NEUROMARKETING

|  |  |
| --- | --- |
| **Course code** | *MNG238* |
| **Course title** | *Neuromarketing*  |
| **Course type** | *Compulsory* |
| **Year of study** | *2nd*  |
| **Semester** | *Spring* |
| **ECTS** | *6 ECTS; 24 hours of lectures, 24 hours of seminars, 4 hours of examination, 112 hours of individual work.* |
| **Coordinating lecturer** | *Dr. Dalia Bagdžiūnaitė* *email: dalia.bagdziunaite@gmail.com,* *Indrė Razbadauskaitė-Venskė,**email: indre.razbadauskaite@gmail.com* |
| **Study form** | *Full-time classes* |
| **Course prerequisites** | *None* |
| **Language of instruction** | *English* |

# Course description

# This course will provide an introduction to the contemporary approaches and their application to the marketing mix and design processes. The course literature will cover different topics of consumer decision-making, attention, emotion, motivation, habit formation, and senses providing a better understanding of the underlying conscious and unconscious processes that ultimately drive the consumer choices. Relevant theories will be analysed in reflection to different marketing cases. Furthermore, neural, physiological, and behavioural measurement methods such as eye-tracking, electroencephalography, fMRI, and other, will be introduced and discussed in regard to their application to solve different marketing challenges. This understanding will provide a deeper insight on how brand, product design, advertising, and in-store information is processed in consumer brain and how this knowledge can be used to inform marketing strategy.

# Course aim

To provide students with the fundamental knowledge on neuromarketing principles, methods, and their application to seek for more effective marketing solutions.

# Learning outcomes

|  |  |  |
| --- | --- | --- |
| **Course learning outcomes (CLO)** | **Study methods** | **Assessment methods** |
| CLO1. To understand the key concepts of neuromarketing and be able to reflect upon the role of in reaching marketing goals. | Lecture, discussions, self-study, group work  | Midterm, exam, homework assessment during seminars |
| CLO2. To discuss processes such as attention, perception, emotion, motivation, habits, senses, and their relevance to marketing-related topics. | Lecture, discussions, self-study, group work  | Midterm, exam, homework assessment during seminars |
| CLO3. To be able to reflect upon the course literature and the practical application of the neuromarketing and consumer neuroscience theories and methods to solve specific marketing challenges. | Lecture, discussions, self-study, group work | Midterm, exam, homework assessment during seminars |
| CLO4. To identify and discuss the limitations of different theoretical and methodological approaches in relation to neuromarketing. | Lecture, discussions, self-study, group work  | Midterm and final exam, homework assessment during seminars |
| CLO5. To identify and articulate the marketing research objectives and discuss pros and cons of the traditional approaches in comparison to the modern research approaches application to reach those objectives.  | Lecture, discussions, self-study, group work  | Homework assessment during seminars |
| CLO6. To work in a team, to present work results in written or oral form, to argue decisions. | Lecture, discussions, self-study, group work | Homework assessment during seminars |

# Quality management

# The quality of the course is assured by the variety of teaching and learning methods, interim knowledge assessment through homework, continuous discussions, group presentations and questions raised through the study of the learning materials to students. The teaching will consist of lectures, seminars, case analysis, and group work. During lectures, students will be introduced to the theoretical framework merging three different approaches from Design, Marketing and Consumer Neuroscience fields. The theories will be applied on the marketing cases; active discussions between students will be encouraged. Articles and supplementing materials will be assigned for each topic and expected to be read beforehand in order to facilitate effective knowledge exchange.

# Cheating issues

# The teaching and testing methods are chosen taking into account the purpose of the minimization of cheating opportunities. Individual tasks are assigned. Tasks rotate year by year, from student to student. The ISM regulations on academic ethics will be fully applied in the course.

