

Course
ECM-5101-1
Consuming Goods and Services

Financial Education



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Consuming Goods and Services

INTRODUCTION

The goal of the *Consuming Goods and Services* course in the Financial Education program is to help adult learners develop critical judgment in managing their personal finances and develop the confidence and self-knowledge needed for financial well-being. It has one object of study: the financial issue. Adult learners will thus be able to employ appropriate strategies and exercise their critical judgment, which will help them take responsibility for their choices.

SUBJECT-SPECIFIC COMPETENCY

The aim of this course is to develop the subject-specific competency *Takes a position on a financial issue*.

The following table lists the key features of the competency. The manifestations of the key features are presented in Chapter 3.

**Table 4 – Takes a position on a financial issue
*Consuming goods and services***

Key Features
– Assesses the situation
– Examines different options
– Considers the legal aspects of each option
– Puts his/her position in perspective

CROSS-CURRICULAR COMPETENCIES

All the cross-curricular competencies may be employed, to varying degrees, in the different learning situations, particularly the cross-curricular competencies *Uses information*, *Solves problems*, *Exercises critical judgment* and *Adopts efficient work methods*.

SUBJECT-SPECIFIC CONTENT

The subject-specific content of this course focuses on the issue of *Consuming goods and services*, a financial issue that resonates with concerns faced by adult learners in their everyday life.

A. Knowledge

The financial issue is presented in a short text followed by an organizational chart presenting the compulsory elements of the subject-specific content. These elements are set out in the following table.

**Table 5 – Compulsory Elements of the Subject-Specific Content
*Consuming goods and services***

Compulsory Elements	
Object of study	– Consuming goods and services
Concepts	<ul style="list-style-type: none"> – Consumption – Debt – Purchasing power – Savings
Knowledge related to the financial issue	<ul style="list-style-type: none"> – Advertising – Budget planning – Characteristics of consumption – Consumer behaviour – Consumer credit – Personal savings – Rights, responsibilities and remedies – Types of purchases

Consuming Goods and Services

Consumption refers to the way a person or a community uses a good or service. It encompasses a variety of actions taken to meet needs that are not all of equal importance. Consuming goods and services involves choices that entail an opportunity cost as well as personal, social, legal and family-related consequences. Consumers are distinguished by their behaviour, sense of responsibility and capacity for making good choices.

A number of factors affect consumer choices. Some are economic, such as income and prices. These considerations come into play in determining purchasing power or a person's ability to obtain a good or service in exchange for money. The principle of supply and demand as well as the importance of savings must be taken into account when studying economic factors. In addition, since income is not the only possible financial resource, an understanding of the characteristics of consumer credit and the risks associated with assuming debt makes it easier to take a position on a financial issue.

Other social factors influence consumer behaviour, such as age, gender, a search for identity, people's experience as consumers and their values. There are also a wide range of other influences on consumer behaviour. Whether they come from peers, family or the media, whether they are reinforced by social networks, fashion or corporate concentration, these influences are an important element to be considered with regard to any consumer decision.

Taking a position on the financial issue of *Consuming goods and services* involves assessing the situation, examining different options and choosing one over the others by taking into account the rights and responsibilities of the consumer and the merchant. Adult learners must take into consideration that the laws that apply in Québec do not apply, for instance, to online purchases from other jurisdictions. Taking a position also involves taking action after analyzing all the options and all the possible legal, personal, social and family-related consequences. It also involves using appropriate strategies, exercising critical judgment, especially when consulting sources of information, taking any opportunity to learn more about oneself and developing the confidence needed to take responsibility for one's choices.

TAKES A POSITION ON A FINANCIAL ISSUE

CONSUMING GOODS AND SERVICES

Consumption

Debt

Purchasing
power

Savings

Knowledge related to the financial issue

- ◆ Advertising
- ◆ Budget planning
- ◆ Characteristics of consumption
- ◆ Consumer behaviour
- ◆ Consumer credit
- ◆ Personal savings
- ◆ Rights, responsibilities and remedies
- ◆ Types of purchases

