

**GOALS**

Describe several sources of information for consumers

Explain how governments and businesses help consumers

**KEY TERMS**

consumer, p. 118

grade, p. 120

label, p. 122

**JUMP START**

Brianna has been busy gathering information about new refrigeration units that she and Brittney need for one of their bakeries. She has visited several local stores and has made price and quality comparisons. She has read product labels, brochures, and warranties and talked with salespeople. Brianna has also visited the local library and checked out publications that have evaluations and ratings of consumer products. In addition, she has also used the Internet as a source of information. Why do you think Brianna is doing so much research before making a purchase?



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## Consumers and Information

A **consumer** is a person or business that buys or uses goods and services. Individuals and businesses consume products and buy services every day. They buy products such as food, clothing, and supplies. They pay for services such as car repair, haircuts, and medical attention.

Businesses provide consumers with a vast variety of goods and services. Consumers must make appropriate decisions as to which of these services and goods to buy. Informed consumers gather information about products and services before making a buying decision. Uninformed consumers may unnecessarily waste resources and make decisions that are harmful to the environment.

Consumers have the power to decide to buy or not to buy. So it is important for businesses to serve the needs of consumers. Without satisfied customers, a business would not make repeat sales, earn a profit, and stay in business.

When consumers have to make a decision about what to buy, there are many sources of information available to help them with their decision.

## Product-Testing Organizations

Product-testing organizations test products and services for the benefit of consumers and businesses. Manufacturers pay these organizations to perform safety tests. Underwriters Laboratories, Inc., (UL) is one of the best-known product-testing organizations. UL labs test electrical components and products from all over the world for fire and electrical safety. The UL symbol indicates that the product has been tested and found to be safe for normal use.

Another product-testing organization is the Association of Home Appliance Manufacturers (AHAM). This association develops performance and safety standards for household appliances, including use and care information. When the AHAM seal of approval is given to a product, it means the product has been tested and has met the organization's standards.

## Print Publishers

Some organizations print scientific, technical, and educational information about products and services. Some, such as Consumers Union, are nonprofit organizations that perform independent tests on consumer goods and publish articles on the quality of the goods. Consumers Union publishes its findings in a monthly magazine called *Consumer Reports*.

*Good Housekeeping* and *Parents* magazines, which are for-profit publications, provide articles and product information. *Good Housekeeping* contains endorsements of products that have been tested and meet the magazine's standards. The Good Housekeeping Seal lets consumers know that a product has been tested and approved. This seal includes a promise that the magazine will replace the product if found to be defective within two years of purchase. *Consumers Digest* is another for-profit publication that provides consumer information.

In the area of finance, periodicals such as *Money*, *Kiplinger's Personal Finance*, and *Fortune* evaluate and report on the performance of stocks, bonds, mutual funds, and other investments. Specialty magazines and newspapers provide information about specific kinds of products and services, such as cars, computers, cell phones, and electronics. Information provided can also help consumers understand technical or complex products and services.

## Broadcast Organizations

Radio and television are also sources of helpful consumer information. Many stations carry regular programs that inform the public about product safety, care and use of products, and shopping tips. Some broadcast talk shows are designed to help listeners with their consumer problems. Radio and TV programs that intervene on behalf of the consumer can be quite effective in resolving problems.

## The Internet

Online information has become a valuable resource for consumers. Most consumer information publications and sources can be accessed through the Internet. *Good Housekeeping* reportedly is the most trusted online source of advice about home, food, diet, nutrition, and women's health. Other websites, such as Epinions.com, ConsumerSearch.com, and Angie's List, are dedicated to supplying consumer product and service reviews. Through use of a search engine, consumers can obtain answers to questions about consumer issues.

### CheckPOINT

Why should consumers do research before making a purchase?

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## Consumer Information from Government and Businesses

Government agencies provide useful consumer information. So do businesses that produce and market goods and services.

### Information from the Government

Federal, state, and local governments help citizens become informed consumers. The Federal Citizen Information Center (FCIC) serves as the federal government's headquarters for consumer information. This center issues the Consumer Information Catalog, which lists a number of publications of special interest to consumers. The center also publishes the results of government research and product tests and maintains a website to assist consumers.

The United States Department of Agriculture (USDA) publishes information about food. This agency provides information that helps consumers judge quality, buy wisely, improve shopping practices, plan meals, and improve nutrition. Inspecting and grading food is an important service of the USDA.  
A grade is a rating given to food that indicates the quality or size of the product.