# Course content

|  |  |  |  |
| --- | --- | --- | --- |
|  | **TOPIC** | ***CLASS HOURS*** | **READINGS** |
| ***Lecture*** | ***Seminar*** |
| SESSION 1DR. DALIA BAGDŽIŪNAITĖ | **Introduction to the Course**Course requirements and procedures. Individual tasks and groupwork. Reporting requirements. **Introduction to Neuromarketing and Consumer Neuroscience**Defining Neuromarketing and Consumer NeuroscienceIntroduction to Neurodesign, Neuroleadership, and other related disciplinesNeuromarketing principles and their implicationCase study examples**Models of Consumer Decision-making and Choice**Value-based, cognitive, and habitual decision-makingCognitive biases Hyper choice and choice paralysisConstraining factors in consumer decision-making time, information, degree of choice, cognitive capacityConsumer aberrations: compulsive and impulsive buying | 2 | 2 | SEE: SESSION 1 |
| SESSION 2DR. DALIA BAGDŽIŪNAITĖ | **Introduction to Neuromarketing and Consumer Neuroscience Research Methods and Tools**Defining Neuromarketing and Consumer Neuroscience research methods and toolsPros and cons of traditional and neuromarketing methodsIntroduction to different methods and their application for marketing casesLab vs. real-life environment; desktop vs. mobileenvironment**Group exercise in class** | 2 | 2 | SEE: SESSION 2 |
| SESSION 3DR. DALIA BAGDŽIŪNAITĖ | **Attention and Consciousness**Attentional processes and consumer choiceVisual attention, visual saliencyProcessing fluency and cognitive load Consciousness and unconsciousnessGoal-directed choice, priming, subliminal effects**Group exercise in class**  | 2 | 2 | SEE: SESSION 3 |
| SESSION 4INDRĖ RAZBADAUSKAITĖVenske | **Myths, Experiments, and Ethical Concerns** Neuromarketing myths and ethical concerns (Neuroethics)Regulatory guidelines for ethical research Concerns about scientific validityCritics of consumer neuroscience research **Neuropricing (price effect)**How consumers perceive price Rounded price effect | 2 | 2 | SEE:SESSION 4 |
| SESSION 5INDRĖ RAZBADAUSKAITĖvenske | **Senses and Perception: Sensory Marketing and Perception Process**Hedonic consumption + motivational conflictSensory marketing vs. digital sensory marketing – 5 senses: smell, touch, sight, hearing, and taste Psychology of colors. How do we see colors?Stages in the perception: exposure, attention, interpretationEXTRA: Behavioral science brand building + blanding vs. branding**Preparation for the practical group work**Detailed explanation of tasks, group setting. | 2 | 2 | SEE:SESSION 5 |
| SESSION 6INDRĖ RAZBADAUSKAITĖVenske | **Learning and Memory**Learning: behavioral learning and cognitive learning theoriesGamification: the new frontier for learning applicationsMemory: how our brains encode informationMemory systemsHow our memory store informationWhat makes us to forget? Nostalgia marketing EXTRA: the role of dopaminergic reward in processing | 2 | 2 | SEE: SESSION 6 |
| MIDTERM EXAM2021 03 21- 28 | **Midterm exam:** Topics from sessions 1-6 included. | 2 |  |  |
| SESSION 7DR. DALIA BAGDŽIŪNAITĖ |  **Emotions, Feelings, and Motivation** Defining emotionsEmotions dimensions: valence, arousal, motivationEmotions and decision-making Universal principles of emotional design**Group exercise in class**  | 2 | 2 | SEE: SESSION 7 |
| SESSION 8DR. DALIA BAGDŽIŪNAITĖ | **Habit formation and hooked model**Defining habitCreating and changing good and bad habitsDefining habit-building productsHooked model: triggers, action, rewards, investment Ethical concerns **Group exercise in class**  | 2 | 2 | SEE: SESSION 8 |
| SESSION 9DR. DALIA BAGDŽIŪNAITĖ | **Group work presentation and feedback**  | 2 | 2 | SEE: GROUP WORK ASSIGNEMNT |
| SESSION 10INDRĖ RAZBADAUSKAITĖvenskeONLINE | **The Self: Mind, Gender and Body** Self-conceptReal vs. Ideal selvesEmbodied cognition The digital selfGender identity + Gender marketing The body: ideals of beauty EXTRA: enclothed cognition **Personality, Lifestyles and Values** Trait theoryThe influence of personality traits on consumer behaviorBrand personalityLifestyles and consumer identityPsychographicsValues – how do values link to consumer behavior?  | 2 | 2 | SEE: SESSION 10 |
| SESSION 11INDRĖ RAZBADAUSKAITĖvenskeONLINE | **The Effects of Social Media Marketing on Online Consumer Behavior**Understanding how online marketing is differentOnline social networks and brand communitiesSocial-psychological roles of consumer in thedevelopmental processes of online consumption communitiesE-word of mouthThe power and impact of influencer marketingEXTRA: Building a perfect website | 2 | 2 | SEE: SESSION 11 |
| SESSION 12DR. DALIA BAGDŽIŪNAITĖINDRĖ RAZBADAUSKAITĖvenske(online) | **Wrap-up. Preparation for the Final Exam** **The future of Neuro (marketing) and more**  | 2 | 2 | SEE: SESSION 12 |
| FINAL EXAM | **Final exam** |  |  |  |
|  | **Total** | **24+2** | **24** |  |

