

***Unit C: Consumer Decisions***

***Half Course II***

## ***HALF COURSE II***

### **Unit C: Consumer Decisions**

**Hours: 7**

#### **General Learning Outcome:**

**Make informed consumer decisions.**

*The intent of the unit is to make students better consumers by considering of some of the factors that are important in consumer buying.*

#### **Specific Outcomes**

- C-1 Determine the best buy on a consumer item and justify the decision.
- C-2 Solve problems on the application of sales taxes in Canada.
- C-3 Describe a variety of sales promotion techniques and their financial implications for the consumer.

# ***CONSUMER DECISIONS***

## **Instructional Materials**

- calculator
- spreadsheets
- Internet
- store flyers
- *Buyer Be Aware* video
- *Essentials of Mathematics 10*

## **Connections with Problem Analysis and Analysis of Games and Numbers**

Any of the Problem Analysis and Analysis of Games and Numbers activities may be used with any unit.

Multiple Discounts

Purchasing Lumber

**PRESCRIBED LEARNING  
OUTCOMES**

**General Outcome**

Make informed consumer decisions.

**Specific Outcome(s)**

C-1 determine the best buy on a consumer item and justify the decision

**SUGGESTIONS FOR INSTRUCTION**

People work hard for their money. Most people need to spend their money carefully. Being a wise consumer means getting the best value for your money and analyzing your needs and wants to ensure your satisfaction with the choices you make. If you determine your needs ahead of time, you can then shop for quality and price. Being a wise consumer also means balancing the need to spend your money carefully with the amount of time and energy it takes to make the purchase. For example, spending several hours in travel time and comparing products to save an extra \$1.00 on a hair product is probably not a wise use of time.

Shopping around for the right product at the right price is called **comparison shopping**. The main advantage of comparison shopping is to achieve the best deal to satisfy your needs and wants with the money you have to spend while considering the value of your time.

Today, another way to conduct shopping is using the Internet. Using the Internet to conduct e-commerce is like having a 24-hour shopping mall offering everything from groceries to books. Shoppers can browse at their own pace and decide if they want to order from the wide product selection available online. This one-stop shopping can be an advantage for convenience-oriented consumers who can comparison shop and make purchases on their own terms. Consumers may also benefit from lower prices resulting from greater competition and reduced supplier overhead costs.

C-1.1 Complete and discuss the survey titled “The Careful Shopper,” Appendix A-1.

C-1.2 Consider the following when discussing “best buy”:

- packaging — amount it costs; environmental factors
- unit pricing — the best price among different sizes of the same product
- comparison shopping—amount of saving vs time used
- brand names versus generic
- bulk versus packaged quantities
- cost factor and storage space available
- use of coupons
- amount of discount and how it is applied
- measure of quality (e.g., mixed nuts, meat in canned stews)

*(continued)*

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	✓ <b>Problem Solving</b>
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	✓ <b>Technology</b> Visualization

**SUGGESTIONS FOR ASSESSMENT**

**Mental Math**

Have students compare some products without using a calculator. Which is the better buy?

- 1. 500 g costs \$4.98                      2. 2 boxes cost \$6.00  
    1 kg costs \$9.49                      1 box costs \$3.25
- 3. 341 mL can costs \$1.69  
    2–341 mL cans cost \$3.49

**Investigation/Project**

*Comparison Shopping*

The following investigation involves checking the prices of two different sizes of the same 10 products at a grocery store of your choice. The data compiled for this investigation can be included in a portfolio. This chart could be completed using a spreadsheet.

Students write a summary of their findings when comparing the different sizes.

