



Grades 6-8

Lesson 7

## SAVVY SHOPPING

**Key concepts:** How to choose among consumer goods and services; comparison shopping.

**Summary:** Students learn about the important role of information in successful purchasing. Consumers need information both about themselves and about the products on offer in order to make good selections.

### **NJ Core Curriculum Content Standards for Personal Financial Literacy:**

Standard 9: 21<sup>st</sup> Century Life and Careers

Standard 9.2 Personal Financial Literacy:

Becoming a Critical Consumer: 9.2.8.B.3, 9.2.8.E.1

Standard 9.1 21<sup>st</sup> Century Life and Career Skills:

Critical Thinking and Problem Solving Skills 9.1.8.A.1

### **National Standards in K – 12 Personal Finance Education (from Jump\$tart Coalition):**

Financial Responsibility and Decision Making:

Standard 1: “Take responsibility for personal financial decisions.”

Standard 2: “Find and evaluate financial information from a variety of sources”

Standard 4: “Make financial decisions by systematically considering alternatives and consequences.”

**National Content Standards in Economics (from Council for Economic Education):** Standard 2: Decision making, evaluating alternative costs and benefits

**Rationale:** This lesson is intended for middle school students in 6<sup>th</sup> through 8<sup>th</sup> grades during two, successive 40 - 50 minute time period(s). The lesson teaches students how to gather information about consumer products and to compare goods. Students learn how to choose which products best meet their criteria.

**Lesson Objectives:** Students will be able to:

- Understand the role of their own needs, wants and goals in making good choices when purchasing.
- Understand the importance of collecting and evaluating information about products on offer.
- Explain how unit pricing works.

- Balance the various factors at play in making good choices as a consumer.

**Materials:**

- Unit Pricing Worksheet (Student version)
- Unit Pricing Worksheet (Teacher version)
- Product features worksheet
- Retail catalogues, printed sheets from retailer web pages, or internet access
- Optional: Groceries or photos of groceries  
*\*Materials not attached to this file may be found in a separate resource file.*

**State the Objective:** Tell the students what they will be able to do upon conclusion of the lesson.

“Today we are going to learn about comparison shopping and how to evaluate consumer products.”

**The Lesson Procedure****Introduction**

Begin by standing in front of the class and facing the students. Say: “I have a consumer in mind. This consumer is trying to choose which is the best item for her to buy: item A, item B, item C, or item D. Which one should she pick?”

Students will likely be confused by this. This is precisely the point. Let them be uncomfortable for a bit, allowing for confused expressions and whispers among them. Indeed, you may want to egg them on a bit: “What’s the problem? A, B, C, or D??? Which is the best one for her? Come on, we have a lot to cover today. What’s the answer?” In expressing their frustration, the students will likely arrive at the answer you are looking for: they cannot answer this question because they do not have sufficient information. They lack information about the consumer herself (e.g., what her needs or wants are, what her budget looks like, etc.) and they lack information about items A, B, C and D. They have no basis for knowing what is “best” because they do not know what the consumer’s criteria is. Nor do they know anything about the items that would enable them to distinguish one from another. What the students need is *information*.

Once the problems associated with the lack of information come to light, tell the students that “if you want to be a savvy consumer, one who makes smart choices when making purchases, you need information. You need to think about what it is you want from a product. You also need information about what you are getting in a product. Once you have this information, you will be in a position to make smart choices.”

Sometimes consumers need a lot of information to make smart choices. Ask the students if they can think of situations where they would need a good bit of information in order to make comparisons and make good decisions as a consumer. Examples may

include “big ticket” items such as a car or expensive television or a vacation package or even relatively less expensive items such as an iPod or a mid-priced camera. There are many features associated with these items. And since the costs can be quite significant, one’s stake in getting it right is high. In other situations, less information is needed. (e.g., the 20 ounce sports drink vs. the 16 ounce one; the shoes found online vs. the ones at the mall). Personal preference or taste certainly plays a role. But it makes good sense (and cents!) to get the most for your money while satisfying your needs and/or wants (see Wow!Zone, Grades 6-8, lesson 3 to learn about creating a budget).

So, in today’s lesson we are going to talk about *comparison shopping* –ways that you, as a consumer, can compare goods and services and make good decisions. First, we’re going to look at what is a fairly straightforward version of comparison shopping: *unit pricing*. Then we are going to talk about more complex comparisons and the types of things consumers need to keep in mind.

### **Part 1: Unit Pricing**

If possible, have some grocery items with you to show to the class or pictures downloaded and displayed on a projector. Have pairs (or more) of items from the same category of product but of differing sizes and (supposed) quality (e.g., some store brand, some national brand). Discuss how grocery stores can be confusing places with so many similar items from which to choose. Students who have helped with the grocery shopping for their family will likely be able to relate to this.

Explain that there is a system that stores use that is designed to help consumers compare products. It is called *unit pricing*. Unit pricing tells the consumer something important that is different from the price that you pay at the register. It provides an easy way for consumers to know how much they are paying for a given amount (or unit) of an item. This is important since products are packaged in different sizes (both within and across brands). Unit pricing allows consumers to compare grocery items packaged in different amounts. Unit prices are usually posted on the shelf where the product is located. (If possible, show the students an image of unit price information as found in grocery stores).

For example, one jar of spaghetti sauce may cost \$4.49 and another costs \$3.99. Assuming both brands are of similar quality, the one that costs \$3.99 would seem to be the better buy, right? But what about the sizes? Maybe you get more sauce for your money with the \$4.49 jar. The only way to tell is to know the cost *per unit* of sauce for each. Since sauce is measured in ounces, you need to know the cost per ounce (per *unit*) for each jar in order to make an accurate comparison.

