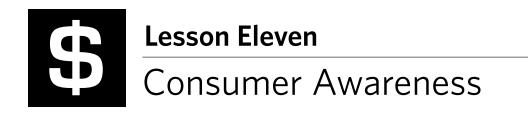
Teacher's Guide







Consumer awareness offers students a leg up on financial literacy, decision-making and money management. Students need to become informed and aware money managers by understanding their purchasing options; risks of scams and fraud; as well as options for resolving a consumer problem.

For related links and resources on this lesson, visit: practicalmoneyskills.com/teens/11

#### overview

Decisions, decisions. With so many choices available to us, how can we be sure we're making the right decision?

Wise consumer buying starts with a plan. Using a systematic purchasing strategy will provide students with an ability to make more effective purchases. Comparative shopping techniques will be discussed to encourage students to carefully consider price, product attributes, warranties, and store policies. Next, this lesson covers a variety of buying methods, such as buying clubs, shopping by phone, catalogs, online, and door-to-door selling.

Consumer buying makes a person a target for various consumer scams. While fraud in the marketplace is not new, the methods used have kept up with technology. Telemarketing fraud and deceptive internet promotions result in consumers losing billions of dollars each year.

What actions should a person take to resolve a consumer problem? This question is answered with several suggestions in the next section of this lesson. Finally, students will learn about sources of help available to them through government agencies and other organizations.

#### goals

Combine decision-making methods with comparative shopping techniques, recognize common consumer scams, and provide the knowledge and skills necessary to effectively handle consumer complaints.

#### lesson objectives

- Use decision-making methods before purchasing a product or service
- Customize and use a comparative-shopping chart
- Identify alternative buying plans, and list the advantages and disadvantages of each
- Identify various consumer scams, describe how they work, and explain what you can do
  if you find yourself caught in one
- Understand how to handle a consumer complaint effectively
- Understand how and why to keep records of your purchases
- Identify federal and private sources for consumer information and consumer help



## presentation slides

**11-A** deciding to buy

- **11-B** comparative shopping chart 1
- **11-C** comparative shopping chart 2
- **11-D** the real cost of a garment

## **consumer awareness** lesson outline

Inf buying clubs
Inf shopping by phone, mail, or online
Inf layaway purchase plans
Inf the cooling-off rule
Inf telemarketing fraud
Inf email/internet scams
Ink federal trade commission telemarketing sales rules
Inf common (and not-so-common) fraud
Inf "900" numbers
Inf contest cons
Inf work-at-home schemes
Inf how to handle a consumer problem
Inf how to write a complaint letter

#### student activities

11-1 What Would You Choose?

- Have students bring in pictures of four purchases that reflect different values, activities, or interests in their lives.
- Have students complete "Why I Make the Choices I Do."
- Discuss how personal values and attitudes influence clothing choices and how values are reflected in these choices.
- Discuss how personal values and attitudes affect other purchasing decisions such as buying music or cars and dining out.

**11-2** Practice Comparative Shopping

- Divide the class into groups. Have each group choose an item for which to shop using comparative-shopping techniques. (There are comparative-shopping charts for an item of clothing and for an electronic entertainment device in the print materials for this activity.) If your students aren't interested in either of these items, choose two other items.
- Have each group customize a decision-making chart to comparison shop for the item (keeping certain criteria in mind as comparisons are made).
- After students have located an item they want to purchase, have each group develop a chart that compares the costs and benefits of the item, and evaluates and prioritizes the factors they used to make their purchase decisions (this would include things listed on their comparative-shopping chart, as well as factors such as what need it fills, cost in terms of hours worked, values the item reflects, etc.).

**11-3** Comparing Shopping Sources

- Select an item that could be bought from a variety of sources.
- Obtain information to compare buying this item at two or more sources.

**11-4** Solving Consumer Problems

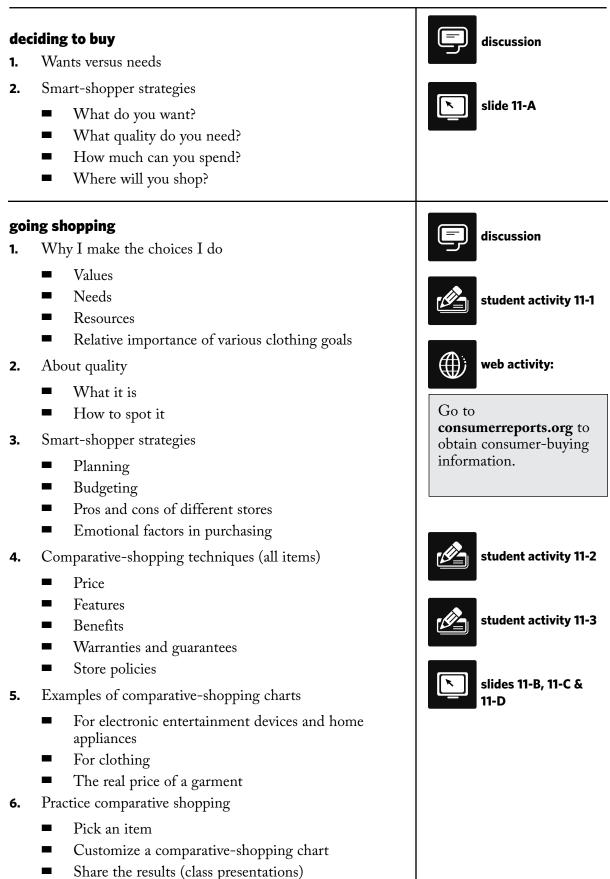
- Have students decide what actions to take for these consumer concerns.
- Discuss their answers, which may vary based on student analysis of the situation.

