



# **Consumer Choice and Protection**

**2010  
23 minutes**

## **Program Synopsis**

Young people today are facing a complex, commercial society where there is increasing pressure to spend money on a wide range of consumer products. They need to be well informed, learn to shop around for the best deals and ask the right questions to become clever consumers.

## **Related Programs**

- Ethics and the consumer
- Understanding Brands

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## **Introduction**

We, as consumers, make choices everyday to satisfy our basic needs and unlimited wants, and trying to improve our living standards and quality of life. We need to understand what has an impact on these daily decisions and how to make more informed choices to avoid scams and rip offs. Christopher Zinn, Media Spokesperson from Choice Magazine gives us some valuable insights throughout the program about how to make the right choices and empower ourselves to really be clever consumers.

## **Program Rationale**

There are numerous benefits for students to be financially literate: it allows them to save money, make wise consumer choices and, further down the track, sound investment decisions. The journey begins with a better understanding of the students' spending habits, an awareness of possible scams and rip offs, how to shop online safely and the role of consumer law. This program explores a range of issues that affect consumers and it aims to help young people become more discerning in their consumer choices.

## **Program Timeline**

00:00:00	Introduction
00:00:59	The informed consumer
00:05:14	The deceived consumer
00:10:23	The online consumer
00:13:21	The protected consumer
00:17:58	The persuaded consumer
00:21:26	Conclusion
00:21:58	Credits
00:22:37	End program

## **Internet Resources:**

- [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)
- [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)
- [www.scamwatch.gov.au](http://www.scamwatch.gov.au)
- [www.moneystuff.net.au](http://www.moneystuff.net.au)
- [www.choice.com.au](http://www.choice.com.au)
- [www.fido.asic.gov.au](http://www.fido.asic.gov.au)
- [www.commbank.com.au/foundation](http://www.commbank.com.au/foundation)
- [www.dollarsandsense.com.au](http://www.dollarsandsense.com.au)
- [www.consumersonline.gov.au](http://www.consumersonline.gov.au)

**Program Worksheet**

**Before the Program**

1. As a class, list all the things that have been consumed today. You should contribute by answering the question 'How have I been a consumer today?'  
The list should contain examples of technology, clothing, transport, food, school equipment etc. Then classify the items under the headings of goods, services, needs and wants.
2. In small groups, use the Internet, magazines, newspapers and promotional material to produce a collage of factors that influence your decisions when you purchase goods and services as consumers. (Examples can include celebrity advertisements, bargain/sale prices, peer pressure, brand names, lower prices through on-line shopping etc.)
3. Comment on the following scenarios and share your opinion with your class:
  - a) Olivia was on the Internet when a pop-up appeared telling her she had won a trip to New York. All she had to do was call the number listed within five minutes and give her credit card details.
  - b) Sam received a text message on his mobile phone telling him that he had won a lottery worth a million dollars. All he needed to do was call the number on the screen to get the money. It was an international phone number.
  - c) Peter saw an advertisement in the newspaper for a cheap washing machine. When he went to the store they told him that there were only twenty models at this low price which had sold out. He was offered a more expensive model that was still in stock.

**During the Program**

1. Explain the difference between:

a) Needs and Wants

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b) Goods and Services

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2. Christopher Zinn from Choice magazine suggests we \_\_\_\_\_ and \_\_\_\_\_ to avoid buying things on impulse.

3. List two things you should do as an informed consumer.

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4. Name three scams that consumers need to be aware of.

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5. What is the 'man in the street' test and when does it apply?

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6. Online shopping has become more popular with the increased use of the Internet in the home. Suggest two precautions that a clever consumer should be aware of when shopping online.

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7. Define the following terms:

a) Vendor

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b) Statutory Warranty

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c) Copyright

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8. A range of factors influences consumers when they go shopping. Explain one of these influences.

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9. Marketers use fashion and image to manipulate our choices as consumers every day. What is marketing all about?

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10. To be Clever Consumers we need to:

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**After the Program**

1. Design a survey that explores the shopping habits of individuals. Include questions about:
  - Family make-up e.g. number of people, age groups, gender etc.
  - The types of products that can be found in their home e.g. entertainment units, mobile phones, computers, iPods etc.
  - What influenced them to buy each product e.g. desire, peer pressure, pricea) Use the results to create a written report that summarizes your findings.
2. In small groups explore an example of a successful advertising campaign. Identify the target group and the different strategies and techniques that have been used to try to sell the particular product or service.
3. Write an article about being a Clever Consumer. Refer to the different key points raised in the program such as impulse buying, the need for a list and budget, researching your purchases, consumer scams to avoid, the problems associated with online shopping etc.
4. Select a website from the list below and conduct a critical evaluation of it.
  - [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)
  - [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)
  - [www.moneystuff.net.au](http://www.moneystuff.net.au)
  - [www.scamwatch.gov.au/](http://www.scamwatch.gov.au/)a) Create a table and use the following headings to guide you in your assessment:
  - Target audience for the website
  - Purpose
  - Description of the navigation tools e.g. icons, headings etc.
  - Use of visual techniques such as color, images, icons etc
  - Accessibility of the website in terms of language, use of jargon, statistics etc.b) Decide on the effectiveness of the website and write a short paragraph commenting on this in relation to the target audience and the purpose of the website.
5. Visit the consumer online website – [www.accc.gov.au/content/index.phtml/itemId/815215](http://www.accc.gov.au/content/index.phtml/itemId/815215) and select one issue from the range available on the home page. Research this issue and develop an information pamphlet that would help other students become clever consumers.  
For example if you click onto the mobile phone link you will find information about mobile phone contracts, ring tones, problems with handsets etc. Read this and then use it as a basis to create your own pamphlet.

## Suggested Student Responses

### During the Program

1. Explain the difference between:
  - a) Needs and Wants  
**A need is a good or service that people think is essential or a necessity to survive e.g. food. A want is a good or service that assists us in the enjoyment of our life, but we can live without it e.g. a big screen television.**
  - b) Goods and Services  
**A good is a tangible thing that people buy, like a computer or mobile phone. A service is something that someone does for you in return for payment. It is intangible e.g. plumbing repairs.**
2. Christopher Zinn from Choice magazine suggests we **create a list and keep to a budget** to avoid buying things on impulse.
3. List two things you should do as an informed consumer.  
**Possible answers include:**
  - **Research what you want to buy**
  - **Consult different sellers**
  - **Ask experts for advice**
  - **Use the Internet to compare the prices of different suppliers who are in competition with each other**
  - **Research the choice of outlets for your purchases**
  - **Ask questions of the vendor and try to negotiate on the price**
  - **Take your time when shopping and avoid buying on impulse**
4. Describe three scams that consumers need to be aware of.  
**Possible answers include:**
  - **Russian wife letter**
  - **Bait and switch advertising**
  - **Receiving unsolicited goods**
  - **Mobile phone scam where mobile phone companies sign people up for an expensive subscription**
  - **Pyramid selling**
  - **Phishing – soliciting information about individual and using it for financial gain**
5. What is the 'man in the street' test and when does it apply?  
**The test is to ask yourself: if a stranger in the street asked you the same questions, would you answer them? Supplying information over the Internet for online shopping, and various scams like free items over the net, is the same as supplying personal information to 'the man in the street'.**

6. Online shopping has become more popular with the increased use of the Internet in the home. Suggest two precautions that a clever consumer should be aware of when shopping online.

**Possible answers could include:**

- **Never post your personal information on the Internet where a scammer can exploit it.**
- **Enforce a cooling off period or talk to friends about an online offer before you take it up – some offers really are too good to be true.**
- **Be careful of online shopping as you can't see or touch a product that you buy. Remember transactions from overseas can go wrong and you may not have any legal remedy.**
- **Check with the vendor about their return policy before you commit to buying online.**
- **Auction sites can sell products that may not be in good working order, so be aware that you pay for what you get.**
- **Be on the alert for fake Internet sites.**
- **Remember there is a high risk of fraud when you use credit cards to pay for items online. So restrict yourself to small purchases and check banks statements regularly.**
- **Make sure you have a physical address and telephone number of the person you are buying from online.**

7. Define the following terms:

a) Vendor

**A vendor is someone who sells goods and services to consumers**

b) Statutory Warranty

**Laws designed to ensure that a product is fit for the purpose it was intended. This means that the product should be of the quality stated, it should match the description and work for a reasonable amount of time.**

c) Copyright

**The exclusive rights granted to the author, composer, filmmaker etc. of their original work**

8. Consumers are influenced by a range of things when they go shopping. Describe one of these influences.

**Possible answers include:**

- **Hunger – we tend to make impulsive food choices, buy too much or fall for the two for one deals rather than make informed choices when we shop on an empty stomach**
- **Falling for the sporty or adventurous gimmicks when buying particular items like a deodorant**
- **Values - trying to select the environmentally friendly alternative which may be more expensive, because we want to reduce our carbon footprint**
- **Selecting the designer brands where you pay more for the name of the brand rather than for the quality**
- **Peer pressure – the need to belong**

9. Marketers use fashion and image to manipulate our choices as consumers every day. What is marketing all about?

**Marketing is the matching of the product to the needs of its target market through the right packaging, promotion (which also includes advertising), pricing and placement, to persuade the consumer to buy.**

10. To be Clever Consumers we need to:

- **Stay informed about goods and services in the marketplace**
- **Take our time when we make purchases**
- **Research the products we want to buy, and avoid making purchases on impulse or to meet our emotional needs**