National School of Development, Peking University

Fall 2021

Seminar in Consumer Behavior: Judgment and Decision Making

- COURSE OUTLINE -

1. COURSE OVERVIEW

The purpose of this seminar is to provide selective coverage of the research carried out in the area of judgment and decision making. We will focus on the theories relevant to understanding how people make choices in a variety of settings. For each topic, we will attempt to determine the main ideas and research issues which have driven work in that area; what we have learned to date; and what gaps exist in our knowledge. Class discussion will include conceptual topics, which deal with substantive issues in the domain of judgment and decision behavior, and research methodologies, which involve a discussion of the process of generating academic research. Coursework consists of scholarly readings, class presentations, and a term paper (research proposal).

2. LEARNING GOALS

1. The primary purpose of this course is a survey of the judgment and decision making literature. We will review the primary theoretical ideas and make connections to the marketing objective of understanding and predicting consumer behavior.
2. A secondary goal is to consider research methods in consumer behavior, including but not limited to experimental laboratory techniques. Each paper that we review in class affords an opportunity to assess critically the methods used to capture a particular conceptual idea. Some of the methods are standard, some are highly innovative, and some are questionable. Our discussions are intended to increase your sophistication in critiquing others' and developing your own research methods.
3. A third goal is to consider the best ways to design and develop a research program that makes a meaningful contribution. We will discuss the basis of theory, ways of constructing research streams, and how best to frame or tell the story of your research ideas. Many a great research idea die at the stage of communication, whereas sometimes weak data sets reach acclaim because of a skillful narrative. We will see examples of great writing and terrible writing, and on this basis derive insights as to how best to present your own original research to scientific as well as lay communities.

3. YOUR INSTRUCTOR: MA, JINGJING (马京晶)

Jingjing Ma is an Associate Professor with tenure at National School of Development at Peking University. She received her Ph.D. in marketing from Kellogg School of Management in 2015. Her research focuses on judgment and decision making. Her studies utilize laboratory and field experiments, and leverage eye-tracking techniques and big data analytics. Her primary research area is understanding the benefits and pitfalls of the maximizing mindset and associated psychological mechanisms. She also conducts research to understand how to foster socially beneficial behavior. Her research has appeared in major journals such as Journal of Consumer Research, Journal of Marketing Research, Journal of Consumer Psychology, and Harvard Business Review. Her work has been featured in numerous media outlets, including the Wall Street Journal, Forbes, World Economic Forum, Washington Post, Atlantic, Scientific American, Psychology Today, and Quartz.

4. COURSE FORMAT

Each class is a 3-hour seminar. Language is English. A typical class will consist of a 30-60 minute presentation by students, interspersed with group discussion. Also for each class, one student will be selected to lead the discussion. The discussion leader will offer comment and criticism so as to stimulate further interaction. You should come to class prepared to discuss the required readings in detail. The background readings are optional.

Note: Laptops and smartphones should be turned off during the class.

5. WEEKLY QUESTION ASSIGNMENT

Prior to class, prepare 1-4 questions of either a conceptual nature or a methodological nature. These might be questions that truly puzzled you, or might involve gaps in your background knowledge. Most important, these should be questions that can stimulate class discussion, so be prepared to ask these questions in class.

Note: You are required to ask or answer at least one question per session. 20% of your final score comes from class discussion.

6. WEEKLY PRESENTATION

Each week, one student will give an overview presentation on the week's topic. Aim for about 30-60 mins in length. The purpose of the presentation is to give background context and

perspective on the week's topic. For the first week, I will be giving presentations so you will have an idea of how to give an overview presentation.

7. TERM PAPER AND THOUGHT PAPERS

The term paper is a research proposal. Make a specific argument and then show how you will test it. The paper will be mainly conceptual development and literature review. Present your method section as per JCR format, but keep it brief. You should have enough methodological detail for me to see how you are testing your idea. Do not waste unnecessary space on methodological details that are perfunctory (subject recruiting, scale development, statistical tests); however, there should be justification of the methods selected (validation via past use, or a clear argument as to why you are capturing this versus another construct, etc.). You may propose one and ONLY one study (this forces you to design the very best study you can think of, without wasting time on conceptual replication). For your proposed study, assume a generous budget – i.e., design the study to be an optimal test without regard for cost. Please use JCR format throughout (and be sure to include an abstract, title page, references, and citations in author-year format). Your word limit is 2000-3000. Deadline is the end of the exam week at 5pm. Late papers will have 10% deducted. Please email TA your paper in a word document with an email title "Term paper_YOURNAME" and a file tile "Term paper_YOURNAME".

