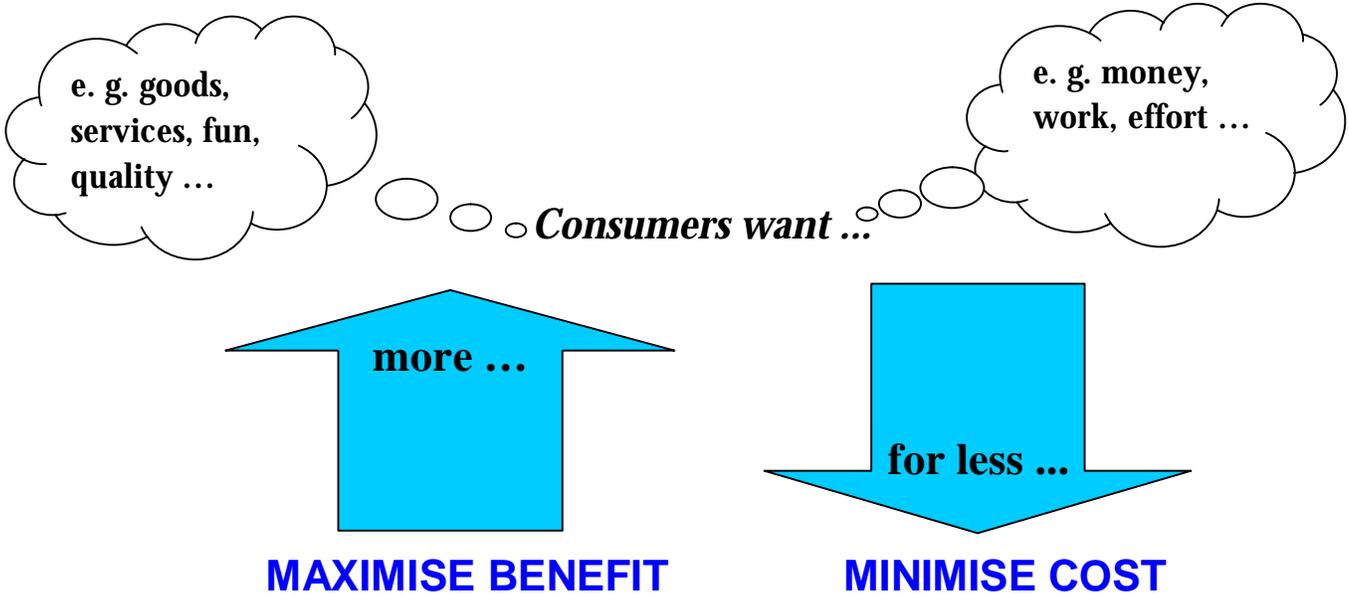


Consumer Decisions

M 4.1 Kopiervorlage

3 The basic economic principle



à **The Economic Principle** (_____):

Maximise _____ : People try to get as _____
_____ as possible for their money/effort.

Minimise _____ : People try to get what they want for as
_____ as possible.

If you behave economically you

- minimise _____ (_____)
- maximise _____ (_____)

