



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM450 H1 LEC0101

Marketing and Behavioural Economics

Fall 2019

Course Meets: Mondays 9:00 am – 11:00 am in WO 30

Instructor: Melanie Kim, MGA/MBA, Office in RT 9080
E-Mail: melanie.kim@rotman.utoronto.ca
Webpage: <http://q.utoronto.ca>
Phone (Office): 416-978-6980
Office Hours: By appointment in RT 9080

Teaching Assistant: Niketana Kannan
E-mail: niketana.kannan@mail.utoronto.ca

*Please put [RSM450] in the subject line of the email.

Course Scope and Mission

The field of behavioral economics couples scientific research on the psychology of decision making with economic theory to better understand what motivates economic agents, including consumers, citizens, investors, employees, and managers. In this course, we will examine topics such as the role of emotions in decision-making, “irrational” patterns of how people think about products, money, and how expectations shape perceptions. Through the nudges challenges, we will apply our knowledge of behavioural economics to solve real-world problems. This highly interdisciplinary course will be particularly relevant to students with interests in Marketing, Strategy, Behavioral Finance, Policy, and General Management. Topics covered will include: rationality and choice, violations of rationality, choice complexity, inter-temporal choice, emotional influences on choice, the role of behavioural economics in marketing, spending and savings behaviour, social welfare, decision engineering, persuasion, and choice architecture.

The goals of this course are threefold – a) to study the basic principles of behavioural economics, b) to apply the principles behavioural economics to various aspects of business and policy, and c) to think about a framework for designing interventions, products and programs that are behaviourally informed.

Course Prerequisite: Completion of 10.0 FCEs

Exclusion: RSM418H1 Integrative Thinking: Psychology and Markets

Required Readings

The course is composed of a mixture of lectures, projects, business and academic readings and some case discussions. The purpose of the lectures is to present and discuss theories, concepts, analytical techniques and empirical findings. We may also discuss a few business cases. The goal of

the case discussion is to apply the concepts to the context provided by the case and to make decisions based on both qualitative and quantitative analysis.

Readings for this course will be drawn from academic papers and web links that will be posted to Quercus and to the **edX edge Archive (not the edX website)**.

IMPORTANT – PLEASE DO THIS BY END OF THE FIRST CLASS

To access the edX edge material:

1. Sign up for an account on the edX edge website: <https://edge.edx.org/login>
2. Go to the following BE101x course link and register for the course:
[edge.edx.org/courses/University_of_Toronto/BE101x/Behavioural Economics in Action/about](https://edge.edx.org/courses/University_of_Toronto/BE101x/Behavioural_Economics_in_Action/about).
This will allow you access to “**The Behavioural Economics Courseware Archive**” with videos and reading materials covering the key ideas. As per the weekly schedule, sections of the edX edge archive will serve as a required pre-reading or pre-viewing for a given class.

Questions about the Course

Please send your course-related questions to both the instructor and the TA. If you have content-related questions, we encourage you to ask them in class as other students might have similar questions so it is worthwhile trying this first before emailing. In all of your correspondence, please sign your name and state which section you are in.

Course Administration Issues

Please bring your name tents to class so that we can evaluate your class participation. Announcements and updates, if any, will be posted to Quercus. Therefore, make sure that you have access to Quercus and that your email address is recorded correctly in Quercus.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student will be judged on the basis of how well he, they or she has achieved command of the course materials.

Research Requirement:	3%
Mid Term Exam (XX, October XX th):	35%
Class Participation :	12%
Nudge Challenges :	50%

COURSE FORMAT AND EXPECTATIONS

Research Requirement (3%)

Marketing and Organizational Behaviour researchers develop hypotheses and run experimental studies to test these hypotheses against actual behaviour. The research requirement in this course is intended to supplement the material on marketing and organizational behaviour by giving you more direct exposure to research in these fields. In order that you might better understand the research process, you may fulfill this requirement by:

1. Participation in three hours (credits) of research studies, **or**
2. Analysis of three articles that report research studies, **or**
3. A combination of research studies and article analyses

You will receive one point toward your course grade for each one-hour of research study participation you complete (may be a single 1-point study, or two 0.5 credit studies), or article analysis that you complete, up to a maximum of three points for this course.