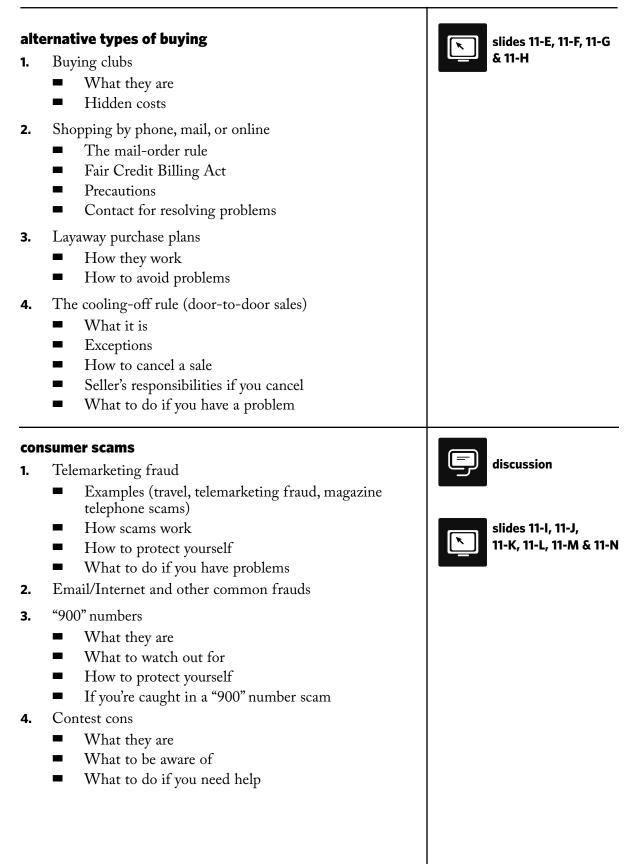
**11-5** Lesson Eleven Quiz

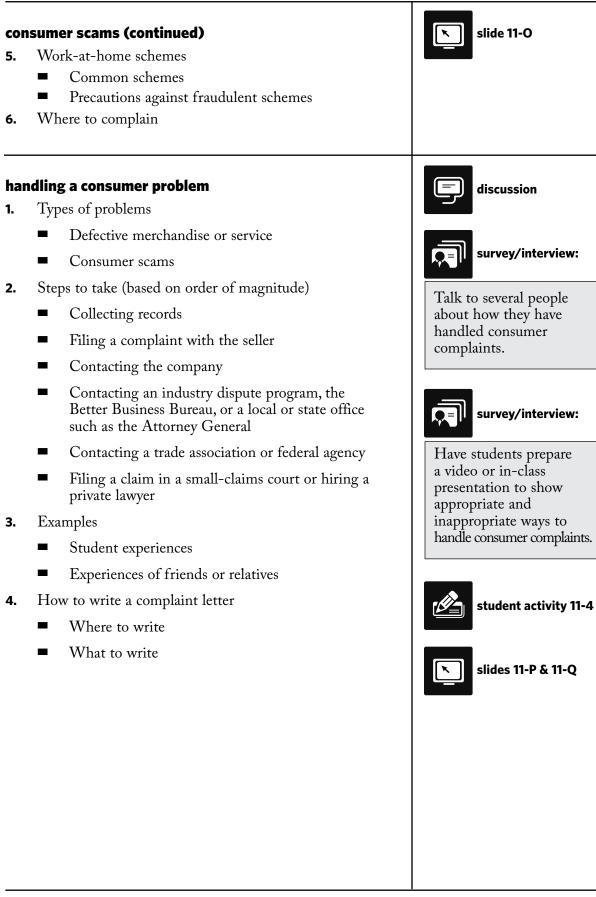
For more information, please refer to the Appendix.

