

Consumer Rights and Responsibilities

Chapter Objectives

After completing this chapter, you will be able to:

▶ Section 23.1 Consumer Rights

- **Describe** seven protections that are included in the Consumer Bill of Rights.

▶ Section 23.2 Consumer Responsibilities

- **Describe** the responsibilities of consumers.

Ask

STANDARD Taxes and Investing & POOR'S

Q: What responsibilities do I have for paying taxes on my investment earnings?

A: Everyone is required to pay taxes on investments. The amount of taxes you owe on an investment is dependent on how much your investment grew, how long you held the investment, and on your tax bracket. Your tax bracket is the amount at which your regular income is taxed. It is important to figure taxes into your calculations when comparing your investment choices. The difference they can make is startling. In fact, the tax advantage afforded to long-term capital gains is another big reason why long-term investing approaches work so well.

Mathematics John and Esperanza both fall in the 35% tax bracket. John decides to make a single \$10,000 investment at the beginning of the year and hold it into the next year. Esperanza moves her \$10,000 from stock to stock throughout the year. John's investment doubles to \$20,000, while Esperanza's increases by 125% to \$22,500. However, because John's investment qualifies as a long-term investment, he owes only \$1,500 in taxes. Esperanza owes the full 35%, \$5,250, because she bought and sold multiple times. At what rate was John taxed?

CONCEPT **Use a Variable to Represent a Percent** Just as a variable can represent an integer, it can also represent a decimal or percent. Just as you would solve any other algebraic expression, isolate the variable on one side to determine its value.



● **Knowledge Is Power** Consumers can learn about ingredients by reading the labels on food products. **Do you compare the labels of food products before deciding which product to buy?**

Consumer Rights

Reading Guide

Before You Read



Think about the importance of your rights as a consumer and the ways those rights can impact your life.

Read to Learn

- Describe seven protections that are included in the Consumer Bill of Rights.

The Main Idea

Consumers are protected by the Consumer Bill of Rights. The bill states that consumers have the right to be informed, the right to choose, the right to safety, the right to be heard, the right to have problems corrected, the right to consumer education, and the right to service.

Key Concept

- The Consumer Bill of Rights

Vocabulary

Key Terms

consumer rights
 consumer movement
 product liability
 bait and switch

Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

accurate
 devices
 resolved
 scenario

Graphic Organizer

List the benefits of each of the seven basic consumer rights in a figure like the one below.

Consumer Right	Benefit of that Right
The Right to Be Informed	
The Right to Choose	
The Right to Safety	
The Right to Be Heard	
The Right to Have Problems Corrected	
The Right to Consumer Education	
The Right to Service	



Go to the *Introduction to Business* Online Learning Center through glencoe.com for a printable graphic organizer.

Academic Standards

English Language Arts

NCTE 1 Read texts to acquire new information

Mathematics

Algebra Represent and analyze mathematical situations and structures using algebraic symbols

The Consumer Bill of Rights

Imagine that you just bought an MP3 player. The first time you play it, you do not hear a sound. The good news is that you have rights as a consumer. These rights protect you when a product is defective.

In 1962, President John F. Kennedy outlined what he called the Consumer Bill of Rights. The bill stated that every person has four basic **consumer rights**—the right to be informed, the right to choose, the right to safety, and the right to be heard. These rights received a lot of attention from the **consumer movement**, a movement to pass laws protecting consumers from unfair and unsafe business practices. Over the years, three other rights were added: the right to have problems corrected, the right to consumer education, and the right to service.

As You Read

Think about your rights as a consumer. Have you ever observed your consumer protection rights when dealing with a defective product you purchased?

The Right to Be Informed

As a consumer, you have a right to receive **accurate** information. Consumers can make wise decisions only if they have the information they need. Businesses are required to provide certain details about their products. For example, drug companies must list the complete contents of every medicine. Clothing manufacturers must list the fibers used in materials. Packaged foods must show all ingredients, with the main one listed first. Companies provide this information through product labeling.

The Right to Choose

Because the United States has a market economy, its consumers can choose from a wide variety of goods and services. Businesses compete with each other to sell their products to consumers. They offer new products, lower prices, higher quality, or improved services to get you to choose their products. Competition provides choices. A lack of it hurts consumers.

