TOPIC: Smart Shopping

TIME REQUIRED: 45 minutes   
*(excluding* **Extended Exploration***activities)*

LEARNING OBJECTIVES:

*Students will be able to…*

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

SUPPLIES:

* Projector (for teacher presentation slides)
* Loose-leaf paper for Wrap Up activity
* Access to the Internet **(optional)**

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)**

STUDENT HANDOUT:  
*(found in* **Student Guide***)*

* ***Savvy Shopper***

Group handouts:

* ***Cell Phone #1***
* ***Cell Phone #2***
* ***Cell Phone #3***

TEACHER PRESENTATION SLIDE:

* ***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:**

* **Dissecting an Advertisement** activity

**Post-Assessment:**

* **Savvy Shopper** activity
* **Student Choice Wrap Up** activity

Instruction Steps

Warm Up

Dissecting an Ad [5 minutes]

Display the ***Cereal Advertisement*** slide. 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. [**http://www.democraticmedia.org/kids-spending-and-influencing-  
power-12-trillion-says-leading-ad-firm**](http://www.democraticmedia.org/kids-spending-and-influencing-power-12-trillion-says-leading-ad-firm)

Guided and Independent Exploration

Becoming a Savvy Shopper [30 minutes]

Explain that today they will be making a decision about purchasing a new cell phone. 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***. Give students a short amount of time to look at the three cell phone options. Then ask them to select one. This first round is meant to function as a “snap decision.”

Distribute the ***Savvy Shopping*** student handout. 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 work through the handout step by step, looking at each of the cell phone profiles again in more depth.

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.

After students complete their handout, ask and discuss:

* *Which cell phone did you decide on? What led you to make that decision?   
  How did needs and wants play a role?*
* *Was it the same phone that you picked in your snap decision, before you started the* ***Savvy Shopper*** *handout? If not, what changed? If so, what reinforced your decision?*

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:

1. Create an advertisement to market a product to other students your age. The   
   advertisement should demonstrate an understanding of the advertising tactics that   
   we talked about in class today.
2. 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:**
* *Spending Smarts: 10 Super Shopping Tips* by PBS: An article written for kids about smart shopping techniques, including being patient and being informed. <http://pbskids.org/itsmylife/money/spendingsmarts/article8.html>
* *Smart Grocery Shopping* by the U.S. government: Tips for smart shopping at the grocery store. <http://www.usa.gov/topics/health/food/smart-grocery-shopping.shtml>

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> and <http://www.business.ftc.gov/documents/bus28-advertising-and-marketing-internet-rules-road>.
* 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? <http://blog.designcrowd.com/article/269/the-100-year-evolution-of-print-ads>

TECHNOLOGY

* **Online Games/Tools:**
* AdMongo: 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. <http://www.consumer.ftc.gov/sites/default/files/games/off-site/youarehere/index.html>

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Lesson 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.