginning of the semester.

## 4 READING LIST

After the introductory lectures on consumer behavior and experimental design, we will discuss selected articles from top-tier marketing and psychology journals. Each session will focus on one particular topic and will discuss 3-4 articles relating to that topic. All articles are also directly relevant for the exam and are available for download on RWTHmoodle.

### Reading list

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<b>Session 4:</b> Variety Seeking	<i>McAlister, L.; Pessemer, E. (1982): Variety Seeking Behavior: An Interdisciplinary Review, Journal of Consumer Research, 9 (December), 31-322.</i> <i>Ratner, R.; Kahn, B.; Kahneman, D. (1999): Choosing Less-Preferred Experiences for the Sake of Variety, Journal of Consumer Research, 26 (June), 1-15.</i> <i>Ratner, R.; Kahn, B. (2002): The Impact of Private versus Public Consumption on Variety-Seeking Behavior, Journal of Consumer Research, 29 (September), 246-257.</i> <i>Simonson, I. (1990): The Effect of Purchase Quantity and Timing on Variety-Seeking Behavior, Journal of Marketing Research, 27 (May), 150-162</i>
<b>Session 5:</b> Variety and Choice	<i>Chernev, A. (2006): Decision Focus and Consumer Choice among Assortments, Journal of Consumer Research, 33 (June), 50-59.</i> <i>Gourville, J.; Soman, D. (2005): Overchoice and Assortment Type: When and Why Variety Backfires, Marketing Science, 24 (3), 382-395.</i> <i>Iyengar, S.; Lepper, M. (2000): When Choice is Demotivating: Can One Desire Too Much of a Good Thing?, Journal of Personality and Social Psychology, 79 (6), 995-1006.</i>

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<b>Session 6:</b> Endowment Effects	<p><i>Brenner, L.; Rottenstreich, Y.; Sood, S.; Bilgin, B. (2007): On the Psychology of Loss Aversion: Possession, Valence, and Reversals of the Endowment Effect, Journal of Consumer Research, 34 (October), 369-376</i></p> <p><i>Carmon, T.; Ariely, D. (2000): Focusing on the Forgone: How Value Can Appear So Different to Buyers and Sellers. Journal of Consumer Research, 27 (December), 360-370.</i></p> <p><i>Kahneman, D; Knetsch, J.L.; Thaler, R.H. (1991): Experimental Tests of the Endowment Effect and the Coase Theorem. Journal of Political Economy, 98 (6), 1325-1348.</i></p> <p><i>Knetsch, J.L. (1989): The Endowment Effect and Evidence of Nonreversible Indifference Curves, The American Economic Review, 79 (5), 1277-1284.</i></p>
<b>Session 7:</b> Competitive Relations	<p><i>Carpenter, G.; Nakamoto, K. (1989): Preference Formation and Pioneering Advantage, Journal of Marketing Research, 26 (August), 285-298.</i></p> <p><i>Simonson, I. (1989): Choice Based on Reasons: The Case of Attraction and Compromise Effects, Journal of Consumer Research, 16 (September), 158-174.</i></p> <p><i>Simonson, I.; Tversky, A. (1992): Choice in Context: Tradeoff Contrast and Extremeness Aversion, Journal of Marketing Research, 29 (August), 281-295.</i></p>
<b>Session 8:</b> Default Effects	<p><i>Brown, C.; Krishna. A. (2004): The Skeptical Shopper: A Metacognitive Account for the Effects of Default Options Choice, Journal of Consumer Research, 31 (December), 529-539.</i></p> <p><i>Johnson, M.; Goldstein, D. (2003): Do Defaults Save Lives?, Science, 302 (November), 1338-1339.</i></p> <p><i>Park, C.W.; Jun, S.; MacInnis, D. (2000): Choosing What I Want Versus Rejecting What I Do Not Want, Journal of Marketing Research, 37 (May), 187-202</i></p>
<b>Session 9:</b> Trivial Differentiation	<p><i>Brown, C.; Carpenter, G. (2000): Why is the Trivial Important? A Reasons-Based Account for the Effects of Trivial Attributes on Choice, Journal of Consumer Research, 26 (March), 372-385.</i></p> <p><i>Carpenter, G.; Glazer, R.; Nakamoto, K. (1994): Meaningful Brands from Meaningless Differentiation: The Dependence on Irrelevant Attributes, Journal of Marketing Research, 31 (March), 339-350.</i></p> <p><i>Meyvis, T.; Janiszewski, C. (2002): Consumers' Beliefs About Product Benefits: The Effect of Obviously Irrelevant Product Information, Journal of Consumer Research, 28 (March), 618-635.</i></p> <p><i>Simonson, I.; Carmon, Z.; O'Curry, S.: Experimental Evidence on the Negative Effect of Product Features and Sales Promotions on Brand Choice, Marketing Science, 13 (1), 23-40</i></p>
<b>Session 10:</b> Regulatory Focus	<p><i>Aaker, J.; Lee, A. (2001): "I" Seek Pleasures and "We" Avoid Pains: The Role of Self-Regulatory Goals in Information Processing and Persuasion, Journal of Consumer Research, 28 (June), 33-49.</i></p> <p><i>Lee, A.; Aaker, J. (2004): Bringing the Frame Into Focus: The Influence of Regulatory Fit on Processing Fluency and Persuasion, Journal of Personality and Social Psychology, 86 (2), 205-218.</i></p> <p><i>Wang, J.; Lee, A. (2006): The Role of Regulatory Focus in Preference Construction, Journal of Marketing Research, 43 (February), 28-38.</i></p>
<b>Session 11:</b> Construal Levels	<p><i>Bornemann, T.; Homburg, C. (2011): Psychological Distance and the Dual Role of Price, Journal of Consumer Research, 38 (October), 490-504.</i></p> <p><i>Trope, Y.; Liberman, N. (2000): Time-dependent Changes in Preferences, Journal of Personality and Social Psychology, 79 (6), 876-889.</i></p> <p><i>Zhao, M.; Hoeffler, S.; Zauberger, G. (2007): Mental Simulation and Preference Consistency over Time: The Role of Process- Versus Outcome-Focused Thoughts, Journal of Marketing Research, 44 (August), 379-388</i></p>