ETHICS in Business

Product Safety

- **Critical Reading** Life is full of important decisions. Think about the kinds of decisions that you make as you read the question below.

A product your company makes has a slight design flaw. You are the only one who knows about the problem, and the chances of it causing someone harm are negligible. The warning label that was printed, although thorough, does not address the design flaw. To reprint the warning labels would put this product over budget.

- **Decision Making** Would you have the warning labels reprinted? Explain your answer.

As You Read

Think about how businesses compete to sell their products to consumers. Have you ever been affected by a lack of competition?

The federal government has the power to keep markets competitive. It can use antitrust laws to break up monopolies or keep them from forming. Sometimes it will prevent a large company from buying a smaller one if the purchase would lead to control of a market.

Reading Check

Explain What type of economy gives its citizens the right to choose from a wide variety of goods and services?

The Right to Safety

You have a right to products that are safe to use. **Product liability** is the legal responsibility that manufacturers have to make a safe product. For example, tools and appliances must include safety **devices** for your protection. Federal laws ensure that clothing, food, toys, and other items will not harm consumers. The U.S. Consumer Product Safety Commission enforces product-safety standards.

BusinessWeek Reader and Case Study

HP Wants Your Old PCs Back

It's pushing states to force recycling of TVs, computers, and other e-gear. Here's why.

A few years ago, when environmentalists in Washington State began agitating to rid local dumps of toxic old computers and televisions, they found an unexpected ally: Hewlett-Packard Co. Teaming up with greens and retailers, HP took on IBM, Apple Computer, and several major TV manufacturers, which were resisting recycling programs because of the costs.

Aided by HP's energetic lobbying, the greens persuaded state lawmakers to adopt a landmark program that forces electronics companies to foot the bill for recycling their old equipment. "This bill puts our market-based economy to work for the environment," said Washington Governor Christine O. Gregoire as she signed the plan into law on Mar. 24.

The movement to recycle electronic refuse, or "e-waste," is spreading across the nation,

and so is HP's clout. The company helped the greens win a big battle in Maine in 2004 when the state passed the nation's first e-waste "take-back" law.



CASE STUDY Go to the *Introduction to Business* Online Learning Center through glencoe.com for the *BusinessWeek* Reader Case Study.

Active Learning


Research the components that are used to make a computer and the reasons those components should not end up in a landfill. Write a letter to your state representative. Explain the reasons it is important to your future for your state to preserve the environment.

The Right to Be Heard

Consumers who have complaints about products or services have a right to be heard. Suppose you buy a bike helmet from a sporting goods store. After wearing the helmet a few times, you find that the chinstrap keeps coming loose. You have the right to let the store know you are not satisfied with the helmet. Businesses rely on customer satisfaction. The purpose of the customer service department is to listen to the concerns of customers.

The Right to Have Problems Corrected

Sometimes products do not work properly after they are purchased. Usually if a customer takes a defective item back to a store with a receipt, the business will replace it or issue a refund. If a business cannot or will not correct a problem, consumers can write to the manufacturer to find out how to get the matter **resolved**. If the manufacturer will not help, a government agency might be your next step. **Figure 23.1** asks you to match each **scenario** with the appropriate consumer right.



Consumer Resources
Consumer.gov is an online resource for consumer information from the federal government. It is designed so that consumers can locate information by category—such as food, health, product safety, money, and transportation. *How might this consumer resource be useful to you?*

Figure 23.1 — Know Your Consumer Rights

Consumer Issue	Consumer Right
1. An automaker recalls its new model after some of its seat belts fail to keep children safe.	Right to be heard
2. A restaurant asks you to fill out a comment card after eating your meal.	Right to choose
3. An advertisement for a new TV informs the consumer about the total cost and interest rate.	Right to service
4. An electronics store displays three competing brands of computers from which to choose.	Right to safety
5. A shoe store replaces your new shoes after you discover a problem with the soles.	Right to be informed
6. <i>Consumer Reports</i> educates consumers who are researching different models of cameras.	Right to have problems corrected
7. You pay an auto-repair service to rebuild your car's engine.	Right to consumer education

