

Consumer Studies

What is a consumer?

A consumer is anyone who buys goods or uses services

Goods vs Services:

Goods	Services
Products or items which can be bought eg food, clothes, furniture etc	Supplying a service or doing work for someone eg hairdresser, telephone company, education etc

Needs vs Wants

Needs	Wants
Something you need to survive eg food, water, clothes, shelter etc	Things you would like to have but don't need to survive eg branded clothes, smartphone, makeup etc
Varies, depending on: age, culture, lifestyle, location, occupation	

Priority: something you feel is important to you

Rights & Responsibilities:

Rights	Responsibilities
Something you are entitled to	Something you have to do

Consumer Rights

1. Honest & Truthful Information

All information about goods/services must be true to help consumers make informed decisions

2. Choice

Consumers have the right to buy or not buy goods/services.

Consumers can choose from different brands/manufacturers which helps to keep standards up and cost down.

Monopoly: when only one manufacturer/supplier provides a good or service & there is no competition.

3. Value for Money

Good must be of good quality & fit for the intended purpose. If you buy cheap goods you cannot accept a high standard of quality.

4. Safety

Goods/services should not harm consumers - they should pass basic quality tests to ensure they are safe to use. Some products carry safety symbols eg cleaning agents.

5. Redress (Refund, Replacement, Repair)

Consumers have the right to complain about a good/service if it is faulty or unsatisfactory. They may be entitled to a refund, replacement or repair.

Consumer Responsibilities:

- to know your rights & consumer laws
- to research goods/services before buying them so you can make wise decisions
- to recognize the link between cost and quality

Consumer Information:

Any information which helps consumers to shop wisely

- helps consumers to make informed decisions
- ensures they get value for money
- helps them to understand consumer laws
- help them to do the right thing if they feel they have a reason to complain

Sources of Consumer Information:

- **Websites:** manufacturer and/or shop
- **Advertising:** TV, radio, magazines & newspapers, billboards
- **TV/Radio consumer programmes**
- **Other consumers:** friends, family, people who leave reviews online
- **Salespeople** (provide information but may put pressure on people to buy)
- **Consumer Association of Ireland** (produces a magazine called *Consumer Choice* which provides informs consumers about products & their rights)
- **National Consumer Agency** (tells consumers about their rights)

Factors which affect consumers when making decisions on buying goods/services:

Internal Factors	External Factors
<ul style="list-style-type: none">- Likes and dislikes- Personal values (what's important to you)- Need - do you actually need it?	<ul style="list-style-type: none">- Advertising/marketing- Peers/friends/family- Price/cost- Fashion trends- Salespeople- Time

Consumer Protection (Laws)

Consumer Information Act 1978

The Consumer Information Act 1978 protects consumers against false or misleading claims about goods, services and prices.

It applies to claims made about:

- **Price:** includes previous price in the case of a sale item & the RRP - Recommended Retail Price.
 - If a price is displayed on an item, you should not be charged more - however read the price tag carefully for extra charges.
 - If a previous price has been crossed out eg on a sale item, the previous price must have been correct
- **Where** the goods were produced
- **How they work**
- How to **care** for them
- **Any claims** made by advertising

(Examples of claims: Made in Ireland, Waterproof, Low Fat, Free from preservatives etc)

Sale of Goods & Supply of Services Act 1980

When buying goods from a retailer, goods must be:

- **of merchantable quality**
- **fit for its purpose**, and reasonably durable
- **as described**
- **same as the sample** (in the case of wallpaper, flooring etc)

(The Act also applies to goods bought on **sale**.)

When paying for a service to be provided, the service must be:

- provided using materials of **merchantable quality** and **fit for its purpose**
- provided by a person with the **appropriate skills** to provide the service

When you buy goods/services from a retailer, you make a contract with them. They agree to provide certain goods/services to you for a certain price. If your purchase turns out to be **faulty**, the retailer, not the manufacturer, is responsible and must sort out your complaint. **You are entitled to a refund, a replacement or a repair (redress).**

The type of redress depends on:

- how serious the fault is
- when it occurred
- how soon the consumer complained

If you have a **genuine complaint** about faulty goods, you can ignore shop notices such as 'No Refunds' or 'No Exchanges'. Such notices cannot take away any of your statutory rights under the Sale of Goods Act. You do not have to take a credit note* if your complaint is covered by the Sale of Goods Act. You can insist on a refund, a replacement or a repair.

***Credit note:** is a receipt given by a shop to a customer who has returned goods. It entitles the consumer to buy goods to the same value as the goods returned (similar to a voucher). It can only be used in that shop (or chain of shops).

You have **no rights** under the Sale of Goods Act if you simply **change your mind** about wanting the goods. You also have no rights if faults are due to **misuse of the product** after purchase, or if **faults were pointed out** at the time of purchase. Most retailers will oblige the user of the goods but this is a gesture of goodwill, not a legal requirement.

Guarantees: a contract between the manufacturer and the consumer. It states that the product will be satisfactory for a stated length of time eg 12 months. A guarantee is an extra protection for consumers, it does not affect their other rights.

Manufacturers can decide:

- whether or not to give a guarantee
- the length of the guarantee
- whether it applies to the whole product or just parts

Consumer Protection Act 2007

The Act states that unfair, misleading and aggressive trading practices are banned if they are likely to intentionally mislead the consumer, resulting in a decision they would not normally make

Practices are banned, therefore, if they meet two conditions:

1. They are unfair, misleading or aggressive
2. They are likely to distort the consumer's choice

The Act also set up the National Consumer Agency - now called the **Competition and Consumer Protection Commission**

Consumer Complaints

If a fault occurs or if the good is not as described etc, a consumer is entitled to complain and seek compensation (redress: refund, repair, replacement)

Consumers can lose their right to claim a full refund if:

1. they alter their goods in any way
2. they don't complain as soon as the fault occurs

However they can seek a repair or replacement.

How to Complain:

(<http://www.consumerhelp.ie/complain-to-a-business>)

1. Go back to the shop as soon the fault occurs
2. Bring the product, in its original packaging if possible
3. Also bring your receipt
4. As to see the Manager of the shop
5. Explain the problem (calmly and politely)
6. State what you expect the shop to do (Refund, Replace or Repair - be realistic about your expectations)
7. If the Manager refuses to accept responsibility, you could contact the Head Office (if it is a chain store) or a **Consumer Agency***
8. If all these options fail to satisfy you, you could go to **The Small Claims Court***

Letter of Complaint

Your address House No & Street Town/Village County	
Company Name Address Town/Village County	(Date) Day Month Year
Dear Sir/Madam,	
1. Describe What you bought, Where you bought it & When you bought it. Give details of make, model, brand name, serial number etc.	
2. Describe the fault/problem in detail	
3. Describe what you have done so far - did you go back to the shop? What happened?	
4. Say what you wish them to do about it	
I have enclosed a copy of my receipt.	
I look forward to hearing from you,	
Yours sincerely, Your name	

- Always start on a new clean page when you start a letter of complaint
- Always stick to the facts - don't waffle with your opinion etc
- Always keep a copy of the letter & post it be registered post so you know it gets there

*Small Claims Court (http://www.consumerhelp.ie/small-claims)
<ul style="list-style-type: none"> - Fast and easy way for consumers to resolve disputes - Inexpensive - costs €25 to apply - Don't need a solicitor. - Provided by the local District Court offices. - The claim must be less than €2,000

Consumer Agencies	
State run agencies (Statutory):	Voluntary agencies:
Competition and Consumer Protection Commission (www.consumerhelp.ie) <ul style="list-style-type: none"> - Previously known as the National Consumer Agency - Enforces laws to protect consumers - Informs consumers of their rights 	Consumer Association of Ireland (http://thecai.ie) <ul style="list-style-type: none"> - Advises consumers on their rights - Produces leaflets and a magazine <i>Consumer Choice</i> to inform consumers on products - Lobbies the government to improve consumer laws
Office of the Ombudsman (www.ombudsman.gov.ie) <ul style="list-style-type: none"> - Investigates complaints made against government organisations/departments eg health service, local authorities (councils) 	Advertising Standards Authority for Ireland (www.asai.ie) <ul style="list-style-type: none"> - Monitors adverts - Promotes honesty, truthfulness & decency in ads - Requires ads to conform to laws






Quality

Quality implies goods/services are of a **high standard**






Testing is usually carried out to ensure goods are safe and suitable for their purpose

Companies often give guarantees with their products which indicates good quality.

