NO PREP

Needs vs. Wants

How Consumers Decide

Includes: Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

Needs vs. Wants: How Consumers Decide

The Question Behind Every Purchase

Every time money leaves your hand you have answered a question, whether you noticed it or not. The question is simple: did I have to buy this, or did I want to buy this? In consumer science that difference has a name. A need is something required for survival and basic functioning, which means food, clothing that protects you from the weather, shelter, and the medical care that keeps you healthy. A want is everything else, the things that make life more comfortable, more enjoyable, or more impressive to other people. Nobody has ever been harmed by lacking a second pair of sneakers. People are genuinely harmed by lacking food, heat, or medicine. That is the whole distinction in one sentence. It sounds obvious written down and it is almost useless standing in a store. Retailers spend enormous amounts of money making wants feel like needs and they are extremely good at it. A phone is arguably a need now, because employers, schools, and doctors all expect you to have one. The newest model released this year, at four times the price of a working used one,

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Where the Line Actually Blurs

In a textbook the two categories sit in tidy columns. In an actual household they overlap constantly, and pretending otherwise is how people end up feeling guilty about reasonable purchases. Shelter is a need, but the specific apartment is a want, and there is a wide range between the cheapest room available and the place with

the parking spot and the dishwasher. Transportation to work is a need in most American communities, where public transit is thin and jobs are spread out. A particular vehicle at a particular price is a want layered on top of that need. Clothing follows the same pattern. Steel-toed boots for a warehouse shift are a need, and the brand name printed on them is not. The useful move is not to force every purchase into one box but to identify the need underneath and then ask how much want you are attaching to it. Consumer scientists describe this as separating the function from the features. The function is what the item has to do. The features are everything the manufacturer added to make you choose their version. A winter coat has one job, which is keeping you warm and dry. Waterproofing serves that job. A designer logo does not, though it may serve a different and entirely real human need to belong and to be seen a certain way by peers. Recognizing that as a want rather than dismissing it keeps the analysis honest. Wants tied to identity and belonging are powerful, they are normal, and they still have to fit inside a finite amount of money.

Scarcity and What You Give Up

Underneath every consumer decision sits the most basic idea in economics, and it applies just as much to a teenager with ninety dollars as to a family of five. Scarcity means that resources are limited while wants are unlimited. There is always another thing worth buying and never quite enough money to buy all of it, which is true at every income level. Because resources are scarce, every choice is also a trade-off. Choosing one thing means not choosing something else, and the value of the next best option you gave up is called opportunity cost. This is the concept people skip, and skipping it is expensive. If you spend ninety dollars on concert tickets, the real price is not ninety dollars. The real price is the tickets minus whatever the second-best use of that ninety dollars would have been, whether that is work shoes, a car repair fund, or two weeks of gas. When the second-best option was trivial, the purchase is easy to defend. When the second-best option was something you actually needed, the same ninety dollars was a bad decision even though the concert was genuinely fun. Money spent is only half the cost of anything. Time works exactly the same way. An hour spent driving across town to save four dollars costs you the hour, and if you could have earned fifteen dollars working that hour, the trip lost money. Households that manage resources well are the ones that count both prices.

The Six Steps Consumers Actually Skip

Consumer educators teach a decision-making process, and the reason it looks tedious on paper is that most people run it in about three seconds and get it wrong. Written out, it has six steps. First, define the problem, which means naming the need rather than the product. My shoes leaked through in the rain is a problem. I need new boots is already a solution you picked before you examined anything. Second, identify your resources, meaning the money, time, skills, and help available to you. Third, list the alternatives, and this is the step that gets skipped hardest. Repairing, borrowing, buying used, waiting for a sale, and doing without are all real alternatives that never appear on a store shelf. Fourth, evaluate each alternative against your actual criteria, weighing cost, durability, and how soon you need it. Fifth, act on the decision. Sixth, and most often forgotten, evaluate the outcome afterward. Did it solve the problem? Would you do it again? That last step is the only thing that turns a purchase into experience instead of a habit you repeat. The process is not about slowing down every trip to the store, because nobody runs six steps to buy milk. It exists so that when the purchase is large, unfamiliar, or emotional, you have a structure to fall back on other than whichever option is loudest. The larger the dollar amount, the more the process pays for itself.