# Assessment methods and its accumulative weight

|  |  |  |
| --- | --- | --- |
| **Assignment** |  **Total hours** | **Final grade, %** |
| Midterm exam  | 28 | 25% |
| Group work assignment  | 33,6 | 30% |
| Final Exam | 50,4 | 45% |
| **Total:** | **112** | **100%** |

**MIDTERM EXAM**

The Mid-term Exam is given to students to check their theoretical knowledge on concepts, classifications, applications, correct identifications of practical situations. Mid-term exam will cover topics of sessions 1-6. The accumulative weight of midterm exam is **25%**

**GROUP WORK ASSIGNMENT**

Group work assignment consists of practical tasks that are performed in the out-off class and in class environments in order to strengthen skills of theoretical material covered in the class. During the semester each group has to prepare ***one*** group work assignment. The size of a group is determined by the lecturer when the final group participant list is available.

The group work assignment should be submitted to the lecturer in written form (as a report) and presented in class (ppt or other presentational technique). Each group will be given a maximum of 8-10 minutes for presentation during seminar sessions.The written report should not exceed 5 pages. Report format has to follow general format requirements of ISM (APA style). Each report has to have official title page with the list of contributors. All members of the group should be involved into presentations during the course (being the major presenter at least once).

Use the simplest binding tools (paper clips, transparent envelopes) for environmental reasons. Print on both sides whenever possible.

**The** **group assignment will consist of these parts:**

1. Reasoning and argumentation for the choice of the case study;
2. Argumentation for the choice of neuromarketing principles and decision-making models;

Application of the theories (e.g., including senses; catching attention; affecting emotions; inducing memory; building a habit, motivation action);

Application of the neuromarketing tools to study the effects of chosen case study;

Conclusions and neuromarketing recommendations for the improvement.

**Written assignments are due to the professor NO LATER than the beginning of class on the day the presentation is scheduled.** Students cannot redo their home assignments or re-defend them after the deadline. Students can indicate group mates that were not contributing to the particular assignment. In this case the grade for assignment for non-contributing group mate is not entered and equals 0.

**END-SEMESTER INDIVIDUAL WRITTEN FINAL EXAM**

***End-semester individual written final exam*** is given to students to check upon the scope (theoretical and practical) of *the course as a whole*. The exam will include all material covered during the lectures and seminars. The accumulative weight of the Final Exam is **45%.**

***The final grading for the course is calculated*** according to the accumulative formula as indicated in the Regulation of studies at ISM. *Negative grades (below 5) are not included into the accumulative grading system!*

Students who receive a failing final grade shall have the right to **re-take the exam** during the re-sit week, which will comprise **70% of the final grade** and will include all semester material. Home assignments cannot be retaken at a later time.

**MISCELLANEOUS**

The lecturer reserves a right for minor changes in course programme (for example, changing places of topics without harm to the overall course logic). Also, the lecturer might decide to invite guest speakers – practitioners for deeper presentation of some practical aspects of marketing. When changes in schedule / programme prevail, students will be informed in advance.

**READINGS**

**SESSION 1:**

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.

Chapter 1: What Neuromarketing Is and Isn’t for?

Chapter 2: What we Know Now that We Didn’t know Then?

Phan, V. (2010). Neuromarketing: Who decides what you buy. *The Triple Helix*, *2010*, 14-16.

