

Chapter 22: Making Consumer Decisions

I-Summary: This chapter explores consumer decision-making and discusses how to be a smart consumer. Consumers must decide what, when, and where to buy, and how much to pay. A budget is a consumer's plan for how to spend resources during a particular period of time. When purchasing groceries or medicines, consumers can often choose brand name products or generic ones. Quality is associated with brand name products, lower prices with generics. Higher prices occur when demand is high; prices go down when demand slacks off. The decision on where to buy depends on the kinds of goods and services sold, prices, and convenience. Different types of stores include department stores which sell a wide variety of goods, discount stores which offer lower prices, outlet stores which offer brand names at bargain prices, and limited-line retailers which offer one or a few related product lines. Comparison shopping is comparing the characteristics of competing brands or stores. Smart shoppers study ads, read consumer publications, shop at sales, use a shopping list, resist sales pressure and gimmicks, and read labels and warranties. *Consumer Reports* and *Consumers' Research Magazine* are publications that test and rate products. Promotional sales are used to introduce new products, clearance sales make room for new merchandise, and loss leaders are sold at a loss to bring customers into a store. Using a shopping list helps the consumer avoid impulse buying and resist sales pressure. Implied, express, and limited warranties are legal documents that state the conditions under which a product can be returned, replaced, or repaired.

I-Quiz

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause. Then you will hear the correct answer. Let's begin.

Question 1

Which factor is most important when deciding where to shop for something you need?

- a. hours of operation during the holiday season
- b. store ownership
- c. prices
- d. the types of charge accounts offered

Question 2

Which term refers to considering the similarities and differences among competing brands or stores before you buy?

- a. price comparison
- b. discount shopping
- c. off-price and outlet
- d. comparison shopping

Question 3

Which refers the selling of products by appealing to people's feelings?

- a. emotional advertising
- b. promotional sale
- c. rational advertising
- d. consumer management

Question 4

Which would probably NOT be used to interest shoppers in a special buy of a new product, or a product that is in season?

- a. emotional advertising
- b. loss leader advertising
- c. promotional sale
- d. clearance sale

Question 5

Which is a likely result of using a shopping list?

- a. overspending
- b. avoiding impulse buying
- c. making an unplanned purchase
- d. forgetting something you need

Answer Key

1. The correct answer is C, prices. Three key factors affect a consumer's decision about where to shop: the kinds of goods and services offered, prices, and convenience.
2. The correct answer is D, comparison shopping. Comparison shopping, an important factor in buying products or services, is comparing the prices and the characteristics of competing brands or stores.
3. The correct answer is A, emotional advertising. Emotional advertising appeals to people's feelings. For example, an emotional advertisement might suggest that if you buy a particular car, you will be more popular. Rational advertising attempts to sell products based on facts.
4. The correct answer is D, clearance sale. A clearance sale is a sale to clear out goods that are going out of season or no longer profitable. Clearance sales often make room for new merchandise.
5. The correct answer is D, avoiding impulse buying. Using a shopping list helps you resist sales pressure and gimmicks and cut down on unplanned buying.