In the case of the spaghetti sauce, let’s say the \$4.49 jar contains 40 ounces of sauce and the \$3.99 jar contains 32 ounces. To determine the unit price divide the cost of the item by the number of ounces (or units) it contains.

$$\$4.49 \div 32 = 0.14 \text{ per ounce}$$

$$\$3.99 \div 20 = 0.20 \text{ per ounce}$$

In this instance, the sauce that costs more (\$4.49) provides a better value since you are getting more ounces or units of sauce for your money than with the less expensive jar.

Either as a class, individually, or in pairs, have the students work on unit pricing problems. (See Unit Pricing Worksheet). Review the problems together.

Students should note that finding the best value for money should not be the only consideration in making a purchase. Even if a larger size seems to represent a better value, it may not be the best buy if it doesn't conform with the needs, wants and/or goals of the consumer. Indeed, often, larger quantities ("family size," "value packs") have lower unit costs and thus, would seem to be the best buy. But, remind the students, savvy shoppers use information to make decisions and not just information about the products themselves. They also think about the needs, wants and/or goals (and the budget!) of the purchaser (themselves).

For example, if Marina is a single woman who does not really care for ricotta cheese, but needs a small amount for a special dish that she's preparing, should she buy the 15 ounce size that's \$3.99 or the 32 ounce size for 5.99? Consumers need to consider their own usage patterns and storage issues in determining whether an item truly represents a good value *for them*.

In sum, unit pricing provides useful information for consumers. It is a helpful tool that can be used in combination with other sources of information.

## **Part 2: Assessing More Shopping Information**

Just as unit prices help consumers by providing information that enables them to compare products, other forms of information also help consumers make good selections. The type of information one needs to consider varies by product. However, some basic questions can be applied to most consumer purchases. Again, the questions fall into two categories:

### Questions to ask about yourself:

- What am I trying to achieve with this purchase?
- How do I intend to use this product?
- What is my budget?

### Questions to ask about the product:

- What (functional) features does it have? Are they well-designed?
- What (stylistic) features does it have? (Do I like it?)
- Is it durable? (Do I expect it to last, given my intended use?)
- What are the costs?

At first glance, the cost of an item may seem like a straightforward issue. But as we saw with unit pricing, that's not always the case. Consumers need to be sure that they are considering all of the costs associated with each item they consider. That is, they need to have full (or, to the greatest extent possible, full) information. Ask the students to list factors that might affect the final cost of an item. These might include:

- Price
- Coupons or other discounts (e.g., buy one get second half price)
- Shipping and/or handling fees (e.g., for online purchasing)
- Sales tax
- Operating costs (e.g., will you need to buy expensive batteries? A SIM card or similar? Other accessories necessary to use the item, such as ink for a printer?)
- Transportation to the retailer. For example, if gas costs \$4 per gallon then the round trip journey to a “bargain outlet” for a single purchase—with 4 gallons of gas used—that \$16 might be considered part of the purchase price. For what kinds of purchases might it be worth the travel costs?

Other (related) considerations might be:

- Does the product have a warranty?
- What is the retailer's return policy for the item? [Note: if an item was shipped to you, will you pay postage fees to return it?]

After these questions have been introduced, work as a class or divide the students into groups to consider the attributes of particular goods. Use the Savvy Shopping Product Features Worksheet to compare three or four items within the product category (or categories) you choose. Direct the students to retail websites (or printed copies of web pages) or provide catalogues of particular product groups, listing detailed information. Have each group of students (or the class) research a product to determine the features that a consumer would want to consider in order to make a good selection. (The students themselves can act as the consumer in these situations. What features matter most to them?) Each group (or the class) should list the various features associated with three or four products. Below are some suggestions for product categories and the features students/the class might consider:

**Mp3 player:** capacity; clarity; warranty; weight; style; quality of ear buds; ease of use; cost of operation (battery)

**Sleeping bag:** warmth; compactness; weight; style

**Cell phone:** clarity; design of keypad; folding/non-folding; web access; games

**Digital Camera:** zoom; view finder; compactness; lens cap/cover; memory

Discuss the groups' findings. What types of features did they identify? Were they surprised by the number of details to consider? How did prices vary with the features? Were they able to use the information to make comparisons?

**Closing the Lesson:** Review the basic parameters of the lesson. Remind the students of how they could not answer the question you posed at the start because they lacked information about the consumer in question and about the products on offer. In this two-part lesson, the students learned about both a specific (*unit pricing*) and a more general way of assessing consumer goods and services. In both instances, having information was shown to be central to making good selections as a consumer.

### Ways to End and Review Lessons

**Imagine That!:** We often take things for granted when they turn out well. It can be difficult to see the features that matter to us because good performance renders those features invisible (e.g., having a refrigerator that, well, refrigerates!). Have the students think about products they own or have owned that they enjoy (e.g., favorite sweater; flat screen TV; video game). Ask them to imagine that those items turned out to be clunkers. What might have gone wrong? What does that tell you about those features?

**Creative Writing:** Develop any of the following items that demonstrate knowledge of lesson content: Advertisement/Brochure/Riddles. Focus on any new piece of information learned. This will differ from one student to another.

**Role Play:** Assign some students to be salespeople and some to be consumers. Have the consumers ask questions of the salespeople about the various features of the product they are selling. Have the salespeople ask the consumer about how they will use the product, their budget, and/or their goals for the purchase.