- **Participation in research studies.** To participate in a research study, sign up for the research participation website (<http://rotman.sona-systems.com>) and read the descriptions of research studies that are posted there. Once you identify a study in which you would like to participate, choose a time slot in which to participate. Studies usually take place in the Behavioural Research Lab in the lower level of the 105 Saint George St. Rotman building, but some studies may run online or in another physical location. Participation in the actual research will take between 45 and 60 minutes for a 1 credit study or between 15 and 30 minutes for a 0.5 credit study. You will be debriefed at the end of the study, and you will be asked to answer a question about some aspect of the study. Once you correctly answer the question you will be given credit. You must complete three credits worth of studies to fulfill your research participation requirement in this course.
- **Analysis of articles.** To analyze an article, go to the Robarts library and find a copy of one of the approved journals. If you are in a marketing course, you may use the *Journal of Consumer Research*, the *Journal of Marketing*, or *Marketing Science*. Look through the articles from the previous three years until you find one that interests you. Read the article. Write a summary of:
 - 1) the objectives and hypotheses of the article;
 - 2) the importance of the issues to the marketing community;
 - 3) the research reported in the article, including the design of the study, the sample, and the materials (stimuli) used in the study;
 - 4) the key results, 5) strengths and weaknesses of the study, and 6) the usefulness of the results to marketers or behavioural economics practitioners.

The analysis will be graded on a pass/fail basis. Should you elect to do only the article analyses, you will need to review three articles to complete your research requirement. Article analyses are due no later than Wednesday, December 5, 2018 at 5pm, and should be emailed to the lab manager Autumn Bynum at:

Behavioural.Lab@rotman.utoronto.ca. Please, use the phrase, "Article Analysis" in the subject line when sending a review, and tell the lab which course you would like the credit assigned to.

Class Participation (12%)

To earn participation marks, you should attend class and participate in class discussions.

You will also have the option to boost your participation by presenting either a Behavioural Economist Profile or a Class Reading Summary (5 minutes). Visual aids (PowerPoint, handouts) are permitted but not required. Slots are limited and will be filled on a first-come, first-served basis. The online sign-up sheet will be available on the first day of class.

- **Profile a Behavioural Economist.**

You can choose one behavioural economist (e.g. Richard Thaler, Daniel Kahneman, Amos Tversky, Sendhil Mullainathan, Dan Ariely, Leslie John, Katy Milkman, Dilip Soman, George Loewenstein, or anyone else you would like to profile) and prepare a short set of remarks about that person (you'll need to do some very simple Google searching for this). You can include:

- Career contributions: What is this person known for, and what you believe to be their most significant contribution
- Landmark articles and/or books that this person wrote
- Basic biographical information as it relates to their work

- **Summarize a Reading.**

During some weeks, you will have the opportunity to provide an overview of a specific reading from that week. In your presentation, you can include:

- The research question or topic of the article
- The methodology used in the study (if applicable): study design (field or laboratory, survey, experiment, observational), participants, analysis, and results
- Implications of the paper for business and/or government
- How this topic relates to your own experience(s). This can include examples from your school, work, or personal life.
- How you might use this knowledge to improve your own decision making or the decision making of people you know.

Midterm Exam (35%)

The midterm exam will take place on XX, October XXth in class. It will be closed-book and will cover material from the first half of the course. The exam will be based not only on assigned readings (articles & edX edge Archive) but also on material discussed in class that may not be covered in the readings.

If the midterm date conflicts with another midterm you have, please let the instructor know as soon as possible.

Nudge Challenge (50%)

One of the key ideas we develop in this course is the idea of choice architecture – that one can design choice contexts to nudge people into a preferred course of action. During the course, you will work on three nudge challenges in teams of 4-5 students. Teams will be assigned by the instructor and you will have 10 days or more to respond to each of the challenges (see Weekly Schedule for due dates). A template guide for the nudge submissions will be made available prior to the start of the nudge challenges.

This year's nudge challenges are from:

1. Telus Digital
2. NudgeFrance
3. Rotman Commerce

For Group Work:

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students; to work well in teams, it helps to follow a set of core expectations to best succeed at your team projects.

