



SPRING 2024 (REVISED)

MKTG 5984 – MANAGERIAL DECISION BEHAVIOR IN MARKETING

- Prof. Dipankar Chakravarti, Email address: dchakra1@vt.edu
- Office: 354 Northern Virginia Center
- Phone: Cell (720) 938-7536
- Classroom: NVC 325
- Class Time: TH - Thursdays, 6.00 – 8.50 p.m.
- Zoom: <https://virginiatech.zoom.us/j/4435461042> Pwd: DCDCDC
- Office Hours: TH: 3.00 – 4.00p.m. or by appointment
- Zoom Appointments: W: 5.00 – 6.00 p.m. or by appointment

This course aims to provide students with an understanding of how managerial decision behavior in marketing is influenced by a blend of economic, psychological, sociological, and cultural factors. Using rational economic models as a normative benchmark, we identify how real world marketing decision making is often predictably irrational. We use a mix of lectures covering core conceptual foundations and real world case studies that illustrate the causes and consequences of such decision behaviors. The goal is to make students aware of common biases in marketing decision making and develop approaches to overcoming them.

COURSE DESCRIPTION

Understanding managerial decision behavior in marketing. Causes and consequences of common behavioral biases in marketing decision making and mitigation strategies. Lectures draw on recent interdisciplinary findings, and comprehensive case studies are used as the basis for discussion and analysis of real world marketing decision situations.

Prerequisite: MKTG 5104.

LEARNING OBJECTIVES

The goals of this course are to enable students to:

- Assess and critique rational economic models of marketing decision behavior
- Identify how psychological (cognitive and motivational), sociological and cultural factors influence managerial decision making in marketing.
- Analyze the causes and consequences of decision biases in marketing and their impact in real world situations
- Develop effective approaches to mitigate the impact of biases in marketing decision behavior

COURSE MATERIAL

- Required Text: **(BM)**: *Judgment in Managerial Decision Making*, Max H. Bazerman & Don A. Moore (8th Edition) Wiley.
- Required **(CP)**: Case Course-pack: <https://hbsp.harvard.edu/import/1135182>
- Other course material (e.g., lecture slides and handouts) will be distributed via **Canvas**.

COURSE WEBSITE

- Canvas

SCHEDULE:

The course schedule is given below. Details for each course meeting (course slides, handouts, case discussion preparation questions and assignments) are located in the course modules section of the CANVAS homepage. The instructor may alter course content or adjust the pace to reflect class progress. Please consult CANVAS and check your VT e-mail regularly for updates.

Week 1: INTRODUCTION TO MANAGERIAL DECISION BEHAVIOR

01/18
Activity 1: Lecture - Course Overview and Introduction
Readings: **BM**: Chapter 1; **CP**: Courtney, Lovallo and Clarke
Activity 2: Case: GroovyGarb – **Canvas Post**
Project Team Formation

Week 2: MARKETING DECISIONS UNDER RISK & UNCERTAINTY

01/25
Activity 1: Lecture - The Behavioral Economics of Risky Marketing Decisions
Readings: Chakravarti – **Canvas**; **CP**: Lovallo, Koller, Uhlaner and Kahnemann
Activity 2: Case: Velocity Motors – **Canvas + In-class Supplements**
Project Selection

Week 3: FRAMING EFFECTS ON JUDGMENT & CHOICE

02/01
Activity 1: Lecture - Framing and Preference Reversals
Reading: **BM**: Chapter 5
Activity 2: Case (**CP**): Lemonade: Disrupting Insurance with Instant Everything, Killer Prices and a Big Heart* (Case PPT Due)
Project Plan Write-up Due

Week 4: BIASED JUDGMENTS

02/08
Activity 1: Lecture - Overconfidence and Bounded Awareness
Reading: **BM**, Chapters 2 and 4
Activity 2: Case: (**CP**): Behavioral Finance at J.P. Morgan* (Case PPT Due)

Week 5: COMMON HEURISTICS AND ASSOCIATED BIASES

02/15
Activity 1: Lecture: Availability, Representativeness & Confirmation Heuristics
Reading: **BM**, Chapter 3
Activity 2: Exercise 1: Cognitive Mindlessness - **Canvas + In-class Handout**

Week 6: MOTIVATIONAL, EMOTIONAL AND SOCIOCULTURAL INFLUENCES

02/22
Activity 1: Lecture - Biases with Motivational, Affective, and Sociocultural Roots
Readings: **BM**, Chapter 6; (**CP**) Malhotra, Ku & Murnighan; Chakravarti – **Canvas**
Activity 2: Exercise 2: Motivational Mindlessness – **Canvas + In-class Handout**