Knowledge to Be Acquired

Consuming Goods and Services

Advertising
a. Definition of the term "marketing"
b. Goals of advertising <ul style="list-style-type: none"> - Create needs - Inform - Develop awareness - Modify behaviour - Other
c. Laws that govern business practices and advertising <ul style="list-style-type: none"> - <i>Consumer Protection Act</i> - <i>Consumer Packaging and Labelling Act</i> - <i>Travel Agents Act</i>
d. Regulated practices <ul style="list-style-type: none"> - False claims - Misrepresentations - Other
Budget planning
a. Net monthly income
a. Fixed and variable monthly expenses <ul style="list-style-type: none"> - Housing - Insurance - Food - Recreation - Other
b. Income not consumed
Characteristics of consumption
a. Factors that influence consumer choices <ul style="list-style-type: none"> - Age - Gender - Income - Other
b. Factors that influence consumer habits <ul style="list-style-type: none"> - Socioeconomic context - New technologies - Peer pressure - Personal values - Other

<p>c. Resources that provide information or points of view on goods and services</p> <ul style="list-style-type: none"> - Websites - Discussion forums - Specialty magazines - Public affairs programs - Other
<p>d. Price-setting process: law of supply and demand</p>
<p>e. Consumption taxes</p> <ul style="list-style-type: none"> - Goods and services tax (GST) - Québec sales tax (QST) - Excise tax - Other
<p>f. Use of taxes by the government</p> <ul style="list-style-type: none"> - Funding for public services - Income redistribution - Other
<p>g. Goods and services not subject to the GST and QST</p> <ul style="list-style-type: none"> - Books (exempted from the QST only) - Prescription drugs - Basic groceries - Educational services - Medical services - Dental services
<p>Consumer behaviour</p>
<p>c. Steps of the decision-making process according to the Engel, Kollat and Blackwell model</p> <ul style="list-style-type: none"> - Recognition of the problem - Search for information - Evaluation of the possibilities - Choice (purchase) - Evaluation after purchase
<p>Consumer credit</p>
<p>a. Definition of the term "credit"</p>
<p>b. Main reason for using credit</p>
<p>c. Eligibility for credit</p> <ul style="list-style-type: none"> - Age of majority - Income - Job stability - Credit record <ul style="list-style-type: none"> o Information o Function of the credit record o Credit score and rating o Credit rating agencies - Other

<p>d. Insolvency and obtaining credit</p> <ul style="list-style-type: none"> - Guarantor - Financial institution - Other
<p>e. Solutions to debt load</p> <ul style="list-style-type: none"> - Budget restructuring - Debt consolidation - Voluntary deposit - Bankruptcy
<p>f. Consequences of over-indebtedness</p> <ul style="list-style-type: none"> - Difficulty in accessing credit - Lower credit rating - High interest charges on credit card balances - Debt accumulation - Bankruptcy - Negative effects on health - Other
<p>g. Contents of a credit contract</p> <ul style="list-style-type: none"> - Term - Interest rate - Amount of payments - Borrowing cost - Insurance - Penalties - Other
<p>h. Main types of credit contracts</p> <ul style="list-style-type: none"> - Variable credit contract - Line of credit - Loan agreement - Contract involving credit - Mortgage - Other
<p>Personal savings</p>
<p>a. Definition of the term "savings"</p>
<p>b. Reasons for saving money</p> <ul style="list-style-type: none"> - Increase one's consumer options - Make a dream project come true - Build an emergency fund - Other
<p>c. Savings tools</p> <ul style="list-style-type: none"> - Savings account - Savings plan - Other

Rights, responsibilities and remedies	
a. Consumer rights	<ul style="list-style-type: none"> - Enforcement of the Price Accuracy Policy - Compliance with warranties - Other
b. Consumer responsibilities	<ul style="list-style-type: none"> - Protecting personal information - Complying with the terms of a contract - Filing away bills and proofs of purchase - Becoming informed - Other
c. Areas governed by the laws in force in Québec	<ul style="list-style-type: none"> - Goods and services contracts - Credit contracts, guarantees - Business practices
d. Remedies made available to consumers to assert their rights	<ul style="list-style-type: none"> - Customer service departments - Small Claims Court - Ombudsman - Formal notice - Other
e. Merchant rights	<ul style="list-style-type: none"> - Determining exchange and refund policies
f. Merchant responsibilities	<ul style="list-style-type: none"> - Complying with exchange and refund policies - Honouring warranties - Applying the Price Accuracy Policy - Ensuring transaction confidentiality
Types of purchases	
a. Routine purchase	
b. Thoughtful purchase	
c. Impulse purchase	

B. Techniques

Taking a position requires adult learners to use certain techniques, which are presented in Appendix 1:

- Interpreting a written document
- Interpreting an illustrated document
- Interpreting an audiovisual document
- Interpreting and creating a graph
- Interpreting and creating a table

BROAD AREAS OF LEARNING

Each of the five broad areas of learning involves different issues and raises a variety of questions, all of which may be used in learning situations. For example, this is true of the broad area of learning *Environmental Awareness and Consumer Rights and Responsibilities*.