[*https://www.forbes.com/sites/hbsworkingknowledge/2013/02/01/neuromarketing-tapping-into-the-pleasure-center-of-consumers/*](https://www.forbes.com/sites/hbsworkingknowledge/2013/02/01/neuromarketing-tapping-into-the-pleasure-center-of-consumers/)

**Videos:**

Brain structure & functions tutorial:

[Https://www.youtube.com/watch?V=kmkc8nfpati](https://www.youtube.com/watch?v=kMKc8nfPATI)

Neuromarketing: Inside the Mind of the Consumer:

[Https://www.youtube.com/watch?V=zbkyv6axdc0](https://www.youtube.com/watch?v=ZbkYV6aXdc0)

**Supplemental reading:**

Kahneman, D. (2003). A perspective on judgment and choice: mapping bounded rationality. *American psychologist*, *58*(9), 697.

Plassmann, H., Ramsøy, T. Z., & Milosavljevic, M. (2012). Branding the brain: A critical review and outlook. Journal of consumer psychology, 22(1), 18-36.

**SESSION 2:**

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.

Chapter 16: Neuromarketing Measures: Listening to Signals from the Body and the Brain

**Neurons Inc. Blog post:**

* Which brain measure is best:

<https://www.neuronsinc.com/insights/neuromethod-2-which-brain-measure-is-best>

* Fast responses and unconscious preferences:

<https://www.neuronsinc.com/insights/fast-responses-and-unconscious-preferences>

**Supplemental reading:**

Ariely, D., & Berns, G. S. (2010). Neuromarketing: the hope and hype of neuroimaging in business. *Nature reviews neuroscience*, *11*(4), 284-292.

Noble, T. (2013). Neuroscience in practice: The definitive guide for marketers. *Admap*, *48*(3), 28-45.

**SESSION 3:**

Deangelus, M. & Pelz, J. (2009). *Top-down control of eye movements: Yarbus revisited*, Visual Cognition, 17(6-7), pp. 790-811.

Milosavljevic, M., & Cerf, M. (2008). First attention then intention: Insights from computational neuroscience of vision. *International Journal of advertising*, *27*(3), 381-398.

Karremans, J. C., Stroebe, W., & Claus, J. (2006). Beyond Vicary’s fantasies: The impact of subliminal priming and brand choice. Journal of experimental social psychology, 42(6), 792-798

**Videos:**

Top-down and bottom-up processing: [https://www.youtube.com/watch?V=ajy5\_p\_lahq](https://www.youtube.com/watch?v=aJy5_p_LAhQ)

Gestalt Principles: [https://www.youtube.com/watch?V=20n53kharxa](https://www.youtube.com/watch?v=20N53khArXA)

**Supplemental reading:**

Chartrand, T. L., Huber, J., Shiv, B., & Tanner, R. J. (2008). Nonconscious goals and consumer choice. *Journal of Consumer Research*, *35*(2), 189-201

Clement, J., Kristensen, T., Grønhaug, K. (2013). *Understanding consumers´ in-store visual perception: The influence of package design features on visual attention.* Journal of Retailing and Consumer Services, 20, (234-239)

Dijksterhuis, A., Smith, P. K., Van Baaren, R. B., & Wigboldus, D. H. (2005). The unconscious consumer: Effects of environment on consumer behavior. Journal of consumer psychology, 15(3), 193-202

Milosavljevic M., Navalpakkam V., Koch Ch., Rangel A., 2011, *Relative visual saliency differences induce sizable bias in consumer choice.* Society for Consumer Psychology 22, *(67-74).*

**SESSION 4:**

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.

Chapter 22: Neuromarketing Ethics, Standards, and Public Policy Implications

Chapter 23: Ten Mistaken Beliefs about Neuromarketing

**Videos:**

How Brands Are Influencing Your Decisions | Neuromarketing | Spark - [https://www.youtube.com/watch?V=svpsr5xjinw&t=420s](https://www.youtube.com/watch?v=sVpSr5xJiNw&t=420s)

Pricing Effect: Why A Higher Price Tag Makes Wine Taste Better | Why Are We All So Stupid? - <https://www.youtube.com/watch?v=Wb3PsQFB3fU>

[How Restaurants Use Psychology to Make You Spend More Money](https://www.youtube.com/watch?v=I4WzImgnP4w) - <https://www.youtube.com/watch?v=I4WzImgnP4w>

