

Family Lifestyles

Changing family lifestyles, including family size and family responsibilities, have a major impact not only on how much people spend but on what they buy. For example, because of the rising cost of products and services, many families require two incomes to satisfy their wants and needs. As a result, most families are rushed for time. Businesses have responded with goods and services that save time, are convenient, and improve efficiency. Food products that can be prepared by popping them into the microwave are an example of a type of good that has become very popular.

ACTIVITIES FOR ...

INFORMATION

1. a) Distinguish between a need and a want, and a value and a goal.

2. a) Describe four choices that you made in the past week.

3. a) How do changing family lifestyles affect how much people spend and what they buy?

CONNECTION

b) Identify one need and one want that you had three years ago. Name one need and one want that you have now. Describe how your values have changed.

b) Describe three choices that you have made that required very little thought and three choices that required a great deal of thought.

b) Identify five goods and five services that save time, improve efficiency, or provide convenience for consumers today.

EXTENSION

c) Interview your principal, school administrator, or a senior staff member to find out what the school's goals are for the current school year. How will the school go about achieving these goals? Then, ask about the school's long-term goals and how these will be achieved.

c) Describe how your needs, wants, values, and goals influence the choices you make when buying goods and services.

c) "If you make the right decisions, you may not have to change your lifestyle expectations a great deal." Ask a teacher, a parent or guardian, and a businessperson to each give you an example of a decision they made that proves this statement.

Why We Buy

Consumer decision making is the process of choosing among all the alternatives available in the marketplace. Sometimes, however, trade-offs are necessary—the expensive vacation is cancelled in order to save money for college or university, or the new car purchase is delayed to pay for repairs to a leaky roof.

We all buy products for different reasons, but there are six key factors that influence consumer buying decisions: income and price, status, current trends, customs and habits, safety, and promotion.

INCOME AND PRICE

The amount of money consumers have to spend has a big influence on what they buy. A low-income family has to spend a larger portion of its income on basic necessities (food, clothing, and shelter) than a high-income family. People who are responsible for children or aging parents often make different consumer and financial decisions than do people without these obligations. Families with more available income can invest, travel, and spend more on entertainment and recreation.

Price is still the most important consideration for consumers. It greatly influences the types and quantities of products and services that consumers buy. Some consumers believe that the higher the price, the better the product, but this is not always true.

Today, consumers expect good value for the money they spend. Most will not pay more than what they believe an item is worth. Price alone, however, is not the only consideration. Quality, service, warranty, convenience, and variety in selection are also important factors.

STATUS

You may know people who brag about how much they paid for a product. They must have the biggest and the best, the latest and the greatest of everything. They feel that owning these items improves their status, making others admire or at least notice them. This desire to flaunt purchases to impress others is called **conspicuous consumption**.

Some people buy goods simply because neighbours or friends have done so. Or, they may want to be the first in the neighbourhood to have something new or unusual. Others buy large homes, luxury cars, or swimming pools because they think owning these things is proof of success or status. Unfortunately, some consumers purchase these expensive items even when they can't afford them and seldom use them.

Did You Know?

A person who earns an average salary of \$27 800 spends approximately 56% of his or her income on food, shelter, water, electricity, fuel, household operation, and health care. A person who earns an average salary of \$64 700 spends approximately 38% of his or her income on these same expenses.