**SUGGESTED LEARNING RESOURCES**

**Print**

*Senior 2 Consumer Mathematics (25S) Part II: A Course for Distance Learning.*  
 Winnipeg, MB: Manitoba Education and Training, 2000.  
 — Module 10

Baron, Celia, Rick Wunderlich, and Leanne Zorn. *Essentials of Mathematics 10.*  
 Vancouver, BC: British Columbia Ministry of Education, 2002.  
 Chapter 4  
 ISBN 0-7726-4675-9

**Multimedia**

Federal Business Development Bank (videos and print material)

Item	Brand Name	Smaller Container			Larger Container		
		Size	Cost	Unit Price	Size	Cost	Unit Price
1. milk							
2. yogurt							
3. breakfast cereal							
4. ketchup							
5. can of tomato sauce							
6. sugar							
7. potato chips							
8. peanut butter							
9. shampoo							
10. toothpaste							

**PRESCRIBED LEARNING  
OUTCOMES**

C-1 determine the best buy on a consumer item and justify the decision  
– *continued*

**SUGGESTIONS FOR INSTRUCTION**

***Example 1***

Which is the better buy, given that the tins are the same size:

3 tins for \$1.00

2 tins for \$0.68

*Solution*

$$\$1.00 \div 3 = 33\frac{1}{3}\text{¢}$$

$$\$0.68 \div 2 = 34\text{¢}$$

It is cheaper to buy three for \$1.00.

***Example 2***

Find the unit price for each product listed:

apples	0.5 kilogram	\$0.99
perfume	50 mL	\$60.00
cola	2 litres	\$1.69

*Solution*

apples  $\$0.99 \div 0.5 = \$1.98$  per kg

perfume  $\$60.00 \div 50 = \$1.20$  per mL

cola  $\$1.69 \div 2 = \$0.845$  per litre

C-1.3 Make the unit more relevant to students through periodic updating to current prices which could be obtained from the Internet or local advertisements in newspapers.

C-1.4 Use spreadsheets to compare unit pricing of different items and total prices.

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	✓ <b>Problem Solving</b>
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	✓ <b>Technology</b>
	Visualization

**SUGGESTIONS FOR ASSESSMENT**

**SUGGESTED LEARNING  
RESOURCES**

**Investigations/Projects**

1. You want to purchase a new stereo system. Visit two to three stores that sell the product and compare the stores on the following criteria: price, brand name, store assistance/service, warranty, quality/performance, and other features. **Note:** This could be set up in a word processing table. A brief report could be included at the end to summarize the decision made and why.
2. Suppose you were planning to sell a product that the average family would buy and use. How would you design a package for this product so that the average family would be willing to buy it instead of other products?

**Journal Entries**

1. Think of a situation where you bought something and were not satisfied with it once you got home. Discuss what the item was, why you were not satisfied, and what you did about it.
2. What are some of the advantages and disadvantages of comparison shopping?
3. What are some of the things that can influence your purchase decisions? Name and discuss three items (i.e., peers, advertising, fads/trends, cost, et cetera).
4. You have been asked to write an article for a consumer magazine dealing with spending your money wisely. Write a one-page article outlining consumer tips on how to shop wisely.
5. At Kidd's Korner Store, I can buy four cans of spaghetti for \$3.45. At H&R the same spaghetti sells at three cans for \$2.53. Which is the cheaper price? Show your work.
6. T-shirts are being sold at one store at three for \$20.00. At another store they are being sold at four for \$25.00.
  - a) Find the unit prices.
  - b) Find the total cost at each store including taxes for 12 T-shirts.

**Internet**

- Office of Consumer Affairs  
Website  
<<http://strategis.ic.gc.ca/oca>>
- Canadian Foundation for  
Economic Education  
<[www.cfee.org](http://www.cfee.org)>
- "Choices and Decisions:  
Taking Care of Your  
Financial Life." Order  
information at  
<[www.intramurals.ca](http://www.intramurals.ca)>

**PRESCRIBED LEARNING  
OUTCOMES**

C-2 solve problems on the application of sales taxes in Canada

**SUGGESTIONS FOR INSTRUCTION**

When buying many items, you need to pay tax. In Canada, we have provincial sales tax (PST) and federal goods and services tax (GST). The percent rate of provincial sales tax (PST) varies from province to province, and each province applies sales tax to different products.

In Manitoba, there is PST of 7% and GST of 7%. When you buy some goods, you need to think not only of the price but of how much more it will cost with tax.

C-2.1 Discuss the PST (Provincial Sales Tax) and GST (Goods and Services Tax) sales taxes and show how they are applied.

***Example***

How much tax will Susan pay when she buys a stereo surround sound priced at \$2595 in Manitoba? How much will she pay altogether for the system?