Thought Papers: Each student will prepare two 2-4 page thought papers over the course, consisting of commentary, discussion, and critique relating to the week's readings. Students can choose any paper or any set of papers to write their thought papers.

8. TERM PAPER PRESENTATION

You will give a 5-10 minute presentation of your research proposal two weeks before the deadline of your research proposal. The goal here is to convey the main ideas to the class, such that you can get feedback and helpful suggestions from both the class and me. Because the presentation is two weeks before the deadline, this will afford you ample time to incorporate the feedback into the final draft of your term paper. During the course of the term, I will present at least 2 of my research projects so you will have an idea of how to present your research.

9. PARTICIPATION

You will be graded on your classroom participation. This seminar is designed to encourage discussion, argument, and debate. A good idea is to make notes based on your week's

reading and bring these with you to class: you will then have a series of "talking points" in front of you to be drawn on when the classroom grows quiet. If you speak often in class, you will achieve full participation points very quickly.

10. READINGS

The readings are intended to be a snapshot of current and classic journal articles on judgment and decision making, published in both psychology and marketing journals. Most assigned readings will be given to you on week 2. The optional readings (background readings) are intended mainly for the presenter and discussion leader but feel free to delve into them if you are interested. When reading the required articles, please think about the following questions (required):

> What problem is addressed in this article?
> What makes this an interesting problem (why should we care about this problem)?
> What is this article's contribution to solving this problem (what makes the article noteworthy)?
> What are the experimental hypotheses?
> What are the key findings (effects and processes)?

You can also think about the following questions (optional):

> What is the logical connection among the studies, and how are they related to the hypotheses?
> How are the hypotheses tested (study design, results, statistical analyses)?
> What are the key strengths and weaknesses (area for improvement) of the article? Think of an experiment that could address the identified weakness.
> How would you extend this research? Identify a question that remains unanswered by this research and design a study to address this question.

11. FINAL GRADE

Class Discussion 20%
Assigned Weekly Presentation 20%
Term Paper and Thought Papers 40%
Term Paper Presentation 10%
Participation 10%

READINGS

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1) Introduction and Overview of Consumer Research

Required Readings:

Cook, T. D. and D. T. Campbell (1979). Causal inference and the language of experimentation. In T. D. Cook and D. T. Campbell (Eds.), *Quasi-experimentation: Design and analysis issues for field settings* (pp. 1-36). Boston: Houghton Mifflin.

> *This chapter is extremely useful if you need a brief introduction to some of the philosophical thinking referred to in Holbrook and Calder and Tybout. If you have no background in experimental research, I would suggest you read this first.

Holbrook, Morris B. (1987), "What is Consumer Research?" *Journal of Consumer Research*, 14 (June), 128-132.

Calder, Bobby J. and Alice Tybout (1987), "What Consumer Research is ...," *Journal of Consumer Research*, 14 (June), 136-140.

Holbrook, Morris B. and John O'Shaughnessy (1988), "On the Scientific Status of Consumer Research and the Need for an Interpretive Approach to Studying Consumption Behavior," *Journal of Consumer Research,* 15 (December), 398-402.

2) The Construction of Preference I

Required Readings:

Lichtenstein, Sarah and Paul Slovic (2006), *The Construction of Preference (Chapter 1)*, Cambridge University Press.

Payne, John W., James R. Bettman, and Eric J. Johnson (1993), *The Adaptive Decision Maker (Chapter 2)*, Cambridge University Press.

Huber, Joel, John W. Payne, and Christopher Puto (1982), "Adding Asymmetrically Dominated Alternatives: Violations of Regularity and the Similarity Hypothesis," *Journal of Consumer Research*, 9 (1), 90-98.

Simonson, Itamar (1989), "Choice Based on Reasons: The Case of Attraction and Compromise Effects," *Journal of Consumer Research*, 16 (2), 158-74.

