

# Unit 3 Plan: Purchasing Power

2 Weeks (10 Days)

## Lessons:

- 6-1 Inflation and Value of Money
- 6-2 Prices and Consumer Choices
- 6-3 Getting More for Your Money
- 6-4 Consumer Rights and Responsibilities

## Unit Timeline

- 6-1 (1 Day)
- 6-2 (2 Days)
- 6-3 (4 Days)
- 6-4 (1 Days) could branch into review day
- Review (1 Day)
- Assessment (1 Day)

# Purchasing Power Unit Review

Use the power points for each section along with notes, assignments, book, and projects to help you complete this study guide, as well as prepare for the test.

*For 10 points, hand in unit review fully completed. No points awarded for half or partially completed review sheets.*

Define the following terms.

Economizing:

Optimizing:

Inflation:

Deflation:

Time Value of Money:

Discount Pricing:

Advertising:

Comparison Shopping:

Pyramid Scheme:

Warning Label:

Emotional Buying:

Impulse Buying:

Rational Buying:

Bait and Switch:

Deception:

Low-balling:

Ponzi Scheme:

Be able to list a duty of each of the following Federal Agencies. \*\*\*Remember the names of these agencies\*\*\*

- U.S. Department of Agriculture
- Food and Drug Administration
- Consumer Product Safety Commission
- Federal Communications Commission

- Federal Trade Commission
- Federal Aviation Administration
- Securities and Exchange Commission

Know the differences between the following:

- Market-based pricing
- Cost-plus pricing
- Cost-recovery pricing
- Value-based pricing

How do consumers impact prices?

How do producers try to increase profit?

# Unit 6 Test: Purchasing Power

Matching: Each term is worth 1 point.

1. \_\_\_\_\_ A dollar you receive in the future will be worth less than a dollar today. **C**
2. \_\_\_\_\_ Informing consumers about products and encouraging them to buy. **F**
3. \_\_\_\_\_ Information on products advising consumers about risks and safety issues. **J**
4. \_\_\_\_\_ An increase in the general level of prices for goods and services. **A**
5. \_\_\_\_\_ A decrease in the general level of prices for goods and services. **B**
6. \_\_\_\_\_ Saving as much as possible and spending money only when necessary. **D**
7. \_\_\_\_\_ Offering low everyday prices, generally lower than competitors. **G**
8. \_\_\_\_\_ Process of checking prices among several sellers. **I**
9. \_\_\_\_\_ Getting the highest value for your money. **E**
10. \_\_\_\_\_ Illegal multilevel marketing gimmick that promises commissions on one's own sales as well as on the sales of recruits. **H**

- |                        |
|------------------------|
| a. Inflation           |
| b. Deflation           |
| c. Time value of Money |
| d. Economizing         |
| e. Optimizing          |
| f. Advertising         |
| g. Discount pricing    |
| h. Pyramid scheme      |
| i. Comparison Shopping |
| j. Warning Label       |

Multiple Choice: Each question is worth 1 point. Circle and fill in blank to make sure question is answered fully.

1. Rapidly rising prices that are out of control is \_\_\_\_\_.  
a. disinflation                      **b. hyperinflation**  
c. reflation                          d. productivity
2. \_\_\_\_\_ is purchasing something on the spur of the moment without thinking.  
a. buyer's remorse              b. optimizing  
**c. impulse buying**                d. emotional buying
3. \_\_\_\_\_ are prices set to be competitive with prices of similar products.  
a. cost-plus pricing              b. cost-recovery pricing  
c. value-based pricing        **d. market-based pricing**
4. \_\_\_\_\_ is the process of selecting goods and services based on need, want, and logical choices.

- a. Rational buying
- b. emotional buying
- c. impulse buying
- d. value-based pricing

5. Advertising a basic service at an unusually low price and then claiming additional services or repairs are needed is \_\_\_\_\_.

- a. time-shifting
- b. Ponzi Scheme
- c. low-balling
- c. deception

Short answer: Answer questions in complete and detailed sentences. Each question is worth 5 points.

1. Give an example of emotional buying, and what can be done to avoid making emotional purchases.

2. List three ways businesses use advertising to stimulate sales. Give an example of each.

3. List 3 federal agencies that provide customer protection. Give a duty or responsibility of each.

Essay Question: Answer the following essay prompt in 3-5 paragraphs. Essay is worth 10 points.

Consumer's buying habits greatly affect prices. Explain what consumers can do to help keep prices reasonable. Explain what producers can do to try to keep profits high.