***Solution***

$$\text{PST} = \$2595.00 \times 0.07 = \$181.65$$

$$\text{GST} = \$2595.00 \times 0.07 = \$181.65$$

$$\text{Total tax} = \$181.65 + \$181.65 = \$363.30$$

$$\text{Total price of the stereo} =$$

$$\$2595 + \$363.30 = \$2958.30$$

C-2.2 Spreadsheets can be used to calculate sales taxes.

C-2-3 See Appendix A-2 for a map showing the tax rates in Canada.

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	Problem Solving
✓ <b>Number Sense</b>	Reasoning
Organization and Structure	✓ <b>Technology</b> Visualization

**SUGGESTIONS FOR ASSESSMENT**

**Problems**

1. Johnny bought his ski equipment at the “Winter Sell-Off Sale.” He purchased skis for 50% off the regular price of \$469.95, bindings for 30% off the regular price of \$295.95, boots for 20% off the regular price of \$199.95, as well as an assortment of clothes and accessories out of the bargain bin for \$117.68. Calculate his total bill including taxes.
2. Paul bought socks for \$4.50, jeans for \$35.45, and a sweater for \$23.60. How much will Paul’s total bill be if he also has to pay PST and GST?
3. The Carr’s Clothing Store has jeans on sale for \$34.25, when the original price was \$45.99. Klingons Jean Store has the same jeans on sale for 30% off. Their regular price is \$48.99.
  - a) What is the savings for each before taxes?
  - b) What is the total cost for each after taxes?
  - c) Which is cheaper and by how much?
4. Corey buys a jacket on sale for \$53.99. Before the sale the jacket cost \$63.89. What is her percent rate of savings?
5. Andrea goes to her local department store and buys the following items:
 

<b>new price</b>	<b>old price</b>
1 shirt @ \$16.99	1 shirt @ \$18.99
2 pairs socks @ \$2.67 each	2 pairs of socks @ \$3.29 each
1 sweater @ \$19.99	1 sweater @ \$25.50

  - a) Find the percent rate of savings for each item.
  - b) Find the total bill and include the taxes.

**SUGGESTED LEARNING RESOURCES**

**Print**

*Senior 2 Consumer Mathematics (25S) Part II: A Course for Distance Learning.* Winnipeg, MB: Manitoba Education and Training, 2000.  
 — Module 10, Lesson 4

**PRESCRIBED LEARNING  
OUTCOMES**

C-3 describe a variety of sales promotion techniques and their financial implications for the consumer

**SUGGESTIONS FOR INSTRUCTION**

Many stores offer different types of promotions. Some stores offer air miles as an incentive to shop there. Some places will give you a gift if you buy in their shop; others try to get you to come to their stores by offering an incentive plan of “don’t pay for one year.” Other stores may offer “buy one at regular price and get the second one at half price.”

When you look at these promotions, you need to ask yourself some questions. They may include: Do I need this item? Is it worth the amount of gas to go to that store? If I go to another store that does not give a gift, will I get the item cheaper? Is it cheaper to pay cash immediately or do I wait for a year before I pay for the item? Usually, if you do not pay immediately, you will have to pay interest on the item and that interest rate can be higher than borrowing money from a bank.

C-3.1 Advertising is all around you. It appears in the magazines you read, the television you watch, and the clothing you wear. On average, it is estimated you see or hear hundreds of advertisements each day.

Advertising has two purposes: one purpose is to provide you with factual information; another purpose is to persuade you to buy. Advertisers use a variety of techniques to encourage you to buy. Often these techniques appeal to your emotions, such as fear or happiness, in an effort to manipulate you into buying.

The following is a list of techniques used by advertisers to convince you to buy their products. The techniques are taken from *Project Real World*, Module 1, written by the Federal/Provincial Consumer Education and Plain Language Task Force.

**Convincing You to Buy**

***Special Language***

- Products are called “new” or “improved” to encourage us to try them again.
- Advertisers claim their product is “one and only” or “only in Canada.” This implies that being unique and different makes the product special and best.
- A comparison is begun but not finished. For example: “We give you more.” More what? More than whom? The comparison implies “more” than other brands but it is not finished.

