

Thynk Unlimited

CONSUMER BEHAVIOR

LESSON 10



CONSUMER THEORY

is the study of how people decide to spend their money based on their individual preferences, and budget constraints.





CONSUMPTIONS

refers to the use of goods and services to satisfy human wants.



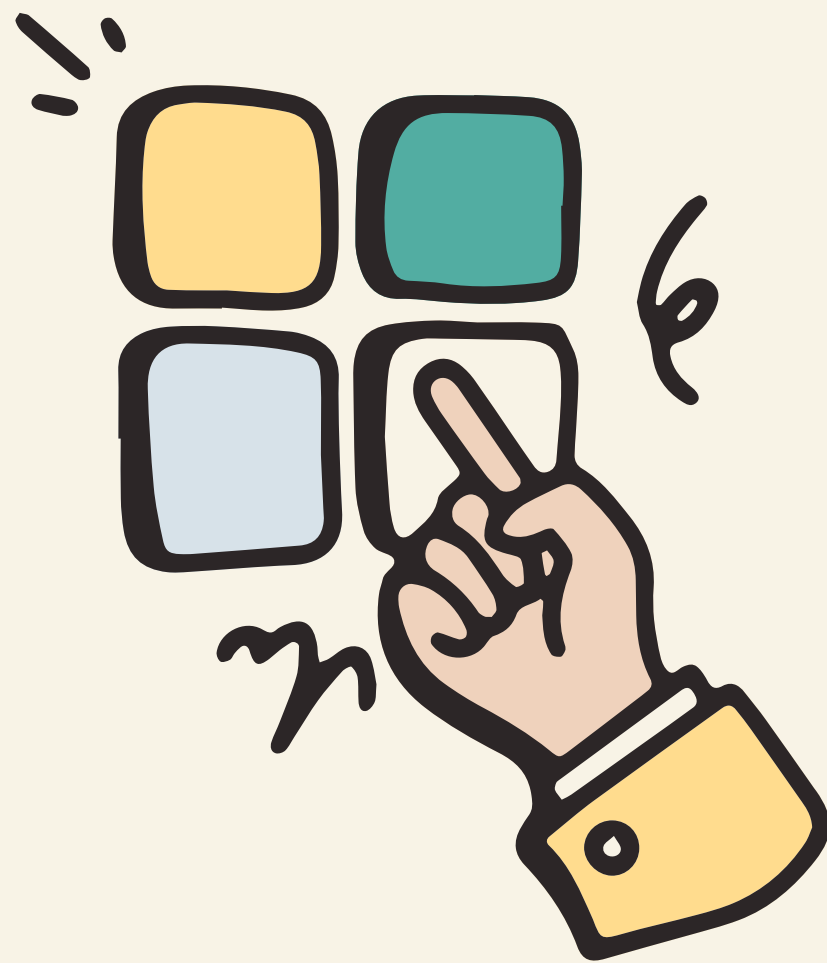
UTILITY MAXIMIZATION

Individuals are said to make calculated decisions when shopping, purchasing products that bring them the greatest benefit known as a maximum utility.

NONSATIATION

People are seldom satisfied with one trip to the shops and always want to consume more. Consumers always want more of a quantity and choice.





DECREASING MARGINAL UTILITY

Consumers lose satisfaction in a product the more they consume it. As more units of good are consumed, the marginal utility from the consumption of the next unit becomes lesser.



THANK YOU