

Chapter 1 TEST

Name:

Consumer Education

True/False

- 1. Consumer spending contributes to economic growth.
- 2. Research is part of being an effective consumer.
- 3. The actions of consumers have little or no effect on what products are offered for sale in stores.
- 4. The right to redress is what enables consumers to use coupons and rebates.
- 5. A password for an online account should be something easy to remember, like your birthday.
- 6. Deceptive advertising is legal.
- 7. It is the responsibility of the consumer to use products according to directions.
- 8. Small claims court is usually classified as a case involving less than \$5000.
- 9. When sending a letter of complaint, it is a good idea to include your receipt.

_____ 10. Taking precautions will help limit your exposure to identity theft.

_____ 11. Teens are not important to economy because they rarely spend money on retail items.

_____ 12. To achieve a goal successfully, you should ignore possible problems.

_____ 13. People who share the same values may have different standards.

_____ 14. U.S. consumers would never be affected by an economic problem in Japan.

_____ 15. Advertising can create consumer desire for goods and services that are not needed.

Multiple Choice: Circle the correct answer.

16. A neutral person who hears both sides of a dispute and helps come up with a possible compromise is called a(n)

- a. arbitrator b. counselor c. lawyerd. mediator

17. In binding arbitration, the decision reached is

- a. conditional b. final c. dependent d. temporary

18. Which agency enforces laws dealing with dishonest advertising?

- a. Consumer Product Safety Commission
- b. United States Department of Agriculture
- c. Federal Trade Commission
- d. Food and Drug Administration

19. If a cable company had been accused of shady dealings by many people, in all likelihood what agency would probably investigate?

- a. Federal Communications Commission
- b. United States Department of Agriculture
- c. Federal Trade Commission
- d. Food and Drug Administration

20. If several customers got sick from poultry being sold at the same supermarket, what agency would probably investigate?

- a. Consumer Product Safety Commission
- b. United States Department of Agriculture
- c. Federal Trade Commission
- d. Food and Drug Administration

21. If a retailer advertises a product that it has no intention of selling, hoping to persuade customers to buy another product at a higher price, it is known as a

- a. false promise of gifts
- b. bait and switch
- c. hidden catch
- d. fakeout

22. When a consumer has a problem with a product, and repeated personal/phone contact with the business fails, the next step in redress is

- a. letter of complaint
- b. call to the police
- c. call to the Better Business Bureau
- d. Both a and c

23. Which of the following is not one of the roles individuals fill in our economy?

- a. worker
- b. citizen
- c. consumer
- d. seller

24. In this kind of lawsuit, many people who have the same issue with a product or company sue for redress together.

- a. class action
- b. group plaintiff
- c. small claims suit
- d. large suit

25. Planned consumer decisions may be influenced by any of the following EXCEPT

- a. advertising
- b. family customs
- c. culture
- d. impulse buying

26. Information that you use as the basis of consumer decisions should Not be

- a. accessible
- b. current
- c. biased
- d. factual

27. A purchase made on a whim with no planning involved is an

- a. quick buy
- b. impulse purchase
- c. smart purchase
- d. expensive purchase

Matching Set 1

- | | |
|---|---|
| _____ 28. Consumer | A. actions that are performed for someone. |
| _____ 29. Redress | B. regulates national and international communications. |
| _____ 30. Federal Communications Commission | C. physical objects that are produced. |
| _____ 31. Goods | D. controls how a person's credit history is kept, used, and shared. |
| _____ 32. Fraud | E. remedy for wrong or loss. |
| _____ 33. Chain letter | F. a get-rich quick scheme sent by mail or email promising wealth by continuing the sending of the message. |
| _____ 34. Services | G. practice in which companies collect information on what websites consumers visit. |
| _____ 35. Online profiling | H. someone who uses goods/services. |
| _____ 36. Marketplace | I. deceitful conduct designed to manipulate another person for some gain. |

37. Fair Credit Reporting Act J. place where buyers and sellers exchange things of value.

Matching Set 2

 38. Things you desire but are not required A. needs order to live.

 39. Established levels of quality or quantity B. values measure against.

 40. Things you must have in order to live. C. wants

 41. Strongly held beliefs and principles about what is worthwhile. D. management

 42. Your judgments about the relative importance of alternatives. E. standards

 43. The process of using resources effectively to reach goals. F. accreditation

 44. Anything that is helpful in the process of achieving goals or solving problems. G. resources

___ 45. Credentials colleges need to be considered legitimate. H. priorities

Short Answer

46. Describe in detail how a pyramid scheme works and why they are doomed to fail. (3)

47. List three characteristics of an effective consumer. (3)

48. What is identity theft? (2)

49. Name a famous consumer advocate and what they did to help people. (2)

50. Explain the concept of opportunity cost and use it in an example.

51. What is an impulse purchase you make frequently and what makes it an impulse purchase?

52. What is the family life cycle and why is it important when talking about money and goal setting?

53. Differentiate between a fad and a status symbol. For both of these, why do people buy these types of items?

Extra Credit

1. What president was the first to propose the “Consumer Bill of Rights?”
 2. What was the name of the book and author that exposed the dangers for migrant workers in the meat packing plants and slaughterhouses in Chicago at the turn of the century?
 3. Explain what aptitude means.