Consumer Rights The Consumer Bill of Rights states that every person has the right to be informed, to choose, to be safe, to be heard, to have problems corrected, to receive consumer education, and to receive service. **Can you match the consumer issue with the appropriate consumer right?**

Consumer Awareness

In the United States, National Consumer Protection Week highlights consumer protection and education efforts. Whether you are investing in a business opportunity, taking part in an online auction, or looking for a scholarship, it pays to be aware as a consumer. *What issue might be a theme for the next National Consumer Protection Week?*

The Right to Consumer Education

Consumers have the right to learn how a market system works. You should know how to get the best value and satisfaction for your money. When you decide to buy an item, you should know that different stores might charge different prices. You should know how to comparison shop to find the best buy. Check the information required by law on labels, and read fact sheets about products.

The Bait-and-Switch Tactic There are always some businesses that do not operate in the best interests of the consumer. Some might try a tactic known as bait and switch. **Bait and switch** is a sales tactic in which buyers are tempted by an advertised bargain but are then persuaded to buy a more expensive item instead.

The Right to Service

Customers have a right to be treated in a respectful and courteous manner. You have the right to expect prompt delivery of goods or services that meet the standard of quality a business claims. You also have the right to be served without discrimination on the basis of your race, gender, income, or age. These rights apply wherever you are being served.

Section 23.1

After You Read



Review Key Concepts

1. What are four basic consumer rights provided by the 1962 Consumer Bill of Rights?
2. What three consumer rights have been added to the Consumer Bill of Rights since 1962?
3. How does the bait-and-switch tactic work? Why is it unfair to consumers?

Academic Skills

4. **Mathematics** Today you found the tablecloth you wanted to buy on sale for the bargain price of \$20. At other stores the same tablecloth costs \$23. Write an expression that could be used to determine the percent discount of the bargain tablecloth.

CONCEPT

Percent Discount Percent discount is a ratio of the difference in price divided by the original price. To convert a decimal to a percent, multiply by 100 by moving the decimal point two places to the right.



For math help, go to the Math Appendix.



Go to the *Introduction to Business* Online Learning Center through glencoe.com to check your answers.

Consumer Responsibilities

Reading Guide

Before You Read

Think about your responsibilities as a consumer and the ways those responsibilities can impact businesses.

Read to Learn

- Describe the responsibilities of consumers.

The Main Idea

Along with your consumer rights, you have responsibilities. You must use information provided to you, choose carefully, use products safely, and learn consumer skills. It is your responsibility to speak out and seek a remedy when problems occur.

Key Concept

- Your Responsibilities as a Consumer

Vocabulary

Key Terms

pollution recycling
conservation boycott

Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

adjust contact
manuals adequate

Graphic Organizer

In a table like the one shown, list examples of each of the six responsibilities of consumers.

Consumer Responsibility	Example
The Responsibility to Be Informed	
The Responsibility to Choose Carefully	
The Responsibility to Use Products Safely	
The Responsibility to Speak Out	
The Responsibility to Seek a Remedy	
The Responsibility to Learn Consumer Skills	



Go to the *Introduction to Business* Online Learning Center through glencoe.com for a printable graphic organizer.

Academic Standards

English Language Arts

NCTE 1 Read texts to acquire new information

NCTE 8 Use information resources to gather information and create and communicate knowledge

Science

Content Standard F Students should develop understanding of environmental quality and science and technology in local, national, and global challenges

Who Is Responsible? Some consumers have sued a leading fast-food giant because of the contents and preparation of its food items. Some states have also sued the tobacco industry because of the contents of its products and its sales tactics. In both instances, the complaint was that the products contributed to some consumers' poor health. *Do you think a company is responsible if a consumer's health is negatively affected by its products?*

Your Responsibilities as a Consumer

Along with rights come responsibilities. As a consumer, you have the responsibility to educate yourself. If information about a product is available, you have the responsibility to read that information and to use the product the way it is intended.