*(continued)*

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	Problem Solving
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	Technology Visualization

**SUGGESTIONS FOR ASSESSMENT**

**Investigation**

Your investigation is to obtain copies of advertisements that use one or more of the identified techniques to manipulate you into buying a product. The advertisements may be the original copies, or photocopies from a newspaper or magazine, and/or audiotapes from radio, and/or videotapes from television. You are to submit 10 different advertisements. For each of the 10 advertisements, identify which technique(s) is (are) being used with a brief explanation (a few sentences) explaining how you are being manipulated into buying the product. The 10 advertisements must include at least six different techniques.

This investigation could be used for a portfolio entry.

**SUGGESTED LEARNING RESOURCES**

**Multimedia**

*Buyer Be Aware*, video, available at Manitoba Education, Training and Youth Library (Call Number: VT-0686)

**Print**

*Senior 2 Consumer Mathematics (25S) Part II: A Course for Distance Learning*. Winnipeg, MB: Manitoba Education and Training, 2000.  
— Module 10, Lesson 5

Local newspapers, flyers, and magazines

**PRESCRIBED LEARNING  
OUTCOMES**

C-3 describe a variety of sales promotion techniques and their financial implications for the consumer  
– *continued*

**SUGGESTIONS FOR INSTRUCTION**

- Vague claims are made about products.
- A question is asked but no answer is expected.  
Example: Why not change the things you can?
- Advertisers play on our feelings of fear or guilt. They tell us that with their product we won't fail or be rejected.
- Slogans and songs are used in advertising. Soon we are able to hum the song as soon as we see the words.  
Example: "When you eat your Smarties do you eat the red ones last?"
- Advertisers repeat the name of the product or the company throughout an advertisement. This repetition helps us to remember the name.
- The product is portrayed as special, important, or reserved for a special class. The implication is that if we buy this product we will be special too.
- Statistics and graphs are used to make an advertisement appear to be supported by scientific proof.
- Sometimes advertisers try to flatter you through the language used in the ad. Example: "Nobody tries to sell you a label."

***Methods of Presentation***

- *Interview:* People who use the product are interviewed. Those who give favourable responses make it to print.
- *Testimonial:* Stars and sports heroes are used to endorse a product. The idea is "if it's good enough for my hero, it's good enough for me."
- *Demonstration:* Ads may demonstrate how quick and easy their product is to use.
- *Implied Promise:* Ads are often set in beautiful places or among people having fun. It is implied that by using the product you too can experience these things.
- *Premiums:* Ads may offer free gifts or coupons to encourage you to buy the product.
- *Association:* Advertisers try to create a scene which we will associate with happy memories. It is hoped that our warm, happy feeling will come back when we see the product in the store.

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	Problem Solving
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	Technology Visualization

*(continued)*

**SUGGESTIONS FOR ASSESSMENT**

**SUGGESTED LEARNING  
RESOURCES**

**Journal Entries**

1. “Let the buyer beware” is an old saying. How can you follow this advice?
2. How does advertising help you to follow this advice? How does advertising make it difficult for you to follow this advice?

**Projects**

Select two advertisements for products or services aimed at teenagers. Analyze the ads and, in one or two paragraphs, summarize the following:

- How they are aimed at teens
- What wants or needs are trying to be satisfied
- What your impressions are of the ads

**PRESCRIBED LEARNING  
OUTCOMES**

C-3 describe a variety of sales promotion techniques and their financial implications for the consumer  
– *continued*

**SUGGESTIONS FOR INSTRUCTION**

***Images***

- *Stereotyped:* Certain images of what people are and should be are created in ads. Masculine and feminine roles are assigned by advertisers.
- *Sex Appeal:* Women may be used as decorations to sell everything from cars to alcohol. The message is directed to men and suggests that if you use this product you'll attract women like the women in the ads.
- *Physical Prowess:* Products for men are often promoted as being for the man who is active, adventurous, and physical.
- *Physical Transformation:* Products are promoted as having the ability to change your body or your looks.
- *Enhanced Self-Image:* Ads may promote products by using our dreams of what we want to be.
- *Social Status:* The message in these ads is that only the rich and famous have this product so if you have this product, you must be rich and famous too.

