

# A Smart Consumer

Name: \_\_\_\_\_ ( ) Class: \_\_\_\_\_ Date: \_\_\_\_\_

## Objectives:


1. Understand the value and price of products and services
2. Compare the pros and cons of different retail channels (including online shopping)
3. Understand the prices of most consumer products

## Activity 1 (Suitable for less capable students)

### Group Discussion (My favourite brand)

Write down your favourite brand and three reasons for choosing this brand. Then, discuss the following questions in a group. Upon completion, send a representative to report to the teacher and classmates.

Divide students into groups (clothes, shoes and mobile phones). Ask them to write down their favourite brands and three reasons for choosing the brand. Discuss why people are willing to pay more to buy branded products and why there are price differences for the same type of products. Upon completion, ask students to send representatives to report to the teacher and classmates.

			
Favourite brand	Open-ended answer	Open-ended answer	Open-ended answer
Reasons of choosing	1. Well-known 1. <u>international brand</u> 2. Good quality 2. _____ 3. Reasonable price 3. _____	1. Durable, celebrity 1. <u>endorsement</u> 2. Comfortable 2. <u>3. Fashionable design,</u> <u>feel confident about the</u> 3. <u>brand</u>	1. Good after-sales service 1. _____ 2. Good reputation 2. _____ 3. Multifunctional, most popular 3. <u>in the world</u>

Teachers can remind students that product quality, price, peer influence and advertising are important factors leading people to choose a certain brand. For example, it is easy for students to buy a certain brand of sneakers because famous sports stars promote the products, or replace their mobile phones with new models because of peer influence.

1. Why are people willing to pay more to buy branded products?

The quality of branded products can be more guaranteed (for example, better after-sales service). Branded products

make use of celebrity effect as well. They invite celebrities to shoot advertisements and therefore turn the brands

into status symbols. As a result, people are willing to pay more.

2. Why are there price differences for the same type of products?

Any reasonable answers.

For example, different brands, different retail channels, different promotion costs, different warranty and after-sales

services, etc.

## Activity 2

(Suitable for more capable students)

### Group discussion (Chun Hin's trouble)

Divide students into groups of three to four and ask them to play the role of Chun Hin. Choose and discuss a retail channel, and talk about its pros and cons. Also, discuss if there are any other retail channels. Upon completion, ask students to send representatives to report to the teacher and classmates.

Get into groups and ask one of the group members to play the role of Chun Hin. Choose a retail channel and talk about its pros and cons. Discuss if there are any other retail channels. Upon completion, send a representative to report to the teacher and classmates.

Chun Hin is a secondary school student and he wants to buy a school bag. The brand of the school bag features NBA stars in its advertisement and many of his classmates are using this brand. However, Chun Hin has limited savings which is the red packet money from Chinese New Year. Chun Hin is considering to buy the school bag from the following channels:



1. If you were Chun Hin, which retail channel mentioned above would you choose? List the pros and cons of that retail channel.

Retail channel : _____	
Pros	Cons
Open-ended answer. Students need to point out the pros of the selected retail channel. For example, it is cheaper to buy the school bag from Ladies' Market, online bidding or outlet stores; sports specialty stores offer better warranty and returns services; online shopping offers more choices and helps save travel time and cost, etc.	Open-ended answer. Students need to point out the cons of the selected retail channel. For example, products from Ladies' Market or online bidding might be fake; products sold in outlet stores are usually out of season; the selling prices of sports specialty stores or department stores are usually higher; delivery time is required for online shopping and unable to inspect the products, etc.

2. Why do similar consumer products have different prices at different retail channels?

Any reasonable answers. For example:

- Operating costs of department stores are higher than that of online stores on Facebook (department stores need to pay rent).
- After-sales service (such as warranty) of sports specialty stores can be guaranteed than that of online bidding.
- Product quality of department stores and sports specialty stores is better than that of Ladies' Market.
- Online bidding have no middleman costs.
- Outlet stores purchase in bulk and therefore the selling prices are lower.
- Labour cost in Ladies' Market is lower than that of department stores.
- Products of sports specialty stores may be more fashionable than that of outlets.

3. Do you think Chun Hin's reasons for buying a school bag are appropriate?

- He should not be influenced by advertisements
- He should examine his financial status before purchasing, to see if it is affordable
- He should consider if it is a necessity

## Summary

- ◆ Avoid letting advertisements and peer pressure affect your shopping decisions.
- ◆ In addition to quality, the price of a product is affected by other factors such as advertising costs, sales channels and after-sales services. Therefore, we should understand the value before purchasing.
- ◆ The same product sold in different retail channels may have different prices.
- ◆ Be a smart consumer by developing a price comparison habit among different retail channels and stores.
- ◆ Avoid buying consumer products that you cannot afford.

## Extension activity

In addition to quality, the price of a product is affected by other factors such as advertising costs, sales channels and after-sales services. Therefore, we should understand the value before purchasing.

### Let's compare the price!

Product and brand: Bonaqua mineral water (770ml)

Selling price in a supermarket:

\$5

Selling price in a convenience store:

\$8

Why does the same product have different prices in supermarkets and convenience stores?

Convenience stores open 24 hours a day and have higher operating costs than supermarkets.

Do you like shopping in supermarkets or convenience stores? Why?

Any reasonable answers. For example, supermarkets have a wider range of products, or convenience stores have shorter waiting time when queuing to make payments.