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THE UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

ELEMENTS IN BUYING CONCEPTUALLY DEFINED

A DISSERTATION

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degree of

DOCTOR OF PHILOSOPHY

BY

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1966

ELEMENTS IN BUYING CONCEPTUALLY DEVELOPED

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ELEMENTS IN BUYING CONCEPTUALLY DEFINED

CHAPTER I

THE PROBLEM

Introduction

The ultimate concern of all business activity is the selling of goods and services to consumers. Significantly, consumers are concerned primarily with buying as they endeavor to establish and maintain ever higher standards of living. Thus, there exists at all times in the market place a relationship involving two parties -- the seller and the buyer.

There are literally thousands of products and services competing for the increased dollars that each consumer in the United States has to spend today. Just a few decades ago only the wealthy could afford anything but the bare necessities. Now a large segment of the population has dollars available for discretionary spending. In the past, when people lived on marginal incomes, shopping decisions were made largely in terms of basic needs and drew on a

limited and unchanging repertoire of products.[1] Maximizing utility, i.e., getting the greatest possible use and satisfaction from the money available for expenditure, was important in the past primarily because the dollars available for buying were limited. Today, however, maximizing utility is more important because an unlimited array of both essential and nonessential products and services vie for the consumer's dollar.

Examination of the economic statistics for 1965[2] reveals that the consumer segment of the economy spent $428.7 billion. Thus, it is natural for the United States to be characterized as a "nation that loves to buy." Of the $428.7 billion, $254 billion was spent for goods and $174.7 billion for services. As money is spent for goods rather than services, more productive jobs are created and wealth is increased. The increased spending by consumers helped boost the gross national product to $676.3 billion, an increase of $47.6 billion over that of the previous year.

The United States is the first nation on earth to enable its people to spend more on wants than on basic

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[1] E. I. Du Pont De Nemours & Company, The Story of Competition in the American Market, A Report Prepared by the E. I. Du Pont De Nemours & Company (Wilmington, Delaware: E. I. Du Pont De Nemours & Company, 1959), p. 17.

[2] Survey of Current Business, XLVI, No. 3 (March, 1966), S-1.

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major decisions with this objective in view."[1] She emphasizes that the consumer, much like the business firm, must be able to analyze all of the information available to him if he expects to be able to exercise wise choices in the market place.

Interest in and concern for spending have long been present. It was in 1912 that Mitchell pointed out that housewives dominate in spending because of our family form of organization. Also, he indicated that the possibility of each housewife being an expert buyer is a rare exception because the tasks of being a good mother usually take precedence over those of being a good business manager.[2]

In 1931, Phillips gathered evidence of the need for education in efficient buying. She concluded that consumers experience many difficulties that are the direct result of insufficient education for buying.[3] It was Kyrk, in 1940, who advocated that women especially need to be taught what to look for and what to avoid in buying various goods and services.[4]

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[1]Eva Mueller, "Why Consumers Behave as They Do," Think, XXXI, No. 1 (January-February, 1965), 18.

[2]Wesley C. Mitchell, "The Backward Art of Spending Money," American Economic Review, II, No. 2 (June, 1912), 270-73.

[3]Velma Phillips, Evidence of the Need of Education for Efficient Purchasing (New York: Teachers College, Columbia University, 1931), p. 97.

[4]Hazel Kyrk, "What Is Consumer Education?" Address at the Second National Conference on Consumer Education, Stephens College, Missouri, April 2, 1940).

In 1941, Tonne, an outstanding business educator, stressed that the main objective of instruction in a program of consumer education is to enable students to acquire the ability to buy wisely. He called this aspect of consumer education buymanship.[1]

In many other studies relating to personal and consumer economics, there has been emphasis upon the need in the public and private schools for education in how to buy. These studies demonstrate awareness that wise buying cannot increase money income. Associated with that awareness, however, is the knowledge that good buying habits can increase a family's real income -- the amount of goods and services that money will buy.

The aim of education in how to buy, according to Cassels, should be "...to put individual buyers in possession of independent, and presumably authentic, information regarding a wide variety of commonly used goods and services offered to the public."[2] Armed with such information, the individual consumer can make more efficient selections of goods and services, which means, of course, more real income and a better standard of living.

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[1]Herbert A. Tonne, Consumer Education in the Schools (New York: Prentice-Hall, Inc., 1941), p. 93.

[2]John M. Cassels, "Will the Pieces Make a Pattern of Consumer Education?" Address delivered at the Proceedings of the National Education Association of the United States, Department of Business Education (San Francisco, July 5, 1937).

Today, there is a growing realization that if adequate education in how to buy is to be acquired by the people of the United States, it must be provided at all grade levels in elementary and secondary schools. A director of a Better Business Bureau states:

> Handling approximately 50,000 cases annually involving business-consumer relationships, we are well aware of the need for instruction in money management at all educational levels, continuing through adult life. But especially in junior and senior high schools is instruction in this subject badly needed. When it is realized that some people still sign their names "in order to get rid of the salesman" and then complain that they are asked to pay for merchandise they "did not order," we can understand the urgent need for even the most elementary instruction.[1]

The preceding statement points out that the logical place for instruction in buying is in the public schools. Information provided at the elementary and secondary school levels will provide individuals with the opportunity to become familiar with good buying habits early in life. Good buying habits, developed early and practiced continually, can increase real income of individuals and of families.

Wood also recognizes the need for education in consumer education. She states: "Talking with thousands of consumers each year has taught us (Better Business Bureau) that understanding basic rules of good buymanship, how to

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[1]C. N. Kemery, Managing Director of the Better Business Bureau of Oklahoma City, Oklahoma, Letter to Gerald A. Porter, Coordinator of Family Finance Education, University of Oklahoma, Norman, Oklahoma, October 13, 1964.

use credit wisely, how to judge advertising and selling practices are the best protection people can have from financial problems and economic entanglements."[1]

Esther Peterson, Special Assistant to the President for Consumer Affairs, says:

> I am always pleased to learn of study on the subject of buymanship. There is so much yet to be done in this area. We need buymanship information that can easily be understood by those who have limited education. We need more buymanship information for adults and certainly buymanship training for the youngsters in school who will be tomorrow's homemakers -- boys as well as girls. We vitally need more study into the buymanship problems of the poor, and especially into the problem of how most effectively to reach them with consumer education.[2]

In the past, education for buying has generally been neglected and, at best, has been provided either in isolated units of instruction or by means of only one or two narrowly defined subjects. There is now available much solid evidence that education for buying should be a significant aspect of the total program of consumer economic education for all students.

Much has been said and written about buying. However, to date, no research has been completed which specifically isolates and defines basic understandings and concepts essential to sound buying practices. From evidence cited,

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[1]Mercedes Wood, "Consumer Education Becomes Basic School Subject," The Sunday Oklahoman, July 5, 1964, 12C.

[2]Esther Peterson, Special Assistant to the President for Consumer Affairs, Letter to Eleanor Muskrat, April 21, 1965.

there is a need for material which deals explicitly and comprehensively with the essential personal economic elements of buying. There is need for such material in a form that will be usable in promoting better education about buying in the schools of this country.

Statement of the Problem

The problem of this study was to isolate and define certain understandings and concepts basic to and essential in sound buymanship.

This study represents an exploratory attempt to develop conceptually those elements of buying with which students should be familiar as they complete their public and private school experience. The major ideas are expressed as concepts of those fundamental elements underlying consumer-buying activity. The results of this study should, in part, lay the groundwork for the inclusion in the education of every young person personal-economic concepts considered essential as general education.

Delimitations

The purpose of this research study was not to categorize all of the aspects of buying with which a person might or should come into contact. Neither was it to be an attempt to establish where and how such conceptual ideas and relevant understandings should be either adapted to or fused with curriculum patterns at the various grade levels. The concepts and understandings discovered in this study

present in depth some of the tools with which students may gain a clearer perception or management of personal economic affairs. Ideas are expressed in concrete and absolute form without being complicated by extensive information that might either confuse or reduce the value of the major ideas presented. It was recognized that material would be omitted from this study -- material that might well be organized and developed into research studies of a different design and intent.

Definition of Terms

Concept -- A concept is an extension or a generalization of understandings derived from an interpretation of certain facts and knowledges.

Understanding -- An understanding is a broad idea resulting from the organization and interpretation of the apparent facts and knowledges existing in any given situation.

Buying -- Buying is performed when one acquires an economic good or service by giving a price or consideration.

Sources of Data

Data from a variety of sources were analytically processed to produce ideas leading to the development of understandings and concepts for consumer buying. Materials were carefully analyzed as they were derived from the Workshop Program in Family Finance held at the University of Oklahoma, the National Committee for Education in Family Finance, the Joint Council on Economics, the Better Business

Bureau, the various consumer economics and general business textbooks, government agencies, and those reports that appeared in magazines, pamphlets, bulletins, and newspaper articles.

Procedure

The first step of this study was to define clearly the body of knowledge characterized as consumer buying.

The second step was to outline the basic factual information concerning the area of buying and to synthesize the data into knowledges and understandings.

The third step was to develop from the understandings established the conceptual ideas that are relevant and indicative of the kind of reflective thinking necessary for real comprehension of consumer buying.

Step four involved presenting the material to specialists in the area of consumer buying for the purpose of testing the accuracy of that material. The following specialists were chosen to criticize the statements developed: H. Carl Hall, Director, National Center for Education in Family Finance, University of Wisconsin, Madison, Wisconsin; Marion Phillips, Professor of Marketing, College of Business Administration, University of Oklahoma, Norman, Oklahoma; Jim B. Reese, Professor of Economics, College of Business Administration, University of Oklahoma, Norman, Oklahoma; and Mercedes Ward, Trade Practice Consultant, Better Business Bureau, Oklahoma City, Oklahoma.

The fifth step was to prepare this research report with its implications and major concerns.

Chapter II of this study contains background material on buying and brings out the fundamental elements of the development of this investigation. Chapter III is devoted to the substantive theory of buying. Chapter IV presents a comprehensive conceptual summary of the substantive theory of buying developed in Chapter III. The conceptual summary constitutes the major outcome of this study inasmuch as the study was designed to isolate and define the particular concepts basic to and essential in sound buymanship.

CHAPTER II

BACKGROUND FOR THIS STUDY

The purpose of this chapter is to provide the reader with background information about consumer buying. Any study concerning consumer buying must consider the role that the consumer plays in the aggregate economy, for he is obviously the origin of all consumer demand. The decision to buy may rest on a demand factor either originating with the consumer or placed there by the producer. The latter reason is often questionable, because a product that must create its own demand may be of doubtful value either to the consumer or to the economy as a whole. The proper decisions as to what to buy and whether to buy, just as proper decisions in any field, must rest on factual information, and sources of this information are available. Such information used in the education of consumers can best be taught by the concept development method, which, basically, entails a generalization of properly developed foundational facts resulting in the consumers' development of individually and economically sound knowledges and behavior patterns.

The Role of the Consumer

Considerable research has been done concerning the habits and the mores of the American consumer, and some of the most intensive research has been done by Professor George Katona of the University of Michigan. Through careful examination of Katona's work, as well as the work of others, one can begin to grasp the important role that the consumer plays in our present-day economy.

