

MM311 – Consumer Behaviour  
Study Notes

**Topic 1: Introduction to Consumer Behaviour**

*LO1: To define consumer behaviour.*

**What is Consumer Behavior?**

Consumer Behaviour – as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of the products and services that they expect will satisfy their needs.

- We all know that marketers produce products and services (more recently are creating experiences) to satisfy the needs and wants of customers.
- Customers go through the process of identifying the needs that needs to be satisfied with the purchase of products and services.
- Once the needs are identified by the customers, they go through an extensive search process, evaluate the available alternatives, make the purchase, use the purchased products/services and dispose the used products/services.
- This entire process depicts how consumers behave from the identification of needs to the usage and disposal of products and services commonly referred to as ‘Consumer Behaviour’.
- You need to be familiar with the distinction between a product and a service; need and a want; and customer and a consumer.
- Products – are tangible and are felt by using our five senses (touch, smell, taste etc.) (Ex: Car, Chair)
- Services – are intangible and once accessed, you cannot claim any ownership. The unique characteristics of services include intangibility (cannot be felt by the five senses), heterogeneity (services can be accessed alongside service providers), perishability (cannot be stored for now and used at a future date) and variability (the provision of service is highly variable depending upon the mood of the service provider) (Ex: Restaurant service, Doctor’s consultation).
- Customer – is an individual who purchases the product/service but may not use it (Ex: Mum purchasing Barbie DVD for kids).
- Consumer – is the end user and who ultimately consumes the product/service under consideration (Ex: Kids watching the Barbie DVD).
- Need – states of felt deprivation (Ex: Water to quench thirst).
- Wants – needs that are shaped by culture and individual personality (Ex: Coca Cola to quench thirst).

*LO2: To understand consumer behaviour and types of consumers.*

**Types of Consumers**

- *Personal Consumers* – buys goods and services for their own personal consumption or for use by the household or as a gift for a friend.
  - Example: Clothes/Food/Music
- *Organisational Consumers* – buys products, equipment and services in order to run their organisations.
  - Example: Government agencies buying office products

- *Buyer* – the person who undertakes the activities to procure or obtain the product/service.
- *Payers* – the person who provides the money or other object of value to obtain the product/service.
- *User/Consumer* – the person who ultimately uses or consumes the product/service.
  
- Broadly consumers are classified into personal and organisational consumers.
- Personal consumers purchase goods and services for their personal consumption or to satisfy the needs of the household or to gift a product/service (Ex: books, clothes).
- Organisations in order to run their businesses on a day to day basis purchase products, services and equipment (Ex: Universities purchasing computers and whiteboards to satisfy the needs to staff and students).
- Consumers can also be classified depending upon the roles that they take in the buying process such as buyers, payers and consumers.

### **Sectors targeting consumer**

- *Non-profit Sector* – organises charitable, cultural, educational, political, recreational, social or sporting activities on a not for profit basis.
- *Public Sector* – provides government services for consumers and organisations.
- *Private Sector* – commercial companies that market goods, services and experiences to consumers, private, public and non-profit sectors.
- Convenience goods, Convenience services, Durables, Specialty Products and Unsought Services.
- Various sectors produce products and services in targeting and identifying their consumers.
- Not for profit sector – the motive is to not to generate profit. Usually organises several charitable, cultural and social activities.
- For profit sectors can be public or private.
- Public sector offers government services to individual consumers and organisations (Ex: Local councils offering waste collection services on a weekly basis).
- Private sector – offers products and services to individual consumers, to other private companies, public sector and to not for profit sectors.
- The prominent classification of products and services include:
  1. Convenience goods – purchased frequently on a habitual basis and are inexpensive (Ex: toothpaste, shampoo)
  2. Convenience services – accessed frequently and are inexpensive (Ex: banking service)
  3. Durables – are white goods and are non-perishable (Ex: microwave, oven, dishwasher)
  4. Specialty products – products that are occasionally bought by consumers and are very expensive (Ex: luxury car, diamonds)
  5. Unsought services – consumers usually do not think about accessing these services unless and until a need arises (Ex: funeral services).

### **Why marketers study consumer behavior?**

In understanding the role of consumer behaviour and why marketers are interested in studying the consumer behaviour the following points are important: