



LifeSmarts

Learn it. Live it.

Personal Finance Lessons: Decision-Making **“Why Did I Buy That?” PowerPoint Discussion Notes**

Slide 1

Slide Text: WHY DID I BUY THAT?

Understanding consumer decisions.

Discussion Notes: If you have ever been left wondering about a purchase you made, you are not alone.

What are some purchases that caused you or someone in your family to make a similar comment?

Slide 2

Slide Text: LifeSmarts

Slide 3

Slide Text: “Money can’t buy me love”

Purchasing goods and services is complex human behavior.

Discussion Notes: If only it were as simple as the song. What do you think motivates people to make decisions?

Slide 4

Slide Text: Behavioral Economics

The field of behavioral economics tells us—Humans seem to be only partially rational. We sometimes make decisions that are not in our best interest.

Discussion Notes: In fact, we can be emotional and irrational when making decisions. What might be an example of an irrational decision you made today?

(Skipping breakfast, even though you know your body functions better with a nutritious breakfast or driving over the speed limit because you are late.)

Slide 5

Slide Text: ir.ra.tion.al -adjective, without the faculty of reason; deprived of reason

Recognizing the human capacity to be irrational at times is a helpful piece of information when examining choices.

Discussion Notes: Just knowing we have a human tendency to be irrational on occasion can help us when we evaluate options and choices.

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Slide Text: Needs and Wants

We make consumer decisions based on needs and wants that we can sort into three categories:

- Physiological
- Psychological
- Social

Discussion Notes: What do you think would happen if we made consumer decisions based only on our financial goals?

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Slide Text: Physiological Needs

Some of our basic biological needs are food, water and shelter from the elements.

Discussion Notes: What might happen if our financial decisions were made solely on our basic needs?

Slide 8

Slide Text: Psychological Needs

Our self concept, values, beliefs and attitudes all effect our decisions.

Discussion Notes: The desire to fulfill psychological needs also motivates our behavior. Buying goods and services is one method of trying to meet these needs and express how we view ourselves. We might choose to attend college or buy an expensive cell phone.

Slide 9

Slide Text: Social Needs

Culture, family, social class and reference groups all influence consumer behavior too.

Discussion Notes: Families convey conscious and subconscious messages about decision making. For example, a conscious message is a parent telling a teenager to save half the money they earn; while at the same time the parent is having financial worries because they are not able to save for their own goals.

Slide 10

Slide Text: What is a reference group?

A reference group is one source of our personal standards. Individuals look to reference groups to help them define who they are or who they want to be.

Discussion Notes: For a high school student a reference group might influence the choice to dress in a particular style, similar to friends, or applying to a certain college. For adults, it might be buying a boat or a particular type of automobile, eating at a specific restaurant or investing in a home. Sometimes reference groups can be associated with social class or ethnic heritage.

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Slide Text: Common decision making strategies

Analyzing decision making strategies can help you make good decisions or evaluate why a particular decision was unsatisfactory.

Discussion Notes: What is a good decision?

(One that helps you reach your short and long term goals.)

Slide 12

Slide Text: Spontaneity

“I just feel like it.”

Not dangerous if it is an occasional ice cream treat, but if your income flows out and you continuously wonder where your paycheck went, you are in trouble.

Discussion Notes: What decisions might you make that are “just because?”

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Slide Text: Compliance

“I’ll just go along.”

An appropriate strategy when you are sent to the grocery store with a list, but think twice if you are buying the latest electronic gadget just because your friends have one.

Discussion Notes: What other decisions do teenagers make to comply? In what circumstances is this a positive action and when might it be negative?

Slide 14

Slide Text: Procrastination

“I’ll decide later.” or
“I just can’t decide.”

This could be positive if you delay a decision to complete more research or to ask for advice, but can be negative when you fail to take responsibility for choices you need to make.

Discussion Notes: Many people admit procrastination is a problem for them. How is procrastination itself a decision?

Slide 15

Slide Text: Agonizing

“I just can’t decide what I want.”

You may never know as much as the experts, but you are the expert on your needs and wants.

Discussion Notes: Why are financial decisions especially “agonizing” for some people?

Slide 16

Slide Text: Desire

“Just go for it!”

You can want a result so much that you ignore risk to achieve a desirable outcome.

Discussion Notes: Can you think of an instance when you wanted something and then when you finally got it, you didn’t want it anymore? Why does that happen?

Slide 17

Slide Text: Avoidance

“Well, I could do worse.”

You should use caution in making decisions that have serious consequences, but as a regular decision-making strategy avoidance seldom produces satisfying results.

Discussion Notes: How might avoiding a decision limit your choices?

How does the strategy of avoidance differ from procrastination?

Slide 18

Slide Text: Intention

“This is what I want; it is the right decision for me.”

Intent is important when it helps you reach a goal, but it can look like stubbornness if you are not thinking about consequences.

Discussion Notes: Why is considering consequences important when using this decision making strategy?

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Slide Text: Security

“This is the safest option I have.”

When you avoid risk you use the security strategy, but there are times when risk is desirable.

Discussion Notes: What are some examples of desirable risk?

(Trying out for a role in a play or on a sports team, going to college away from home, or challenging yourself and working hard to improve in some area.)

Slide 20

Slide Text: Synthesis

“I believe this is the best decision and I have confidence I can make it work.”

When you combine the elements of several decision-making strategies you have synthesis.

Discussion Notes: Think about the decisions you make and the decision making strategies you use. Do you use the synthesis strategy when you are making an especially important decision? Can you think of a decision you made using this strategy? What were the elements of that decision?

Slide 21

Slide Text: Ethics and Consumer Decisions

Consumer decisions are also influenced by social responsibility—the welfare of society.

Discussion Notes: This may seem unrelated, but teenagers across the country consider social responsibility when making decisions

Can you think of any examples?

(Using a water container instead of buying water in plastic bottles, recycling, collecting food for the local food bank, service learning.)

Slide 22

Slide Text: Avoiding excessive consumption

“Money is just the symbol we use to facilitate the gathering of memories and experiences.”

— Stuart Wilde

Buying clothes at the local thrift shop, the slow food movement and using the library are all decisions that reduce consumption.

Discussion Notes: How might these decisions be considered ethical? What financial implications do some ethical decisions have?

Slide 23

Slide Text: Conserving Natural Resources

Reduce, reuse & recycle.

Becoming aware of your carbon footprint, driving a hybrid car and recycling are examples of conservation strategies that influence purchasing decisions.

Discussion Notes: What are some additional examples of decisions made to conserve natural resources? Can these decisions save you money?

Slide 24

Slide Text: Protecting the Environment

Teenagers are more aware of the need to recycle batteries and electronics because of their harmful effects in landfills. Today’s students have grown up with environmental awareness.

Discussion Notes: How many other ethical consumer decisions can you list?

(Use of mass transit, safe disposal of prescription medication, avoiding use of Styrofoam products, metal water containers, etc.)

Slide 25

Slide Text: What are the influences on the consumer decisions you make?

Thinking well is wise; planning well, wiser;
but doing well is the wisest and best of all.
— Unknown

Discussion Notes: Do decisions we make in groups differ from those we make as individuals? What are the influences that effect the decisions made by the student body, a family, the government?

How might policy or behavior change if decisions at every level were analyzed or evaluated as consumer decisions?

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Slide Text: LifeSmarts: Learn It, Live It

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2/2014