Optional Readings:

Dhar, Ravi (1997), "Consumer Preference for a No-Choice Option," *Journal of Consumer Research*, 24 (September), 215-31.

Kahneman, D. (2011). *Thinking, Fast and Slow (Chapter 1)*. Macmillan.

3) The Construction of Preference II

Required Readings:

Hsee, Christopher K. (1996), "The Evaluability Hypothesis: An Explanation for Preference Reversals between Joint and Separate Evaluations of Alternatives," *Organizational Behavior and Human Decision Processes*, 67 (3), 247-57.

Amir, O., & Levav, J. (2008). Choice construction versus preference construction: The instability of preferences learned in context. *Journal of Marketing Research*, 45(2), 145-158.

Warren, C., McGraw, A. P., & Van Boven, L. (2011). Values and preferences: defining preference construction. *Wiley Interdisciplinary Reviews: Cognitive Science*, 2(2), 193-205.

Sujan, M. (1985). Consumer knowledge: Effects on evaluation strategies mediating consumer judgments. *Journal of Consumer Research*, 12(1), 31-46.

Schwartz, B., Ward, A., Monterosso, J., Lyubomirsky, S., White, K., & Lehman, D. R. (2002). Maximizing versus satisficing: Happiness is a matter of choice. *Journal of Personality and Social Psychology, 83*(5), 1178–1197.

Optional Readings:

Shiv, Baba and Alexander Fedorikhin (1999), "Heart and Mind in Conflict: The Interplay of Affect and Cognition in Consumer Decision Making," *Journal of Consumer Research*, 26 (December), 278-292.

Hsee, C. K., G. F. Loewenstein, S. Blount, and M. H. Bazerman (1999), "Preference Reversals Between Joint and Separate Evaluations of Options: A Review and Theoretical Analysis," Psychological bulletin, 125(5), 576.

Hsee, Christopher and Jiao Zhang (2010), "General Evaluability Theory," *Perspectives on Psychological Science*, 5 (4), 343-55.

4) Heuristics and Biases

Required Readings:

Tversky, Amos and Daniel Kahneman (1974), "Judgment under Uncertainty: Heuristics and Biases," *Science*, 185 (4157), 1124-31.

Shah, A. K. and D. M. Oppenheimer (2008), "Heuristics Made Easy: An Effort-Reduction Framework," *Psychological Bulletin, 134*, 207-222.

Ariely, D. and M. I. Norton (2008), "How Actions Create – Not Just Reveal – Preferences," *Trends in Cognitive Sciences, 12,* 13-16.

Wansink, B., R. J. Kent, and S. J. Hoch (1998), "An Anchoring and Adjustment Model of Purchase Quantity Decisions," *Journal of Marketing Research, 35*, 71-81.

Optional Readings:

Gilovich, T. and K. Savitsky (1996), "Like Goes with Like: The Role of Representativeness in Erroneous and Pseudoscientific Beliefs," *Skeptical Inquirer, 20*, 34-40.

Wegener et al. (2010), "Elaboration and Numerical Anchoring: Implications of Attitude Theories for Consumer Judgment and Decision Making," *Journal of Consumer Psychology, 20*, 5-16.

5) Decision Difficulty and Choice Overload

Required Readings:

Iyengar, Sheena and Mark Lepper (2000), "When Choice Is Demotivating: Can One Desire Too Much of a Good Thing?," *Journal of Personality and Social Psychology*, 79 (December), 995-1006.

Chernev, Alexander (2003), "When More Is Less and Less Is More: The Role of Ideal Point Availability and Assortment in Choice," *Journal of Consumer Research*, 30 (September), 170-183.

Chernev, Alexander (2006), "Decision Focus and Consumer Choice among Assortments," *Journal of Consumer Research*, 33 (June), 50-59.

Botti, S. and S. S. Iyengar (2004), "The Psychological Pleasure and Pain of Choosing: When People Prefer Choosing at the Cost of Subsequent Outcome Satisfaction," *Journal of Personality and Social Psychology*, 87 (September), 312–326.

