

# Why do we buy? – 1



Have you ever stopped to think about why you have bought something? It is easy enough to quickly answer that question by saying, 'Well, I just wanted it!' But there is, in fact, a lot more to it than that. There are many factors that influence our decisions to buy something, whether that might be snack food or a new car. Some of these are outlined below.

## Personal preferences

Our personal likes and dislikes of things like colours, tastes and scents, as well as our interests and hobbies, will help to determine what we choose to buy. Our preferences often change as we grow older and our lives change. Our personal values can also influence what we buy; for example, someone concerned about orangutans may not buy foods containing palm oil.

## Social trends

If you've ever bought something because it is currently a popular type of technology, clothing, toy or gadget, then you have been influenced by social trends. Advertisements often influence us to buy something simply because it is the latest fad.

## Peer pressure

This factor is closely linked to social trends. Peer pressure involves us wanting to be like others in our friendship or social groups. Peer pressure can be direct, where a friend tells you that you should wear a particular brand of clothing, or indirect, where you want to buy a particular book because everyone else you know is reading it.



## Money

The price of a product and the amount of money you have to spend are major factors for most people on whether they buy a product. Adults might use a credit card to 'buy now and pay later' if they want something but don't have enough cash available.

## Added benefits

Often we might choose one brand over another if there is some additional benefit for us. This might include free shipping (for online purchases) or reward points.

## Availability

Products that we can have 'right now' (or close to it) are often more popular with consumers. For example, you might choose an online product that offers same-day shipping rather than waiting a week for a similar product from another website.

## Product knowledge

If you have prior knowledge of a product's quality and reputation, this can determine whether you buy it. For example, if a set of paints did not produce the vivid colours you expected, you might try a different brand next time. You can also be influenced by other people's opinions—many consumers read product reviews before buying something.

## Environment

A pleasant shopping environment can make you more likely to buy something—or spend more money. Retailers may try to encourage more sales by using attentive sales staff, soothing or popular music and attractive lighting.



# Why do we buy? - 2

1. Read each scenario below and write which factors influenced each person to buy.

(a) Harrison has just bought his first set of trading cards. He wanted the cards because they have just been released by a toy company. He bought them from the local \$2 shop because they had the cheapest price.



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(b) Poppy has just bought some make-up from a department store. She bought a brand that doesn't test its products on animals as she believes this is cruel. She has used this brand before and likes the fragrance. It also looks good on her skin.

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(c) Amira has just bought some textbooks from an online bookstore. She could have bought them from a few different online stores but this one had them in stock. The bookstore also offers free shipping and posts within one day.



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(d) Joseph has just bought some new plants for his garden. He bought more than he expected to because of the knowledgeable sales assistants and relaxing environment. Joseph knows a lot about gardening and is looking forward to putting in his new plants.

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2. Peer pressure by friends can be a major factor in influencing what children buy. Describe a scenario set at a shop where a child your age is trying to influence a friend to buy a particular product. Think carefully about how your role-play will begin and end, and create some kind of conflict in the middle. Write a plan below and then write the dialogue on a separate piece of paper.

|            |  |
|------------|--|
| Characters |  |
| Beginning  |  |
| Middle     |  |
| End        |  |

# What is a business? – 1



You might be aware of some of the different businesses that are found in your community and online—particularly shops—but do you know what features businesses have in common?

A business can generally be defined as an organisation that regularly produces and distributes goods and services—a type of economic activity. Most businesses also have these key features:

- they aim to make a profit through their activities
- they aim to satisfy particular needs and wants of consumers.

Businesses come in all shapes and sizes! At one end of the scale, a small business could be run by just one person. At the other end, a business could be an international company employing thousands of people. Businesses that sell goods might produce their own or buy them from suppliers. Goods-producing businesses sell their products to consumers through places like local shops, websites, warehouses or department stores.

There are two main types of goods—*consumer goods*, which are the final products used by a consumer (such as computers, packaged food or musical instruments) or *producer goods*, which are used to make other goods (such as tools, machinery and chemicals).

Businesses that provide services vary widely, from home-based hairdressers to childcare centres to international airlines.

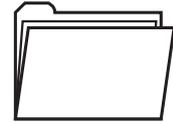
In Australia, three of the most common types of businesses are sole trader, partnership and company. A sole trader business is owned and run by one person, while a partnership business is run by a group of people who share ownership. A company is more complex—it is treated separately from its owners, as if it were a person itself! If a consumer had a legal problem with a company, the company as a whole would have to deal with it, rather than just the owners of the company. All these types of businesses can employ other people to work for them.

No matter what the business type, almost all businesses must compete with other similar businesses to make money. Successful businesses often make business plans, which outline their ideas and financial goals for the business and what they will do to achieve them. This is important, as business owners face constant challenges and risks. These might include theft, fire, loss of consumer demand and falling prices of goods. A business plan will also be required if a business is seeking to borrow money from a bank or other financial institution.





## What is a business? – 2



Read the text on page 49 and answer the questions.

1. Name three common types of businesses found in Australia.

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2. List three examples of each type of business you or your family have used recently. Name the product or service and write where you bought or used it.

| Name and type of business        | Product or service | Where purchased or used |
|----------------------------------|--------------------|-------------------------|
| Goods-producing<br>•<br>•<br>•   |                    |                         |
| Service-providing<br>•<br>•<br>• |                    |                         |

3. Circle true or false.

(a) A company is more complex than a sole trader business.

True False

(b) A small business is always run by just one person.

True False

(c) Most businesses aim to make a profit.

True False

(d) Businesses that sell goods have to buy them from suppliers.

True False

4. Why do you think a business plan might help a business to be successful?

5. The text gives some examples of challenges and risks that might be faced by businesses. List two others that a business might face.