Understanding Self and Consumer Behavior: Why Do You Buy What You Buy?

SUBMITTED BY: WGYP Summer 2011 Instructor

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

OVERVIEW:
In this lesson, students are asked to reflect on the stages of consumer behavior when making purchases for different kinds of commodity goods. Through this lesson, students become more aware of consumer behavior theory and have a chance to critique it. They will also read a Wharton Global Youth Program article about controlling spending and think about if and how they can incorporate this advice into their daily lives.

NBEA STANDARD(S):
- Personal Finance, V. Buying Goods and Services

RELATED ARTICLES:
- “Zara’s ‘Fast Fashion’ Business Model”
- “The Business of Bling: News from the Diamond Trade”
- “Purchase Power: How to Make Smart Consumer Choices”
- “Olivia Mitchell on Why Young Consumers Should Just Say No to Spending”
- “Economic Partnership: Coffee Beans, Moroccan Rugs and the Future of Fair Trade”
- “Behind the Puppy Dog Lenses, Snapchat Is a Living, Breathing Business”
- “A Teen from the United Arab Emirates Considers a New Era of Taxation”
Common Core Standard(s):

- Reading Informational Text–RI.9-10.1.; RI.9-10.2.
- Speaking and Listening–SL.9-10.1.
- Writing

Purpose:

- After this lesson, students will be able to think about the ways in which they, as consumers, make decisions about what goods to purchase.
- They will be able to reflect on what drives them as consumers.

Other Resources/Materials: Internet and Projector

Activity:

This lesson has seven parts.

1. *Introduction (5 mins)*

In a class discussion, ask students to consider what is the difference between a service and a good? How does this affect prices and their purchasing decisions? How often do they buy services versus goods? What are some differences? Some similarities? Think about getting a manicure or a haircut versus buying a video game. What kind of purchase is going for dinner: a service or a good? They can also think about virtual goods, like pay $1 on Facebook to buy someone a virtual flower. Is this a good or a service?

The teacher should make notes from this discussion on butcher paper to come back to later.

2. *Group Activity (10 mins)*

- Have the students break up into smaller groups and each student talk about the last good they bought that day or the day before.
- Ask them to think about what was the last service?
- What were their other choices? How did they make a decision about what to purchase?
- Have each student write down a one-sentence summary of his or her story.
3. Video Definition Screening (2 mins)

Have the students watch the WGYP video definitions for consumer behavior, service and good.

4. Teacher-led Explanation (5 mins)

In this step, the teacher will introduce the following five stages of consumer behavior. This can be done on the board with the text in bold written and the rest explained.

**Five Stages of Consumer Behavior:**

1. **Problem recognition** — a perceived difference between a person’s ideal and actual situations that is big enough to trigger a decision

2. **Information search** — includes internal and external search. The internal search involves delving into one's memory and/or knowledge. The external search includes things like consumer reports.

3. **Alternative evaluation** — the consumer’s evaluative criteria include objective attributes of a brand and the subjective attributes. Explanation: The CVS brand for Tylenol is probably very similar to Tylenol. But buying the name brand can be more of a subjective choice, rather than an objective decision about the superiority of one compared to the other.

4. **Purchase decision** — three things must be decided: from whom to buy, when to buy and whether to buy or not.

5. **Post-purchase decision** — the consumer compares his or her expectations with the product and is either satisfied or dissatisfied. This can impact a consumer’s perceptions or even his or her relationship to the good/service and its producer.

5. Group Activity (10 mins)

Students will now return to one of the one-sentence summaries written earlier and analyze it with respect to these five stages. They should think about which stages they currently go through and which stages they do not. Have them return to their stories and talk about how they can incorporate the other stages.

Time permitting: the teacher can ask a few students to share what they found before the next activity.

6. Silent Reading and Group Discussion (10 mins)
Students will read the WGYP article and within their groups think about what Olivia Mitchell proposes about controlling consumer behavior.

- Is her advice realistic?
- If not, how can we make it more realistic? How can students incorporate this advice into their purchasing decisions?

7. Closing Class Discussion (10 mins)

Ask them to now return to their groups to think about the underlying psychological or sociological processes that drove their decisions from the earlier stories. How can they increase their control over such processes?

A way to think about this is: do they find themselves buying brand name items when a non-brand item is cheaper? Why is this so? Again is there a difference between purchasing of goods versus services? Does brand name matter for services? Think through together.

**Practice Outside of the Classroom:**

The students can be asked to observe what kinds of consumer decisions they make for the next two days and how their process changes based on the decision-making process. Have students read the Wharton Global Youth Program story “Purchase Power: How to Ask the Right Questions and Make Smart Consumer Choices.”