



**Lesson Seven**

---

Consumer Awareness

## consumer awareness websites

---



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/learn/identity\\_theft/how\\_to\\_prevent\\_fraud](http://practicalmoneyskills.com/learn/identity_theft/how_to_prevent_fraud)**

# consumer awareness lesson outline

---

## 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

- 7-A** deciding to buy
- 7-B** comparative shopping chart 1
- 7-C** comparative shopping chart 2
- 7-D** the real cost of a garment

# consumer awareness lesson outline

---

- 7-E** buying clubs
- 7-F** shopping by phone, mail, or online
- 7-G** layaway purchase plans
- 7-H** the cooling-off rule
- 7-I** telemarketing fraud
- 7-J** email/internet scams
- 7-K** federal trade commission telemarketing sales rules
- 7-L** common (and not-so-common) fraud
- 7-M** “900” numbers
- 7-N** contest cons
- 7-O** work-at-home schemes
- 7-P** how to handle a consumer problem
- 7-Q** how to write a complaint letter

## student activities

- 7-1** 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.
- 7-2** 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.).

## **consumer awareness lesson outline**

---

### **7-3** 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.

### **7-4** 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.




### **7-5** Lesson Seven Quiz

**For more information, please refer to the Appendix.**

# consumer awareness lesson outline

---

Learning activities appropriate to varied target audiences for lesson seven

			
<b>activity</b>	<b>teenagers (14-18)</b>	<b>young adults (19-25)</b>	<b>adults (26+)</b>
Student Activity 7-1	●	●	
Web Activity	●	●	●
Student Activity 7-2	●	●	●
Student Activity 7-3	●	●	●
Web Activity	●	●	●
Survey/Interview	●	●	
Oral Presentation	●	●	
Student Activity 7-4	●	●	●
Web Activity	●	●	●
Lesson Seven Quiz 7-5	●	●	●

# consumer awareness teaching notes

## 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?



discussion



slide 7-A

## 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)



discussion



student activity 7-1



web activity:

Go to [consumerreports.org](http://consumerreports.org) to obtain consumer-buying information.



student activity 7-2



student activity 7-3



slides 7-B, 7-C & 7-D

# consumer awareness teaching notes

## alternative types of buying

1. Buying clubs
  - What they are
  - Hidden costs
2. Shopping by phone, mail, or online
  - The mail-order rule
  - Fair Credit Billing Act
  - Precautions
  - Contact for resolving problems
3. Layaway purchase plans
  - How they work
  - How to avoid problems
4. The cooling-off rule (door-to-door sales)
  - What it is
  - Exceptions
  - How to cancel a sale
  - Seller's responsibilities if you cancel
  - What to do if you have a problem



slides 7-E, 7-F, 7-G & 7-H

## 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
3. "900" numbers
  - What they are
  - What to watch out for
  - How to protect yourself
  - If you're caught in a "900" number scam
4. Contest cons
  - What they are
  - What to be aware of
  - What to do if you need help



discussion



slides 7-I, 7-J, 7-K, 7-L, 7-M & 7-N



# consumer awareness teaching notes

## consumer scams (continued)

5. Work-at-home schemes
  - Common schemes
  - Precautions against fraudulent schemes
6. Where to complain



slide 7-O

## 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
  - Contacting an industry dispute program, the Better Business Bureau, or a local or state office such as the Attorney General
  - Contacting a trade association or federal agency
  - Filing a claim in a small-claims court or hiring a private lawyer
3. Examples
  - Student experiences
  - Experiences of friends or relatives
4. How to write a complaint letter
  - Where to write
  - What to write



discussion



survey/interview:

Talk to several people about how they have handled consumer complaints.



survey/interview:

Have students prepare a video or in-class presentation to show appropriate and inappropriate ways to handle consumer complaints.



student activity 7-4



slides 7-P & 7-Q

# consumer awareness teaching notes

## effective record keeping

1. Why keep records?
2. Type of records to keep
3. How to set up a personal record-keeping system



discussion

## sources of help

1. Private agencies
2. Federal agencies



discussion



web activity:

Go to [consumer.gov](http://consumer.gov) for information from various federal agencies. Also, conduct a web search of information available to assist with consumer problems.

## lesson seven quiz



quiz 7-5



# solving consumer problems

## answer key

---

### 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



# lesson seven quiz: consumer awareness

## answer key

### 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. f Layaway purchase plans are design to help consumers buy items at discount prices.
4. t The cooling-off period generally applies to purchases of \$25 or more.
5. f Most consumer complaints require legal action to solve.

### multiple choice

6. D 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. B A buying club commonly :  
**A.** requires a minimum purchase  
**B.** has a large initiation fee  
**C.** wants the member to encourage others to join  
**D.** only allows a few people in an area to be members.
8. A 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. B 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
10. 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.*