The educational aim of this broad area of learning is to encourage adult learners to develop an active relationship with their environment while maintaining a critical attitude toward consumption and the exploitation of the environment. The elements of a learning situation presented in the next section target this educational aim.

ELEMENTS OF A LEARNING SITUATION

Learning situations place adult learners at the heart of the action. In order to enable adult learners to develop competencies, construct and effectively apply knowledge and utilize multiple, varied resources, a learning situation must be meaningful, open and complex, involve multiple steps and a variety of tasks.

Financial Issue: *Consuming goods and services*

A cell phone contract: A matter of choice									
PREPARATION	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Pedagogical Aim</td> <td>To help adult learners exercise critical judgment as informed consumers</td> </tr> <tr> <td style="text-align: center;">Broad Area of Learning</td> <td>Environmental Awareness and Consumer Rights and Responsibilities</td> </tr> <tr> <td style="text-align: center;">Educational Aim</td> <td>To encourage adult learners to develop an active relationship with their environment while maintaining a critical attitude toward consumption and the exploitation of the environment</td> </tr> <tr> <td style="text-align: center;">Cross-Curricular Competency</td> <td>Uses information</td> </tr> </table>	Pedagogical Aim	To help adult learners exercise critical judgment as informed consumers	Broad Area of Learning	Environmental Awareness and Consumer Rights and Responsibilities	Educational Aim	To encourage adult learners to develop an active relationship with their environment while maintaining a critical attitude toward consumption and the exploitation of the environment	Cross-Curricular Competency	Uses information
Pedagogical Aim	To help adult learners exercise critical judgment as informed consumers								
Broad Area of Learning	Environmental Awareness and Consumer Rights and Responsibilities								
Educational Aim	To encourage adult learners to develop an active relationship with their environment while maintaining a critical attitude toward consumption and the exploitation of the environment								
Cross-Curricular Competency	Uses information								
ACHIEVEMENT	<p>Technological advances are responsible for constant changes in cell phone technology. The options are increasingly numerous and the temptation to change devices continues to grow. Companies strive to outdo one another to offer packages that will prove tempting to people looking to buy a new device. Consumers must continue to exercise critical judgment in dealing with an increasing amount of consumer solicitation and catchy advertising. They must evaluate all aspects of contracts before signing and make informed choices based on their needs and income.</p> <p>The teacher can propose several tasks to adult learners.</p> <p>Use:</p> <ul style="list-style-type: none"> - Determine their use of data - Estimate their use of the call service - Consider the roaming charges - Evaluate their need for a long-distance service <p>Income and expenses:</p> <ul style="list-style-type: none"> - Establish their monthly income - Determine their fixed and variable expenses - Establish their budget <p>Consumer habits:</p> <ul style="list-style-type: none"> - Consider their socioeconomic context - Assess their needs - Study the new technologies 								

ACHIEVEMENT	<p>Information:</p> <ul style="list-style-type: none"> - Determine the advantages and disadvantages of using a cell phone - Compare different types of cell phones - Compare different cell phone contracts or packages - Examine the differences between going with or without a contract - Obtain information about the legal warranties - Consider the implications of cancelling or amending the contract - Consider the applicable legal aspects - Dispose of their old cell phone (throw out, sell or recycle) <p>Evaluation of the possibilities:</p> <ul style="list-style-type: none"> - Consider one possibility rather than another - Evaluate whether to purchase or lease a device <p>Decision-making:</p> <ul style="list-style-type: none"> - Make one choice rather than another - Justify their choice <p>Evaluation after purchase:</p> <ul style="list-style-type: none"> - Good choice or bad choice
INTEGRATION	<p>Evaluate the chosen strategies.</p> <p>Propose a new context to consolidate learning.</p> <p>Become aware of own attitudes toward financial issues.</p>

END-OF-COURSE OUTCOMES

After analyzing different issues related to the consumption of goods and services, adult learners will be able to formulate explanations that present some of the advantages of the chosen option and some of the disadvantages of the other options associated with each of these issues. They will be able to identify the factors that influence their choices and behaviours, which will help them better manage their personal finances.

EVALUATION CRITERION FOR THE COMPETENCY TARGETED BY THE COURSE

In evaluating development of the subject-specific competency as pertains to the acquisition and efficient use of the knowledge related to the financial issue, teachers must base their judgment on the criterion *Appropriate justification of the choice*.