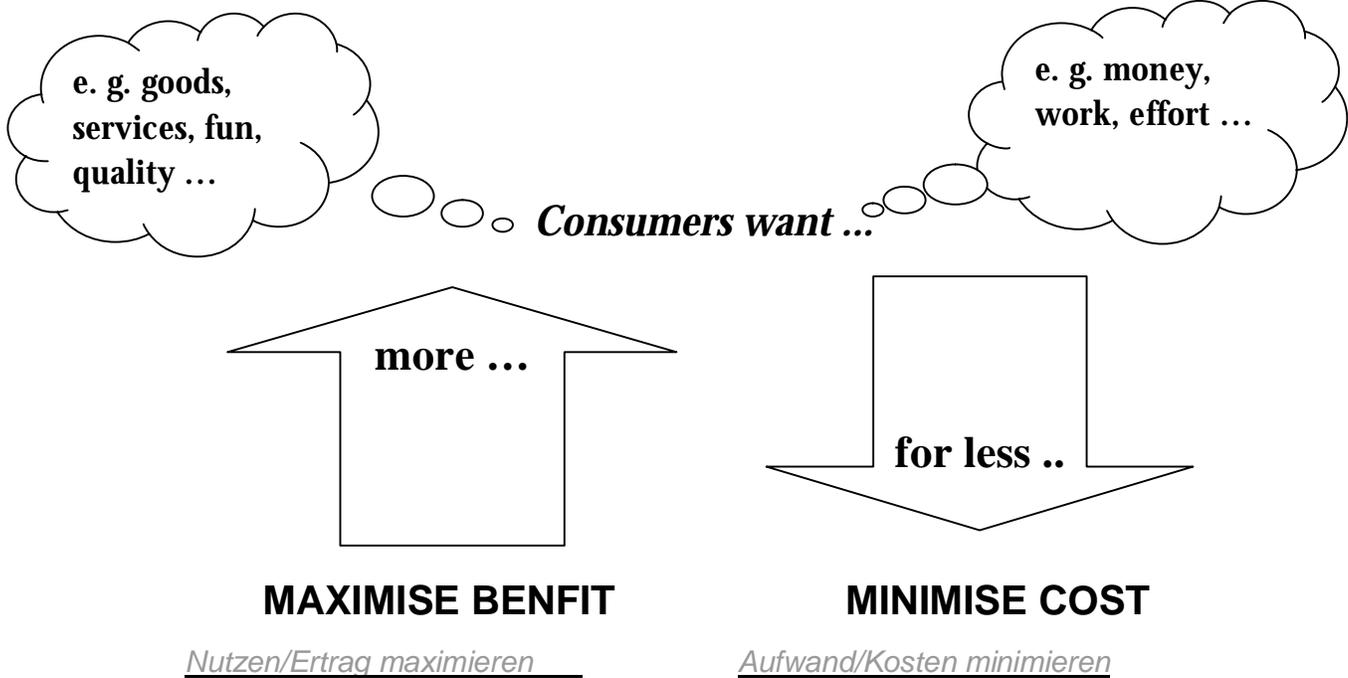
To do so you have to make **rational decisions** & to **set priorities**. à 2!

Task: Find at least two examples for each version of the economic principle.

Consumer Decisions

L 4.1 Lösung zu M 4

3 The basic economic principle



à The Economic Principle (Wirtschaftlichkeitsprinzip):

Maximise benefit : People try to get as many goods
and services as possible for their money/effort.

Minimise cost : People try to get what they want for as
little money as possible.

If you behave economically you

- minimise cost (Minimalprinzip)
- maximise benefit. (Maximalprinzip)

(...)

TASK: Examples: Learn as many words as possible in 2 hours. Buy as many crisps as possible for 2 € (maximise benefit); Learn all the words in as little time as possible. Buy 10 packages of crisps for as little money as possible. (minimise cost).

Consumer Decisions**M 4.2 Alternative Arbeitsaufträge zu M 4.3 bzw. M 4.4****TASKS – Budget planning (suggestions):**

- a) Find out about the income and the expenses of your family and fill in the “budget plan”-worksheet (**M 4.4**).
- b) Compare the planned expenses with the actual ones.
- c) Imagine that due to unemployment your family loses one third of its income. Make a decision where you would make cuts in your monthly expenses.
- d) Go together in teams of three or four and design a budget plan worksheet for young people of your age. Compare your solution with those of the other teams.
- e) Explain the connection between the Basic Economic Principle and a budget plan.

ALTERNATIVE Tasks – Time Management

- a) Read and understand the information about time management on the worksheet (**M 4.5**) (Pareto principle and Eisenhower method).
- b) Prioritise all the tasks you have to do in the following week according to the Eisenhower method.
- c) Make a weekly schedule for yourself according to the rules on the worksheet.
- d) Compare your schedule to a partner’s schedule and give reasons for your decisions.
- e) Explain the connection between the Basic Economic Principle and both the Eisenhower method and the Pareto principle.

M 4.3 Ergänzende Materialien zum Verbraucherverhalten und zum Entscheidungsprozess beim Konsum

Artikel zum Thema *consumer decision process*:

<http://www.peachpit.com/articles/printerfriendly.aspx?p=29471>

Interaktive Präsentation zum Thema *consumer decision process*:

http://www.mckinseyquarterly.com/wrapper.aspx?ar=2373&story=true&url=http%3a%2f%2fwww.mckinseyquarterly.com%2fThe_consumer_decision_journey_2373%3fpa_genum%3d1%23interactive&pgn=code09_exhibit

The consumer decision journey McKinsey

Artikel aus dem Wall Street Journal zum Thema “New info shoppers”:

<http://online.wsj.com/article/SB123144483005365353.html>

Consumer Decisions

M 4.4 Kopiervorlage: Arbeitsblatt/Worksheet "Budget Plan"