Quality Symbols - used on products to show a high standard of quality:

 Guaranteed Irish	<p><i>Awarded by Guaranteed Irish Ltd</i> <i>Goods which have been manufactured in Ireland and are of a high standard e.g. food</i></p>
 Approved Quality System Irish quality mark	<p><i>Awarded by Irish Quality Control Association</i> <i>Goods/services which are of high quality</i></p>
	<p><i>Awarded by National Standards Authority of Ireland</i> <i>Goods made in Ireland and are of high quality</i></p>
 Kitemark	<p><i>Awarded by British Standards Institution (Kitemark)</i> <i>Goods of high standards of quality and safety</i></p>
	<p><i>Awarded by Woolmark Organisation</i> <i>Goods made from 100% pure wool</i></p>

Safety Symbols

	<p>Meaning: Double Insulated - does not need an earth wire Found on: Small electrical appliances</p>
	<p>Meaning: Goods comply with British standards for safety Found on: Electric and gas appliances</p>
	<p>Meaning: Goods comply with European standards for safety Found on: Toys and electrical goods</p>
	<p>Meaning: Goods made from material which will not be set alight easily Found on: Furniture</p>
	<p>Meaning: Smoking can harm your health and may cause death Found on: Cigarettes</p>

Features of Good Quality Services:

- value for money
- reliability and punctuality
- courtesy and appreciation of custom
- high levels of hygiene and safety

Money Management

Money management is dividing up your income so that it covers each of your expenses
Making a plan for spending your money is called budgeting

Income

Money coming into a household

Main Types of Income:

1. **Wages** - weekly payment for work done
2. **Salary** - monthly payment for work done

Gross Income - wages/salary before deductions

Net Income - wages/salary after deductions

Deductions: payments taken from income

Statutory (Compulsory) Deductions:	Voluntary Deductions:
PAYE- Pay As You Earn Tax paid to the government for the running of the country PRSI - Pay Related Social Insurance Tax paid to the government to cover social welfare payments USC - Universal Social Charge Tax paid to the government for the running of the country	Health Insurance Eg VHI or Aviva Helps cover the cost of medical bills Pension Schemes Putting aside money for when you retire

Other Income:

Children's allowance, interest from savings, social welfare payments

Expenses:

Payments made from income

Main expenses include:

- Mortgage/Rent
- Food
- Household expenses: electricity, heating, telephone, cleaning
- Education
- Personal expenses: clothes, cosmetics, holidays
- Entertainment
- Emergencies
- Savings

Budget Planning

1. Look at your total income
2. List all expenses
3. Divide income so it covers expenses
4. What ever is left over can be saved

Sample Budget:

Mortgage/Rent	25%
Food	20%
Household Expenses	15%
Personal Expenses	15%
Education/Childcare	10%
Emergencies	5%
Entertainment	5%
Savings	5%

This will change depending on the circumstances of the people

Advantages of Budgeting:

- Financial security - less financial worries
- Allows you to plan for large bills eg car insurance
- Less chance of overspending & impulse buying
- Areas of overspending are highlighted
- Good example for children

MABS - Money, Advice & Budgeting Service

Service provided by the Department of Social & Family Affairs

Helps families and individuals deal with debt problems

Savings

Putting money aside each week/month

May save for a particular item eg new car or just to have a money for when you need it

Savings Options

- Banks
- Post Office
- Credit Union
- Building Society (EBS)

The one you chose often depends on:

- a) interest rate offered
- b) how easy it is to withdraw the money

Advantages of Savings

- Financial security
- Encourages children to save & avoid impulse buying
- May earn interest if in a savings account in a financial institution
- Money is available for emergencies

Disadvantages of saving in a financial institution

- Interest rate may be low
- Money may not be available when you need it (may need to give notice before withdrawal)

Credit

Buy now and pay later

The buyer essentially borrows the money and pays it back later, usually plus interest

It is used to buy large, expensive goods eg houses, cars, furniture etc

The Consumer Credit Act 1995 protects consumers in all credit arrangements.