Even though the belief still persists that the only role that consumers play in the economy is that of using up and destroying, nothing could be further from the truth. In our present economy, higher incomes, more extensive assets, and greater use of credit make the consumer one of the most important segments of our economy. Through spending and saving, the consumer helps to determine the economic level, and he is the primary factor in determining what businesses and products are successful through the purchases he makes in the market place. The sole responsibility for product success does not lie with the consumer, however. Producers have the responsibility of finding out through market researchers what the consumers desire and then making the consumers aware of the existence of those products through advertising. If a product is of value to the consumer, he has the responsibility of trying that product.

Katona points out that he has found the American consumer to be less than the "rational man," to be sure.

However, he believes that consumers are sensible and consider most items carefully and that, when they make successful purchases, their success results in higher levels of aspiration. The people in our economy are no longer concerned primarily with subsistance levels, but they are concerned with a higher level of wants; and these wants cause as many problems as the needs did in the past.[1]

In the American society, consumers have much discretion of action in determining how to spend their incomes. This discretion of action encompasses two areas of consideration: (1) ability to buy and (2) willingness to buy.[2] The ability and the willingness are influenced by many important variables that must be considered; for example, price. If the price of a product significantly either increases or decreases, the effect on demand is obvious. The willingness to buy may be present, but the ability is not in the event of a price increase. However, an increase in price, coupled with a corresponding increase in real income, would not affect demand, for the real income is a counteracting variable. The reader should consider the following statement:

> Despite the rising trend of prices, products and services represent a better buy today than they ever did in the past. Living standards, as measured by the consumer's ability to buy things he needs and

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[1]George Katona, The Mass Consumption Society, (New York: McGraw-Hill Book Company, 1964), pp. 4-7.

[2]Ibid., p. 28.

> wants, are the highest the world has known at any time or in any place.[1]

Other variables such as motives, attitudes, expectations, felt needs and wants also affect the consumer's willingness to buy, and thus affect the status of the economy, since consumers' either insertion or withholding of money from the economy helps determine cyclical trends.

Many critics of the American economic system believe that our economy can survive only a short time because of the artificial creation of demand for goods and services not really wanted.[2] Galbraith says that:

> ...if an individual's wants are to be urgent they must be original with himself...if production creates the wants it seeks to satisfy, or if wants emerge pari passu with the production, then the urgency of the wants can no longer be used to defend the urgency of production.[3]

Katona has a somewhat different view. Katona does admit that consumption is stimulated by the production segment of the economy, but he believes that "...the extent of such influence is far too small to justify the broad statements that are

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[1] E. I. Du Pont De Nemours & Company, The Story of Prices, A Report by E. I. Du Pont De Nemours & Company (Wilmington, Delaware: E. I. Du Pont De Nemours & Company, 1960), p. 1.

[2] Katona, op. cit., p. 53.

[3] John K. Galbraith, The Affluent Society (Cambridge: The Riverside Press, 1958), pp. 152-153.

made about advertising's creating our wants."[1] Katona also believes that:

> ...production and advertising, when in line with prevailing sociopsychological tendencies, do contribute to the actualization of certain wants but are not the creators of the manifold wants that stimulate our mass consumption society.[2]

The created demand, through advertising mainly, is a type of demand based on illusion. Consumers are told that a product is desirable not because of either its utility or its intrinsic value, but because it is socially necessary Many times the demand is created by outright fraud, for example when the consumer is told that an inferior product is really superior to all others and thus justifies the higher price; or when the consumer is simply "high pressured" into making the purchase. The end result is usually a dissatisfied, frustrated consumer supporting an inefficient industry Both injure the aggregate economy. The consumer injures it by his subsequent unwillingness to buy, and the producer injures it by his use of the economy's resources for inefficient ends.[3]

Notwithstanding either the individual, the thing, or the group that creates the wants, the consumer is the one who makes the final decision as to where and when he will spend his money. From Galbraith s and Katona's statements,

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[1]Katona, op. cit., p. 61. [2]Ibid.

[3]Charles S. Wyand, The Economics of Consumption, (New York. The Macmillan Company, 1938), pp. 513 & 515

even though they differ, it is apparent that the major form of stimulus for economic behavior is information. All types of information are available to the American consumer. The usefulness of this information depends primarily upon the needs of the consumer. The consumer has the responsibility for seeking information about products and services, using it, and if the information is unsatisfactory, making this fact known and demanding improvement. With the vast quantity of products available, accurate information about the products is absolutely necessary if the consumer expects to make intelligent, as well as satisfactory, purchases. The vast quantity of products available on the market also provides the consumer with the opportunity to reject those products that do not provide adequate information or do not meet the standards claimed.

In summarizing the information in The Mass Consumption Society, Katona mentions two things that cannot be overlooked when dealing with the consumer and business segments of today's economy: (1) the consumer does interact with the producer and (2) the consumer has a great power to influence the economic growth of the nation.[1] These two points stress the fact that the consumer is a powerful force in the economy today. The responsibility for teaching consumers to use their collective strength in a manner beneficial

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[1]Katona, op. cit., p. 299.

to themselves and to the economy as a whole lies mainly with the public school institutions.

Agencies Concerned with Buying

Today, awareness of the need for more consumer education is apparent. Various independent organizations, as well as governmental agencies, are working to provide this education at all levels in our society. One of the areas of consumer education with which these organizations are concerned is buying. Two agencies of particular interest to this study have been chosen from the numerous agencies and are discussed. The Council on Consumer Information, an independent organization, and the President's Committee on Consumer Interest, a governmental agency, provide much information about the various means being used to further consumer education.

The Council on Consumer Information is the result of a conference composed of twenty-one leaders from various fields of education who met at the University of Minnesota in April, 1953. These leaders met to explore means for meeting the need for information to guide consumers in their complex buying problems. The sole purpose of the Council is to contribute to the more effective fact-finding and teaching of consumer information. The Council is politically non-partisan and takes no stand on any issues of public policy because the members believe that only in this manner can the Council best fulfill its purpose.

The Council on Consumer Information has promulgated pamphlets aimed at upgrading the information available to the consumer in the area of buying. These pamphlets are available at a nominal fee and have been used in the public and private school classrooms throughout the United States.

Each year the Council conducts a conference dealing with specific problems in the area of buying. Educators, private businessmen, and lay people discuss the means that they are using in disseminating education for buying and methods for improving these means. The proceedings are published and are available for interested groups and individuals, thus the conferences have a widespread impact.

In January, 1964, the Committee on Consumer Affairs was established by the President of the United States. A full-time chairman, Mrs. Esther Peterson, was appointed. This is the first time that consumers have had a voice to speak for them in the White House. The Committee is composed of representatives from the Departments of Agriculture; Commerce; Health, Education and Welfare; the Interior; Justice; and Labor; the Housing and Home Finance Agency; the Federal Trade Commission; and the President's Council of Economic Advisers. Other members of the committee are government officials and private citizens designated by the President. The Committee has held consumer conferences throughout the United States to try to determine the problems of consumers as well as the ways and the means of solving these problems.

Fundamental Elements in This Study

One can find an abundance of factual material about buying liberally disbursed throughout books, pamphlets, magazines, film strips, newspapers and related media. Textbook authors assemble some of this information and usually present it under different sections or chapters relating to a specific good or service, e.g., buying a car, buying a home, buying insurance, and so forth.

For individuals interested in learning about buying, there is the task of sorting through the material available and memorizing the facts presented. With the abundance of material available, no individual has the time necessary to sort through all of it, thus much important material goes to waste. Factual learning is not considered permanent learning, and it does not help the individual understand that there are certain basic principles about buying which can be applied to all goods and services. The seemingly endless array of facts, the necessity of analyzing and memorizing the facts, and the impermanence of factual learning indicates the necessity of a more desirable method of relating information about buying to the individual.

This study is designed to be complementary to the study done by E. Carl Hall[1] that isolated and defined the

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[1]E. Carl Hall, "Selected Areas of Personal Economics Conceptually Defined" (unpublished Ed. D. dissertation, University of Oklahoma, 1964).

six areas of family money management. Those six areas, combined with what is presented here on buying, constitute relatively complete coverage of the entire area of money management. Because of the correlation, the coverage here of concept development is adequate only for giving the reader limited background. If he needs more, he should refer to Hall's study.

Concept Development

An effective way in which needed information about buying can be learned is concept development. Prerequisites for concept development are imagination, creativity, and insight, because concepts are formulated through a particular pattern that extends well beyond the limits of factual types of learning. Observation and description play an important role in this type of learning because concepts in the classroom must be built during interaction between the teacher and the student. When using the technique of observation, one finds that he is faced with an amorphous mass of data that seldom show any uniformity. Uniformity is found only by careful analysis of the data, preferably through five teaching-learning steps. These five teaching-learning steps provide valuable educational experience as the result of (1) gathering facts, (2) sorting facts to gain knowledges, (3) assimilating knowledge relationships to develop understandings, (4) reflecting on understandings to form concepts,

and (3) applying these concepts through actions that reflect an attitude.[1]

The validity of a concept developed in this manner depends entirely on the correspondence between the actual observations and those observations implied by the concept. Once a concept has been erected and some of its implications tested against available data, the concept becomes the basis for development of further theories. By investigating all of the implications of the concepts, one deduces that under certain circumstances certain kinds of events ought to happen and certain others ought not to happen, so that after the concept has been developed, one becomes concerned with what it can do and not from where it came.

When utilizing the conceptual approach to learning, students are required to evaluate the facts, and in doing so they must thoroughly understand the subject matter, because they are charged with formulating and defending the concepts they developed. Thus the conceptual approach initiates an evaluation of the facts, which, with the proper direction of a teacher, can help students acquire adequate comprehension of the elements and principles of buying.

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[1]Gerald A. Porter, "The Concept Approach to Education in Personal and Family Finance," Topics, XII, No. 2 (Fall, 1962), p. 3.

So that readers of this study may better understand the conceptual method discussed, a visual outline of concept development is presented. The area of what people buy was selected for use in illustrating concept development through the teaching-learning steps.

ILLUSTRATION OF THE TEACHING-LEARNING STEPS IN CONCEPT DEVELOPMENT

Topic: What People Buy

Items in each of the four columns are illustrative only. In the development of an attitude* toward buying, teachers and students would study and analyze a great many more facts, knowledges, understandings, and concepts than are presented here.

