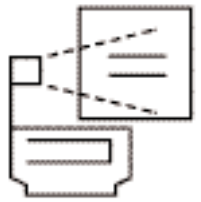


lesson eleven

consumer awareness



overheads



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?

comparative shopping chart 1



electronic entertainment device or home appliance

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



comparative shopping chart 2

item of clothing

	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			
Refund policy			
Exchange policy			

the real cost of a garment



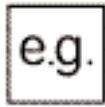
an example:

	Linen	Cotton/Poly	Silk
A. Initial Cost	\$110	\$85	\$170
B. Care	\$5.00/cleaning x 7 times=\$35 Iron each time	\$.30/wash x 22 times = \$6.60	\$6.00/cleaning x 6 times = \$36.00
C. Life Cycle Cost (A+B)	\$110 +\$35 \$145	\$85.00 +6.60 \$91.60	\$170 +\$36 \$206
D. When Worn	Spring and Summer	All year	Dressy/ Day/Evening
E. Times Worn/Yr.	36	108	18
F. Cost/Wear	\$145/36= \$4.03	\$91.60/108= \$.85	\$206/18= \$11.44



clubs don't always save you money

- Sometimes require a large initiation fee.



For example: a \$300 membership fee for a club that gives you a 10% discount on purchases would mean you would have to spend \$3,000 to save enough to just cover the cost of your membership fee.

- May need to make a large number of purchases before you begin to save money.
- May have to make purchases in larger quantities than you really need.
- Often can get goods for same price through discount stores and catalogue showrooms (which don't require an initiation fee).

how to know whether you're getting a deal

- Comparison shop!

watch out for

- Clubs that won't let you see their prices, catalogue, or showroom until after you join.
- Clubs that use high-pressure sales techniques.

shopping by phone, mail, or online



the consumer reporting 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
- 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.

the cooling-off period



what it is

- If you buy an item in your home or at a location that is not the seller's regular place of business, you have two to ten business days (varies from province to province) to cancel purchases of \$50 or more.
- Seller must inform you of your cancellation rights at the time of sale.
- Only a letter is considered a legal request for cancellation. The letter must be personally delivered or sent by registered mail.

some exceptions include

- Sales under \$50.
- Sales made entirely by mail or telephone.
- Sales made as a result of prior negotiation at seller's permanent place of business.
- Emergency home repairs when you waive your right to cancel.
- Real estate, insurance, or securities.
- Automobiles, vans, trucks, or other motor vehicles sold at temporary locations, provided the seller has at least one permanent place of business.
- Arts or crafts sold at fairs or locations such as shopping malls, community centres, and schools.



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 (i.e., 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.”

telemarketing fraud (continued)



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 government 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!



common (and not-so-common) frauds

foreign scams may involve a letter or phone call about a foreign investment that it 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 report of consumers with poor credit histories.

automatic debit scams fraudulent telemarketers use this technique to improperly take money from a chequing account. **DO NOT** give out chequing account information over the phone unless you are familiar with the company.

fraudulent diets Canadians spend millions of dollars a year on fraudulent diet products such as “The Amazing Skin Patch Melts Away Body Fat” or “Lose Weight While You Sleep.”

magazine subscriptions scams beware of telephone sales pitches for “free,” “prepaid,” or “special” magazine subscription offers.

toll-free scams calls to 800, 888 and 877 numbers are almost always free. However, there are some exceptions. Be careful.

international phone scams scam artists confuse callers by promoting calls to “809” numbers; while these telephone numbers may look like domestic calls, international rates apply.

pre-paid phone card scams selling prepaid calling cards may involve a multi-level marketing scam with a large up-front fee.

on-line and high tech scams common Internet scams are pyramid schemes, Internet related services, equipment sales, business opportunities, and work-at-home offers.