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<b>Session 12:</b> Processing Fluency	<i>Berger, J.; Fitzsimons, G. (2008), Dogs on the Street, Pumas on Your Feet: How Cues in the Environment Influence Product Evaluation and Choice, Journal of Marketing Research, 45 (1), 1-14.</i> <i>Novemsky, N.; Dhar, R.; Schwarz, N.; Simonson, I. (2007): Preference Fluency in Choice, Journal of Marketing Research, 44 (August), 347-356.</i> <i>Pocheptsova, A.; Labroo, A.; Dhar, R. (2010): Making Products Feel Special: When Metacognitive Difficulty Enhances Evaluations, Journal of Marketing Research, 47 (December), 1059-1069.</i> <i>Schwarz, N. (2004): Metacognitive Experiences in Consumer Judgment and Decision Making, Journal of Consumer Psychology, 14 (4), 332-348.</i>
<b>Session 13:</b> Self-Regulation	<i>Shiv, B.; Fedorikhin, A. (1999): Heart and Mind in Conflict: The Interplay of Affect and Cognition in Consumer Decision Making, Journal of Consumer Research, 26 (December), 278-292.</i> <i>Vohs, K.; Faber, R. (2007): Spent Resources: Self-Regulatory Resource Availability Affects Impulse Buying, Journal of Consumer Research, 33 (March), 537-547.</i>

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Some of the optional readings listed below but not available on RWTHmoodle might be of interest to those who would like to gain a general understanding about consumer behavior. These readings are NOT directly relevant for the exam, but potentially useful during your exam preparations.

### Optional Readings

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Hoyer, W.; MacInnis, D. (2008): Consumer Behavior, International Edition (5th ed.), Cengage Learning Emea.

Schiffman, L.; Kanuk, L. (2009): Consumer Behavior, 10th ed., Upper Saddle River: Pearson Education

Solomon, M. (2011): Consumer Behavior: Buying, Having, and Being, Global Edition (9th ed.), Upper Saddle River: Pearson Education

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## 5 COURSE EXAMINATION

The exam for this course, counting for 50 percent of your overall mark, is likely to be structured as follows (obviously, only the structure announced on the exam day will apply). That is, the exam questions are typically of the following nature:

### Part 1: Theory Foundations

- Around 20 points - probably one question with several sub-questions
- Explanation of constitutive elements (e.g. assumptions, concepts, propositions) of selected consumer behavior theories

### Part 2: Theory Interpretation



- Around 20 points - Hypothetical data (verbal or visual description) with several sub-questions
- Application of theoretical knowledge to explain hypothetical study findings (need to develop a theoretical argument consistent with the data)

**Part 3: Theory Transfer**

- Around 20 points - Scenario with several sub-questions
- Application of theoretical knowledge to solve real-life marketing challenge (need to develop a theoretical argument for handling a practical problem)

A maximum of 60 points can hence be obtained. A minimum of 30 points will be required to pass the exam. The individual written exam will be formulated in English language and you will also need to answer the questions in English. The exam is currently scheduled to take 60 minutes. Besides non-electronic dictionaries (e.g. German-English) no other aids are permitted and dictionaries are likely to be checked during the exam. Several sample exams will be made available on RWTHmoodle at the end of the course and will also be discussed in the final session.

**We hope you will enjoy the course and look forward to working with you!**