Why Two Sensible People Choose Differently

Two households can face the same decision with the same income and reach opposite conclusions, and both can be right. What differs is values, the beliefs about what matters that a person absorbs from family, culture, faith, and experience long before they ever have money of their own. Someone who values security keeps a deep emergency fund and drives a paid-off car until it dies. Someone who values experience spends the same money traveling and considers the memories a permanent asset. Neither is a math error. Values become useful in consumer decisions when they get turned into goals, which are values with a number and a deadline attached. I want to be better with money is a value statement and cannot be acted on. I want twelve hundred dollars saved for car repairs by next June is a goal, and it immediately tells you what this weekend's spending should look like. Goals are usually sorted as short term, under a year, and long term, taking a year or more. The reason financial advice so often fails is that it hands people someone else's goals. A budget built around values a household does not hold is abandoned

within a month, because every day it feels like punishment. A budget built around goals the household actually chose feels like progress, even when it says no to things. Knowing your own values is not a soft skill. It is the thing that determines whether any consumer plan survives contact with real life.

Key Information: Needs, Wants, and Consumer Decisions

Detail	Information
Need	Required for survival: food, shelter, basic clothing, medical care
Want	Everything beyond survival; adds comfort, enjoyment, or status
Scarcity	Limited resources measured against unlimited wants
Trade-Off	Choosing one option always means giving up another
Opportunity Cost	The value of the next best option you gave up
Decision Process	Define problem, find resources, list options, evaluate, act, review
Values	Beliefs about what matters, learned from family and culture
Goal	A value with a dollar amount and a deadline attached

Case Study: Alina's Three Hundred Forty Dollars

Alina is a high school junior who works afternoons at a childcare center and has three hundred forty dollars saved. Three things are competing for it. Her work shoes have split along the sole and she is on her feet six hours a shift. Her phone still works but is four years old and slow. Her two closest friends have bought tickets to a concert in April for ninety dollars each. She catches herself saying she needs all three, then stops, because she has just spent a week in class on this exact vocabulary. She writes the three items on a sheet of notebook paper and forces herself to name the function under each one. Under the shoes she writes safe footing, six hours, no substitute. Under the phone she writes works fine, just annoying. Under the concert she writes belonging, and she does not cross it out. Then she writes the sentence her teacher kept repeating at the bottom of the page: what does buying this stop me from buying?

1. Classify each of Alina's three items as a need or a want, and explain what evidence in her own notes supports each classification.

_____

_____

2. Alina refuses to cross out the word belonging next to the concert. Use the reading on values and wants to explain why that is reasonable rather than weak.

_____

_____

Multiple Choice

1. Which item best fits the definition of a need used in the reading?

    a) Concert tickets shared with close friends

    b) Medical care that keeps a person healthy

    c) A winter coat with a designer logo

    d) A phone released within the last year

2. A shopper buys boots instead of repairing a car. What is the opportunity cost?

a) The value of the car repair she gave up

b) The total of both the boots and the repair

c) The sales tax charged on the boots

d) The hours she spent shopping for boots

3. According to the reading, what turns a value into something a household can act on?

a) Ranking it against every other value held

b) Comparing it against a neighbor's choices

c) Attaching a dollar amount and a deadline

d) Writing it at the top of a monthly budget

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ need	A) The value of the next best option a person gave up when choosing
2. ___ want	B) The condition of limited resources measured against unlimited wants
3. ___ scarcity	C) A value made specific by adding a dollar amount and a deadline
4. ___ opportunity cost	D) Something that adds comfort, enjoyment, or status beyond survival
5. ___ goal	E) Something required for survival and basic daily functioning

Fill-in-the-Blank

1. Something required for survival is a _____.

2. The value of the next best option given up is _____ cost.

3. Limited resources against unlimited wants is _____.

Short Answer

Answer each question in 2-4 complete sentences.

1. Explain why the reading argues that money spent is only half the cost of any purchase.

_____

_____

_____

2. Why does the reading say a budget built on someone else's values gets abandoned quickly?

_____

_____

_____

3. Which step of the decision process is skipped hardest, and why does skipping it cost money?

_____

_____

_____