“900” numbers



what they are

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

what to watch for

- Failure to disclose any cost upfront, or at later times.
- Enticements to call for bogus products or services.
- Product or service pitches aimed at children or teenagers.

how to protect yourself

- Deal only with reputable companies.
- Know precisely what the “900” call will cost before making the call.
- Think twice before calling a “900” number for a “free” gift.
- Don’t confuse “900” numbers with toll-free “800”, “888” and “877” numbers.
- Check your phone bill carefully for any “900” number charges.

if you’re caught in a scam

- Call or write your telephone company immediately.
- Dispute the charges with the “900”-number company.
- Contact the Better Business Bureau or the Consumer and Commercial Relations Department in your province.



what they are

- Promotions that use deceptively advertised prizes.

what to watch for

- Offers or notices announcing “fabulous” prizes (often used to attract customers to sales meetings for land, or for vacation “timesharing”).
- High-pressure sales techniques.

how to avoid being a victim

- Consider any purchase carefully before signing a contract.
- Don't be deceived by letters that look official or urgent.
- Read the letter carefully.
- Think carefully before you attend a sales meeting.
- If you attend a sales meeting, don't sign a contract or give a salesperson a deposit right away.
- Find out about the seller's reputation.
- If a salesperson makes claims that aren't in the contract, don't sign the contract.

work-at-home schemes



common schemes

- Envelope stuffing.
- Assembly or craft work.
- Reading books.

to avoid being a victim, find out

- What task you will be required to perform.
- If you will be paid on salary or commission.
- Who will pay you.
- When you will get your first paycheque.
- The total cost of the work-at-home program (such as how much you will have to pay to get the materials).
- The company's reputation (check with a local, provincial, or federal consumer protection agency).



how to handle a consumer problem

collect records

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

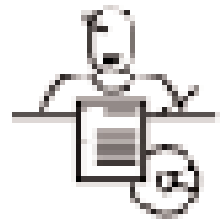
- Write an angry, sarcastic, or threatening letter.
- Send original documents.

do

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

lesson eleven

consumer awareness



student activities

name: _____

date: _____



why I make the choices I do

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

- Your personal interests
- Your activities
- Your values
- Advertising

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 item because...

A

B

C

D

name: _____

date: _____



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			

name: _____

date: _____



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			

name: _____

date: _____



comparative shopping sources

Select an item that could be purchased in stores, by mail, and online. Obtain the information requested below.

Item _____

Brand _____

	Store	Mail Order (or TV Home Shopping)	Online Shopping
Company			
Address			
Phone			
E-mail, Web site			
Price			
Shipping cost			
Delivery time			
Warranty			
Return policy			
Other information			

name: _____

date: _____



solving consumer problems



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. Keno has taken in his new car for similar repairs several times in a row since buying his car ten months ago.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action

2. Ariana was injured and needed medical assistance when using a fan she recently purchased.
 - Return to store
 - Contact consumer or government agency
 - Contact company
 - Take legal action

3. Ellis keeps getting phone calls offering him investment opportunities after telling the company to no longer call him.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action

4. Olaf was charged the wrong price for several items at a local discount store.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action

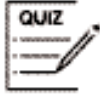
5. Tannis received a late payment notice for a credit account that she had paid off several months ago.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action



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. Keno has taken in his new car for similar repairs several times in a row since buying his car ten months ago.
 - Return to store
 - Contact company
 - X ■ Contact consumer or government agency
 - Take legal action
2. Ariana 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 after telling the company to no longer call him.
 - Return to store
 - Contact company
 - X ■ Contact consumer or government agency
 - Take legal action
4. Olaf 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. Tannis 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 eleven quiz: consumer awareness

true-false

1. _____ Buying clubs are designed to help consumers compare prices at different stores.
2. _____ Comparison shopping helps you know if you're getting a good deal when you make a purchase.
3. _____ Layaway purchase plans are design to help consumers buy items at discount prices.
4. _____ The cooling-off period generally applies to purchases of \$50 or more.
5. _____ Most consumer complaints require legal action to solve.

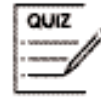
multiple choice

6. _____ 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. _____ 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 phone number beginning with a (n) _____ is not a toll-free number.
 - A. 800
 - B. 877
 - C. 888
 - D. 900
9. _____ The right to cancel certain purchases of \$50 or more within 2-10 business days is known as the _____ period.
 - A. layaway
 - B. cooling-off
 - C. mail order
 - D. telemarketing
10. _____ 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

Zhong 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.

lesson eleven quiz: consumer awareness answer key



true-false

1. f Buying clubs are designed to help consumers compare prices at different stores.
2. t Comparison shopping helps you know if you're getting a good deal when you make a purchase.
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 \$50 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.
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A. obtain legal assistance.
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C. write to the headquarters of the company.
D. return to the place of purchase.

case application

Zhong 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.

Zhong 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, provincial or federal consumer agency to assist him.