**Supplemental reading:**

P. Kotler. (2017). *Consumer Neuroscience*. The Mit press.

**Chapter 15 – Ethics in Consumer Neuroscience**

**Chapter 11 – Pricing**

**SESSION 5:**

# 5 Examples of Sensory Branding in Retail - <https://blog.hubspot.com/marketing/sensory-branding>

Behavioral science brand building - <https://www.research-live.com/article/news/behavioural-science-brand-building-/id/5049912>

**Videos:**

# Dunkin' Donuts Flavor Radio - [https://www.youtube.com/watch?V=v2tp-fan6u8](https://www.youtube.com/watch?v=V2tP-FAn6u8)

How Scent Can Influence Your Purchasing Habits | Your Brain On Shopping | Racked - [https://www.youtube.com/watch?V=u6m5ud5\_cba](https://www.youtube.com/watch?v=U6M5uD5_CbA)

**Supplemental reading:**

P. Kotler. (2017). *Consumer Neuroscience*. The Mit press.

**Chapter 3 – Sensation and Perception**

**SESSION 6:**

**Videos:**

Memory, explained | Narrated by Emma Stone - [https://www.youtube.com/watch?V=d95doh-7GHM](https://www.youtube.com/watch?v=d95dOH-7GHM)

Narrative - [What do we mean when we talk about storytelling in advertising?](https://www.youtube.com/watch?v=BBHash4H0Gc)

# How free games are designed to make money - <https://www.youtube.com/watch?v=fKK9nVLvhGM>

**Supplemental reading:**

P. Kotler. (2017). *Consumer Neuroscience*. The Mit press.

**Chapter 6 – Memory**

**SESSION 7:**

Berridge, K. C., & Robinson, T. E. (2003). Parsing reward. Trends in neurosciences, 26(9), 507-513.

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.

Chapter 6: The Central Role of Emotions in Consumer Responses

Chapter 10: Creating Products and Packages That Please Consumers‘ Brains

**Supplemental reading:**

Bagozzi, R.P., M. Gopinath & P.U.Nyer (1999): *The role of emotions in marketing. Journal of the Academy of Marketing Science*, 27 (2), (184-206).

Dolan, R., (2002). *Emotion, Cognition, and Behaviour.* Neuroscience and Psychology, 298 (8)., (1191-1194).

Groeppel-Klein (2005), Arousal and consumer in-store behaviour. Brain Research Bulletin 67, (428-437).

**SESSION 8:**

Eyal, N. (2014). *Hooked: How to build habit-forming products*. Penguin. Workbook: <https://www.nirandfar.com/download/hooked-workbook.pdf>

**Videos:**

How to Break Bad Habits - Hooked: How to Build Habit-Forming Products by Nir Eyal: [https://www.youtube.com/watch?V=hvdn2mjjpb8](https://www.youtube.com/watch?v=hVDN2mjJpb8)

Behavioural Fogg Model: <http://www.behaviormodel.org/index.html>

**Supplemental reading:**

Wood, W., & Neal, D. T. (2009). The habitual consumer. Journal of Consumer Psychology, 19(4), 579-592.

**SESSION 10:**

# Yes, Marketing Is Still Sexist - <https://www.nytimes.com/2021/08/26/us/marketing-industry-sexism-brandsplaining.html>

**Videos:**

# How Fashion Affects Your Brain | ELLE- <https://www.youtube.com/watch?v=zqaM7bQFFic>

Gendered marketing - <https://www.youtube.com/watch?v=3JDmb_f3E2c&t=173s>

**Supplemental reading**:

M.R. Solomon (2018). Consumer Behavior: Buying, Having and Being. 12th edition. Pearson.

**Chapter 6: The self: mind, gender, and body**

**Chapter 7: Personality, Lifestyles, and Values**

**SESSION 11:**

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.

 Chapter 13: When Consumers‘ Brains Go Online

**Supplemental reading**:

P. Kotler. (2017). *Consumer Neuroscience*. The Mit press.

**Chapter 12 – Social Marketing**

# EXTRA: Neuromarketing Books: The Ultimate Reading List - <https://www.neurosciencemarketing.com/blog/articles/neuromarketing-books-reading-list.htm>

# Recommended to buy:

Genco, S. J., Pohlmann, A. P., & Steidl, P. (2013). *Neuromarketing for dummies*. John Wiley & Sons.