

Consumer Awareness

Time Allotment: *45 Minutes*

High School Juniors and Seniors

ND Standards

- Learn effective decision making when purchasing goods/services.
- Identify types of consumer scams.
- Learn the effectiveness of keeping good records.

Learner Objectives

- Use decision making methods before purchasing a product.
- Learn to comparative shop
- Identify buying plans- advantages and disadvantages
- Identify Customer Scams- what kinds and what to do
- Learn to handle a Consumer problem.

Materials and Resources:

- Practical Money Skills website www.practicalmoneyskills.com
- Overhead 11-B, Overhead 11-K

Lesson Outline:

This lesson plan covers the decisions to make when purchasing a product. Is it a need or a want? Once the decision has been made to purchase a product, consumers have to be aware of all the other decisions that come along: what brand, what price range, what attributes are you looking for. Also covered are the various scams that consumers can fall prey to and what to do if you find yourself involved in one.

Deciding to Buy:

Discuss wants versus needs.

Factors to consider when purchasing a product

- 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?

After you have decided to spend your money you must decide on the type of item:

- What level of quality do I want?
- What level of quality do I need?
- What can I afford?
- Wait for a sale?
- Buy brand name? It may cost more
- Do you know any one who has the item already?
- Is there a warranty or service contract?
- What do consumer magazines say about the type of item I am thinking about buying?

Show Overhead 11-B Comparative Shopping Chart

Discuss the process of deciding what kind of electronic entertainment device to buy.

Buying Plans

Buying Clubs- Offer discounts for joining

- What are they and what are the hidden costs if any?
- Some may require a large initiation fee or you may need to make a large number of purchases before you begin to save money. Use the comparison shopping techniques to know whether you are getting a good deal.

Shopping by phone, mail or online- Offers the convenience of not having to leave your home.

- Mail Order Rule: Companies are required to ship an order within a set period of time and if it not the company must send you a notice of options.
- The Fair Credit Billing Act: Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.
- Precautions to take when using these techniques: Investigate the reputation of the company, ask about their refund and return policy, what is the availability of the product and the cost. When shopping online, always use a secure browser, pay by credit card and keep a record of your transactions.

Layaway Purchase- payment plan in which merchandise is reserved with a down payment until the balance is paid in full.

- Review terms of layaway plan, store's refund policy & reputation, location & availability.
- Important to keep good records of your payments

Customer Scams

Telemarketing Fraud: Involves high pressure sales techniques (insistence on immediate action) and offers that sound too good to be true.

- How to avoid: Don't be pushed into a decision, request written information about organization and product. DO NOT provide any personal financial information.
- Federal Trade Commission: The FTC provides telemarketing sales rules that protect consumers. (Review FTC rules-Overhead 11-K)

Common Frauds

- Foreign Scams
- Magazine Subscription Scams
- Fraudulent Diets
- Toll-free scams
- Online and high tech scams

900 Numbers-

What are they?

- One kind of telemarketing pitch, with a flat per-minute fee.

What to watch for

- o Failure to disclose any cost upfront, or at later times,
- o Products or service pitches aimed at children or teenagers.

How to protect yourself

- o Deal only with reputable companies.
- o Know the cost.
- o Don't confuse 900 numbers with toll-free 800 numbers.

If you are caught in a scam

- o Call or write your telephone company immediately.
- o Dispute the charges with the 900 number company.
- o Contact the FTC.

Handling Consumer Problems

Collect Records

- Start a file about your complaint.
- Keep copies of sales receipts, warranties, contracts, etc.

Go back to where you made the purchase

- Contact the person who sold you the item or performed the service. Calmly explain the problem and what action you would like taken. Talk to a supervisor if necessary. Keep a record of your efforts. Don't give up. Make sure to describe the problem and why you are unsatisfied.

Activities:

Comparative Shopping Chart 1 Activity 11-2a

Solving Consumer Problems Activity 11-4

Lesson Quiz Activity 11-5 (Review)