Optional Readings:

Scheibehenne, Benjamin, Rainer Greifeneder, and Peter M. Todd (2010), "Can There Ever Be Too Many Options? A Meta-Analytic Review of Choice Overload." *Journal of Consumer Research,* 409-25

Chernev, Alexander, Ulf Böckenholt, and Joseph Goodman (2010), "Choice Overload: Is There Anything to It?" *Journal of Consumer Research,* 426-28.

6) Categorization and Qualitative Reasoning

Required Readings:

Mishra, Arul and Himanshu Mishra (2010), "Border Bias: The Belief that State Borders can Protect against Disasters," *Psychological Science*, 21 (11), 1582-86.

Rozin, Paul, Michele Ashmore, and Maureen Markwith (1996), "Lay American Conceptions of Nutrition: Dose Insensitivity, Categorical Thinking, Contagion, and the Monotonic Mind," *Health Psychology*, 15 (November), 438-47.

Quinn, Kimberly A., C. Neil Macrae, and Galen V. Bodenhausen (2007), "Stereotyping and Impression Formation: How Categorical Thinking Shapes Person Perception." *The Sage Handbook of Social Psychology.*

Chernev, Alexander (2011), "The Dieter's Paradox," *Journal of Consumer Psychology*, 178-183.

Optional Readings:

Chernev, Alexander and David Gal (2010), "Categorization Effects in Value Judgments: Averaging Bias in Evaluating Combinations of Vices and Virtues," *Journal of Marketing Research* (August), 738-47.

Chernev, Alexander (2011), "Semantic Anchoring in Sequential Evaluations of Vices and Virtues," *Journal of Consumer Research* (February), 761-774.

7) Compensatory Reasoning in Choice

Required Readings:

Sherman, David K. and Geoffrey L. Cohen (2006), "The Psychology of Self-Defense: Self-Affirmation Theory," *Advances in Experimental Social Psychology*, 38, 183-242.

Rucker, Derek D. and Adam D. Galinsky (2008), "Desire to Acquire: Powerlessness and Compensatory Consumption," *Journal of Consumer Research*, 35 (2), 257-67.

Gao, L, Christian Wheeler, and Baba Shiv (2008), "The "Shaken Self": Product Choices as a Means of Restoring Self-View Confidence," *Journal of Consumer Research*, 36 (June), 29-38.

Optional Readings:

Dhar, Ravi and Itamar Simonson (1999), "Making Complementary Choices in Consumption Episodes: Highlighting Versus Balancing," *Journal of Marketing Research*, 36 (February), 29-44.

Khan, Uzma and Ravi Dhar (2006), "Licensing Effect in Consumer Choice," *Journal of Marketing Research* 43 (2), 259-66.

Chernev, Alexander and Ryan Hamilton (2008), "Compensatory Reasoning in Choice," *The Social Psychology of Consumer Behavior, Frontiers of Social Psychology* (Editors: Arie Kruglanski and Joseph Forgas), 131-147.

8) What Makes a Good Theory?

Required Readings:

Popper, Karl (1962/1978), "Science, Pseudo Science and Falsifiability". In *Conjectures and Refutations*.

Lynch Jr, J. G., Alba, J. W., Krishna, A., Morwitz, V. G., & Gürhan‑Canli, Z. (2012). Knowledge creation in consumer research: Multiple routes, multiple criteria. *Journal of Consumer Psychology*, 22(4), 473-485.

Gneezy, A. (2017). Field experimentation in marketing research. *Journal of Marketing Research*, 54(1), 140-143.

Morales, A. C., Amir, O., & Lee, L. (2017). Keeping it real in experimental research—Understanding when, where, and how to enhance realism and measure consumer behavior. *Journal of Consumer Research*, 44(2), 465-476.

MacInnis, D. J., Morwitz, V. G., Botti, S., Hoffman, D. L., Kozinets, R. V., Lehmann, D. R., ... & Pechmann, C. (2020). Creating boundary-breaking, marketing-relevant consumer research. *Journal of Marketing*, 84(2), 1-23.

9) Research Philosophy: Method Dialogue

JCP's First Methods Dialogue: A Coherent Philosophy of Science for Consumer Psychology

10) Self-identity and Branding

Required Readings:

Aaker, D. A., & Keller, K. L. (1990). Consumer evaluations of brand extensions. *Journal of Marketing*, 54(1), 27-41.