FACTS	KNOWLEDGES	UNDERSTANDINGS	CONCEPT
Less than 50 percent of the average buyer's dollar is spent on food, clothing, and shelter. Parents buy $400 worth of goods and services to provide for a one-year old. A family of four spends, on the average, $321 per year on medical bills. Twenty-five percent of all greeting cards, 27 percent of all cosmetics, and 50 percent of all records are bought by teenage girls. Young marrieds buy 47 percent of all bedroom furniture.	What is bought by a family is affected by the number and ages of the individuals in the household. The buying of an individual is influenced by fad, personal tastes, educational background, and so forth. Planning what to buy helps an individual achieve his goals.	Goods and services purchased by individuals include the basic necessities required to sustain life, and the non-essentials that add to the satisfaction and the enjoyment of life at a particular time.	
Two-thirds of all drugs found in the market place today were not available ten years ago. Consumers bought almost 8,000,000 cars in 1965. Over 2,000,000 frostless refrigerators were bought in 1965. Approximately 7,000 items are available in a supermarket. Four out of five houses have one or more telephones. Fresh fruits and vegetables are made available every day from growers located as far as 3,000 miles away.	Today's buyer shops in the most abundant market in the world. Buyers demand and receive not only variety in products, but quality and convenience as well. Greater discretionary spending power results in a greater demand for items that add to the buyer's comforts. People buy goods and services that help them enjoy life.	Buying in an affluent society is characterized by the uniformity, convenience, variety, and availability of goods and services.	In the final analysis what people buy is determined by how they exercise <u>discrimination</u> as they endeavor to obtain what they <u>want</u> out of life and to obtain what they <u>need</u> to sustain life.
Today, over $800 billion of life insurance is owned by the nation's families. Individuals spend over 2.5 billion dollars yearly in the area of the "arts," not counting books and education. Police and fire protection, recreation facilities, and numerous other services account for over 40 percent of government expenditures. Men spend almost $400,000,000 each year on toiletries. Coca-Cola is available at more than two million locations in the United States.	Buying should satisfy the wants and needs most important to the individual. Expanding leisure time enables individuals to enjoy items that add to their enjoyment of life. Buyers are not inclined to go out of their way to purchase convenience goods; therefore, these goods are made available in as many locations as possible.	With the vast array of goods and services available in the market place, people should exercise much discrimination in their buying if they want to maximize their purchasing power.	

*The fifth and culminating step in the conceptual approach to learning, <u>attitude formation</u>, is not included in this illustration.

One sees that the first step consists of a careful sifting and analyzing of the facts to segregate the related from the unrelated. From an analysis of the facts, one can attain a knowledge that is a general idea deduced from particular facts. As the learning process continues, one can assimilate by further deduction his knowledge into an understanding or an idea further removed from the basic facts than the knowledge and a direct result of the implications thereof. An assimilation and realization of the understandings results in a concept, or a generalized idea of what either should or should not result from a given fact situation. From the utilization of the concepts, one finds the student develops certain attitudes, or a mental position with regard to a given state of facts. The next step is the influence of the behavior of the individual. Through correct assembling of factual data and careful guidance of concept development, one helps the student become an educated buyer with appropriate and desirable economic attitudes both for himself and the economic society.

CHAPTER III

ELEMENTS OF BUYING CONCEPTUALLY DEVELOPED

The numerous presentations of information about buying that were analyzed during this investigation were not categorized in any way that was helpful to the development of the content of buymanship. A major problem existed in handling the extensive amount of information within an appropriate pattern of summarization in which categories could lend support to the presentation. This problem was approached from several points of view over a time span of approximately one year, during which an effort was made to collect and group similar types of information. As a result, an arbitrary set of divisions or categories had to be drawn by this researcher, and the relevant information is presented under the following designated sections:

1. Definition of Buying
2. Why People Buy
3. How People Buy
4. What People Buy
5. When People Buy
6. Where People Buy
7. Economics of Buying

In Chapter IV there is an outline that conceptually defines the findings developed in this chapter.

Definition of Buying

The act of buying is performed whenever one acquires either an economic good or service by the giving of either money or other valuable consideration. Inasmuch as all people consume goods and services, the need to acquire those physical goods and various kinds of services provides the primary incentive for acts of buying.

Buying is often considered to be a routine kind of activity, and people tend to give only secondary consideration to the buying process as they anticipate using whatever they buy. Buying for most people is something that must be done but requires little thought.[1] For this reason, buying is generally talked about and written about only in terms of routine techniques and methods. The deeper meanings and important outcomes of buying are only occasionally considered to be significant. While it is true that individuals acquire goods and services by means of relatively simple techniques, buying does involve much more than mere acquisition of something.

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[1]Arch W. Troelstrup, Consumer Problems and Personal Finance, (New York: McGraw-Hill Book Company, 1965), p. 15.

Buying is the fundamental, basic element in the economy of this and any other nation. In response to the demands of buyers, great quantities of goods and services are produced and distributed. Collective buying represents the purchasing power of millions of people, and the exercise of that purchasing power keeps the economy of this nation functioning effectively and growing continuously.

Buying is a creative function that involves decision making and the exercise of judgment. This act or activity can result in better living for an individual. Each act of buying can be an enjoyable experience Buying should not involve drudgery. It should seldom be a chore or an unpleasant necessity of living. Inasmuch as buyers spend much time and energy in acts of buying, their buying activities should be such as to enhance enjoyment of the use of each product and service bought.

Why People Buy

All people must buy to fulfill their relatively stable physiological needs. Normally, a family will spend about the same amount for food, clothing, and shelter each year. As the income of that family goes up, the amount spent on food, clothing, and shelter tends to reamin about the same. This is true because there is a low saturation point for the physiological needs.[1] For example, a family

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[1]Persia Campbell, The Consumer Interest: A Study in Consumer Economics (New York: Harper and Brothers, 1949), p. 203.

can consume only so much food daily. The quality of the food will vary within income groups, but even so, there is relative stability in the patterns of spending for food. This stability holds true also for the fulfillment of other physiological needs. Incomes of families are rising, but expenditures for physiological needs do not increase proportionately, because these needs are fairly stable. Statistics show that the percentage of the average urban family's dollar now spent for food, clothing, and shelter is 48 percent.[1] This percentage is smaller than ever before because as the family's income grows, they do not find it necessary to increase spending on needs that are fairly stable.

Larger and larger amounts of money are being spent on wants that are "learned" and are primarily psychological. Few Americans are restricted to buying only in terms of physiological needs. Today, the reasons for buying to satisfy needs other than physiological seem to be quite apparent. Inasmuch as Americans are social rather than economic men, they buy for status, conformity, prestige, and power, to mention only a few.[2] The buying that has the greatest effect on an economy where so many non-essential goods are available is that buying that fulfills psychological

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[1] Time, op. cit., 59.

[2] Troelstrup, op. cit., p. 7.

wants. The variety of goods and services to fulfill psychological wants is almost endless. There are more items sold to fulfill psychological needs and wants than there are to fulfill physiological needs, thus if only physiological needs were fulfilled in the United States, the level of living would be much lower than it it today.[1]

The variety of goods and services available to meet an individual's physiological and psychological needs is staggering. In a supermarket where one goes to fulfill primarily physiological needs, one can find more than 7,000 items from which to choose. A stroll up and down the aisles reveals that foods can be purchased that are ready for immediate consumption and others that require extensive preparation at home. If an individual does not want to buy either of these types of food at the supermarket, he can go to a restaurant and have his food prepared and brought to him. The variety does not stop there, because the individual can select a restaurant that provides a unique atmosphere to accompany the meal, which some people insist makes the food taste better. Of course, the variety of prices available, too, requires consideration. The variety in goods needed to fulfill physiological requirements is almost unlimited and the choices depend upon the individual, his taste, and his purchasing power. Choosing goods or

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[1] Time, loc. cit., 59.

services to fulfill a psychological need is even more complicated than fulfilling a physiological need not only because of the great variety of goods and services offered but also because of the unlimited number of psychological needs and wants of individuals. The choices are determined primarily by the individual's taste and his purchasing power.[1]

The problem of why people buy has in the past been largely ignored by economists, probably because the world has always been acutely short of goods. Lord Keynes built his economic theories around the behavior of the buyer and proposed that people do not automatically buy enough to maintain economic prosperity. People buy for many reasons he contended, but the fact still remains that there must be a motivating factor to persuade the buyer to increase his purchases.[2] Present-day producers and retailers are spending $200 million a year on market research to discover what the buyer wants, how much he will be willing to pay for it, how he wants it packaged, and where he wants it sold.[3] They are spending over $13 billion each year on advertising. Troelstrup says, "The result of some of this expenditure is informative, accurate, and in good taste,

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[1]Campbell, op. cit., pp. 201-202.

[2]Why People Buy, op. cit., p. 7.

[3]"Scouting the Trail for Marketers," Business Week, No. 1807 (April 18, 1963), 91.

but much of it is uninformative, in questionable taste, and at best stimulates only a change from one brand to another brand."[1]

Advertising is the process of bringing the prospective buyer from a state of unawareness to that of preferring, liking, and buying a particular product. Individuals find out about new and improved products through advertising and often buy them primarily because of that advertising. If it were not for advertising, a number of products would remain unknown to a large segment of buyers. Many of these products are definite advances over other products. After acquiring information from advertising, the prospective buyer should determine whether the product will satisfy needs and wants that will upgrade his standard of living Once the potential buyer goes to the market place to buy, it is possible that the salesman may "sell" him on another item.[2] Advertising and salesmen do play on the buyer's emotions. The majority of citizens today have grown up with advertising; therefore they are able to discount much advertising when they find it to be unimportant to them.[3] As Americans become more discriminating buyers, they also become more interested

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[1]Troelstrup, op. cit., pp. 6 & 12.

[2]Why People Buy, op. cit. pp. 18-19.

[3]Katona, op. cit., p. 58.

in advertisements that present useful information about available products and services. The effects of advertising and selling techniques that play on human emotions are minimized as people become more informed about their own buying habits. It is significant that the number of products to be advertised is growing and that the amount of funds available for use in advertising are increasing, but the amount of time that the prospective buyer has to spend in reading the messages remains unchanged.[1] Business will have to find a method of advertising that minimizes time usage and yet maximizes buying results.

Both market research and advertising are expensive, but they are less expensive than the failure of new products. Today, four out of five new products are failing.[2] The reason might be either that producers are not making enough use of market research and advertising or that buyers are unwilling to try new products. Nevertheless, failure of the products is detrimental to the economy because people must bear the cost of each failure. If producers are more cautious in their evaluation of market research and if buyers consider their purchases more carefully, the high mortality

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[1]W. T. Tucker, "How Customers Make Decisions," Nation's Business, LII, No. 8 (August, 1964), 34-35, 65-67.

[2]"Scouting the Trail for Marketers," loc. cit., 91.

rate of new products can be cut to a great extent.[1] Thus, both the producer and the buyer may be able to stop the waste caused by the failure of new products.

Certainly, the reasons why people buy are not limited to their reactions to techniques used by advertising men and salesmen. Human beings are usually gregarious by nature and they seek group activity and approval. Wants are strongly influenced by opinions of the groups to which people belong and are, therefore, sociological in nature. Numerous individuals buy either to maintain or to increase their status with particular groups. Americans want to buy what other Americans are buying, and this desire is so thoroughly recognized as a part of the American way of life that it has been given the title of "keeping up with the Joneses." Individuals derive psychic satisfaction from buying what their group approves because doing so tends to make them acceptable to the group and helps them to attain the social status that is important to them as members of society.[2] Buying to satisfy psychological needs helps individuals achieve their desired standards of living.

