

# Chapter 15

## Consumers in the Global Economy

**15-1** Consumer Buying Decisions

**15-2** Consumer Rights and  
Responsibilities

**15-3** Consumer Protection Actions

## LESSON 15-1

# Consumer Buying Decisions

## Goals

- Identify major sources of consumer information.
- Explain wise buying actions.
- Describe the main types of shopping locations.

# Key Terms

- unit price
- brand
- impulse buying

# CONSUMER INFORMATION SOURCES

- Product testing organizations
  - Organizations paid by manufactures
  - Independent testing organizations
- Media sources
  - Print publishers
  - Broadcast organizations
  - The Internet

# CONSUMER INFORMATION SOURCES

*(continued)*

- Government agencies
  - Federal
  - State
  - Local

# CONSUMER INFORMATION SOURCES

*(continued)*

## ■ Business sources

- Advertising
- Product labels
- Customer service departments
- Better Business Bureau

## ■ Personal contacts

# >> CHECKPOINT

What are the main sources of consumer information?

# WISE BUYING STRATEGIES

- Use decision-making
- Comparison shopping



# USE DECISION-MAKING

1. Identify your needs or wants.
2. Know the choices available.
3. Determine your desired satisfaction.
4. Evaluate alternatives.
5. Make the decision.

# COMPARISON SHOPPING

- Compare prices
- Compare quality
- Compare services
- Compare sales
- Compare brands

# WISE BUYING: A SUMMARY

- Take your time
- Time your purchases
- Avoid being impulsive

# >> CHECKPOINT

What decision-making steps should be taken when making a purchase?

# SHOPPING LOCATIONS

- Traditional retailers
- Contemporary retailers
- Non-store shopping

# >> CHECKPOINT

What are the main categories of shopping locations?

## LESSON 15-2

# Consumer Rights and Responsibilities

## Goals

- Explain the consumer movement.
- Explain seven consumer rights.
- Describe consumer responsibilities.

# Key Terms

- consumer movement
- fraud
- guarantee
- express warranty
- implied warranty



# THE CONSUMER MOVEMENT

- Rights 1-4 developed by President John F. Kennedy in 1962.
- Right 5 developed by President Richard Nixon (1969)
- Right 6 developed by President Gerald R. Ford (1975)
- Right 7 developed by President William “Bill” Clinton (1994)

# THE CONSUMER MOVEMENT

## ■ Consumer Bill of Rights

1. The right to be informed.
2. The right to safety.
3. The right to choose.
4. The right to be heard.
5. The right to a remedy.
6. The right to consumer education.
7. The right to service.

# THE RIGHT TO BE INFORMED

- You have a right to know what the product or service is and what it will do for you.

# THE RIGHT TO SAFETY

- Consumers have a right to be safe from harm associated with using products or services.
- Food and Drug Administration (FDA)
- United States Department of Agriculture (USDA)

# THE RIGHT TO CHOOSE

- Consumers have the right to choose from a variety of goods and services.
- Federal Trade Commission (FTC)
- Monopoly

# THE RIGHT TO BE HEARD

- Federal Trade Commission (FTC)
- Office of the Attorney General
- Department of Consumer Affairs
- Better Business Bureau

# THE RIGHT TO A REMEDY

- Consumers have the right to seek a legal remedy when a problem occurs.
- Guarantee – a promise by the manufacture or dealer usually in writing, that a product is of an certain quality.
- Express warranty – made orally or in writing and promises a specific quality of performance.
- Implied warranty – is imposed by law and is understood to apply even though it has not been stated.

# THE RIGHT TO CONSUMER EDUCATION

- Educated consumers are aware that their decisions have economic and social implications.



# THE RIGHT TO SERVICE

- Convenience
- Courtesy
- Responsiveness

# >> CHECKPOINT

How does an express warranty differ from an implied warranty?

# YOUR CONSUMER RESPONSIBILITIES

- Be honest
- Be reasonable
- Be active
- Be informed
- Be involved

# >> CHECKPOINT

What actions can be taken to be an involved consumer?

## LESSON 15-3

# Consumer Protection Actions

## Goals

- List common consumer concerns.
- Describe the steps of the consumer complaint process.
- Explain legal actions available to assist consumers.

# Key Terms

- mediation
- arbitration
- class action suit
- small claims court

# COMMON CONSUMER PROBLEMS

## Sources of complaints

- Motor vehicle purchases, repairs
- Deceptive investments
- Identity theft and credit card fraud
- Guaranteed and advance-fee loans
- Credit repair scams
- Telemarketing, catalog, and magazine sales

# COMMON CONSUMER PROBLEMS

## Sources of complaints *(continued)*

- Internet auctions, online purchases
- Prizes, sweepstakes, and phony lottery promotions
- Work-at-home and start-your-own business opportunities
- Travel and vacation promotions
- Health and diet gimmicks



# DECEPTIVE BUSINESS ACTIVITIES

- Scams, cons, and swindles
- Too good to be true
- Financial losses
- The Internet and online scams

# PROTECTION FOR SHOPPERS

- Federal Laws
- Right to cancel your order
- Credit card bill disputes

# >> CHECKPOINT

What are sources of common consumer complaints?

# THE COMPLAINT PROCESS

**Step 1** Contact the place of purchase

**Step 2** Contact the company  
headquarters

**Step 3** Involve a consumer agency

**Step 4** Take legal action

# CONTACT THE PLACE OF PURCHASE

- Return to place of purchase
- Remain calm
- Provide evidence

# CONTACT THE COMPANY HEADQUARTERS

- Customer service department
- Contact information
- Tell what happened
- Include copies of documentation
- Ask for specific action

# INVOLVE A CONSUMER AGENCY

- When you do not get satisfaction from business
- Consumer agencies
- Public interest organization
- Government agencies

# TAKE LEGAL ACTION

- When the first three steps do not work



# >> CHECKPOINT

List the steps of the consumer complaint process.

# LEGAL ACTIONS FOR CONSUMERS

- Third-party settlements
  - Mediation
  - Arbitration
- Class action suits
- Small claims court
- Using a lawyer

# >> CHECKPOINT

How does mediation differ from arbitration?