Types of Credit

Credit card: Bill must be paid each month, if fully paid off, no interest charged

Mortgage/Loan from Bank or Credit Union: interest is charged and repayments are made regularly eg weekly/monthly

Bank overdraft: Bank allows you to take out more money than you have in your account, interest is charged

Interest free credit: Certain shops allow you to buy goods on credit and repay without paying any interest

Hire purchase: very high interest charged

Advantages of Credit

- Buyer has goods immediately
- It is necessary for large items eg houses (very few people have enough money to pay for these)
- Don't need to carry large amounts of money on you
- Encourages buying & creates employment

Disadvantages of Credit

- High interest rates may be charged
- Encourages impulse spending
- If a person receives too much credit, they may not be able to repay it & end up in debt
- If you are unable to pay your debts, it may affect future applications for credit

Filing System

Important documents eg bills, bank statements etc should be kept in a safe place eg filing cabinet. This allows people to compare past bills, statements, as well as school progress etc.

Shopping

Guidelines for Shopping:

- Shop around & compare prices
- Make a list
- Avoid impulse buying
- Cut down on the number of shopping trips
- Avail of value in sales
- Shop in an environmentally friendly way

Paying for Goods & Services:

Method	Advantage	Disadvantage
Cash	Easy Quick	If lost, gone forever Danger carrying large sums of cash
Credit Card	Don't need to have the cash You have a month to repay	Encourages impulse buying Can lead to debt
Debit Card (eg Laser Card)	Don't need to carry the cash Doesn't allow impulse buying	Must have the money in account Incurs bank charges
Cheque	Don't need to carry the cash Useful for postal payments	Not a lot of shops accept cheques Incurs bank charges
Direct Debit (DD)	Bills are paid on time Don't have to pay full amount in one go	Risk of taking on too many DD Must have the money in account
PayPal (when paying for goods online)	Can purchase goods online safely Don't need a credit card	Must have a bank account/credit card

Techniques to encourage shopping & spending:

- **Background Music:** music appropriate for the target audience is played to encourage consumers to come in/stay longer
- **Bakeries near front door:** smell encourages the consumer in to the shop and to impulse buy
- **Luxury items placed at checkout** eg sweets and magazines: encourage impulse buying while waiting to pay, especially tempt young children
- **Essentials at the back of the shop:** you have to pass other luxury items on the way to get the essential eg milk/bread
- **Heavy goods at the front of the shop:** encourages consumers to use a trolley - this may lead to impulse buying
- **Luxury items/Expensive brands at eye level:** essentials or cheaper items on higher & lower levels - more likely to choose items at eye level when in a hurry
- **Special Offers, Free Samples** eg buy two, get one half price: used to tempt the consumer to purchase

Shopping Outlets

Small Independent Shop	Often family run long opening hours personal service	
Supermarket	Large grocery shops Usually self-service	
Department Store	Many different departments under one roof eg food, clothing, furnishings	
Chain Store	Shops similar in layout and appearance all around the country	
Voluntary Chain Store	Groups of independently owned shops	
Discount Store	Offer goods at reduced prices	
Specialist Shop	Usually sell one type of product eg glasses, shoes, butchers	

Other Shopping Outlets

Shopping Centres	Lots of different shops under one roof	
Online Shopping	Buying goods online usually pay with credit card or PayPal	
Street Markets	Sellers set up a stall and sell goods like food, crafts etc	
Vending Machines	Machines which dispense food or drink	
Mobile Shops	Goods sold from vehicles eg Chip vans or Icecream vans	

Changes in Shopping Practices through the years:

- Online shopping
- Delivery to your door
- Self service*
- Self checkout counters
- Barcodes & scanners at checkout
- Increase in shopping centres
- Late night & Sunday shopping

*Self Service - people use a trolley/basket and go around the shop and pick up their goods themselves

Advantages of Self Service	Disadvantages of Self Service
<ul style="list-style-type: none"> - Quick & convenient - Time to browse & select - Goods are well displayed & priced clearly - Less expensive because of bulk buying & lower staff costs - Goods are fresh due to quick turnover - Wide range of products 	<ul style="list-style-type: none"> - Less personal - Makes shopping more difficult for people with disabilities - More temptation to impulse to buy - Queuing at checkout counters can be irritating - Credit is seldom available

Packaging

Why goods are packaged:

- to protect the product
- to make transport easier
- to carry information about the product
- to preserve the product esp food
- marketing - helps sell the product
- to protect the consumer eg cleaning agents

Types of Packaging:

	Packaging:	Used for:
Paper	Waxed cardboard Plain	Milk cartons Bread wrapper
Plastic	Freezer bags Boxes Bottles	Freezing soup Storing leftovers Storing liquids
Metal	Tin cans Foil trays	Peas/beans Takeaway food
Glass	Bottles Jars	Sauces eg ketchup Jam

Features of Good Packaging:

- Reasonable strong
- Hygienic
- Safe (prevents contamination)
- Easy to open
- Resealable if necessary
- Recyclable/biodegradable

Disadvantages of Packaging:

- Adds to the overall cost of the product
- Bad for the environment (may not be biodegradable/recyclable)
- Paper & tin use up natural resources
- Packaging can be deceptive - eg the box may look big but the contents (eg cake) inside may be much smaller etc
- The consumer may have to buy more than they need if only pre-packaged goods are available

Labelling

Why goods are labeled:

- to identify the product
- to provide information about the product
- to help advertise it (marketing)

What you might find on a label:

- | | |
|--|---|
| - brand name | - instructions for use/storage |
| - content/ingredients | - care/cleaning instructions |
| - weight/quantity | - nutritional information & allergy information |
| - manufacturers name & contact details | - date mark etc |

Date Marking

- Date by which the food should be eaten
- **Sell by:** date food should be sold by (can be eaten for 2-3 days after)
- **Use by:** found on food with a short shelf life (less than 6 weeks)
- **Best Before:** found on food with a long shelf life (3-18 months)

Unit Pricing

- When the price of a good is **per unit**
- Food sold loosely and weighed is priced per unit eg vegetables, meat etc
- Price is usually per gram (g) or per kilogram (kg)
- Unit pricing makes it easier to compare products sold in packs of varying weights
- By law, the price of food must be displayed on or near the food (eg on shelf)

Bar Codes

- Sets of black lines and spaces and numbers printed on goods
- They are read by a laser scanner at the checkout
- Each product has its own barcode
- It allows the shop to keep record of stock
- Easier and faster to scan when checking out & each product doesn't have to be individually priced
- Allows for detailed receipts



Advertising

Function of Advertising:

- To persuade consumers to buy goods/services
- Introduces new products to the market
- To increase sales of a product
- To provide information about the product

Types of Advertising:

- Online: websites, social media etc
- Media: TV, Radio
- Newspapers & Magazines
- Billboards & Bus shelters, Buses & Trains
- Shop windows & carrier bags

Effective Advertising:

- Appeals to the consumer
- Encourages the consumer to try new products

Advertising Techniques:

The purpose of advertising is to sell products - therefore they portray products in the best possible way. The language used is designed to appeal to our emotions. Always take care & inspect/research products carefully!

Advertising is often designed around:

- **Love & Romance** - used to sell chocolates, cosmetics, clothes etc
- **Glamour** - used to sell clothes, cars, cosmetics, jewellery etc
- **Guilt** - 'a good mother' would use this
- **Fear & Insecurities** - this product will make you feel safer, look better etc
- **Humour & Music** - often make adverts memorable
- **Celebrities** - well known actors & actresses advertise cosmetics

Advantages of Advertising:

- Provides information about the product
 - Creates employment
 - Increases the sale of goods
 - Keeps cost of newspapers, magazines etc down
- (Companies pay a lot of money to advertise their products, this money helps to keep the cost of producing glossy, colourful expensive magazines & TV programs down. Festivals and other events use advertising to help cover the huge costs involved in hosting them)

Disadvantages of Advertising:

- May mislead consumers
- Increases the price of products
- Portrays unrealistic lifestyle, expectations etc
- May put people in debt - when they buy products they cant afford
- Can affect the natural surroundings eg ugly large advertising billboards etc

Control of Advertising:

Standards in advertising need to be upheld to ensure consumers are not misled

Legal Control:

1. Consumer Information Act (see pg 3)
2. EU Misleading Advertising Directive

Voluntary Control:

1. Advertising Standards Authority for Ireland (see pg 6)

Marketing

This is the process of making products sell

Marketing Techniques:

- Advertising
- Packaging
- Sales promotions eg buy one get one free
- Good public relations

Market Research

Using questionnaires etc to find out likes/dislikes of consumer

Market research companies are employed to do this research

This information is used in advertising so that ads appeal to consumers