



Lesson 4: Being a Savvy Shopper

TOPIC: Smart Shopping

OVERVIEW:

Building on prior buying decision knowledge, the shopping smart lesson will use research to help learners explore how to find the best value for goods and services. Using examples relevant to their lives, students will also explore the impact of advertising on their shopping decisions.

OBJECTIVES:

1. Consider the role of needs and wants in decision making
2. Evaluate the credibility and motivation of marketing and advertising
3. Distinguish the best value of goods and services
4. Define and apply opportunity cost to purchases

INDIVIDUAL HANDOUTS:

- None

GROUP HANDOUTS:

- Cell Phone #1
- Cell Phone #2
- Cell Phone #3

TEACHER PRESENTATION SLIDES:

- Cereal Advertisement

ESSENTIAL QUESTIONS:

- What tactics do advertisers use to entice consumers? How can I overcome these tactics?
- How do I navigate the marketplace to be a smart shopper?
- What are needs and wants? Are they the same for everyone?
- What is an opportunity cost?

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Activity:** Dissecting an Advertisement

Post-Assessment:

- **Activity:** Savvy Shopper
- **Activity:** Student Choice Wrap Up

Time: 45 min

Supplies:

- Loose-leaf paper for Wrap Up activity
- Projector (for teacher presentation slides)
- Access to the Internet (optional)
- Suggested books (optional):
 - *Banking* by Barbara Allman

Preparation:

- Make copies of student handouts and group handouts
- Set up projector with presentation slides
- Set up individual or group computers with access to the Internet (optional)

Glossary with key vocabulary 15

Instruction Steps

WARM UP

Dissecting an Ad

5 MINUTES



Ask students:

- Think of your favorite breakfast cereal. Imagine the box.
- How does it advertise the cereal?

Display the **Cereal Advertisement** slide or search online and display the classes' favorite cereal. Ask students to study the advertisement carefully, and consider:

- *Is cereal a need or a want? How do our needs and wants impact our spending?*
- *Is this a product that you would purchase? Why or why not? (Ask students to consider both needs and wants as they discuss their answers.)*
- *What is the purpose of advertisements?*
- *What tactics does this advertisement take to try to convince you to purchase the product?*
- *Do you think these advertising tactics will work? Why or why not?*
- *As a consumer, is there any way that you can fend off those tactics?*

Students should recognize such strategies as:

- *Bright colors* – make the product eye-catching
- *Cartoon character* – appeals to kids
- *Eye contact from character* – establishes trust between the consumer and the brand
- *Celebrity endorsement* – increases the brand's visibility

MONEY SMART TIP!

Today's kids have a buying power in the range of \$1.2 trillion. That buying power includes the money that kids spend, the money that parents spend on their kids, and the influence that kids have on the purchases that their parents make. For example: 60 percent of kids have influenced their parents' decision on purchasing a new car.

www.democraticmedia.org/kids-spending-and-influencing-power-12-trillion-says-leading-ad-firm

GUIDED EXPLORATION

Becoming a Savvy Shopper

30 MINUTES

Explain that today they will each be making a decision about purchasing a new cell phone and pitching a cell phone for sale to the class. They will have to navigate the marketplace in order to make their decisions, but you won't be helping them navigate the marketplace before they make their decision. They might be misled along the way, they might miss some information along the way, or they might prove themselves to be savvy shoppers despite those tricks.

Have students work in small groups and provide each group with one of the following group handouts: **Cell Phone #1, Cell Phone #2, or Cell Phone #3**. Each group will work with their team to create a 2-minute pitch for their phone. They will need to create a name for their phone, a visual and a short statement. They may use some of the advertising tactics already discussed in class as well as other ideas in their group.

Have each group present their pitch. Ask students to choose which phone they would buy based just on the class ads. Explain to students that, now that they've made a snap decision about their cell phone purchase, they need to reevaluate their decision more carefully. Ask students to rejoin their group, this time looking at each of the three cell phone profiles in more depth. Have groups discuss what advertising tactics different groups used. Then have groups review the fine print for details that might change their choice of cell phone.

Grade-Level Modifications:

Beginner: Model reviewing one of the group handouts. Create a process chart to help students review the remaining handouts on their own.

Advanced: Allow students to do online research to see if they can find another cell phone that they would prefer to purchase instead of the three options listed on the group handouts.

Introduce to students the concept of an **opportunity cost**, which is the value of possible alternatives that a person gives up when making one choice instead of another, also known as a "trade-off."

Provide students with an example of opportunity cost: *The opportunity cost of buying a car is the money I would have saved by taking the bus to work instead. On the one hand, the bus is a cheaper method of transportation and I would have saved some money. On the other hand, having a car means that I can move from point A to point B more quickly.*

Ask students to determine an opportunity cost for their cell phone in pairs or small groups. Have students weigh the benefits of both decisions.

