Smart Consumer Spending

Advanced Curriculum
Planned Buying Process

From

Initial desire to buy

To

Satisfaction after the purchase

Prioritize Wants

Make the Purchase

Conduct Research

Spending Plan Evaluation
Planned Buying Process Principles

Essential consumer skill

Ongoing cycle

Apply it each time a purchase is made
Durable vs. Consumable Goods

**Durable**
- Does not quickly wear out
- More expensive (typically)
- Cell phone, automobile

**Consumable**
- Item is consumed in the present
- Less expensive (typically)
- Food, fuel, cosmetics

What are examples of durable and consumable goods?
Applying the Planned Buying Process

Investing time typically results in greater satisfaction and is a positive financial management practice.

Durable

Process applies, but less time is spent

Consumable
Prioritize Wants

Your present self impacts your future self

Distinguishing between needs and wants

results in

Ability to prioritize spending decisions
When Prioritizing Wants

- Analyze the opportunity cost and trade-offs
- Examine the impact on your spending plan
- Consider personal and social factors influencing your choice

How do personal and social factors influence individuals?
Conducting research helps you:

- Identify the best option
- Be satisfied with the purchase
Information Sources

What are questions critical consumers ask?

Product Reviews

Seller

Be a critical consumer!

Appropriate Licenses

Consumer Reports
Consider Purchasing Options

Depending on the item, several options may exist:

- Used vs. New
- Store vs. Name Brand
- Where to Purchase
- When to Purchase
- Do-it-Yourself

What are examples of items available as used or store-brand?
Consider Product Features

What are product features of automobiles?

- Safety Ratings
- Expected Durability
- Maintenance Required
- Hidden Costs
- Warranties
- Environmental Impact
**Product Price**

Prices vary widely across sellers

Different version of the same product may be available

Rank the priorities of different product features

Determine which option provides the most desired features at the lowest cost

<table>
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<tr>
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<th>Option 1:</th>
<th>Option 2:</th>
<th>Option 3:</th>
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<tbody>
<tr>
<td>Price:</td>
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Rank features in order of importance

Place a ✓ if the option includes that feature.
Spending Plan Evaluation

Before making the purchase, evaluate your spending plan:

- How will you pay for the item?
- Will this become a contractual expense?
- What is the trade-off to this purchase?
- What is the cost of ownership?

What is an item you currently use that has a cost of ownership?
Cost Per Use

- $100 prom dress
  - Worn once
  - Cost per use: $100

- $100 pair of jeans
  - Worn weekly for a year
  - Cost per use: $1.92

- $65 monthly gym membership
  - Visited 15 times per month
  - Cost per use: $4.33

How can cost per use influence purchasing decisions?
Make the Purchase

When making the purchase, be confident with the company and staff!

Sales Personnel
- Be comfortable with him/her
- Prepare yourself in advance to negotiate

Seller
- Make sure they are reputable
- Ask about their refund, return or cancellation policies
Online Purchases

What are principles to making a safe online purchase?

Online Purchase

- Use only secure sites
- Use a credit card (not a debit card)
- Review shipping and return policies
- Save documentation
Redress

Process of righting a wrong

If you are not satisfied with your purchase:

Evaluate sellers return policy

Learn if there laws that protect consumers for the specific item
Summary

- The planned buying process should be used for all purchases
- The amount of time spent on this process will vary
- Consumers have a variety of product options
- Be a critical consumer to maximize satisfaction