

LESSON PLAN

Consumer Awareness

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

Learning Objective(s):

- 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

Target Group:

- **Grade 7 – Grade 8**

Lesson Excerpt:

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.

Students' Activities:

1-1 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.

1-2 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.).

1-3 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.

1-4 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.

1-5 Lesson Quiz

1-1 Deciding to Buy

1. Wants versus needs

2. Smart-shopper strategies

- What do you want?
- What quality do you need?
- How much can you spend?
- Where will you shop?

1-2 Going Shopping

1. Why I make the choices I do

- Values
- Needs
- Resources
- Relative importance of various clothing goals

2. About quality

- What it is
- How to spot it

3. Smart-shopper strategies

- Planning
- Budgeting
- Pros and cons of different stores
- Emotional factors in purchasing

4. Comparative-shopping techniques (all items)

- Price
- Features
- Benefits
- Warranties and guarantees
- Store policies

5. Examples of comparative-shopping charts

- For electronic entertainment devices and home appliances
- For clothing
- The real price of a garment

6. Practice comparative shopping

- Pick an item
- Customize a comparative-shopping chart
- Share the results (class presentations)

1-3 Alternative types of buying

1. Shopping by phone, mail, or online

- The mail-order rule
- Fair Credit Billing Act
- Precautions
- Contact for resolving problems

2. Layaway purchase plans

- How they work
- How to avoid problems

1-4 Consumer Scams

1. Telemarketing fraud

- Examples (travel, telemarketing fraud, magazine telephone scams)
- How scams work
- How to protect yourself
- What to do if you have problems

2. Email/Internet and other common frauds

1-5 Handling a consumer problem

1. Types of problems

- Defective merchandise or service
- Consumer scams

2. Steps to take (based on order of magnitude)

- Collecting records
- Filing a complaint with the seller
- Contacting the company

LESSON MATERIAL

Deciding to Buy

Deciding to Spend Your Money

- Do I really need this item?
- Is it worth the time I spend making the money to pay for it?
- Is there a better use for my money right now?

Deciding On the Type of Item

- What level of quality do I want (low, medium, or high)?
- What level of quality do I need (low, medium, or high)?
- How much can I afford?
- Should I wait until there is a sale on the item I want?
- Should I choose an item with a well-known name, even if it costs more?
- Do I know anyone who already owns this type of item?
- Is there a warranty and/or service contract on the item? If so, is it comparable to warranties and service contracts on similar items?
- What do consumer magazines say about the type of item I am thinking about buying?

Shopping By Phone, Mail, or Online

The mail-order rule

- Companies are required to ship order within a set period of time.
- If order is not shipped within set time period, company must send you a notice of options.
- Does not apply to telephone orders, unless order is paid for by mail.

The fair credit billing act

- Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.
- Applies to any item bought and paid for with a credit card (including items bought by phone or by mail).

Precautions

- Investigate the reputation of the company.
- Ask about the company's refund and return policy.
- Ask about the availability of the product.
- Know the total cost of your order.
- When ordering by phone, send the payment in by mail (your purchase will then be covered by the mail-order rule).
- When shopping online, use a secure browser, shop with companies that you know, keep your password private, pay by credit card, and keep a record of your transactions.

Layaway Purchase Plans

Before you buy on layaway, know

- Terms of the layaway plan
- Store's refund policy
- Location, availability, and identification of layaway merchandise
- Store's reputation

Once you begin a layaway plan

- Keep good records of your payments.

Telemarketing Fraud

Warning Signs:

- High-pressure sales techniques
- Insistence on an immediate action
- Offers that sound too good to be true
- A request for your credit card number for any purpose other than to make a purchase
- An offer to get your money quickly (e.g., pay for overnight mail, send someone to your home or office to pick it up)
- A statement that a product or service is free, followed by a request that you pay for something
- Claims of an investment that is “without risk”
- Inability or refusal to provide written information or references about the company, product, service, or investment
- Suggestions that you should make purchase or investment based on “trust”

How to avoid being a victim

- Don't be pushed into a decision.
- Request written information about organization and product or investment.
- Don't buy anything on terms you don't fully understand.
- Request the name of the federal agency by/with whom the firm is regulated or registered.
- Investigate the company or organization.
- Find out about refund, return, and cancellation policies.
- Don't believe testimonials you can't verify.
- Don't provide any personal financial information.
- If you must, hang up.

