

Personal Finance © 2012

Chapter 6: Consumer Purchasing and Protection

Check Your Answers: Section Assessment

Section 1

Review Key Concepts

1. Economic factors—prices, interest rates, supply and demand, convenience, product safety and quality, brand name, maintenance, warranty. Social factors—lifestyle, interest, hobbies, friends, culture, advertisements, media. Personal factors—gender, age, occupation, income, education, family size, geographic region, ethnic background, religion.

2. Phase 1: Before you shop—identify your needs, gather information. Phase 2: Weighing the alternatives: identify what is important to you and compare prices. Phase 3: Make the purchase—compare financing options, and know the real price. Phase 4: After the purchase—consider lifestyle, values, goals, and financial resources.

3. Time your purchases; carefully select stores; compare brands; research label information; compare prices; evaluate warranties. When the marginal cost exceeds the marginal benefit other options should be explored.

4. Implied warranties are not stated. Express warranties clearly explain what they cover. Service contracts are like insurance for items and cost extra. These items should be considered when comparing products.

Higher Order Thinking

5. Reasons may include: perceived or real quality; peer pressure; desire to fit in; a need to impress others. Alternatives may include: buy the items used or on sale; purchase lesser-known or generic items instead.

21st Century Skills

6. **Access and Evaluate Information** Answers will vary based on students' preferences and experiences. Benefits may include: easy, convenient, may save money. Drawbacks may include: added cost of service and shipping fees, unable to try on clothes/ shoes, wait time for shipment. Students may also mention feeling wary about information online.

Mathematics

7. **Unit Pricing** Total ounces in water jug = 5 gallons \times 128 ounces per gallon = 640 ounces; Unit price of jug = $\$11.95 / 640$ ounces = $\$0.019$; Total ounces in case of bottles = 24 bottles \times 16.9 ounces per $\frac{1}{2}$ liter = 405.6 ounces; Unit price of case = $\$8.99 / 405.6$ ounces = $\$0.022$; The jug is the better purchase.

Section 2

Review Key Concepts

- 1.** Defective products, poor quality, unexpected costs, deceptive pricing, unsatisfactory service, fraud.
- 2.** Return to the place of purchase or service; contact company headquarters; seek consumer agency assistance; seek dispute resolution.
- 3.** Small claims court—a judge settles disputes in a court. Class-action suit—legal action taken on behalf of all the people affected by the same injustice. Legal aid society—provides free or low-cost assistance.

Higher Order Thinking

- 4.** Students may argue that they present an accurate portrayal. However, because they are made for television, the shows are likely edited to emphasize situations for entertainment value. Students may feel that the shows are educational or only entertaining.

English Language Arts

- 5. Making Informed Decisions** Pamphlets will vary but should include: learn how the auction works; find out what the company or Web site does if there is a problem; learn about the seller by reading the feedback; be clear about payment and any additional costs; ask about delivery time and exchanges.

Mathematics

- 6. Consumer Complaint** Purchase price = \$450; Trip 1 = $\$50 + (\$15.00 \times 2.5 \text{ hours}) = \87.50 ; Total cost trip 2 = $\$50 + (\$15.00 \times 1.5 \text{ hours}) = \72.50 ; Total cost = $\$450 + \$87.50 + \$72.50 = \610.00