

Elizabeth B. Goldsmith

CONSUMER ECONOMICS

ISSUES AND
BEHAVIORS



Consumer Economics

Issues and Behaviors

Elizabeth B. Goldsmith



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Preface

We must be the change we wish to see in the world.

Mahatma Gandhi

Consumer economics—since it mirrors social and economic change—is a very fast-paced discipline. The purpose of this book is to provide an updated look at the consumer movement and the intricacies of consumer behavior. It addresses who buys, what, how, when, and why. It also looks at the forces that impact consumer choice in an ever-changing and often turbulent world. Quality of life and well being are seen as end states, which consumers pursue in their decision making. Too often consumer books have focused on problems and complaints, and although these are addressed, solutions are also presented.

The 21st century has brought us a keen awareness of company frailties and less than perfect ethics. Exposure of company fraud and excesses is constantly in the news eroding consumer confidence. Personal bankruptcies and the number of consumer complaints have hit all time highs. In short, we have a way to go before we reach a truly functioning and fair marketplace. This book traces this pursuit through time and across countries. Adding to the global approach has been the Internet, which has pushed privacy issues to the forefront while at the same time opening up competition in products, information, and user practices. From the consumer point of view, competition is nearly always favorable. But in all things there are tradeoffs; and identity theft, which can happen in-person, or over the Internet, is the current number one consumer concern.

Today's consumer is operating in a much more complex marketplace than could ever have been envisioned by Adam Smith, founder of modern economics, who argued that consumers—not kings or parliaments—should rule nations. There is no doubt that the consumer is still sovereign, but controlling resources is becoming increasingly difficult. “New” consumers are about so much more than saving money and fighting the urge to buy on impulse. The following list highlights how the text's coverage seeks to explain the behavior and issues surrounding these new consumers.

- The text presents 14 chapters designed to be manageable in a semester long course, detailing the unique ideas and solutions that lead to more successful consumer experiences.
- Students like examples that relate to their own lives, so every effort has been made to give student-based examples such as landlord-tenant disputes, sorting through credit card and cellular phone offers, purchasing cars and vehicle repairs, and choosing travel and various other “deals” wisely.

- The Internet and e-commerce play very big roles in this text. The trend toward buying online or at least shopping around for information is well documented.
- More universities are incorporating consumer behavior into their consumer courses, and this combination is reflected in the title and the content. Advertising and media impacts are highlighted. At the same time, economics, environmental studies, public policy, and law are not neglected. The legal aspects of consumerism are especially emphasized.
- The text is unique in its introduction of a circular flow model and in its coverage of the process of consumption from beginning to end.
- A full chapter on consumption shifts and the consumer movement is also unique. It is amazing to see the types of products that consumers once used often to their detriment and how the government stepped in to make the marketplace safer. Personalities are included to add “faces” to the policy changes.
- What to eat and drink are daily consumption decisions we all make. The chapter provides state-of-the-art scientific and behavioral knowledge on diets, organically grown food, genetically altered food, additives, food-related disease, fast food versus the slow food movement, and bottled water consumption.
- Next, is a chapter on health and wellness, another keystone area in consumerism. Skyrocketing health care costs, recalls of medical devices, the latest in cosmetics and treatments, and alcohol and tobacco consumption patterns are all explored.
- Practical matters regarding purchasing homes, cars, insurance, and investments are covered. Warranties and guarantees are addressed as well as product safety and awareness of “get rich quick” schemes.
- The last chapter zeros in on identity theft and how to avoid it. Also covered are a variety of other topics such as vulnerable populations and global consumption and it finishes with a look toward the future.
- Since terms and words are so important in consumer economics, key terms are highlighted in the text and appear again in the Glossary to aid in study.
- Careers in consumer economics are mentioned throughout and again in the Appendices. When this book went to press the U.S. Securities and Exchange Commission announced they were hiring 800 new employees mostly as investigators. The career opportunities for those trained in consumer economics are boundless whether in community service, government service, corporate consumer affairs, association or trade organizations, education, or law.
- To aid instructors, ancillaries include an instructor’s manual with a test item file and outlines and PowerPoints.

Acknowledgments

When I began writing this book I knew I wanted it to be different, to inspire and motivate readers along their way towards a better life. Vern Anthony, Executive Editor at Prentice Hall, encouraged me from start to finish. Chris and Monica Ohlinger of Ohlinger Publishing Services took care of the finer points involved in bringing a book to press. My students at Florida State University always serve as a reality check and provide lively examples. One student complained about a faulty couch and not only did the department store give her a new couch, but also threw in a dinette set for free. The whole class cheered.

A textbook should be more than loosely tied together theories and facts; it should serve as a guide and a useful one at that. In this endeavor, the reviewer's contribution cannot be underestimated. Special thanks are given to:

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I'd also like to thank the government and journal editorial boards, which I serve on because I believe in consumer advocacy and try to live it. Particular thanks are extended to the Florida Motor Vehicle Repair Council, the Board of Trustees of the National Association of Insurance Commissioners, the U.S. Department of Justice Debtor Education Task Force, the *Journal of Family and Economic Issues*, and the *International Journal of Consumer Studies*.

Most of all I'd like to thank my family, my husband Ronald E. Goldsmith (the Richard M. Baker Professor of Marketing at Florida State University) and two sons, David and Andrew. They are the center of my life.

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