Week 7: CATCH-UP CLASS

02/29
Activity 1: Catch-Up and Review
Activity 2: Case (**CP**): Selling CFLs at Wal-Mart (Case PPT Due)

03/07 Spring Break (No Class)

Week 8: INTERTEMPORAL MARKETING DECISIONS

03/14
Activity 1: PROJECT CHECKPOINT PRESENTATIONS (in class)

Activity 2: Lecture - Time Discounting and Procrastination
Reading: **BM**, Chapter 9; **CP**: Baucells & Garcia-Castro
Activity 3: Case: To Do or Not to Do - **Canvas**

- Week 9:**
03/21 **ESCALATION OF COMMITMENT: PRODUCT MANAGEMENT**
Activity 1: Lecture - Unilateral and Competitive Escalation
Reading: **BM**, Chapter 7
Activity 2: Case: **(CP)**: The Escalation Trap: How to Manage the Escalating Momentum of One-upmanship (Case PPT Due)
Activity 3: Take Home Examination Briefing
- Week 10:**
03/28 **FRAMING EFFECTS IN PRICING AND PRICE PROMOTIONS**
Activity 1: Lecture - Managerial Options in Price Presentation
Reading: **(CP)** Smith; Review: **BM**, Chapter 4, pp. 93-100
Activity 2: Case: Sweet Nothings – **Canvas** (Case PPT Due)
- Week 11:**
04/04 **BIDDING IN AUCTIONS & THE WINNER’S CURSE**
Activity 1: Lecture - The Behavioral Economics of Auction Bidding
Reading: Review: **BM**, Chapter 4, **(CP)**; Blankley, McGregor & Bowchan
Activity 2: Exercise 3: Going! Going! Gone!!! **Canvas + In Class Handout**
- Week 12:**
04/11 **FAIRNESS & ETHICS: SALESFORCE & CHANNEL COMPENSATION**
Activity 1: Lecture - Managing Salesforce and Channel Compensation
Reading: **BM** Chapter 8
Activity 2: Case: Mirror, Mirror on the Wall.- **Canvas** (Case PPT Due)
- Week 13:**
04/18 **BEHAVIORAL INFLUENCES IN MARKETING NEGOTIATIONS**
Activity 1: Take Home Examination Due
Activity 2: Lecture - Cognition, Emotion and Sociocultural Factors in Negotiations
Reading: **BM**, Chapters 10 and 11
Activity 3: **Group Time: Project Preparation**
- Week 14:**
04/25 **NUDGING TO IMPROVE MARKETING DECISION MAKING**
Activity 1: Lecture - Debiasing Marketing Decision Making
Reading **BM**, Chapter 12, **(CP)**: Ly, Mazar, Zhao and Soman
Activity 2. Course Summary
Activity 3: **Group Time: Project Preparation**
- Week 15:**
05/02 **FINAL PROJECT POWERPOINT PRESENTATIONS**
In Class – Details TBA

GRADING POLICY

Individual:

- | | |
|------------------------------|-----|
| • Class Participation | 10% |
| • Case Study PowerPoints (6) | 15% |
| • In-class Exercises (3) | 10% |
| • Take-Home Exam | 25% |

Group:

- | | |
|---|-----|
| • Project Selection Document | 5% |
| • Checkpoint Presentation & Power-point | 10% |
| • Final Presentation & Power-point | 25% |

Total	100%
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Grading Scale:

Grade	Percent	Grade	Percent	Grade	Percent
A	100-93%	B-	82.9-80%	D+	69.9-67%
A-	92.9-90%	C+	79.9-77%	D	66.9-63%
B+	89.9-87%	C	76.9-73%	D-	62.9-60%
B	86.9-83%	C-	72.9-70%	F	59.9-0%

MAKE-UP POLICY

Daily class attendance is mandatory and there are no excused absences. If you have to miss class on a given day for unavoidable reasons, please inform the instructor in advance. All graded assignments (including Case Study PowerPoints) are due at the beginning of class (6 p.m.) on the assigned date. Late submissions will receive a 10% grade penalty and will not be accepted after 6 p.m. on the following day. Make-up assignments for in-class exercises are ordinarily not available, but may be provided at the instructor's discretion in exceptional circumstances (e.g., a documented medical emergency). If a class is cancelled either due to the closing of the Northern Virginia Center, or because of an unavoidable faculty absence, it will be rescheduled to maintain program contact hour requirements.