Another major psychological reason for buying is gift giving. Gifts are bought for holidays, birthdays, and other festive occasions. Many times people buy items for gifts that they would not themselves consider using, and many

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[1] Ibid. [2] Campbell, op. cit., p. 213.

times the persons who receive the gifts never use them for their intended purposes. Today, some holidays have been commercialized to an extent that is considered pernicious. In many families, the amount of spending is increased to such an extent that financial difficulties arise after the purchase of gifts. On the other hand, the commercialization of these occasions boosts sales of retailers and helps the national economy. During major holiday seasons confidence men are hard at work to separate buyers from their money, so that each buyer has to be very cautious and alert to the quality of the merchandise that he purchases. Even though gift giving has been commercialized, and even though some try to profit unjustly from the practice, the economy has profited from the commercialization, and individual buyers do not have to suffer if they engage in wise planning before buying gifts.

All people must buy to fulfill their needs and wants. Inasmuch as they spend a great deal of time in buying activities, an effort should be made to insure that the act of buying is often just as important as the enjoyment of using either the product or the service. If the processes involved in buying are not enjoyable, an individual might lose some of the psychic satisfaction that otherwise would have been present in acquiring and using either the good or the service. Because so much time is spent in the actual acquisition of goods and services, that time should be as pleasant as possible.

In summary, there are basically two distinct reasons why people buy: (1) physiological, and (2) psychological. People are buying to satisfy psychological needs more and more. This changing emphasis in buying is the result of the increase in discretionary income, the easier fulfillment of physiological needs, and the increasing effectiveness of advertising and salesmanship techniques. Buying to fulfill both physiological and psychological needs has brought about the highest living standard ever attained. Advertising has played an important role in this advancement as it has made people aware of new products and the uses of existing products. Desire for social status has also encouraged people to buy more. The practice of gift giving helps boost the economy, especially during certain seasons. All of these factors encourage people to buy. As people engage in buying, they should try to enjoy the buying procedures as much as possible because, if the buying transaction is pleasant, the using process is much more enjoyable. There are numerous goods and services available in the market place, and with an expanding economy the number of goods and services is likely to increase. Buyers, therefore, need to deal as effectively as possible with the variety and the choices available in the market place. They should, first of all, come more firmly to grips with an understanding of why they buy.

How People Buy

People buy in diverse ways and by means of many and varied techniques and procedures. In general, how people buy may be characterized by the words "deliberation" and "impulse." The deliberate buyer thoroughly investigates the quality of all available goods and services that may serve his needs. He analyzes prices and is seldom guilty of paying a high price for either a good or a service when a less expensive and an equally satisfactory item is available. He is not unduly swayed by either advertising or the buying standards of his friends and neighbors.

In contrast, the impulsive buyer is easily influenced and frequently swayed by the emotional appeals of the advertising industry. He buys compulsively and commonly makes purchase decisions on the spur of the moment. His regard for the quality of the goods and services that he buys is casual and his motivation to buy causes him to display little concern for price.

Most people can be categorized as "average" buyers as they practice buying procedures somewhere between the two extremes. The average buyer is strongly influenced by his past experiences in buying and the habits of buying he has developed over a relatively long period of time. He is also influenced by the buying practices of the groups to which he belongs. In a large measure, how he buys is determined by his longstanding tastes and his short- and long-term personal

goals. From time to time, the average buyer exhibits both the deliberate and the impulsive kinds of buying behavior.

Substantial improvement in how people buy can result only from efforts to practice deliberation in buying while, at the same time, everything possible is done to overcome tendencies to buy impulsively. Only when people, in general, more fully comprehend the significance of deliberate and impulsive kinds of buying behavior will better utilization of buying power become common. These basic ideas were in mind when the next two subsections of this chapter were developed.

Deliberate Buying

At his best, the deliberate, rational buyer is highly knowledgeable and very well informed about the quality and the cost of the goods and the services that he buys. "He is willing to spend generously of his time and effort to acquire this knowledge and information."[1] The deliberate buyer attempts to maximize his buying power. He exhibits willingness to devote much time and energy to getting more for his money. He resorts to impulsive action in buying on infrequent occasions and only in buying unimportant items that constitute small purchases. Ordinarily, when he makes a large purchase such as either a car, a house, or a major appliance, he engages in a great deal of deliberation, investigation, discussion,

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[1]Mueller, op. cit., p. 18.

and shopping around.[1] It is significant to note, however, that even the most deliberate buyer, when engaged in the making of numerous small purchases, is likely to rely more upon habit than anything else.

Deliberate and rational buying presupposes a certain amount of planning and the following of specific steps or procedures. First there is the determination of a need or want. Then there is the seeking out of a seller of a particular good or service in the market place. As the interaction between the buyer and seller develops, there is consideration of price that may involve lengthy haggling. Ordinarily, there is developed an agreement to buy and to sell a specific good or service under specific conditions or terms.

People who buy rationally and with deliberation plan carefully for the satisfaction of their specific needs and wants -- either those that are immediately apparent or those that have been determined after long-range consideration -- and then seek information about which products provide the best quality, what stores offer the lowest prices, how they can spend the least time and energy in shopping, from whom they can get reliable information, and other factors that enter into deliberate buying. These buyers realize that planned, intelligent buying begins at home while deciding what to buy. They may even begin their comparative shopping at home through perusal of newspaper advertisements. As

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[1]Katona, op. cit., p. 83.

they engage in planned buying, they also engage in other types of financial planning that either encourage or force them to decide what they want out of life and how best to achieve their personal and family goals. These kinds of planning often help them to eliminate wasteful spending and to live better within their income.[1] Inasmuch as the homemaker's role as a purchasing agent is very important, the intelligence with which she plans the buying of both major and minor items is a prime factor in determining the level of living for the entire family. All buyers should predetermine the utility and the satisfaction to be derived from goods and services to be bought and then plan each purchase accordingly.

In the area of small, relatively unimportant, and irregular purchases, the buyer is most likely to fail to plan and exercise deliberation. Conversely, when buying large, more apparently important items, most buyers engage in at least some planning and proceed more deliberately. In this regard, the findings of the University of Michigan's Survey Research Center are significant.

> In the case of large, important purchases, our studies show a much higher degree of deliberation. These were purchases of refrigerators, television sets, kitchen ranges and washing machines. For about half the buyers a planning period in excess

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[1] "Ideas in Action," Better Homes and Gardens, XXXIX, No. 5 (May, 1961), 15-16, 36-38.

> of two months preceded the purchase. In two thirds of the cases studied there was some family discussion.[1]

It should be noted here that most buyers belong to a family group. Studies of how major purchases are made indicate that they are the result of joint decisions of husband and wife. The joint consideration of what to buy usually necessitates some planning of how to buy.

The search for quality in products and services is often difficult for even the most deliberate buyer. Most people do not know what to ask a salesman so as to obtain a sound basis for judgments of quality. In many instances, they must rely on their own experience, the experiences of people with whom they have contact, and the reputation of either the brand name or the make of the product.

The concern for quality in the buying of a relatively expensive refrigerator may be no greater than that which is exhibited in the buying of a low-priced toaster. The buyer typically does not know whether one prepared food has more nutritional value than another and whether the "large economy size" is really a bargain. It must be assumed that most people are motivated to choose carefully among products to obtain the best quality only if they have confidence in their ability to discriminate between good and bad.[2] However, this problem is compounded by the fact that in purchasing goods and

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[1]Mueller, op. cit., p. 18. [2]Ibid., p. 19.

articles that are close substitutes for one another, e.g., different brands of the same food, the quality item may be overlooked. Methods employed by the producer in preparing the food determine, to a large extent, the nutritional value of the food. Therefore, two different brands of the same item, which would ordinarily be identical substitutes for each other, could vary substantially in nutritional value. Thus, the less expensive brand is not necessarily the better buy, or vice versa.

In connection with buying, many people tend to ignore time as an element of cost [1] They often spend a considerable amount of time in an effort to save only small amounts of money. Whenever one buys, there are expenditures of time and energy, as well as of money. One's search for either quality or low price may well prove costly unless this fact is kept in mind. Rational, problem-solving behavior associated with a plan for buying is essential to the best spending of time, energy, and money.

The ability of the deliberate buyer to choose the proper quality and quantity of products and services at the most advantageous price is the major factor that determines whether or not the buyer gets a bargain, or receives the maximum benefit from his expenditure. A person buys to fulfill needs, either psychological or physiological. He

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[1] Jessie V. Coles, Standards and Labels for Consumers' Goods (New York: Ronald Press Company, 1949), p. 29.

attempts to fulfill these needs by giving up the least possible economic consideration If one considers the need fulfilled in relation to the consideration paid, one can establish a need-price ratio If a buyer fulfills a need at a low price, he has a low need-price ratio and has obtained a bargain, and the lower the ratio the greater the bargain. Conversely, if he fulfills a need at a high price, he has a high need-price ratio. The higher the ratio, the less the bargain

The ability of the deliberate buyer to choose the proper quality and quantity of products and services is the major factor that determines whether or not the buyer gets a "bargain." A real bargain is obtained only when three factors are present These are

1 The individual must have a definite need for the item,

2 The item must be of suitable quality for its intended use, and

3. The item must be offered at a lower than usual price

Bargain hunters must be highly knowledgeable about the actual value and price of goods and the utility that can be expected from them. Many disreputable retailers call special attention to some beneficial aspect of an item and sell the item at an amount higher than its regular price [1]

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[1] Sally Iselin, "How Women Spend," The Atlantic, CCIX, No 4 (April, 1962), 99

Others offer merchandise at a lower price than similar merchandise in their store. Often the lower-priced stock is of inferior quality and better merchandise could have been obtained for less money elsewhere.[1]

Bargain shopping is not always planned because many times buyers shop deliberately for a specific item, find another item on sale, decide whether or not the bargain item is needed, the quality is good, and the price is low, and then buy the bargain item at a considerable savings. Even though the buyer did not start out to buy that particular item, he has still bought with deliberation because he made several important decisions as to need, quality, and price before making the purchase.

Another illustration of deliberate buying is a purchase to upgrade present living conditions. Individuals acquire goods that are suitable at a particular time with the intention of upgrading them at a later date. Higher-quality items are in the long-range plan of these people who, because of present living conditions, choose to buy lower-quality items first and enjoy them for a prescribed period of time. They can use the less expensive items to help defray some of the costs of higher-quality items later.[2]

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[1]W. Harmon Wilson and Elvin S. Eyster, Consumer Economic Problems (Cincinnati: South-Western Publishing Co., 1961), p. 331.

[2]Better Homes and Gardens, op. cit., 34.

For example, when a family seeks shelter they usually invest a small amount of money at first thus enabling them to upgrade their shelter in subsequent years without a great strain on their income. Determining the resale possibilities for heavy consumer durables such as houses, cars, boats, airplanes, and other large purchases is most important when buyers plan to upgrade because large losses can be incurred if a satisfactory resale cannot be made. Buying with the intention of either trading in or upgrading is a desirable practice from two aspects: (1) the present economy is boosted through spending on items that are to be traded up; and (2) individuals are not likely to put a strain on their present income through overspending.

A deliberate buyer is aware of the utility that each good and service possesses when he seeks that good and service in the market place.[1] The deliberate buyer is fully aware that factors such as fashion, fad, and the satisfaction from the use of goods and services influence his thinking when making a decision to buy. Even though the deliberate buyer realizes that a less expensive item will provide the same utility that a more expensive item will, he may choose the more expensive item because of the psychological satisfaction that he believes he will derive from that item. In another instance, however, the deliberate

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[1]"How to Keep Your Money from Dribbling Away," Better Homes and Gardens, XL, No. 10 (October, 1962), 13.

buyer may purchase the less expensive item. The deliberate buyer is aware, in both cases, of the decisions that must be made in relation to serviceability, whether psychological, physiological, or a combination of both; he evaluates these factors and then makes his decision as to what to buy.

