CONSUMER DECISION MAKING

OBJECTIVE:

Students will learn basic economics through choosing the least expensive of two choices in purchasing consumer goods.

Students will learn to make an informed decision based upon the evidence at hand.

Students will become familiar with the PACED decision-making method when making decisions about spending money.

The Economic Way of Thinking

1. Resources are limited
2. People cannot have everything they want
3. People must make choices
4. Every choice involve a cost
5. People's choices have consequences
6. People respond to incentives

This slide tells us about basic economics. Statement number 1 is the first thing covered in any microeconomics class.

Go through each statement with the class. Ask them to tell you what they think each statement means.

Stress that these statements cover everything anyone will want to purchase in their lifetime.

These statements apply not only to money but time as well.

Choosing the Better Incentive

1. **Bookbag:** $11:99 (buy one)

#1 Coupon
20% off

#2 Coupon
Save 2.00

Incentive #1 is the better deal.

#1: 20% off = $11.99 - $2.40 = $9.59

#2: Save $2.00 = $11.99 - $2.00 = $9.99

In this example, get the class to think in terms of estimation.

Deal one can be estimated quickly as 10% of $12 is $1.20 so 20% off will be twice that or $2.40

Deal two is simply $2 off.

Let the class study this on their own first for a few minutes before you show them the easy way.

Do the rest of these slides in a similar fashion.

Choosing the Better Incentive

2. **Snappy-Krunch Cereal:** $2.59 per box (buy three boxes)

#1 COUPON
Buy 2
Get 1
FREE!

#2 COUPON
Save
$1.00
per box

Incentive #2 is the better deal.

#1: Two boxes cost $5.18, get one free. 3 boxes cost $5.18, or $1.73 each ($5.18/3).

#2: Save $1.00 on each box $2.59- $1.00= $1.59 each.

Choosing the better Incentive

3. **Super-Nutty Peanut Butter:** 32 oz. jar for $2.56 or 48 oz. jar for $2.99 (buy two jars, either size)

#1 COUPON	#2 COUPON
Buy a 32-oz. jar at regular price, get another free!	Save $0.50 on each 48-oz. jar

Incentive #1 is the better deal.

#1: Two 32-oz jars cost $2.56, or $1.28 each, or $0.04 per ounce.

#2. Two 48-oz jars cost $5.98, minus $0.50 each = $4.98, divided by 96 ounces = $0.05 per ounce.

Choosing the better Incentive

4. **Soccer shoes:** $69.95 a pair (buy two pairs)

#1 Coupon	#2 COUPON
Buy one pair – Get another at **HALF PRICE!**	2 pairs for $100.00

Incentive #2 is the better deal!

#1: $69.95 = $34.98 = $104.93 for two pairs.

#2: $100 for two pairs.

Choosing the better Incentive

5. **Amusement park:** All day admission ticket, $45.00 (buy 6 tickets)

#1 COUPON	#2 COUPON
$5 OFF each ticket (limit 6) when you buy a case of root beer at $7.99 a case	Buy 5 tickets at regular price, get the 6th one FREE

Incentive #2 is the better deal.

#1: $5 off = $240 (40x6 tickets) + $7.99 for root beer = $247.99

#2: $45 x 5 tickets = $225

Choosing the better Incentive

6. **Internet coffee shop:** $6.00 per hour (pay for 3 hours)

#1 COUPON	#2 COUPON
Save 10% On 3 hours	Save $.50 each hour up to 2 hours; Save $0.25 each hour after that

Incentive #1 is the better deal.

#1: 10% of 18 = $1.80 and $18.00 - $1.80 = $16.20

#2: $5.50 +$5.50 + $5.75 = $16.75

Choosing the better Incentive

7. **Scary movie festival**: $8.00 each night for 6 nights (attend all 6 nights).

#1 COUPON
4 nights at regular price;
half price the
next two nights

#2 COUPON
5 nights at regular price —
6th night FREE

Both incentives are the same.