Goals for month:			Month _____ 20____		
_____	Planned	Actual	Transportation	Planned	Actual
_____	_____	_____	_____	_____	_____
_____	_____	_____	Personal	_____	_____
_____	_____	_____	_____	_____	_____
Income for month (Net):	Savings		Recreation		
Source	Amount	Amount set aside for irregular expenses _____		_____	
_____	_____	Regular expenses _____		_____	
_____	_____	Other _____		_____	
_____	_____	Total fixed expenses		Gifts, contributions	
Total	_____	Flexible Expenses		_____	
Fixed Expenses			Food		
Planned	Actual	Planned		Actual	
Housing	_____	_____		_____	
Rent/house payment	_____	_____		_____	
Taxes	_____	_____		_____	
Other	_____	_____		_____	
Utilities	_____	Clothing		Total flexible expenses	
Electricity	_____	_____		_____	
Gas/oil	_____	_____		_____	
Water	_____	_____		_____	
Trash	_____	Household expenses		How did you do?	
Telephone	_____	_____		Total fixed expenses	
Other	_____	_____		_____	
Insurance	_____	Medical Care		Total flexible expenses	
Homeowner/renter	_____	_____		_____	
Health	_____	_____		Total monthly expenses	
Life	_____	Education		_____	
Car	_____	_____		_____	
Other	_____	_____		Income	
			Expenses		
			Difference		

Consumer Decisions

M 4.5 Kopiervorlage: Arbeitsblatt/Worksheet – Time Management

Time Management

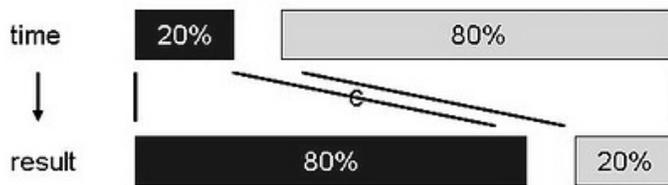
Ever looked at your list of tasks wondering what to do first? Well, you are not alone! The Italian economist Vilfredo Pareto (1848–1923) suggested that the results and the input to achieve those results are unequally distributed in the ratio of 80:20. The Pareto Principle, more commonly referred to as the 80/20 Rule, states that usually

P 20% of your activities will generate 80% of your success

In other words:

P 20% of a well time managed effort will generate 80% of the desired results.

The rest of your time (80%) you need for the remaining 20% of your work. Conclusion: Don't be too much of a perfectionist. It takes too much time.



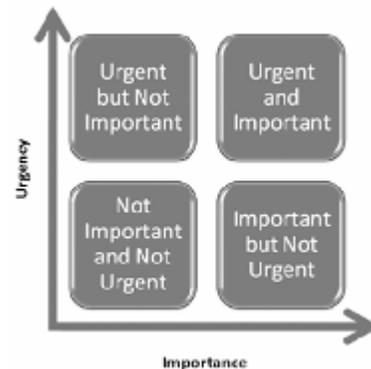
Although the ratio 80/20 is not always this precise, it is used to put emphasis on how much is lost or how much can be gained with time management. It is not surprising that identifying the critical 20% is the key factor to success.

The key in identifying those critical 20% is by prioritising your tasks. You may use the Eisenhower Method to help you with that. It is said that former U.S. President Dwight Eisenhower used this method in prioritising his daily tasks.

To determine your priorities you will need to use a matrix, where you evaluate each task according to its importance and urgency. If you use this matrix then you will need to focus on important tasks.

If your tasks are

- § **Important and Urgent**, then do them immediately.
- § **Important but Not Urgent**, then enter them into your calendar to keep track of them.
- § **Urgent and Not Important**, then delegate them to a competent person.
- § **Not Urgent and Not Important**, then they are time wasters, so minimise them.



This is common sense but you would be surprised how much this method will positively affect your productivity if you remember to throw the tasks which are neither important nor urgent in the waste bin.

Throwing away all those tasks prevents you from shuffling them around all the time as there will always be other more important tasks. If a task is neither important nor urgent you won't need to do it anyway. (Even though you might enjoy it and therefore like to do it. Well, then it would probably be important to you. J)

Consumer Decisions

M 5.1 Kopiervorlage Arbeitsblatt (erste Seite)

4 The eternal struggle:

marketing ↔ versus rational consumer decisions
and the basic economic principle

4.1 Marketing

- Definition: Marketing are all actions of a firm which are supposed to increase sales figures (_____) and – as a result – _____ (Gewinn).
- Marketing tools are: product, price, place and promotion PPPP (à next page)
- Advertising is only one element of promotion. Promotion is only one element of marketing.