The Responsibility to Be Informed

Responsible consumers know what they are buying. When you shop for food, read the labels for nutritional facts. Product labels can tell you how much salt, sugar, fat, or protein a product contains. When you shop for clothes, read the labels to find out what materials they contain. The labels will also indicate how the clothes should be cleaned.

Before making a major purchase, you should always do some homework. Some consumers read the fact sheets from the U.S. Consumer Product Safety Commission. The fact sheets tell how a product is rated on safety, performance, and value. There is also lots of information on the Internet. Read consumer magazines such as *Consumer Reports* and *Consumers' Research Magazine*, which evaluate and rate products. Most consumer organizations and manufacturers have Web sites. **Figure 23.2** shows the Web site for J.D. Power and Associates®, a leading market research and consumer information firm.

Reading Check

Contrast How do product labels and fact sheets from the U.S. Consumer Product Safety Commission differ?

Stay Informed It is your responsibility to learn about products before buying them. **How is this person taking responsibility as a consumer?**



Figure 23.2 — Making Educated Choices



Information for Consumers The J.D. Power Web site offers valuable information for consumers. **If you were going to buy a new car, what type of information would you want to know before deciding which car to buy?**

The Responsibility to Choose Carefully

Responsible consumers make comparisons to find the best product or service at the best price. Which electronics company offers the best guarantee? Which cars have the best record for reliability? Which computer will best fit your budget and your needs? It pays to take time to make comparisons. You can examine the options and prices and then make an educated choice.

Choices That Affect the Environment Many consumer choices can affect the environment. Some vehicles emit more exhaust than others. Some materials, such as certain plastics, cannot be recycled and do not decompose easily. Illegal dumping can harm natural habitats. All of these things contribute to **pollution**, the contamination of air, water, and land. Pollution is caused by waste from products as well as the ways we use them. People and businesses must help to reduce it by making choices that are good for the environment.

Conserving Resources As the population grows, the demand for resources increases. **Conservation** is the process of preserving, protecting, and planning the management of resources. For example, as more people move into an area, the demand for water rises. Some areas may experience water shortages. Consumers should be aware of the limited supplies of certain resources and **adjust** their consumption accordingly.

As You Read

Think about ways consumers can reduce pollution.

Eco-Friendly Packaging

If something is biodegradable, living organisms can break it down into simpler structures. This reduces the length of time it affects the environment. Packaging producers have increased research into the chemicals they use, looking for materials that can be broken down faster. A majority of packaging material is made of some form of ordinary plastic. While many plastics can be recycled, they are not biodegradable. This leaves it up to voluntary recycle programs to reduce the environmental impact.

Web Quest

Go to the *Introduction to Business* Online Learning Center through glencoe.com for links to Web sites where you can research how packaging manufacturers are trying to lessen the environmental impact of their products. Write a paragraph describing what companies are doing in this area.

Recycling Part of conservation is learning to avoid waste. Consumers can help by reducing, reusing, and recycling materials in their daily lives. **Recycling** involves collecting products for processing so that they can be used again. Many cities have programs to collect products made of paper, plastic, metal, and glass for recycling.



Reading Check

Define What is recycling?

As You Read

Think about a product you bought that was defective. What did you do to speak out about the defective product?

The Responsibility to Use Products Safely

Consumers must follow the instructions provided in product **manuals** or other materials on the safe use of products. For example, a consumer must read the label of a cold remedy to find out its recommended dosage. If you know a product is unsafe, first contact the seller or producer about it. If no action is taken by the company, **contact** a consumer protection agency.

The Responsibility to Speak Out

Responsible consumers can help improve the policies and products of the businesses where they shop. They can let a company know if they are dissatisfied with its products or policies. Consumers also have a responsibility to report unfair, unsafe, and illegal business practices. This helps to protect other consumers from problems. If you object to a company's policies or products, you could organize a **boycott**, a refusal to buy its goods or services. Boycotting is usually a last resort for consumers who have not received an **adequate** response from a company.

The Responsibility to Seek a Remedy

Part of being a good consumer is getting the best value for your money. You have a responsibility to seek a remedy for a defective product. If you plan to exchange an item or get a refund, you must take back the item, the receipt, and any warranties or guarantees that came with it. If the store cannot solve the problem to your satisfaction, you should contact the manufacturer or a consumer organization for help.