Other federal government agencies that provide consumer information include the Federal Trade Commission (FTC), Food and Drug Administration (FDA), Consumer Product Safety Commission (CPSC), National Highway Traffic Safety Administration (NHTSA), Department of Housing and Urban Development (HUD), and Environmental Protection Agency (EPA).

Every state has consumer protection agencies. These agencies have websites to provide information and handle consumer questions. Large cities and counties also have consumer assistance offices.

### DID YOU KNOW ?

In one holiday season, the FTC penalized seven well-known e-tailers for violating mail or telephone order rules. The companies paid \$1.5 million in penalties.



## Tech Literacy

### GOVERNMENT PROTECTS ONLINE SHOPPERS

Online shoppers are protected by federal laws that govern purchases made through the Internet. “E-tailers” (Internet retailers) must ship an order within their advertised time frames or within 30 days of the receipt of the order. If there is a delay, they must inform the buyer and give a revised shipping date. The e-tailer must allow the buyer to agree to the delay or cancel the order and receive a prompt refund. Consumers must also be alert to deceptive mail-in rebate practices. E-tailers must display: (1) the type of rebate offered, (2) the details of the terms of the offer, and (3) the total price consumers must pay at the time of the purchase to receive the rebate.

### THINK CRITICALLY

Why does the government regulate Internet purchases? Do you think these laws are good safeguards for online shopping? Why or why not?

## Information from Businesses

As a public service and in an effort to sell goods and services, businesses make information available to consumers. Some businesses provide booklets on a variety of consumer topics. Banks and insurance companies often publish materials that help consumers manage their money. Some retailers provide materials that help consumers with buying decisions and give tips on improving buying skills. In addition to print materials, information from businesses is presented in the form of advertising, product labels, customer service departments, and Better Business Bureaus.

**Advertising** The most widely available source of consumer information provided by businesses is advertising. The main purpose of advertising is to convince you to buy a product or service, so you must use it with caution. Useful advertising gives facts that you can use to compare a product with



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How does advertising benefit consumers?

## TEAMWORK

Work with a partner to role-play a scenario in which a dissatisfied customer visits the customer service department of a store. Role-play the customer and customer service representative. Create the details of the purchase, problem, and solution. Perform the scenario in class.

## NETBookmark

Garment manufacturers are required to provide instructions to consumers for the care of apparel. Many clothing labels show these instructions as symbols. Access [www.cengage.com/school/business/21biz](http://www.cengage.com/school/business/21biz) and click on the link for Chapter 5. The Apparesearch.com website includes a page of care label symbols. Examine the symbols, and then select one and see if you can guess what it means. Then click the symbol. Did you guess correctly? Why do you think apparel manufacturers give care instructions on clothing labels in symbol format?

[www.cengage.com/school/business/21biz](http://www.cengage.com/school/business/21biz)

another. It tells you what the product is, how it is made, and what it will do. Be sure that general terms, such as “better” or “the best,” are backed up with evidence.

“Word of mouth” by satisfied customers is an informal and useful means of advertising. Although individual tastes and preferences need to be considered, positive information from a consumer who has used a product can be a reliable source of information. Caution, however, is recommended when reading Internet testimonials.

**Product Labels** A **label** is a tag attached to or printed on a product that contains useful information about it. Labels may tell what the product is made of, its size, how to care for it, and when and where it was made. Clothing labels must give instructions for washing or cleaning.

**Customer Service Departments** Many businesses set up special departments to provide information and service to customers. Consumers call or visit these departments to report problems with purchases they have made or services that have not been delivered or completed satisfactorily. Customer service departments also offer general assistance, such as answering questions and handling returns. They may provide customers with booklets on a range of consumer topics.

**Better Business Bureaus** In an effort to improve credibility, businesses have joined together in a self-regulation effort and created Better Business Bureaus (BBBs). These bureaus are franchised, and businesses become accredited members by committing to the BBB standards and paying yearly membership dues. Accredited members are known for their reliability and integrity. BBBs work to maintain ethical business practices and to combat consumer fraud. They are frequent sources of news for the media about scams, alerts on frauds, and consumer issues.

Better Business Bureaus can provide helpful information about businesses. If consumers have a problem with a business, they may file a complaint with a BBB. All complaints filed are available to the public. The bureaus only give out facts. They do not recommend products, companies, or charities.

### CheckPOINT

Why are product labels necessary?

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