

## Chapter 1 – Consumer Behaviour

*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.*

- How consumers spend their available resources (money, time and effort)
- How consumers think, feel + behave

*Study of consumer behaviour includes:*

- What/Why/how often buy/how do they dispose

When acting as consumers, individuals have one goal in mind:

- To obtain goods and services that meets their needs and wants

**Personal** buys goods and services for:

- His/her own use
- Use by the whole household or household member
- Gift for someone else
- Use by individuals – end/ultimate users

e.g. Smiggle/Chanel target individual consumers

**Organisational** includes: buy to help run their organisations, direct and indirect offerings to support their markets e.g. Telstra Business

- Commercial for profit businesses
- Non profit businesses
- Public sector agencies (gov. departments)
- Institutions (e.g. schools, churches, sports clubs)

**Buyers, payers and users** – marketers must decide who to target/who will be influencing the purchasing decision e.g. elderly caregivers nursing home – middle aged parents/elderly people

- The consumer – consumers/uses products
- Buyer – undertakes activities to procure/obtain product
- Payer – provides the money to obtain product

### **Why marketers study consumer behaviour?**

To better understand:

- Changing product life cycles - shorter life cycles = pace of new product & changes in technology
  - Requires steady inflow of new product ideas + offerings o satisfy consumers
- Changing environmental views and concerns = potentially negative impact of products + packaging, consumers are socially aware and favour relevant products
- Changing consumer protection and public policy = protect consumer interests, ACCC – *Australian Competition and Consumer Commission*

- Studying how consumers are being deceived = trade practises legislation
- The growing role of services marketing = marketing difficult cause services are intangible, perishable + inconsistent
- Not for profit social marketing
- The growing role of global marketing = moving beyond domestic markets, fed Gov. encourages SMEs to export, achieve economies of scale + increase sales
  - Study different cultural needs/consumption habits
- Changing technology – companies responsive to changing technology + advances in the way consumers interact with companies through technology, leverage greater relationships e.g. electronic ordering
  - Highly personalised – relationship e.g. Everyday Rewards
  - Consumers buying characteristics = data/update consumer databases quickly
- Impact of constant change = which markets to target, segment – CHANGING NEEDS

#### **Development of marketing concept**

<u>MARKETING</u> - cheap/efficient production and intensive distribution	When demand exceeds supply
<u>PRODUCT</u> – consumers will buy product offering highest quality, best performance	Competition intensifies
<u>SELLING</u> – actively trying to sell product	
<u>MARKETING</u> – customer orientation , specific targets, fulfil desired need better than competition	Extensive market research
<u>SOCIETAL MARKETING</u> - fulfils needs of the target audience in ways to improve society as a whole (also economic of organisation)	Satisfy needs and wants of target market while enhancing/preserving wellbeing of society

Embracing the marketing concept, consumer research + market segments

- Gain understanding of consumption behaviour
- Identify + locate target markets + understand media habits
- Identify both felt/unfelt needs
- Determine how consumers perceive products/brands/stores
- Identify attitudes before + after promotional campaigns
- Identify how/why they make consumption decisions e.g. influenced by emotion/another person

**Consumer research** – forms basis of segmentation, targeting, positioning

Primary

- Qualitative- focus groups, depth interviews, specific associated research approaches = consumer behaviour and topics

- Quantitative – descriptive/empirical from observational research, experimentation, survey research = acceptance of products/brands + impact of promotion + predict future needs

Drivers of relationships b/n marketers + customers

- Customer value/satisfaction/trust/retention

What is customer value?

Perceived benefits (Economic, functional + psychological) **COMPARED WITH** customer's resources used (money, time, effort + psychological) = subjective