The Responsibility to Learn Consumer Skills

Find information to help you make consumer decisions. It is a bit overwhelming to think of researching every purchase before it is made. However, there are several ways to develop your consumer skills:

- Read information on labels and packages.
- Compare prices at different stores, and look for sales.
- Pay attention to the media to become aware of illegal practices.
- Read consumer information publications.
- Attend classes or workshops on consumer issues and problems.

Many purchases that you make will not require any research. Still, remember that the more informed you are about products and services, the better your consumer decisions will be.

Section 23.2

● After You Read

Review Key Concepts

1. Where can you find information before making a major purchase?
2. Identify three steps you can take as a consumer to conserve resources.
3. If you object to a company's practices, what can you do as a consumer?

Academic Skills

4. **English Language Arts** Work together with one or two other students to create a bulletin-board display called "Consumers Speak Out!" Collect newspaper and magazine articles from consumer publications that illustrate how consumers have influenced businesses to change their policies or improve their products.
5. **English Language Arts** Write a 250-word report on how government regulations, such as those related to automobile safety, food and drug labeling, and secondhand smoke in stores and restaurants, have affected the safety of consumers.



Go to the *Introduction to Business* Online Learning Center through glencoe.com to check your answers.

Chapter 23 Review and Activities

Section 23.1 Summary

Consumer Rights The U.S. Consumer Bill of Rights states that every person has seven basic consumer rights. The first four are the right to be informed, the right to choose, the right to safety, and the right to be heard. Since the bill was developed in 1962, three other rights have been added to it: the right to have problems corrected, the right to consumer education, and the right to service. As a consumer, you are protected if you buy a defective product or receive poor service. However, it is up to you to make sure that your rights are observed.

Section 23.2 Summary

Consumer Responsibilities Along with rights come responsibilities. It is your responsibility to educate yourself before making consumer decisions. If you plan to make a major purchase, you can read and investigate your choices so that you can make a wise decision. Comparison shop by reading consumer magazines, checking companies' Web sites, and visiting different stores. Reducing pollution, conserving resources, and recycling are also responsibilities. If you take your consumer responsibilities seriously, you can get the best value for your money.

Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

Key Terms

consumer rights
consumer movement
product liability
bait and switch
pollution
conservation
recycling
boycott

Academic Vocabulary

accurate
devices
resolved
scenario
adjust
manuals
contact
adequate

Review Key Concepts

2. Describe four protections for consumers that are included in the Consumer Bill of Rights.
3. Describe the responsibilities of consumers.

Critical Thinking

4. After the Consumer Bill of Rights was developed, the consumer movement was a strong force for consumer protection. Why do you think the consumer movement became so strong at that time?
5. In what ways do you think that consumers may not exercise their right to be heard?
6. Where can people go for help in making consumer decisions?
7. When might a loss leader (product sold below cost) become a bait and switch?
8. What do you think causes poor customer service?
9. Check the label on an item of clothing. How would you suggest the manufacturer improve the label?
10. How does it help consumers to have information about a single serving on food labels?
11. What do you think would justify a consumer boycott of a store or company?
12. What do you think is the most important thing that consumers can do to protect their interests when they buy goods and services?

Write About It

13. Write two or more paragraphs about why you think auto-repair complaints have led the list of consumer concerns for several years.
14. List several reasons why you think large companies often have entire departments devoted to consumer affairs.
15. List an item you recently bought that you are not satisfied with now. Write a short essay about actions you could take to resolve the matter.
16. Research the proper ways to dispose of items such as old clothes and used oil. Then write an essay on your findings.
17. Choose a company and write a short paper on the consumer information it provides. How can consumers remedy a problem with the company's product or service?
18. Find out about environmental issues in your community. List three pollution problems and discuss ways consumers can help solve them.
19. Research different consumer scams. Use the Internet, newspaper articles, and other materials. Write a news article on ways to avoid them.

Technology Applications

Spreadsheet Software

20. Study a label for canned or packaged food. Answer these questions: What is the serving size? How many servings are there per can or package? How many calories per serving? How many vitamins and minerals does the food provide? Develop a spreadsheet of your findings. Share your results with the class.