1. Read the document entitled, “Working in Teams: Guidelines for Rotman Commerce Students” which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team’s process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

**For an appointment with a Rotman Commerce Team Coach, please contact Professor Nouman Ashraf at nouman.ashraf@rotman.utoronto.ca Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach’s role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

Weekly Schedule

(Materials are posted on Quercus or edX edge)

Session	Date	Topic	Materials
1	Sept 9	Introduction Overview of Rationality	<ul style="list-style-type: none"> edX edge Archive Week 1.2 (1.2.1 - 1.2.5) & 1.3 (1.3.1 – 1.3.5)
2	Sept 16	Basic Principles I (Self-Control)	<ul style="list-style-type: none"> edX edge Archive Week 2.3 (2.3.1 – 2.3.5) edX edge Archive Week 1.4 (1.4.1 – 1.4.5) Bitterly et al.: Dueling with Desire: How to Confront Want/Should Conflict Soman et al.: Decision Points
3	Sept 23	Basic Principles II (Prospect Theory, the Psychology of Money)	<ul style="list-style-type: none"> edX edge Archive Week 2.1 (2.1.1 – 2.1.5), 2.4 (2.4.1 – 2.4.3) <p>Additional Material (optional reading): - Soman: A Glossary of Behavioural Phenomena</p>
4	Sept 30	Basic Principles III (Context Dependent Preferences)	<ul style="list-style-type: none"> edX edge Archive Week 2.2 (2.2.1 – 2.2.5) Ariely et al.: Tom Sawyer and the Construction of Value Soman: Option Overload
5	Oct 7	Experiments	<ul style="list-style-type: none"> edX edge Archive Week 3 (3.1.1 – 3.5.4) edX edge Archive Week 4.1 (4.1.1 – 4.1.5)
Oct 15-17?			Mid Term Exam Time TBC
6	Oct 21	Nudge Challenge 1 Briefing: Telus Digital Applying Behavioural Economics in Business I	<ul style="list-style-type: none"> edX edge Archive Week 5.1 (5.1.1 – 5.1.6), 5.3 (5.3.1 – 5.3.9) Ly et al.: A Practitioner's Guide to Nudging Feng et al.: Harnessing Behavioural Insights: A Playbook for Organizations
7	Oct 28	Workshop in Choice Architecture	<ul style="list-style-type: none"> edX edge Archive Week 6.1 (6.1.1 – 6.1.3) Loewenstein et al.: Using Decision Errors to Help People Help Themselves Soman & Kim: 'Cognitive Handicaps' in the Online Realm
Nudge Challenge 1 Due: Oct 31st (Thu) Noon			
Nov 4		READING WEEK	
8	Nov 11	Nudge Challenge 2 Briefing: NudgeFrance Applying Behavioural Economics in Business II	<ul style="list-style-type: none"> Cialdini: The Science of Persuasion Soman, Kim & An: Consumer Behaviour Online: A Playbook Emerges
9	Nov 18	Illusions & Happiness	<ul style="list-style-type: none"> Soman et al: Virtual Progress Buell: Operational Transparency

Session	Date	Topic	Materials
Nudge Challenge 2 Due: Nov 21st (Thu) Noon			
10	Nov 25	Nudge Challenge 3 Briefing: Rotman Commerce Intuition vs. Deliberation	<ul style="list-style-type: none"> Milkman et al.: Intuition vs. Deliberation
11	Dec 2	Guest Lecture Wrap Up	TBD
Nudge Challenge 3 Due: Dec 5th (Thu) Noon			

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. The Request for Special Consideration Form and supporting documentation must be submitted in a timely manner in order for the request to be reviewed.

In such cases, students must notify the Rotman Commerce Program Office on the date of the course deliverable such as a missed test, or assignment missed class (in the case of participation marks), or due date. They must then complete a [Request for Special Consideration Form](#) and submit it along with supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Office within **2 business days** of the originally scheduled course deliverable. Students who do not provide appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted.

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

If a student is excusably absent from the midterm exam and has informed the Rotman Commerce office as per the paragraph above, a make-up mid-term exam will be offered to the student to be completed at a suitable date and time agreed by the instructor and pursuant to space availability.

Late Assignments

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must request approval from the instructor for an extension at least one week before the due date. Extensions will be granted at the instructor's discretion. Supporting documentation will be required as per the policy on missed tests and assignments. Failing that would result in a 5% penalty per day for late assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.