A great deal of deliberate buying is accomplished today on the basis of brand names.[1] Manufacturers and retailers often use extensive amounts of national and institutional advertising to build good will for a particular brand of goods and services. Deliberate buyers realize that these producers usually stand behind the guarantees and warranties and, in the majority of cases, the products and services function to the buyer's satisfaction. When buyers know little about products that they want to buy, they can usually be assured that, if they buy major brands from reputable dealers, they will get a product that will serve them well. One caveat that must be remembered is that sometimes well-known brands are more expensive than less publicized brands even though the latter may provide the same satisfactory service. In general, well-known brands provide good quality, both in product and service. Prudent shoppers are aware that time spent in careful shopping can result in their finding quality equal to the well-known

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[1]Coles, op. cit., p. 86.

brand at a lower price. However, the deliberate shopper must make the decision as to whether the time expended in finding the substitute brand is worth the saving realized.

Reliable information is most important to deliberate buyers. The good source for information is the label attached to the product. In most cases, labels contain accurate information because state and federal laws prohibit mislabeling. Labels provide various types of information about a product to help buyers in their comparison of products.[1] Guarantees and warranties provide information about performance of and service to products. Deliberate buyers realize that these terms designate the liability that the producer and/or seller assume. In most instances either the manufacturer or the retailer pays only a portion of the repair costs for a specified period of time. Certainly, the deliberate buyers read guarantees and warranties before making final purchases and find that the considerations help make their buying more efficient.

Impulsive Buying

The impulsive, irrational buyer is to a large extent at the mercy of sellers and advertisers. His wants are influenced by them. Thus, he buys many things that he does not need often with money that he does not have. The impulsive

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[1] "Vitamins, Minerals, Diet Foods and Better Labeling Coming," Changing Times, XVI, No. 10 (October, 1962), 21.

buyer makes purchases on the spur of the moment without regard for either quality or price. Because the impulsive buyer behaves in a haphazard manner, he dissipates his buying power as he acquires things for which he has either little or no real need, and fails in a majority of instances to obtain the best product for the price. He resorts to deliberate action in buying on infrequent occasions and then only in the buying of important items that constitute for him the unusual, large purchases.

Impulsive buying is primarily emotional and usually is costly. During 1949, 58 percent of the grocery buying decisions were being made after people arrived at supermarkets; during 1959, this figure rose to 73 percent.[1] These figures indicate that increasing numbers of people are developing the custom or habit of engaging in impulsive, even irrational, buying behavior. The sellers, of course, are capitalizing on this fact. Each grocer knows that most shoppers spend about thirty minutes in his store and that every additional minute that he can detain them will yield about fifty cents in sales to him.

Impulsive buying of small items is often justified by the argument that major purchases are not made that way.

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[1]"Why You Spend So Much on Groceries," Changing Times, XIX, No. 9 (September, 1965), 26.

However, too few people realize that the savings made on the buying of several small items can either equal or surpass the savings made on a single large item. All buyers need to be aware that to satisfy a whim of the moment, no matter how small, without thought is costly.

Convenience buying is a modification of impulsive buying. The store just around the corner, the hair stylist in the shopping center, the pain reliever on the grocery store counter, and many of the self-service arrangements in retail outlets make buying convenient. Convenience buying is seldom based upon deliberation or planning, thus it is usually an expensive practice. When buyers shop for the sake of convenience, they usually shop often. The more often people enter stores, the easier it is for the retailers to sell them items they do not need.[1] The stores that are convenient at a particular time may not be the ones wherein the best buys are available. Even if the purchases are minor ones, the money saved on several small purchases can come to a sizable amount during the year. Convenience buying offers certain advantages, but individuals must also weigh the disadvantages of this type of buying to be certain that the convenience has value in relation to such factors as quantity, quality, and price.

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[1]Sally Iselin, loc. cit.

Affluence is often apparent today in how people buy. Because consumers have more money, they tend to develop much concern for nonessentials such as style and fad. At times these concerns are reflected in deliberate buying behavior. More frequently, however, they are evidenced in impulsive kinds of buying behavior.

As evidence of the influence of style and fad, women often change their hair styles three or four times a year so that they will be "stylish." Significant numbers of women buy clothes with the intention of wearing them only once.[1] Styles change overnight and, with the availability of relatively low-cost merchandise, even career girls can afford to indulge in what seem to be extravagances. Few women are willing to wear hats and dresses after they have gone out of style. While women have been close followers of style for a long time, only recently have styles affected the buying habits of the majority of men. Well-dressed men are no longer buying suits with the expectation that they will still be in style three or four years hence.

Even more conscious of styles and fads are the nation's teenagers. Teenagers have never before had such an influence on styles nor have they been able to start so many fads. The majority of teenagers like to be different from the adults in society. Today, they are trying to

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[1]Sally Iselin, loc. cit.

accentuate that difference by adopting unique fads. Interestingly, what appears to be happening is that adults are adopting many of the teenagers' styles and fads.[1] The only people who are little affected by styles and fads are the older ones.[2] Many older people attempt to buy needed major items before retirement and then buy only necessities and a few luxuries after retirement. For the majority of Americans, buying for reasons of fad and style seems to be an accepted way of life. This type of buying for the majority can exist only in an economy in which there is a high level of income. People with little purchasing power cannot and do not give much attention to such things as style, color, convenience, and other nonessentials.

The preceding sections on deliberate buying and impulsive buying relate directly to how people buy in this country. However, at most times, people practice buying procedures somewhere between these two extremes. As a result, perhaps in each individual purchase, people demonstrate some element of deliberation and, at the same time, some element of impulse. No buyer wants his purchase to be

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[1]David L. Yunich, Address made before American Marketing Association, Waldorf Astoria, New York City, New York, February 18, 1965.

[2]Margaret Parton, "Our Lives Were Good, Our Lives Are Good," Ladies Home Journal, XLVIII, No. 10 (June, 1961), 118-119.

either dictated by sumptuary laws or controlled by pressure from sellers. All buyers want goods that perform as expected and that are readily available in the market place.[1] They want freedom of choice when making their purchases. To maintain this freedom of choice, buyers must make the effort to buy from manufacturers and retailers who provide the best quality merchandise for the lowest price. The average buyer does not always do this for while he is not always impulsive in his buying, he does need to practice more deliberation in order to preserve his freedom of choice in the market place.

In summary, how to buy should be the concern of each buyer. The mistakes of the reputable businessman and the deceptions of the few dishonest businessmen can best be reduced by good practices and procedures on the part of the buyer himself. He should deal with the reliable business firms that have the good reputations that they want to protect. He should be constantly and persistently curious about costs, including those involving delivery, alterations, extras, financing, and so forth. The buyer should search for quality and complain whenever he does not get it. He should shop patiently and carefully and check the merchandise before he buys it. Improvement in buying is invariably the immediate result of the awareness of and practice of these procedures.

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[1]Coles, op. cit., pp. 9-10.

What People Buy

What people buy is a direct result of their economic position, the demands of society, and their personal desires. The basic necessities of life notwithstanding, a study of what people buy is in essence a study in sociology itself. The economic position of most Americans is considerably better than that of either their parents or their grandparents, and they are living in a different society; consequently, the products that each generation chooses vary greatly.[1]

People buy those things that add to the satisfaction and enjoyment of life at a particular time. These items include food, shelter, clothing, transportation, education, physical and mental well-being, protection, recreation, and communication. At present it seems that there is available almost any item that an individual could want or need. Products and services available in the market place are so varied in type and vast in number that it is inconceivable for any individual to consume a substantial sampling during his lifetime. People have unlimited wants and are demanding even greater variety in products and services.[2] They are also demanding that quality and convenience be included in the products and the services

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[1]Editors of Fortune, The Changing American Market, (Garden City, New York: Hanover House, 1953), pp. 25-30.

[2]Mercedes Wood, The Sunday Oklahoman, March 13, 1966, p. 5.

offered in the market place. Surveys show that even the nation's teenagers would rather buy fewer but better things at higher prices than a lot of junk.[1]

The food products that people buy are quite different from those of a few decades ago. Some dry cereals, for instance, "provide all of the daily adult vitamin requirements." Foods are more plentiful because many foods which were seasonal or scarce a few years ago are available now in abundant supply all year. With such vast arrays of nutritious foods available, many Americans have the problem of being overweight. So in contrast to the past when little attention was paid to the number of calories contained in food, today much food is purchased only because of its low caloric content. Food products have changed not only in caloric and vitamin content but also in the types of processes available. Frozen, dry, and canned foods of many types are available throughout the year even though they are out of season, and rapid transportation provides more fresh foods all year. All of these advancements have met with the approval and satisfaction of buyers and have helped make this nation the best fed in the world.[2]

Clothing was once bought to keep people covered and to provide warmth, but now it is purchased to keep people in

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[1]Yunich, loc. cit.

[2]The Changing American Market, op. cit., p. 244.

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[1]Sally Iselin, op. cit.

be carried out at home by the woman herself without the hovering of attendants, one finds that the cost of vanity is high.[1] Even more astonishing is the inauguration of such salons for men.

There are still those Americans who like to experience the feeling of self-satisfaction acquired from doing things themselves. Do-it-yourself kits have become extremely popular in past years and are available in all degrees of readiness for assembly. Many do-it-yourself projects cost more than a ready-made product, whereas others save the buyer considerable amounts of money.[2] It is apparent that services that help boost mental health are being bought as quickly as they are available, no matter how costly and how seemingly ridiculous.[3]

People do not buy protection with the thought of having just enough insurance to cover burial costs with the expectation that the family will live with relatives. They realize provisions must be made to provide for the family when the bread winner is either gone or disabled. No longer are husbands buying life insurance for themselves only. They realize that the homemaker contributes a great

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[1] Phoebe Tom Adams, "The Cost of Vanity", Atlantic, CCXC, No. 4 (April, 1962), 123-24.

[2] E. Bryant Phillips, Consumer Economic Problems, (New York: Henry Holt & Company, 1957), pp. 178-79.

[3] Ibid., p. 123.

deal to the family, and her loss could mean a great expense to the family for housekeepers, cooks, baby sitters, laundry services, and other domestic services that homemakers perform. More and more medical insurance is being bought for protection against the high costs of medical services. A larger segment of Americans is realizing the benefits provided by insurance and is buying greater quantities yearly.[1]

Group buying of protection is demonstrated also with the services bought with tax dollars. Few Americans ever stop to realize the extent to which they receive indispensable governmental services. These services are increasing yearly. Police protection, fire protection, free highways, recreation areas, and income for retirement are just a few of the services people buy with tax dollars. Everyone's standard of living is upgraded through these services, and buyers need to realize that tax dollars provide needed benefits for many who could not have them in any other way.[2]

The amount of time for recreation has increased for the people of this nation primarily because of automation. There is also more money available for relaxation. One can buy recreation that is spectator oriented, as well as that which is participator oriented. The latter has experienced rapid growth in the past few years because it provides many

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[1]Troelstrup, op. cit., pp. 340-41.