Business Ethics

Consumer Ethics Policy

21. Consumers have rights and responsibilities. Ethical behavior is one of the most important consumer responsibilities. Write a policy that offers general ethical guidelines and lists specific ways consumers should act when they shop. Discuss your policy with your classmates.

Chapter 23 Review and Activities

Applying Academics to Business

English Language Arts

22. Research the etymology, or history, of the word *boycott*. How and why did it come into use? What are some important ways boycotts have been used over the years? Write two or three paragraphs about what you discover.

Mathematics

23. Francine has nine cousins. By coincidence, they are all getting married this year. Francine decides to buy each one an engraved silver pitcher as a wedding gift. She finds that the pitcher she wants to buy costs \$130. However, if she buys 10, she will get a 10% discount. What is the difference in cost for 9 pitchers versus 10?

CONCEPT **Percent Discount** Percent discount is a ratio of the difference in price divided by the original price. To find a discounted price, multiply the original price by the discount and subtract the product from the original price.

English Language Arts

24. Manufacturers sometimes recall products that have been discovered to be unsafe. Consumer magazines and Web sites post recall notices. Become familiar with at least three recalls of related products in a category such as infant products or electrical components. Describe the reasons for the recalls and the procedures for resolving the problem.

Mathematics

25. VidMania sells DVDs for \$14.98 each. In January, the store sold 208 DVDs. The manager wanted to compute the total sales of DVDs for the month. If you were to estimate the answer using mental math, what would be an appropriate estimate?

CONCEPT **Mental Math** Simplifying numbers and computation by rounding and estimating makes it possible to solve problems in your head.

Active Learning

Environmental Awareness

26. Work in a team of two or three to develop a survey about awareness of environmental issues. Survey local businesspeople and consumers. Possible questions to include: Which items do you recycle? How do you dispose of hazardous materials? Then prepare a report of your findings.

Business in the Real World

Consumer Information

27. Visit one or more stores in your community that sell large appliances or electronic equipment. Ask for brochures, pamphlets, or warranty information they may provide to customers. Based on the information you receive, from which company would you most likely make a purchase? Write a brief report on your findings and response.

Real LIFE skills

DEVELOP COMPARISON SHOPPING SKILLS

28. Think of a product that you plan to purchase soon. Then comparison shop. What are different companies' return policies? Which offers the best guarantee? Which offers the best value? Are there any customer reviews to consider? Prepare a report of your findings.

COOL Business CAREERS

FIND YOUR DREAM JOB

29. Go to the *Introduction to Business* Online Learning Center through glencoe.com for a link to the Occupational Outlook Handbook Web site. Click on the "OOH Search/A-Z Index" link and enter the job category "public relations specialists." Then write a one-page report about this area of occupation. Conclude your report with a list of things you could do now to prepare yourself to pursue the occupation.

Role Play

PRACTICE CUSTOMER SERVICE SKILLS

30. **Situation** You are a clothing store manager. The store's return policy states that customers without a receipt may exchange a returned item. A sales associate asks you to talk to a customer, who wants to return an item without a receipt.

Activity With two partners, prepare and perform a skit on how you would handle the customer.

Evaluation You will be evaluated on how well you meet the following performance indicators:

- Listen to both the sales associate and the customer.
- Explain the store's policy on returns.
- Describe what you can do to resolve the matter.
- Speak confidently, courteously, and tactfully.

Standardized Test Practice

Directions Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

1. Which sentence contains two independent clauses?

- A When one company controls the market, it has a monopoly.
- B In 1962, President Kennedy signed the Consumer Bill of Rights.
- C The population has stayed the same, but consumer demand has increased.
- D Part of conservation is learning to avoid waste.



TEST-TAKING TIP Take tests seriously. Schools use them to measure and then improve education. Tests can tell schools that they need to strengthen courses or change teaching techniques. Other tests are used to compare students by schools, school districts, or cities. All tests determine how well you are doing.



READING Go to the *Introduction to Business* Online Learning Center through glencoe.com for a list of outside reading suggestions.