

Math for Financial Literacy © 2013
Chapter 5: Making Purchases—Glossary

advertising. Public promotion of a product, service, business, or event.

charge account. Arrangement in which a customer receives a good or service in exchange for the promise to pay at a later date.

comparison shopping. Finding the price of an item at two or more stores.

contract. Formal agreement between two or more entities, such as people or organizations.

coupon. Certificate that grants a discount or even a free good or service to its holder.

digital cash. Form of currency that can be used online.

extended warranty. Optional additional warranty offered by manufacturers and third-party companies that can be purchased by the consumer.

gift card. Type of payment card that is preloaded with funds that can be spent electronically.

good. Physical product.

installment plan. Agreement where the total amount owed is made in payments over time.

layaway plan. Type of installment plan where the store sets the item aside while the customer makes payments toward the purchase price.

market. Any arrangement that allows buyers and sellers to meet with the purpose of exchanging goods, services, or information.

market size. Number of buyers for a product or service.

online bill pay. Service that allows a person to direct payment from his or her bank account to companies and individuals.

payment card. Any card that is presented as payment for a purchase.

pay-per-click advertising. Advertising that charges the advertiser each time a viewer clicks the link in the advertisement.

rebate. Offer to pay back a portion of the money a customer spent on an item.

sales tax. Flat rate applied to the sales price of a good or service.

service. Activity of value.

tip. Extra payment voluntarily made to a worker; also called a *gratuity*.

unit pricing. Price per unit for a product.

warranty. Guarantee that the item purchased will perform to a certain standard or be free of defects for a specified period of time.