[2]Katona, op. cit., p. 147.

with their only opportunity for exercise. Another apparent change is that people actually work at their recreation. They do not always relax. People spend great sums of money on recreation equipment, rush to a suitable place to use it, expend a great deal of energy using the equipment, and rush home again thoroughly exhausted from their "recreation."

The percentage of people who have maid service is decreasing, but the number of people who have some sort of "synthetic" maid service is increasing. Prepared foods, no-iron fabrics, catering services, and automatic appliances leave few Americans without some sort of maid service. The demand for this synthetic maid service is increasing, and in all probability more of it will be produced in the future. This synthetic maid service brings about a change in the manufacturing of products, as well as the marketing of those products. For example, frozen foods that require little preparation time at home do require more preparation time at the factory. This added preparation at the factory adds to the cost of the product. When these foods are marketed, the convenience of preparation rather than the food itself, is stressed.

Investments that provide a type of protection are being bought in greater and greater quantities by a larger number of individuals. People are buying investments to provide them with a higher standard of living at a later date. Older people are investing so that they can receive

an income from their savings. Young adults are buying investments to provide money either for their children's education or for a new house. Whatever the motive, more individuals are realizing the benefits from wise buying of investments.

Educational achievement has advanced to a high-ranking position on the list of purchases made by Americans. This is indicative of the high standard of living attained in our country. Parents are not only seeking education for their children but are also continuing their own education. At no other time have ticket sales for cultural events been so high. Book sales have soared in past years even though many people have thought that television would reduce the number of books read. This great expenditure for educational achievement helps insure our nation a continued high standard of living.

More and more Americans are buying physical health. Better foods and increased knowledge about medicine have increased the life span of Americans. Yearly health check-ups can prevent serious illnesses as the illnesses can be caught before they reach an advanced stage. Much money is being spent on medical research so that hopefully even greater advancements can be made.

Associated similarly with medical services are legal services. In the past, few people sought legal advice unless they were in serious difficulty. Individuals are beginning

to realize that each family unit comprises a small business that needs legal service before there is trouble. Knowledge about legal facts provides buyers the best protection that they can buy against being victimized when making purchases.[1]

Communication by telephone, telegraph, cablegram, mail, and newspapers is breaking geographic barriers throughout the world. In the United States almost anyone can be reached in a matter of minutes simply by dialing a few digits on the telephone. As business becomes more complex and problems need to be solved immediately, means of rapid communication are being purchased in larger quantities yearly. As the society becomes more mobile and families are separated, fast communication provides a quick "cure" for homesickness.

In summary, the range of products and services from which to choose has expanded beyond all expectations of two decades ago. As the life cycle changes, what is bought also changes. Individuals purchase not only the basic necessities required to sustain life, but also those items that add to the satisfaction and enjoyment of life at a particular time. Because the American consumer has more money to spend throughout his life cycle and more time to use goods and services, he is purchasing more and more. The American consumer does not demand quantity alone. He is also demanding more quality

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[1]Arnold B. Baroch, Kiplinger's Family Buying Guide, (Englewood Cliffs, N. J.; Prentice-Hall, Inc., 1959), p. 172.

in his purchases. Producers in the Twentieth Century, because of competition, are forced to pay more attention to the demands of buyers for variety, convenience, and higher quality in all products, and are being required to put forth great efforts to meet these demands.

When People Buy

Fundamentally, two factors must be present before people will buy. The first is the ability to buy or that individuals possess the requisite purchasing power. In other words individuals must have ready cash or credit available. The second factor is willingness to buy. Willingness to buy is the decision on the part of the prospective consumer to purchase the goods and the services offered. Obviously, willingness to buy must be accompanied by the ability to buy if one is to execute a decision to buy. Conversely, the ability to buy without the willingness to buy results in no action on the part of the consumer. Assuming that ability and willingness are present, one may turn to other factors which affect when people buy.

Wants and needs change often and are controlled by several factors, thus making the problem of when to buy complex. The decision of when to buy may be influenced by the nature of the specific article to be purchased, because certain items have certain uses. For example, few people buy encyclopedias unless either they or their children are in

school. However, while encyclopedias can be used by adults in their everyday lives they are of greater value to people in school. Thus, individuals usually wait until their children are of school age before purchasing these books.

Seasonal changes bring about differing wants and needs. During the spring and summer, individuals with lawns need various types of lawn equipment. Few people buy this equipment in the winter. In fact, stores do not display this equipment in the winter, because they know that people will buy lawn equipment only when they need it. In the fall, individuals begin buying anti-freeze as their cars need protection against freezing temperatures. Thus, when people buy is determined to a great extent by their ability to begin using the item bought immediately after the purchase.

So far, only immediate needs have been discussed, and the point that certain seasons will be the determining factors as to when people buy needed items has been made. Deciding whether to purchase an item that will fulfill an immediate want for a particular season, or whether to wait and buy something to satisfy a future want which might arise in another season is a decision that determines when people buy. For example, during the summer a family might want a motor boat so that they can go water skiing. They might also want a winter vacation so that they can go snow skiing. They know that both wants cannot be fulfilled; thus, the family must make a choice to determine which want, immediate or future, they are going to fulfill.

In the American society a great deal of emphasis is placed on fads. As new items are introduced into the market place, people want to be the first to buy the items so that they can attain or maintain a desired social standing. Many times, the decision of when to buy is governed by the values placed upon fad items.

Teenagers are exerting more influence on producers than ever before. In a speech before the American Marketing Association, David L. Yunich stated that around "thirty billion dollars' worth of family purchasing is thought to be teenager influenced."[1] These same teenagers presently have eleven billion dollars of their own money to spend as they wish. Teenagers have definite ideas about what they do and do not like and represent the fad creators and followers. They are more sophisticated because of mass communications, and they demand better quality products and services. Yunich indicates that no high pressure sales techniques are necessary to "sell" teenagers. Teenagers buy <u>when</u> they are in the store.

The life cycle is an important factor that determines when people buy. As family circumstances, age, size, and geographic location change, buying habits also change. Purchases must be made to enable the family to satisfy needs and wants at a particular time in the life cycle.[2]

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[1]David L. Yunich, <u>op. cit.</u>

[2]M. R. Neifeld, <u>Neifeld's Manual on Consumer Credit</u> (Easton, Pennsylvania: Mack Publishing Company, 1961), pp. 34-35.

The decision of when to buy for young marrieds is a simple one. They buy now. With easy credit terms available, young marrieds do not have to put off buying furnishings and appliances to set up their new household, and because of the considerable investment required to acquire the capital goods of a home, they spend a greater percentage of their total earnings during their first year of marriage than at any other time.

As the young married couple develops into a family, the buying pattern changes. More diverse demands are placed on the money available for goods and services because the individual members of the family vie with one another for the available purchasing power. One individual might have to wait to buy so that another individual can buy to satisfy his immediate particular need or want. The decision as to when to buy goods and services so that the greatest satisfaction can be accomplished for the entire family provides an interesting challenge for a great majority of Americans.

As the family becomes mature, the size of the original household is composed again of two individuals. Because of a lifetime of accumulation, needs and wants are generally few. With private and governmental retirement plans, many older people are afforded the privilege of buying when they desire to do so. Thus, as the family

cycle progresses, wants and needs change, which in turn affects to a great extent when people buy.

Another factor that affects when people buy is price. If there are strong inflationary indications, many individuals make purchases that they might have put off for a few months if they thought prices were going to remain stable. In other words, some people set up a "stock pile" of goods, not realizing that by injecting more money into the economy, they are aggravating the inflationary price spiral. If people expect a recession, many times they will refrain from buying all items that are not absolutely essential, even though prices remain unchanged and set up a stock pile of money rather than goods. Prices become very important to individuals when they see the word "sale." Because prices are usually reduced during a sale, many people purchase items for which they have no firm need at that particular time. Certainly, price is an important factor to consider in determining when to buy, but price is only one of many factors, and should be considered in the proper perspective. Through careful planning, sales can provide a way to obtain items while saving money at the same time. However, if individuals are not good buyers, they might pay no lower price, and/or they might get lower-quality merchandise.

The time of day affects when people buy. Many mothers buy when they return from driving their children

to school. Others wait until evening so that either their husbands can baby-sit, or the entire family can shop. Many working women shop either in the evening or on weekends, as this is the only time available for making their purchases. Some women who do not work take advantage of slack periods to browse leisurely and take advantage of unhurried store personnel. Shopping when the store is not crowded can be a pleasure and can result in more effective buying. The time of day when people buy depends primarily on the factor of convenience.

The weather is also an important consideration as to when people buy. Any realtor knows that houses sell better on sunny days than on rainy ones. Automobiles are a second example of this. When the weather is bad, people stay at home rather than brave the elements for anything that is not absolutely essential. Perhaps this is because shopping is not absolutely essential. Perhaps this is because shopping excursions have become a type of recreation for many families.

Other factors that influence when people buy are window displays, item arrangement in the stores, sales techniques, and advertising. For example, an individual may be walking down the street and an attractive window display interests him. If he goes in and buys an item, he is exhibiting impulsive buying. This is just one example

of how a display, an arrangement, or an advertisement can affect when people buy.

It is apparent that numerous factors affect when people buy. For example, the money must be available, and people must be willing to buy. Seasons determine when people will buy, as do fads. Another important factor is the life cycle. As family circumstances change, so do the decisions of when to buy. Prices and the economic outlook influence when people buy. Another factor is the time of day. The activities in which individuals engage as well as individual preferences are the primary factors determining the time of day when people buy. Additional factors are window displays, store displays, sales techniques, and advertising. Each of these factors, even when seemingly incidental, plays an important part in determining when people buy.

Where People Buy

Shopping takes a heavy toll of time and energy today. There are numerous places where people can buy. The final decision as to where the consumer spends his dollar depends upon the demands he makes on the seller. Consumers demand a wide selection of goods and prices, knowledgeable and helpful sales personnel, comfortable surroundings, delivery service, convenience and charge privileges. All consumers place different values on these services, and no consumer demands all of these things all of the time.

There are various types of retail establishments which offer different services to buyers. Buying by telephone is preferred by many people. This method of buying offers the ultimate in convenience. The primary advantage of buying by the telephone is that little time is spent. The salespersonnel receive the specifications for the items and then the items are delivered to the home of the buyer. The entire transaction takes no more than five minutes of the buyer's time. The primary disadvantage of telephone buying is that careful comparison shopping is not possible. There is no opportunity to examine the merchandise before making the purchase. Telephone shopping can be utilized successfully for items that are purchased regularly, but caution should be exercised when unfamiliar items are purchased.

Door-to-door salesmen still provide homemakers with an easy method to obtain what they need. Many of these salesmen have catalogs which display their merchandise as well as samples of the merchandise. Door-to-door salesmen provide convenience to buyers because shopping can be done right at home with delivery service, too. The disadvantages of utilizing the services of door-to-door salesmen are that comparison shopping for prices is not possible. There is no assurance that the buyers are getting the best merchandise at the lowest price.