(Taken from *Project Real World* by the Federal/Provincial Consumer Education and Plain Language Task Force. © 1991 Her Majesty the Queen in Right of Canada, represented by the Minister of Industry. All rights reserved.)

C-3.2 Have students investigate various sales promotion techniques including:

- discounts
- air miles
- no interest/direct payment/do not pay for a year
- gifts
- no sales tax
- memberships

C-3-3 Provide students with examples of various sales promotions found in newspapers and flyers. Construct questions based on these examples.

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	Problem Solving
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	Technology Visualization

*(continued)*

**SUGGESTIONS FOR ASSESSMENT**

**Project**

Ask students to find examples of various sales promotions in newspapers and flyers. Ask students to construct questions based on these examples.

**Investigation**

After viewing the video *Buyer Be Aware*, find three offers that appear “too good to be true.” If an offer appears in a newspaper or magazine, include the offer or a photocopy of it with the investigation. If the offer appears on the radio or television, tape it and include the tape with your investigation. For each of the three offers, explain the pitch and what you believe will happen.

**SUGGESTED LEARNING  
RESOURCES**

**Multimedia**

*Buyer Be Aware*, video,  
available at Manitoba  
Education, Training and  
Youth Library (Call  
Number: VT-0686)

**PRESCRIBED LEARNING  
OUTCOMES**

C-3 describe a variety of sales promotion techniques and their financial implications for the consumer  
– *continued*

**SUGGESTIONS FOR INSTRUCTION**

C-3.4 *Buyer Be Aware* deals with offers that appear “too good to be true.” The video illustrates common schemes that bilk unsuspecting consumers of millions of dollars each year. The schemes are not necessarily fraudulent or illegal. They succeed largely because of consumer ignorance. Some of the schemes exploit young people just starting on their own.

*Buyer Be Aware* presents 10 schemes from the viewpoint of a prospective customer. After each questionable “pitch,” the video offers you a chance to stop the tape and figure out what you believe will happen in each scenario. When you resume the tape, the video reveals the “hook” for that scheme.

Services of the Manitoba Consumers’ Bureau are available to all Manitoba residents. If you have a question or complaint about a car repair, door-to-door sale, mail-order purchase, warranty, et cetera, you can contact the Manitoba Consumers’ Bureau.

✓ <b>Communications</b>	Patterns
✓ <b>Connections</b>	Problem Solving
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
Organization and Structure	Technology Visualization

**SUGGESTIONS FOR ASSESSMENT**

**Journal Entry**

Write a paragraph explaining how you can be a wise buyer.

**SUGGESTED LEARNING  
RESOURCES**

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# Appendix

## Appendix A-1: The Careful Shopper

**Directions:** Use this scale as you answer each item.

- 4 Always
- 3 Often
- 2 Rarely
- 1 Never

- |                      |   |
|----------------------|---|
| <input type="text"/> | 1. I consider what I need and want as well as the price before deciding what to buy.                            |
| <input type="text"/> | 2. I decide what products and services to get before I go out to buy.   |
| <input type="text"/> | 3. I make a list and follow it when shopping.   |
| <input type="text"/> | 4. I check for the price and the quality of different brands at different stores before I buy.                  |
| <input type="text"/> | 5. I read the labels and the guarantees given on purchases and follow any directions given.                     |
| <input type="text"/> | 6. I look at ads to get information about products or services.   |
| <input type="text"/> | 7. I find information about products and services from other places besides just looking at ads.                |
| <input type="text"/> | 8. I let manufacturing companies and businesses know what I like and dislike about their products and services. |
| <input type="text"/> | 9. Before buying a product I check it out by trying it.   |

Add up your scores for each item. Rate yourself according to this scale:

- |         |   |
|---------|---|
| 28 – 36 | Super-Duper Shopper   |
| 19 – 27 | A Good Consumer   |
| 10 – 18 | Poorly Prepared Purchaser   |
| 0 – 9   | You <b><i>Desperately</i></b> Need to Learn How to be a Good Shopper! |

## Appendix A-2: Map—Sales Taxes in Canada