Srivastava, R. K., Shervani, T. A., & Fahey, L. (1998). Market-based assets and shareholder value: A framework for analysis. *Journal of Marketing*, 62(1), 2-18.

Keller, K. L., & Lehmann, D. R. (2006). Brands and branding: Research findings and future priorities. *Marketing Science*, 25(6), 740-759.

Park, C. W., Milberg, S., & Lawson, R. (1991). Evaluation of brand extensions: The role of product feature similarity and brand concept consistency. *Journal of Consumer Research*, 18(2), 185-193.

Simonin, B. L., & Ruth, J. A. (1998). Is a company known by the company it keeps? Assessing the spillover effects of brand alliances on consumer brand attitudes. *Journal of Marketing Research*, 35(1), 30-42.

Research project: The Role of Color in Brand Extension

11) Charitable Behavior

Required Readings:

Wang, Y., Kirmani, A., & Li, X. (2021). Not too far to help: residential mobility, global identity, and donations to distant beneficiaries. *Journal of Consumer Research*, 47(6), 878-889.

Winterich, K. P., Mittal, V., & Ross Jr, W. T. (2009). Donation behavior toward in-groups and out-groups: The role of gender and moral identity. *Journal of Consumer Research*, 36(2), 199-214.

Cavanaugh, L. A., Bettman, J. R., & Luce, M. F. (2015). Feeling love and doing more for distant others: Specific positive emotions differentially affect prosocial consumption. *Journal of Marketing Research*, 52(5), 657-673.

Macdonnell, R., & White, K. (2015). How construals of money versus time impact consumer charitable giving. *Journal of Consumer Research*, 42(4), 551-563.

Duclos, R., & Barasch, A. (2014). Prosocial behavior in intergroup relations: How donor self-construal and recipient group-membership shape generosity. *Journal of Consumer Research*, 41(1), 93-108.

Research project: Why don't people donate to critical illnesses?

12) Green Behavior

Required Readings:

Rapson, D. S., & Muehlegger, E. (2021). The Economics of Electric Vehicles (No. w29093). *National Bureau of Economic Research*.

Li, S., Zhu, X., Ma, Y., Zhang, F., & Zhou, H. (2021). The role of government in the market for electric vehicles: Evidence from China. Available at SSRN 3908011.

Muehlegger, E., & Rapson, D. S. (2018). Subsidizing low-and middle-income adoption of electric vehicles: Quasi-experimental evidence from california (No. w25359). *National Bureau of Economic Research*.

He, C., Ozturk, O. C., Gu, C., & Silva-Risso, J. M. (2021). The End of the Express Road for Hybrid Vehicles: Can Governments' Green Product Incentives Backfire?. *Marketing Science*, 40(1), 80-100.

Chen, Y., Ghosh, M., Liu, Y., & Zhao, L. (2019). Media coverage of climate change and sustainable product consumption: Evidence from the hybrid vehicle market. *Journal of Marketing Research*, 56(6), 995-1011.

Research project: How to promote sustainable consumption behavior?

13) AI

Required Readings:

Dietvorst, B. J., Simmons, J. P., & Massey, C. (2015). Algorithm aversion: People erroneously avoid algorithms after seeing them err. Journal of Experimental Psychology: General, 144(1), 114.

Longoni, C., Bonezzi, A., & Morewedge, C. K. (2019). Resistance to medical artificial intelligence. Journal of Consumer Research, 46(4), 629-650.

Castelo, N., Bos, M. W., & Lehmann, D. R. (2019). Task-dependent algorithm aversion. Journal of Marketing Research, 56(5), 809-825.

Leung, E., Paolacci, G., & Puntoni, S. (2018). Man versus machine: Resisting automation in identity-based consumer behavior. Journal of Marketing Research, 55(6), 818-831.

Mende, M., Scott, M. L., van Doorn, J., Grewal, D., & Shanks, I. (2019). Service robots rising: How humanoid robots influence service experiences and elicit compensatory consumer responses. Journal of Marketing Research, 56(4), 535-556.

Research project: Do you want an AI partner?

14) Presentations of Research Proposals