The project (checkpoint and final) presentations are in-class group assignments for which make-up assignments are unavailable. In exceptional circumstances (e.g., a documented medical emergency), a student may request a team member to present on their behalf. Any such arrangement (a) must have the instructor's approval and (b) will also require that the student complete an individual presentation of the entire assignment in a private Zoom meeting with the instructor.

PARTICIPATION AND ATTENDANCE

Participation in class discussions of assigned cases counts for 10% of your grade. The instructor will make the evaluation process as objective as possible. Please ensure that you have your name tent for every class. Each student's contribution will be evaluated daily. The following features are positively weighted: (1) insightful comments during class discussion of readings and related material; (2) managerially meaningful and analytical interpretation of case information; (3) regularity, relevance and depth of comments; (4) ability to synthesize and build on the comments of others; and (5) the quality of responses to the instructor's questions. Please expect to be "cold-called." Should you have difficulty meeting this requirement, please see the instructor to develop a workable strategy.

CASE STUDY POWERPOINTS (PPTs) AND IN-CLASS EXERCISES

Case discussions are important for understanding the practical relevance of course concepts and to build familiarity with key marketing issues, institutions and players. Cases must be read ahead of class. Discussion questions will be posted on CANVAS for each case to help you prepare for in-class discussions, analyses and written reports. Prior in-depth preparation based on assigned discussion questions will enrich both your contributions and your takeaways from each class session.

For six designated cases assigned for class discussion, students must submit PPT slides answering a set of designated questions. The format for preparing and submitting Case Study PPTs will be illustrated early in the course. Feel free to use your team to prepare for daily class sessions. However, your Case Study PPTs should be prepared independently. These are worth 15% of your course grade.

In addition, there will be three in-class exercises for which you will be required to submit preparatory input. This input, along with contributions to the class exercise will count for 10% of your course grade.

EXAMINATIONS

The take-home examination will be 25% of your course grade. The questions will require you to (a) apply interdisciplinary concepts to interpret and resolve a marketing decision problem and (b) to apply analytical tools to resolve the issue. Together they assess your ability to use decision behavior principles and methods to analyze marketing situations and identify appropriate actions. There is no final examination in this course

GROUP ASSIGNMENTS

Ability to function effectively in teams is critical to learning in this course. Students will form teams in Week 1. Your team will be expected to select, plan and complete a marketing project that deals with a specific decision situation in marketing and find a resolution based on behavioral decision making principles. More details on project topics, planning and execution will be provided when the course starts. The team project is worth 40% of your grade. You will submit a project proposal (5%), a checkpoint presentation (PPT) to show project progress (10%) and make a final presentation (25%).

Each team must set its own equitable work norms to meet course expectations. Team members must abide by these in completing graded assignments. The instructor normally assumes that each member has contributed their fair share to each team assignment. Hence, grades on group assignments typically will not vary among team members. If this assumption seems to be breaking down in your team, first discuss the problems with your team members immediately. If no quick resolution emerges, please contact the instructor without delay (definitely before versus after submitting graded team assignments). The instructor will discuss the issues with those involved and determine a resolution and penalties (grade/other) if any.

Students are responsible for keeping track of course announcements, general reading assignments, and specific dates for written and other formal course assignments as the course progresses. The instructor will make every effort to communicate with you via CANVAS and e-mail in a timely way. However, please ensure that you are in close touch with course progress.

Please be in class on time each day. Please use laptops during class only for class-relevant work. Please turn off the sound to avoid distracting the class. Cell phones must be turned off once class begins. Your co-operation in these matters will help foster an effective learning environment.

SPECIAL NEEDS

Any student who feels that he or she may need an accommodation because of a disability (learning disability, attention deficit disorder, psychological, physical, etc.), should contact the Virginia Tech Services for Students with Disabilities (SSD) office (<http://www.ssd.vt.edu/>) at 540-231-3788 and schedule a confidential consultation.

COURSE EVALUATIONS

Course evaluations for this class will be administrated online at the end of the course. Your feedback is important. Please take the time to complete the SPOT survey when it is made available on Canvas.

HONOR CODE

The tenets of the Virginia Tech Graduate Honor Code will be strictly enforced in this course, and all assignments shall be subject to the stipulations of the Graduate Honor Code. For more information on the Graduate Honor Code, please refer to the GHS Constitution at: https://graduateschool.vt.edu/content/dam/graduateschool_vt_edu/graduate-honor-system/Constitution2021.pdf

The use of AI tools (e.g., ChatGPT and other AI-powered writing or research assistive technologies) is not permitted for completing assignments for this course. Violations will result in a grade penalty or other disciplinary action as determined by the instructor.