Note:

- Marketing primarily aims at _____ (beeinflussen) consumers into buying things that they would not buy otherwise.
- Information is not the primary aim of marketing.

4.2 Marketing psychology and strategies

TASK: Find out about marketing tricks that are used to raise sales figures. You can make interviews; do research in books or on the Internet or have a look at shops.

4.3 Rational consumer behaviour (_____): _____

Rational consumer behaviour can protect consumers against manipulation through marketing.

Methods:

- Make conscious plans about wh___ / wh___ / wh___ and ___ _____ you want to buy.
- Make _____ (Produktvergleiche) before you buy (à decision grid).
- Use a _____ (Einkaufszettel)
and a _____ (Haushaltsplan)
- Watch out for - _____ (Marketingfallen).

Note: If you buy things that you don't want to buy, you don't maximise your

_____ (Nutzen) or you don't minimise your _____, i. e. you don't stick to the basic economic principle.

Consumer Decisions

L 5.1 (erste Seite)

4 The eternal struggle:

4.1 Marketing

- d) Definition: Marketing are all actions of a firm which are supposed to increase sales figures (Verkaufszahlen) and – as a result – profit (Gewinn).
- e) Marketing tools are: product, price, place and promotion PPPP (à next page)
- f) Advertising is only one element of promotion. Promotion is only one element of marketing.

Note:

- Marketing primarily aims at manipulating (beeinflussen) consumers into buying things that they would not buy otherwise.
- Information is not the primary aim of marketing.

4.2 Marketing psychology and strategies

TASK: Find out about marketing tricks that are used to raise sales figures.

You can make interviews, do research in books or on the Internet or have a look at shops.

4.3 Rational consumer behaviour (rationales Verbraucherverhalten)

Rational consumer behaviour can protect consumers against manipulation through marketing.

Methods:

- Make conscious plans about what/where/when and how much you want to buy.
- Make product comparisons (Produktvergleiche) before you buy (à decision grid).
- Use a shopping list (Einkaufszettel)
and a budget plan (Haushaltsplan)
- Watch out for dirty marketing tricks (Marketingfallen).

Note: If you buy things that you don't want to buy, you don't maximise your benefit (Nutzen) or you don't minimise your cost, i. e. you don't stick to the basic economic principle.

Consumer Decisions

M 5.2 Kopiervorlage Arbeitsblatt (zweite Seite)



4.4 Marketing Mix

TASK: Fill in the German expressions and find examples.

MARKETING STRATEGIES			
marketing tools			
PRODUCT	PRICE	PLACE	PROMOTION
- product design	- price level	- sales channels	- advertising
- quality	- discounts	- transport/shipping	- public relations
- packaging	- special offers		- sales promotion
- branding	- payment and shipment conditions		
- range of products			
- pre-/after sales service			
- warranty			

4.5 Advertising strategies

TASK: Choose an advertisement from M 4.4 and analyse it with the help of the AIDA formula!

A - Attention: Are you talking to me? Good advertisements should grab the attention of the target consumers (eye-catch, play on words, unfamiliar/paradoxical pictures, famous people etc). Any element of the advertising can be the attention-getter: a clever headline, a captivating photo or an offer you simply can't refuse. Today when the typical consumer is bombarded with thousands of advertising messages, getting attention has become the most important and challenging part of the formula. If you can't get their attention, the ball game's over.

I - Interest: Why are you talking to me? Effective advertising helps to generate interest in a product or service amongst the right people ð the target group. Creating interest has always been a case of "finding the right buttons to push". It's showing people "what's in it for me". Ease and convenience? Better health? A super low price? It could be any number of different product appeals!

D - Desire: Nice idea, but do I really need it? Your advertising should create a desire to purchase the product or service that you are promoting. Arousing desire is still all about ego. It's convincing people "L'Oreal will make me younger looking", "Driving a Porsche will show everyone I've made it". "Joe's Smokey Sauce will make my BBQ ribs taste even better". That's basic human nature. And that won't change any time soon.

A - Action: What will I have to do to? The advertisement should also provide a call to action and tell your customers exactly how and where they can buy your promoted product or service. Getting people to act means asking for the sale – something a lot of ads never do. As the saying goes "If you don't ask for it, you're never going to get it".