1: 4 nights x $8.00 = $32.00: 2 nights x $4.00 = $8.00: $32 = $8 = $40.00

2: 5 nights x $8.00 = = $40.00: 1 night free: total = $40.00

Choosing the better Incentive

8. **Pizza:** $18.99 (buy 2 pizzas)

#1 COUPON
Save $2.00 on
each pizza
Limit 2

#1 COUPON
Today only:
2 pizzas $35.00

Incentive #1 is the better deal.

#1: $16.99 + $16.99 = $33.98

#2: Two pizzas for $35.00

Choosing the better Incentive

9. **Video game:** $49.99 (buy 3 games)

#1 COUPON
REBATE
$14.00 each
Limit 2

#2 COUPON
Save 20%
NO LIMIT

Incentive #2 is the better deal

#1: $35.99 + $35.99 + $49.99 = $121.97 for three games.

#2. 3 games x $49.99 = $149.97 minus $29.99 (20%) = $119.98 for three games.

Choosing the better Incentive

10. **Candy bars:** 2 oz. for $0.89; 4 oz. for $1.69 (buy 12 oz. of candy)

#1 COUPON
Buy 2 4-oz. Bars at regular price
Get a 2-oz. bar FREE

#2 COUPON
Save $.20
On every 2-oz.bar

Incentive #2 is the better deal

#1:$1.69 (4 oz. bar) + $1.69 (4 oz. bar) + free 2 oz. bar + $0.89 (2 oz bar) = $4.27 for 12 ounces of candy

#2. $0.69 x 6 two oz. bars = $4.14 for 12 ounces of candy.

The PACED Decision Making Process

- Identify the **P**roblem
- List possible **A**lternatives
- Identify **C**riteria to judge alternatives
- **E**valuate alternatives
- Make a **D**ecision

Here is the PACED decision-making model. What I suggest is have the class go through this one step at a time using a real problem.

The class usually knows the hottest new video game systems or phones so pick one and as each step comes up, ask the class list things to consider.

Example: I want a new video game system. 2. I am choosing between Xbox and Wii. 3. The games I like play best on … You get the picture.

Using the Paced Decision Making Process

Problem_____

Criteria → / Alternatives ↓	Lower Price	Wider Selection	Better guarantee	More time to shop	Easier to return/exchange	Closer to home
Super-Star Sports Goods Store						
Pro-Athlete Sports Goods Store						

What is their decision?_____

What is the opportunity Cost?_____

You can use this matrix to help the class do another PACED example. This one is set up for some type of sporting goods. You can change the scenario to anything you think the kids will get excited about.

Demonstration/Presentation Know-How

One of the most interesting contests that we do in 4-H is the...

Demonstration/Presentation Contest!

This is a great place for 4-H members to show and tell about their 4-H project work. 7th grade students can do a demonstration where they show and tell how to do something like, wire an electric circuit, or how to decorate a cake, or how to make a hair bow. A demonstration is simply showing someone how to do something while you are explaining how you are doing each step.

The key words are: show what you are doing and tell how you are doing it.

You can also choose to do a presentation instead of demonstration. The presentation is a visual presentation of your project and then you give a short explanation of what you have done in your project.

This is an important contest, stress that these are to be prepared demonstrations where the 4-H members plan their demonstration ahead of time, brings all of the materials needed to give the demonstration to school on 4-H day, and gives the demonstration.

In the Demonstration and Presentation contest, the 7th grade members can do a project demonstration or project presentation. The last slide has two pictures of good project presentation boards. The presentation contest has a regional contest that the 7th grade members can participate in. It is a good contest so ask for help explaining it if you need it.

Demonstration & Presentation Tips & Ideas

PLANNING:
1. Choose a topic you know.
2. List the important steps.
3. Arrange steps in order.
4. Outline the explanation.
5. List materials needed.
6. Plan visuals. BE NEAT!!

PREPARATION:
1. Introduction
2. Body
3. Conclusion

PRESENTATION:
1. Always face the audience.
2. Stand with good posture.
3. Use posters.
4. Don't let accidents stop you.
5. Ask for questions at the end.

No Live Animals

Fourth and fifth grade members can participate in a multi-county demonstration contest in May. Sixth, seventh and eighth grade members can participate in a Project display and portfolio contest in May also at the multi-county contest.