Next, have student groups share their opportunity costs and benefits. (*Possible answers:* The opportunity cost of buying this cell phone is the money I would have saved by purchasing the cheaper cell phone. On the one hand, I would have saved money by purchasing the cheaper cell phone. On the other hand, having the more expensive cell phone means that I can save money on other technology because this cell phone can search the Internet.)

WRAP UP

Student Choice

10 MINUTES

Give students two choices for their Wrap Up activity:

- Create a cheat sheet for spotting advertising tactics for other students your age. It should demonstrate an understanding of the advertising tactics that we talked about in class today and how you might see them used to market products.
- In a quick-write prompt, ask students to reflect on a time when they experienced an opportunity cost. Students should write about the decision they made and the opportunity cost. Similar to their classwork earlier, students should also weigh the benefits of each option.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Create a script for a public service announcement (PSA), giving tips to your peers about smart shopping strategies. If resources allow, film the PSAs and broadcast to the school or local community.

Additional Readings/Resources:

What's in an Ad: Ad Techniques by Scholastic: An guide written for kids about identifying advertising techniques and spotting how they influence purchase decisions.

www2.scholastic.com/content/collateral_resources/pdf/smp/ftc_admongo/FTC_Student_Worksheet_2.pdf

Build a Healthy Diet with Smart Shopping by the U.S. government: Tips for smart shopping at the grocery store.

www.nutrition.gov/subject/shopping-cooking-meal-planning/food-shopping-and-meal-planning/build-healthy-diet-smart-shopping

MATH

Activity/Project Ideas:

Ask students to track their spending for a period of time. Once students have completed their tracking, they should analyze their spending. Were their purchases primarily for needs or wants? How much did they spend overall? Were there any spending trends – specific stores, specific products?

SOCIAL STUDIES AND ECONOMICS

Activity/Project Ideas:

Allow students to study some of the government's advertising regulations. What do the regulations say? Why do these regulations exist? Do you think the government should have additional regulations? Check out a few lists of regulations at <http://business.ftc.gov/advertising-and-marketing>.

Study the changes in advertising over the past 100 years. What has changed? Why has it changed? How does the change in advertising affect you? What do you think advertising will look like in the future? www.aaaa.org/timeline/

TECHNOLOGY

Online Games/Tools:

Ad Mongo: Dissect advertisements and recognize the techniques advertisers use to sell products. <http://www.admongo.gov/>

You Are Here: Where Kids Learn to Be Smarter Consumers by the Federal Trade Commission: Play consumer-oriented games, design advertisements, and learn to protect yourself and your finances. <https://www.consumer.ftc.gov/sites/default/files/games/off-site/youarehere/index.html>

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Calculating energy costs

Students calculate the yearly costs of operating energy-efficient appliances and light bulbs and compare them to the costs of using standard appliances and bulbs.

www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/calculating-energy-costs/

Comparing video game subscriptions

Students read a scenario, compare the cost of video game subscriptions, and analyze the benefits and drawbacks of each option.

www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/comparing-video-game-subscriptions/

Exploring the influence of advertisements

Students create a short public service announcement about techniques advertisers use to persuade people to buy things.

www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/exploring-influence-advertisements/



Lesson 4: Being a Savvy Shopper

CELL PHONE #1: THE C1000

Use with *Becoming a Savvy Shopper* activity. One copy per group.

The C1000 offers the following features:

- 3 speakers
 - An 8-megapixel camera
 - Fingerprint sensors
 - 1,080p HD video recording
 - GPS with navigation
 - 12-hour battery life*
- *Maximum based on consumer trials**

LOOKING TO PURCHASE THE C1000?

Try these two stores:

The Cell Phone Warehouse

\$699.99*

***Does not include the cost of the cell phone battery, estimated at \$45.**

Electronics and More

\$649.99†**

****Does not include the cost of the cell phone battery, estimated at \$45.**

†Cost is only with the trade-in of another phone.





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CELL PHONE #2: THE PRIME

Use with *Becoming a Savvy Shopper* activity. One copy per group.

THE PRIME OFFERS THE FOLLOWING FEATURES:

- Button keyboard
- Calculator
- Bluetooth capability
- Text and picture messaging
- Alarm clock
- E-mail

LOOKING TO PURCHASE THE PRIME?

Try these two stores:

The Cell Phone Warehouse
\$49.99*

Electronics and More
\$49.99*

**Activation fee: \$12*



ONLY the Features you Need!

- Button Keyboard
- Text and picture messaging
- Calculator
- Alarm clock
- Bluetooth capability
- E-mail

ONLY \$49.99!



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CELL PHONE #3: BLAST

Use with *Becoming a Savvy Shopper* activity. One copy per group.

The BLAST offers the following features:

- A speaker
- An 5-megapixel camera
- GPS with navigation
- 10-hour battery life
- Audio jack to listen to your music anywhere
- Web-browsing capabilities

LOOKING TO PURCHASE THE BLAST?

