



Becoming a Conscious Consumer

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Picture a child on a shopping spree with a wad of holiday cash. Are you visualizing a thoughtful comparison shopper? One who buys store brands instead of designer labels? If the child is like most, just the opposite comes to mind: an impulsive spender looking to blow the bucks quickly on whatever appeals to him or her. And it doesn't help that the retail industry often promotes this reckless spending through their marketing to kids.



One of our tasks as parents or adults in children's lives is to teach them how to become conscious consumers. Being an aware and careful buyer is key to developing life-long responsible spending habits. If these habits are not instilled early, children may grow up purchasing luxuries first, with little left over

for necessities. And life on their own as adults could prove to be a financial nightmare.

So prepare to become a consumer coach and help kids practice conscious spending. Set the stage by teaching a little Economics 101: money is a scarce commodity. In other words, there is not enough money to buy everything they want. So kids must make wise choices in spending their cash to satisfy their wants. Those wise choices should be made on the basis of need first (such as jeans before a video game) And a portion of their income should be saved for the future—you never know what new needs may develop.

Before you head to the mall, take a time out to discuss some conscious consumer tips. Coach them by sharing the following ideas:

- Make a shopping list and stick to it. It will keep you from buying impulsively and having regrets later. Give a “buyer's remorse” example from your own life to make this point.
- Research the products you want to buy, either online, through ads, or in the stores. Do price comparisons to get the best value for your dollars.
- Set a budget or limit on the amount of dollars to be spent. Once you reach that magic number, you're done.
- Buy only items you love, so you will wear or use them over and over again. Just being “on sale” is not a reason to buy it.
- Do you need to buy it today? Really? If you can delay the purchase until next time, you may appreciate it more—and have money left for priority items today.
- When you buy products with designer labels, you are paying for the label as well as the product. Is it worth the price to you?
- Watch out for shopper's envy. Just

because your BFF has a new smartphone doesn't mean you have to buy one. Be an original shopper, rather than imitating others.

- Be aware of marketing tricks. If you have to buy two birthday cards to get one free, you now have three cards when you only needed one.

Now it's time to get in the game. Take your shopper out to practice his or her skills as a conscious consumer. Remember to lead by example. You should model responsible spending by following the coaching tips yourself. Point out situations where you're tempted to buy, but resist and practice being a

conscious consumer instead.

Realize that shopping mistakes may be made on the way to developing responsible spending habits. Conscious consumers are not built in a day. Keep reinforcing your coaching tips and watch for gradual improvement in financial decision-making. You'll know they've arrived when these new habits become second nature and they question YOU on a purchase.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information.

Federal Reserve Resources

"Kids and Money: Teaching Children to Manage Their Finances"

This guide shares budgeting and smart shopping activities. For ages 6-12.

"Great Minds Think: A Kid's Guide to Money"

This booklet gives spending and budgeting tips. For ages 8-12.

Online Resources

"You Are Here"

A Federal Trade Commission website with a virtual mall where kids learn consumer concepts as they visit local businesses. For ages 10-14. (<http://www.ftc.gov/bcp/edu/microsites/youarehere>)

"Smart Shopping"

A website from the Mint that gives tips to teens on ways to stretch their dollar while shopping for clothes, entertainment, electronics and sporting goods. (<http://themint.org/tweens/smart-shopping.html>)

Fiction Books

"Pigs Go to Market" by Amy Axelrod

Mrs. Pig wins a shopping spree at the market. Will she and the piglets make wise shopping choices? For ages 4-7.

Nonfiction Books

"Smart Money Moves for Kids: A Complete Parent's Guide" by Dr. Judith Briles

This book helps parents teach the wise use of money to preschoolers through teens. It includes quizzes, games and money-smart activities. For adults.



Advertising in Action:

Take the Consumer Challenge

Conscious consumers need to be aware that advertisers use different approaches to persuade them to buy their products. Read each advertising approach below and give an example of a commercial or ad you've seen with this approach.

Celebrity Approach: This ad shows a famous person in TV, movies or sports using a product, such as a basketball star wearing a brand of athletic shoes.

My example:

Authority Approach: This ad shows a knowledgeable person, such as a doctor, advertising a product related to their occupation. For example: the best medicine for a headache.

My example:

Bandwagon Approach: This ad convinces you that everyone is using their product, so you should too. Computer or cellphone commercials often use this bandwagon approach.

My example:

Quality Comparison Approach: This ad compares two products and gives reasons why one is better than the other. Car or truck commercials often use this comparison approach.

My example:

Extra Consumer Credit: Find examples of each approach in magazines or newspapers and cut them out to make a "consumer collage!"