A retailing revolution has been experienced in the past few years with the growth of discount houses.[1] The aim of most discount stores today is to provide "one-stop shopping" where everything from food to household furnishings are available. These stores waste little space on displays. Few sales personnel are used and additional charges are made for services such as delivery, charge accounts, and gift wrappings. A wide selection of goods is available to the buyer so that comparison shopping is possible. If the buyers are more interested in the amount of money spent in a store rather than the services received from a store, discount stores provide them with the opportunity to save money.

Another new concept for shoppers has been brought about by the suburbs. This new development is the shopping center. Shopping centers provide convenience to shoppers as they are close to their homes so that little time is spent in getting to and from the centers, and casual dress is accepted in the centers so little time is necessary for preparation for shopping. Shopping centers provide the majority of services available in downtown areas although selection of goods is sometimes limited. Considering the time, effort, and transportation costs saved, buyers will

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[1] Good Housekeeping, "Readers Surveyed: A Frank Look at Discount Stores," CLIII, No. 4 (October, 1961), 141-43.

usually be making a wise choice when they choose to shop in the centers.[1]

Mail-order houses are doing a "land-office" business although most of the business is not conducted through the mail. Mail-order houses have set up stores in shopping centers throughout the country. These stores operate as department stores and account for the major part of business for the mail-order house. This transition was necessary because of the accessibility of transportation to the home maker and the automatic household devices which enable the home maker to have more time to spend away from her home. Those who still make use of shopping by mail find it to be a convenient method of buying. However, selection is usually difficult because only pictures and descriptions are provided in the catalog, but shopping by mail takes little time and effort for these reasons and is preferred by some buyers.

Downtown stores offer all the services the buyers could desire. There is a variety of stores to fill the different needs and wants of buyers. The disadvantages of utilizing downtown stores are the distance of the downtown area from the home, the heavy traffic, and the parking problem found in most cities. These three factors add up to

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[1]Fitzsimmons, op. cit., p. 202.

lack of convenience; and for this reason, many people prefer to shop elsewhere.

Various factors, other than the goods and services offered by stores, affect where people buy. Buyers may shop in certain stores because they believe that these stores contribute to their prestige in some manner. Because most buyers like to feel they are getting something, they buy in stores that offer something in addition to the product at its list price. For example, trading stamps have influenced where people buy for several years.[1] More and more sellers are competing with one another by using stamps to get customers into their stores rather than using prices as a means of competition. Women are convinced that stamps do not add to the cost of their merchandise; thus they patronize those stores offering stamps.[2] However, studies indicate that as more and more stores offer stamps, the stamps will lose some of their appeal and prices will become a stronger influencing factor for buyers in their choice of stores. Also, when buyers become aware that they can buy more wisely in many instances through buying at the store which offers the lowest price rather than the one that offers the most trading stamps, prices rather than stamps or some similar "gimmick" will become the primary tool which sellers will use to bargain for the buyers' dollars.

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[1]Fitzsimmons, op. cit., pp. 207-208

[2]Mercedes Wood, "Women Sound Off to Management," Sunday Oklahoman, March 13, 1966, p. 5.

Products are available in a variety of stores. Buyers can determine which stores provide the products and services at the prices they desire and buy there. On the other hand, when people desire to buy personal services, they cannot go into a store and examine the merchandise. Where people buy services such as insurance, medical care, legal advice, investments, and so forth, depends upon what company, firm, or medical center has an individual with whom people can develop a rapport so that confidential matters can be discussed at ease over the years. Only when a rapport is developed can the buyer get the best advice from individuals offering these personal services. Through trial and error, buyers become certain that individuals offering personal services provide the quality of service they desire.

Where people buy depends upon what services they want to accompany their purchases of goods. Buying by telephone, from door-to-door salesmen, and from mail-order houses all provide a great amount of convenience, but none of these methods enables the buyer to examine his purchases carefully or to do comparative shopping. Discount stores, shopping centers, and downtown department stores enable the customer to examine goods carefully; however, time is required to get to and from these shopping places. Time and convenience are of great importance when people shop for goods; however, confidence in the individual offering

a personal service is the primary factor in selection of where to buy services. The final determination of where to buy either a good or a service rests with the preference of the buyer.

Economics of Buying

There are at all times interactions of buyers and sellers. The amount of buying determines how much will be produced and distributed. All sellers watch closely their sales figures, because only when consumers buy enough of their products can the sellers make the profits necessary to remain in the market place. If buyers are cognizant of this fact and cast their dollar votes wisely, even better products and services will become available to them. Producers can maintain their most efficient output and use of economic resources only when there is a continuum of buying. The amount of goods and resources used determines the nature and the extent of the overall processes of production and distribution of goods and services.

The overriding effect of buying is the promotion of the general welfare and the growth in the economy. The primary motivation of each individual in buying is to get the largest quantity of needed goods and services with the smallest expenditure of funds. This motive is comparable to the profit motive of a business enterprise. Because of the large amount of economic control that buyers possess,

they should consider buying with points of view other than of buying merely to fulfill their immediate needs and wants. They should understand that when they buy from any retailer, they are performing an economic service to that store and helping it to remain in business. Buyers should exercise the buying function with businesses and firms that best supply the goods and services they desire.

The overriding result in selling is the rendering of service to buyers. At the same time, the primary motivation of the seller is to make a profit from the merchandising activities in which he participates. Many people have come to regard the word "profit" as unrespectable. If it were not for the profit a business makes, however, it would be impossible for that business to continue to operate and to render valuable service in the marketing of goods and services. Profits are necessary for any business, and profits are fundamental to growth in the American economic system of "free enterprise." When people understand that in competitive price circumstances no business can exist without profits, they will not so readily succomb to frauds and "give-away" schemes in the expectation of gaining something for nothing. Of course, many businesses have at times made "excess" profits because of the types of market structure in which they operated. There is much evidence, however, that in the American economy that offers so many choices to buyers, excess profit is the exception rather than the rule.

At the end of World War II, business and industry in the United States were breaking the barrier of society. This country was able for the first time to produce more than it could consume based on past demand. Because of the rationing which had been imposed during the war, excess money was available immediately thereafter. Within a short period of time, these reserves were depleted and a new way of inducing people to buy the goods had to be found. The means used was the expansion of credit.[1] As buyers began to make more extensive use of credit, government and business became more concerned with the demands of buyers because they were injecting greater amounts of purchasing power, money and credit, into the economy. Thus, in 1952 consciousness of the consumer's buying power in our society was first felt.

"Cyclical fluctuations, inflation or deflation, and the rate of growth of the economy -- all now depend to a large extent on the consumer."[2] During recent periods of economic decline, two of this nation's presidents, Eisenhower and Kennedy, urged buyers to buy more. As buyers heeded their advice, in each instance, the lagging economy was given the needed boost to reverse the downward trend and to start its upturn again.

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[1]Mercedes Wood, "Better Buymanship for Consumers," Address delivered before the Workshop on Education in Family Finance, University of Oklahoma, Norman, Oklahoma, July 22, 1965.

[2]Katona, op. cit., p. 3.

Today, the buyer is so important in keeping our society at a high level of production and consumption that producers spend money in determining why people buy, how people buy, what types of products and services they buy, when they buy these goods and services, where they buy them, and how much they buy. The government's concern with buying is apparent in the fiscal and monetary policy of recent years. The government has been reducing taxes and maintaining an easy money policy in an effort to make more money and credit accessible to buyers. It is apparent that the business and government sectors of the economy recognize the importance of buying. Both sectors are intensifying their efforts to educate buyers so that they will be able to make more intelligent use of their purchasing power.

With business and government concerned about buying and selling and with increasing numbers of books, periodicals, pamphlets, and other materials concerning buying, it appears that the buyer himself should become more cognizant of the significance of his actions than he has been in the past. Today, life can be compared to two sides of a coin -- individuals should be as much interested in what they can buy with their money as they are with the amount of money which they can earn. Only if the importance and creative aspects of buying are recognized will buyers seek more information, exercise greater care, make wiser choices, and receive greater satisfaction from the goods and services available. Through

individual and organized group efforts to upgrade the selling techniques used by retailers, selling can be improved. To the extent that better informed buyers demand quality in the products and services offered by sellers, the overall circumstances of both buying and selling will be improved.

In the past, many buyers have thought that only manufacturers and retailers have responsibilities associated with the producing and selling of goods of high quality and the servicing of those goods when things go wrong. Today, a buyer cannot place responsibility wholly on either the producer, the retailer, or the repairman. With all of the information available, he must accept responsibility for finding out about the goods and services available to him and choosing those that will best fit his needs. The buyer also has a responsibility to buy new products as they are introduced into the market place. Such products sometimes appear to be priced too high, but the prices may be justifiable because a great amount of money has been spent on research; the producer has had to cut back on production of one of his other products; and if the new product is a success, additional physical facilities might have to be built.[1] If buyers do not buy new products, manufacturers will not be able to continue to produce them, and without new products, the standard of living will not continue to

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[1] Why People Buy, op. cit., pp. 244-48.

rise. The buyer has not only a responsibility for assuring himself of a wise purchase but also responsibilities to the retailer, the manufacturer, and the entire economy. He must not abuse the many services offered by retailers and manufacturers, just as he must not take advantage of retailers and manufacturers because they want to protect their customers' good will. The buyer has a responsibility to the entire nation in that the economy will operate at its maximum utility only if each individual buyer fully utilizes the advantage of his privilege to buy.

The major responsibility of buyers to the entire economy is to guide and control the production of goods and services. This is why the consumer often has been called "king." Today, many people believe this idea to be more fiction than fact because of the strong influence business exerts on buyers. Troelstrup believes that the consumer perhaps can really be "king" if he faces up to six major responsibilities. These responsibilities are: (1) to be an alert, informed, and responsible person; (2) to exercise independence of judgment and action; (3) to recognize the dangers inherent in needless waste of limited natural and human resources; (4) to buy products and services that are produced most efficiently; (5) to be honest in his dealings just as he expects sellers to be in theirs; and (6) to write letters of protest to irresponsible industries, merchants, and repairmen. Troelstrup indicates that consumers should use

their freedom of choice in the market place in ways that will maximize consumer satisfactions and minimize the waste of natural human resources. Buyers should accept the unofficial role of inspectors and should support businesses that provide quality merchandise and service at fair prices. Buyers should also support private and public agencies that provide standards of business conduct and quality of consumer goods.[1] These responsibilities are great, especially in an increasingly complex market place. Through buyer education, collective buyer action, self-discipline of business, and effective legislation, the role assigned the buyer in the market place can be fulfilled.

In summary, buying is an activity in which all people engage. The way in which a person buys determines the effectiveness of his spending and, in turn, his way of life. Buying is the essential counteraction of selling and thus is important to the seller who is dependent upon it as his source of income. Both effective buying and effective selling are essential to the growth and development of the economy. The importance of buying cannot be stressed too much because it is through buying that an individual either efficiently or inefficiently exerts his purchasing power in obtaining goods and services that he needs or desires.

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[1] Troelstrup, op. cit., pp. 15 & 20.

Summary

Buying is an activity in which every person engages. That activity can be fascinating and challenging; however, too few people look upon it as such. No one person can possess enough facts about every item in the market place to make a wise purchase each time. Each person should know what promotional agencies or services he can turn to for the correct information.