Email/Internet Scams

Email/Internet Scams have several common denominators:

- Requests for personal information through emails or websites
- Requests for money (business proposals, donations, etc.)
- Offers of lottery and/or prize winnings
- Offers of jobs that are “too good to be true”

Common Scams include:

■ **Phishing:**

Emails purportedly sent from a legitimate company or organization “phishing” for information. The emails request that recipients provide valuable personal data (date of birth, account numbers, passwords/access codes, etc.) through a website/email. Often, there’s an urgency indicating an account will be closed or penalties will accrue without a response.

■ **Auction Fraud:**

This occurs when consumers use online auction sites to purchase goods and products. Users often report faulty merchandise, misleading product descriptions, false information and/or failure to deliver.

■ **Identity Theft Scams:**

This occurs when a scammer wrongfully obtains and uses someone’s personal information for fraud, deception or economic gain. Many times victims have provided the personal data themselves without checking or confirming the validity of requests.

Common (and not-so-common) Frauds

Foreign Scams may involve a letter or phone call about a foreign investment that is “too good to be true.”

Telemarketing Scams commonly include sweepstakes, prize offers, travel packages, investments, charities, work-at-home schemes, magazine sales, lotteries, and business opportunities.

Advance-Fee Loans fraudulent loan brokers misrepresent the availability of credit with a guarantee to get you credit—but you must pay before you apply.

Credit Repair an appeal to clean up the credit reports of consumers with poor credit histories.

Automatic Debit Scams fraudulent telemarketers use this technique to improperly take money from checking accounts. DO NOT give out checking account information over the phone unless you are familiar with the company.

Magazine Subscriptions Scams beware of telephone sales pitches for “free,” “prepaid,” or “special” magazine subscription offers.

Prepaid Phone Card Scams selling prepaid calling cards may involve a multi-level marketing scam with a large up-front fee.

Online and High-Tech Scams common internet scams are pyramid schemes, internet related services, equipment sales, business opportunities, and work-at-home offers.

How to handle a consumer problem

Collect Records

- Start a file about your complaint.
- Keep copies of sales receipts, repair orders, warranties, cancelled checks, and contracts.

Go back to where you made the purchase

- Contact the person who sold you the item or performed the service.
- Calmly and accurately explain the problem and what action you would like taken.
- Talk with the supervisor or manager, if necessary.
- Allow each person you contact time to resolve the problem before contacting another person.
- Keep a record of your efforts.

Don't give up

- Call or write the person responsible for consumer complaints at the company's headquarters.

Describe the problem

- Describe why you're unsatisfied.
- Detail what, if anything, you've done about it already.
- Describe what you think is a fair solution.

How to write a complaint letter

Where to write

- To the head of the company or the person who handles consumer complaints.

What to write

- Your name, address, and account number, if appropriate.
- Describe your purchase (name of product, serial numbers, date and location of purchase).
- State problem and give history.
- Ask for a specific action.
- Enclose copies of documents regarding your problem.
- Allow time for action or response.
- Include how you can be reached.

Don't

- Write an angry, sarcastic, or threatening letter.
- Send original documents.

Do

- Type your letter, if possible (or handwrite neatly).
- Keep copies of all letters to and from the company.

LESSON EXERCISES

What would you choose?

Purchasing decisions are made for many reasons. When deciding what to buy, you may be influenced by:

- Your personal interests
- Your activities
- Your values

You may also want to send a message to other people. Think about these things as you complete the following exercise.

Directions

Cut out pictures of four outfits or other purchases that reflect different values, activities, or interests in your life. They should all be something you would enjoy owning. Label each picture: A, B, C, or D. In the spaces below, explain why you would choose each item, and the personal values each choice reflects. Staple the pictures to this page.

Picture

I would choose this purchase because...

A

B

C

D

Practice Comparative Shopping–Chart 1

Directions

Customize this chart and use it when you go comparative shopping for an electronic entertainment device or home appliance.

item _____

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Basic features			
Special features			
Warranty			
Store return policy			
Refund policy			
Exchange policy			
Other			

Practice Comparative Shopping–Chart 2

Directions

Customize this chart and use it when you go comparative shopping for an item of clothing.

item _____

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Where to be worn			
Characteristics			
Quality			
Durability			
Needs alterations?			
Comfortable?			
Care requirements			
Store return policy			
Store refund policy			
Store exchange policy			