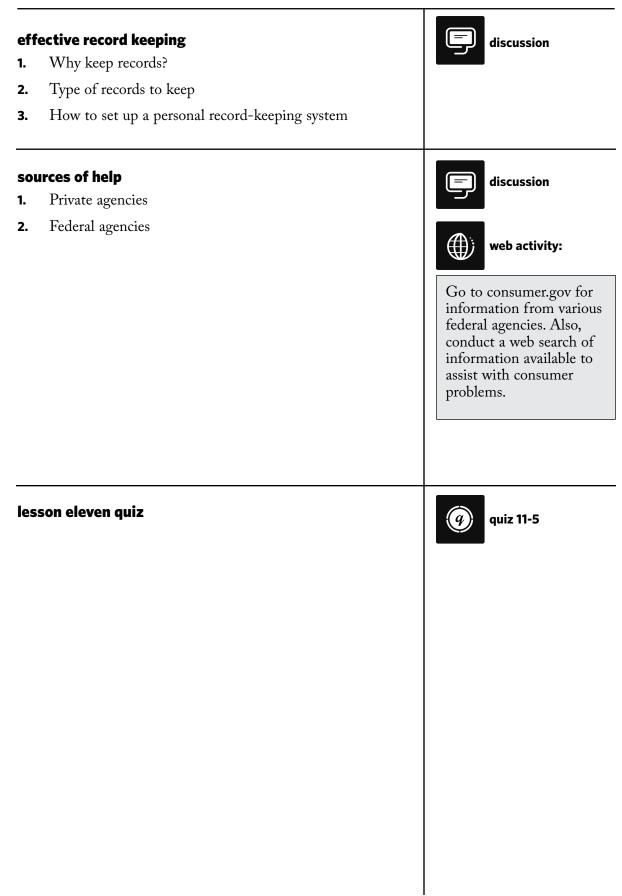
	14-18	19-25	26-↑ ₩
activity	teenagers (14 18)	young adults (19 25)	adults (26+)
Student Activity 11-1	•	•	
Web Activity	•	•	•
Student Activity 11-2	•	•	•
Student Activity 11-3	•	•	•
Web Activity	•	•	•
Survey/Interview	•	•	
Oral Presentation	•	•	
Student Activity 11-4	•	•	•
Web Activity	•	•	•
Lesson Eleven Quiz 11-5	•	•	•

Learning activities appropriate to varied target audiences for lesson eleven











### directions

For each of the following situations, put an X next to the action you would suggest to resolve these consumer concerns, and give reasons for your responses.

**1.** Brad has taken his new car in for the same repairs several consecutive times since he bought the car ten months ago.

- Return to store
- Contact company
- **X** Contact consumer or government agency
  - Take legal action

2. Jonie was injured and needed medical assistance when using a fan she recently purchased.

- Return to store
- Contact consumer or government agency
- Contact company
- X = Take legal action
- **3.** Ellis keeps getting phone calls offering him investment opportunities, even though he's told the company to no longer call him.
  - Return to store
  - Contact company
  - **X –** Contact consumer or government agency
    - Take legal action

4. Thomas was charged the wrong price for several items at a local discount store.

- **X** Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action
- **5.** Marla received a late payment notice for a credit account that she had paid off several months ago.
  - Return to store
  - **X** Contact company
    - Contact consumer or government agency
    - Take legal action



## true-false

- **1.** f Buying clubs are designed to help consumers compare prices at different stores.
- **2.** t The mail-order rule allows a person to cancel an order that is not shipped within a certain time period.
- **3.**  $\underline{J}$  Layaway purchase plans are designed to help consumers buy items at discount prices.
- **4.** <u>t</u> The cooling-off period generally applies to purchases of \$25 or more.
- **5.**  $\underline{f}$  Most consumer complaints require legal action to solve.

### multiple choice

- 6. <u>D</u> The most reliable source of consumer information would be from:
  - A. an advertisement
  - **B.** a salesperson
  - **C.** an executive of the company
  - **D.** a product label
- **7.**  $\underline{B}$  A buying club commonly :
  - **A.** requires a minimum purchase
  - **B.** has a large initiation fee
  - **C.** wants the member to encourage **10.**  $\underline{D}$  others to join
  - **D.** only allows a few people in an area to be members.
- **8.** <u>A</u> The mail-order rule requires that companies:
  - **A.** notify customers if an item is not currently available
  - **B.** only sell certain items by mail

- **C.** accept credit cards for mail-order purchases
- **D.** allow a person to return an item for full credit
- 9. <u>B</u> The right to cancel certain purchases of \$25 or more within three business days is known as the \_\_\_\_\_ rule.
  - **A.** layaway
  - **B.** cooling-off
  - **C.** mail-order
  - **D.** telemarketing
  - **D.** D The first step a person with a consumer complaint should take is to:
    - A. obtain legal assistance
    - **B.** contact a consumer agency
    - **C.** write to the headquarters of the company
    - **D.** return to the place of purchase

#### case application

Jim recently purchased a sweater for his wife over the telephone. When the item was received, it was slightly damaged. When he returned it he received another sweater, but also received another bill. The company says he owes for two sweaters. *Jim should start by calling the company to explain the situation. Next, he should put an explanation of the situation in writing. If this doesn't work, he might contact a local or state consumer agency to assist him.*