This chapter has dealt with seven categories of buying. The information presented shows that there is a deeper meaning in buying than is usually associated by most consumers with the acts of buying. This information makes it apparent that good judgment and creativity are essential to better buying.

The information and data make it abundantly clear that people buy to satisfy both psychological and physiological needs. Because of the high standard of living attained by much of the population of the United States, increasing amounts of money are being spent on psychological needs. In many instances, fulfillment of the psychological needs causes buyers to engage in impulsive buying. They let sellers and advertisers determine their wants. When a buyer lets impulse govern his buying habits, he is seldom able to gain maximum satisfaction from his purchases. A deliberate buyer, on the other hand, is in control of his buying habits and is able in most instances to gain maximum satisfaction from his

purchases, as he tends to maximize his purchasing power. What these two types of buyers purchase, whether it be on impulse or with deliberation, depends primarily upon their economic positions, the demands of society, and their own personal desires. The means used in determining what the purchases will be is the determining factor as to whether or not an individual maximizes his income and satisfaction when buying.

Another point that is made clear in this study is that people buy when they have the ability and willingness to buy. Of course, people are more willing to buy where they receive good service, where it is convenient to buy, and where there is a large selection of products from which to choose. Each business firm wants as much of the consumer dollar as the firm can possibly get, for only when the consumer buys enough of the business's products can they make the profits necessary to remain in the market place. Thus, the economy functions around the buyer, because the way in which people buy determines the economic level of the nation.

CHAPTER IV

SUMMARY

Today, there is general recognition that no one can help the buyer maximize his efforts in the market place better than the buyer himself. This realization has led to concern for more appropriate education directed toward the improvement of individual abilities to cope successfully with buymanship. Efforts, as illustrated by this research study, are being expanded to extend literacy about buying.

Only as educational opportunities are improved to include more study of the information pertinent to effective buying will people attain acceptable sophistication in the fulfillment of their individual buying responsibility. Adequate instruction in buymanship is dependent upon not only careful preparation of prospective teachers, but also upon continual updating of the knowledge of teachers in the field. There must be awakened in teachers the desire to extend and refine the concepts and understandings that are inherent in better buymanship. This research study was directed toward the end of providing a guide to some of the knowledges and understandings that constitute the substantative

content of buymanship If the ideas that have been developed should, through application, facilitate better instruction, its contribution has been made

Restatement of Problem

The problem of this study was to isolate and define certain understandings and concepts basic to and essential in sound buymanship Through this study an attempt was made to develop conceptually those elements of buying with which students should be familiar as they complete their elementary and secondary school experience. The results of this study should help lay the groundwork for the inclusion in the education of every young person those personal-economic concepts considered essential as general education.

In this study, no attempt was made to categorize all of the elements of buying with which an individual either might or should be knowledgeable. Neither does this study propose either where or how such conceptual ideas and related understandings should be utilized to enhance current curriculum patterns. The concepts and understandings presented do represent some of the elements from which people may gain clearer perception of their buying behavior.

The efforts made toward completion of this study were initiated by developing an appropriate pattern of defining the various divisions of the extensive amount of information that constitutes the body of knowledge characterized as consumer buying.

Following the definition of the various divisions, the process of gathering basic factual information concerning buying was analyzed for those items of information that might be useful in building broader and more comprehensive ideas toward buying. The steps in the teaching-learning process discussed in detail in Chapter II of this study were followed with careful attention being given to the construction of understandings and concepts pertinent to the selected divisions of buying. After much time had been spent in developing these statements, they were presented to specialists in the area of consumer buying to test their accuracy and appropriateness. It was the unanimous opinion of the experts that the understandings and concepts developed were, in the main, accurate and appropriate. The final step involved the preparation and the presentation of this report.

Conceptual Outline

The major method by which necessary information about buying can be acquired and developed is through the concept approach as described in Chapter II of this study. There is a constant and seemingly ceaseless barrage of facts available about buying, thus the desired behavior by an individual must be based upon the particular facts which apply to his situation. Therefore, it was considered appropriate to include only statements of an understanding and concept nature in the final draft of this study. All ideas presented are based upon numerous facts and knowledges

which were developed prior to the presentation of the materials submitted herein.

If individuals and families are to realize the maximum benefit from their income, they must develop proper attitudes about buying. Through presentation of more than facts to the prospective buyer, interest can be generated in the buyer to become well informed so that he can be an efficient buyer. The preceding chapter has provided background material for the following understandings and concepts. The outline represents a portion of the material with which all people must be familiar if they are to be intelligent buyers.

The outline of significant understandings and broad concepts which follows here is the major outcome sought in this investigation of buying. Each of the seven concepts presented is categorized and designated by means of an underscored paragraph heading. Following each of the stated concepts, there are three or more additional statements designated as "A", "B", "C", which constitute substantiation of the major idea(s) in that particular concept.

Definition of buying -- Buying is an activity in which one individual known as the "buyer" acquires an economic good or service from another individual known as the "seller" by the giving up of money or other valuable consideration in a manner designed to be beneficial to both.

A. The buyer should exercise good judgment and often creativity as he acquires the goods and services that he needs and wants within the limits of his purchasing power.

B. Because buying is an essential and important activity, it should neither be done as a matter of fact, or considered as a routine kind of activity requiring little thought and concern.

C. The act of buying should be accomplished in a pleasant manner so that enjoyment of the use of each product or service bought is enhanced.

Why people buy -- People buy to upgrade constantly their standards of living by advantageously fulfilling physiological and psychological needs and wants.

A. As discretionary income increases relatively stable physiological needs become easier to fulfill and larger portions of purchasing power are available to satisfy learned, psychological needs.

B. Social acceptance is a force that causes many people to buy goods and services on the basis of the standards held by particular groups.

C. Recognition of the intent of advertising and perception of motivational sales techniques helps individuals make decisions either to purchase intelligently or to reject goods and services on the basis of information that is truly vital to buying decisions.

D. Advertising enables buyers to become aware of new products and additional uses of existing products which increases buyer demand and stimulates the economy as a whole.

How people buy -- The methods by which people buy are characterized by varying degrees of deliberateness and impulsiveness, and they reflect the influences of habit, experience, and personal taste.

A. How people buy is the principal determinant of whether quality goods and services that provide solid satisfactions will become readily available in the market place.

B. Buying with deliberation requires the buyer to be highly knowledgeable and well informed about the quality and the cost of the goods and the services he buys, and to spend generously of his time and effort in acquiring this knowledge and information which results in monetary rewards as well as personal satisfaction for the buyer.

C. The impulsive buyer is by his very nature inefficient, because his wants are contrived by sellers and advertisers, and he dissipates his buying power to the extent that he acquires things for which he has either little or no need.

D. The manner in which the buyer exercises his purchasing power is directly related to the utility

he receives from each good or service and, in a large measure, determines how much freedom of choice is available in the market place.

E. Good practices and procedures on the part of the buyer himself determine the quality of the goods and services offered in the market place.

What people buy -- In the final analysis, and without regard for particular goods and services, what people buy is dependent upon how they exercise discrimination as they endeavor to obtain what they want out of life and to obtain what they need to sustain life.

A. With the vast array of goods and services available in the market place, people must exercise much discrimination in their buying.

B. Goods and services purchased by individuals are not only the basic necessities required to sustain life, but are also those that add to the satisfaction and enjoyment of life at a particular time.

C. Affluence in the economy enables individuals to buy even the necessities that are required to sustain life not only because they fulfill a need, but for their convenience and for the quality they possess as well.

When people buy -- The decision of when to buy is based primarily upon one's personal economics and preference, and that decision is exercised only when there exist both an ability and a willingness to buy.

A. Use of the specific article to be purchased influences the decision of when to buy, inasmuch as the needs and wants of the individuals are constantly changing.

B. The ability to make purchases that will fulfill the wants and needs of individuals at a particular time in the life cycle determines to a great extent the buying habits of each family unit.

C. General economic trends affect when people buy, and the responsibility of the well-informed buyer is to give due consideration to these trends, but not to let them be the sole governing factors in his choice of when to buy.

Where people buy -- The final decisions as to where people will buy depend upon the individual responses that are made to the demands imposed upon sellers.

A. When similar goods and services are available in numerous outlets at varying prices, each buyer is charged with the responsibility of buying where his purchasing power will be maximized.

B. Through effective buying practices such as placing more emphasis on the product or the service and less on convenience of shopping, buyers are able to obtain more for each dollar spent.

C. Time and convenience are important factors operative when buyers are shopping for goods, but

these factors become secondary to confidence when buyers are shopping for professional services.

D. Prices and quality should become the primary tools which buyers use in determining the stores which they will patronize.

Economics of buying -- The buying habits of an individual have a direct relationship to his standard of living, whereas the collective effect of buying by many individuals determines to a large extent the level of the economy for the entire nation.

A. Efficient buying enables the consumer to extend his real income thereby upgrading his standard of living.

B. In the short run, buyers and sellers have adverse interests in that both want to get the maximum value by giving up the minimum value, and both must cooperate in establishing values so that, in the long run, there will be the greatest consumer satisfaction combined with the best use of physical and human resources.

C. Each consumer must accept his responsibility for fully utilizing the advantages in his privilege to buy if he and the entire economy are to gain solid utility from his purchases.

D. Only when buyers more fully understand the large amount of economic control that they have over

businessmen and the nation's economy will they better exercise their buying functions so that the best use can be made of the economic resources of this nation.

Suggestions for Further Study

The author has concluded that collateral aspects of consumer buying should be the subject of further research. This is based on research done in preparation for this study, information contained herein, and the considered judgment of one of the experts to whom this work was submitted. Of major concern is the role that governmental and/or private organizations do and should play in the education and protection of buyers. Concise information is of utmost importance and its accumulation, dissemination and assimilation by the public are, at present, wholly ineffective. Of equal concern are the legal aspects and responsibilities of the buyer and the seller and how they can effectively enforce those rights they presently possess. Research based on these suggestions, by virtue of the dearth of educational and protective organizations presently available, would have to concern itself primarily to recommendations.

Concluding Statements

The nature of this research study was such that the development of conclusions of the type usually found in a doctoral dissertation was not appropriate. On the basis of eighteen months of concerted effort to develop background

material and appropriate understandings and concepts that relate to buying, the author developed the following generalized statements.

1. In its true breadth, buying involves both an individual and a collective complex of information that is significant and of prime importance to those who pass through the many educational systems of this country. These two aspects must be recognized and constantly kept in mind if curriculum planning in the area of buymanship is to be effective.

2. The substantive content of education for buying should be designed so that students may, through generalization processes, isolate and define the broad ideas and develop the attitudes that will benefit them when applied to the various circumstances connected with buying.

3. This study demonstrates that the content of buying can be conceptually developed and presented so that greater depth of meaning may be acquired. In the teaching process concepts and attitudes can be developed to enable the student to extend his scope of understanding beyond the factual and knowledge levels thereby acquiring a more beneficial and permanent type of learning.

4. The general education curriculum aimed at intellectualizing the study of human behavior may be enhanced

by the conceptual approach to the teaching of buying at any and all educational levels.

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