

Chapter V

Summary and Conclusions

This chapter will include a summary of the entire study, the major findings, conclusions, and implications of the study on consumer knowledge of Middlesex High School students.

The purpose of this study was to examine the consumer knowledge of high school students from Middlesex County, Virginia and to determine the needs of this community. The consumer issues were defined as consumer credit, checking/savings, automobile insurance, housing rental, food purchases, and automobile purchases. This study was designed to help those persons developing and delivering consumer education curriculum understand the needs of this target audience.

A recent study showed that most high school students were graduating without basic consumer education knowledge. The Consumer Federation of America and American Express (Brobeck, 1993) conducted a nationwide survey of consumer knowledge in consumer credit, checking/savings, automobile insurance, housing rental, food purchases and automobile purchases, and found understanding to be limited. Using the same 52-item survey, the researcher found similar results. The students who participated in the survey had a poor understanding of consumer issues.

Students from Middlesex High School were invited to respond to a multiple-choice survey to assess their consumer knowledge. Parental consent was needed to participate, so a permission form and information letter was sent home. The homeroom teachers distributed and collected both the consent forms and the surveys. There were 55 participants who took the survey during an extended homeroom class at the school. The students' score (39%) reflects that they have a poor understanding of consumer issues.

Conclusions

The results of the consumer knowledge study indicate that the Middlesex High School students surveyed were not well prepared for the world of consumption. Overall, the students who responded from Middlesex County had a poor understanding of

consumer knowledge in the six specific areas. The average score for the entire survey was 39%. Students surveyed had the poorest understanding of consumer credit, auto insurance, and food purchases. Scores for these category areas averaged less than 40%. The participants scored highest on housing rental (45%) and checking/savings accounts (44%).

The 55 youth surveyed spanned across four grade levels. The seniors scored the highest (48%), which was higher than the national average of high school seniors, however there still is great need for improvement. One would expect that the junior students, although few in numbers, would have scored higher than the sophomores due to the fact they have had more education and have had a longer amount of time in the market place to gain life experiences (one year more). This was not the case found in this survey. Both the juniors and freshmen surveyed had a poor understanding of consumer issues (35%). However, the sophomores had a moderate understanding level of consumer knowledge with an average score of 46%.

The group of students surveyed were mostly freshmen, female, Caucasian, had a family income in the \$15,000-24,999 range, spent less than \$50 a month, had no personal checking account, and plan to attend a four-year college graduating from high school. Almost as many students reported having received consumer education, as not having consumer education (49% versus 51%).

Consumer Credit

The students surveyed had the poorest understanding of consumer credit (31%). Of particular concern was how little the students knew about: the importance of the annual percentage rate (APR) of a consumer loan (13%); the owner's legal responsibility of a lost or stolen credit card (2%); and what consumers can do if a credit report contains incorrect information about them (4%). The students had the highest score on the questions about: the importance of having a good bill paying record in order to receive a loan (93%); the federal law which allows creditors to deny credit if the borrower has outstanding debts (69%), and the obligations of a co-signer of a loan (58%).

Checking/Savings Accounts

There was poor to moderate understanding of checking and savings accounts (43%). However there is still a concern that students do not understand: who is charged a fee when a check bounces (16%), and which deposit account pays the most interest (16%). The students surveyed had a good understanding about topics such as: pay the most attention to the annual interest rate when shopping for a savings account (62%), and being able to compute the amount charged to an account given all the monthly service fees and cost per-check written information (60%).

Auto Insurance

The students had a poor understanding of auto insurance (35%). A few particular concerns are with the understanding of: the extent to which auto insurance rates vary (15%); insurance agents legally represent only the insurance company (17%); and what the coverage limits of auto insurance policies mean (20%). There was a moderate understanding of the deductible of an insurance policy (58%), and that liability insurance protects a person from loss resulting from lawsuits (55%).

Housing Rental

The students had more understanding of housing rental than all the other consumer areas (45%). Students surveyed had a high understanding of a landlord's obligation and responsibility (64%). However, only 24% knew that to evict a tenant a landlord must go to court. Participants had a lower understanding of leases and what those mean. There is a concern that students did not know: that a security deposit is required in a lease to cover damages caused by tenant's negligence (31%); and what to do if there is an objectionable clause in the lease (31%).

Food Purchases

Survey results suggest that the participating students had a poor understanding of food purchase. There is a particular concern that students did not know about: the type of grocery store usually offering the lowest prices (18%); and the techniques for smart food

shopping (20%). The students' scores reflect a higher understanding about foods: the national brands at regular price are most expensive (69%); and the grades of food indicate the product meets certain quality standards (66%).

Car Purchases

Participants had a poor understanding of car purchases (40%). There was a particular concern that the students did not know about: the coverage of new car warranties (13%); and the coverage of car service contracts (15%). Students surveyed had a good understanding of what it means when a person buys a used automobile "as is" (66%).

In general, the students who were Caucasian, female, from upper income families, and plan to attend a four-year college scored the highest. The ones who spend between \$50-99 a month, had a checking account and previous consumer education scored the highest. The non-white ethnic groups, students from the lower income families, and those not planning to attend college scored the lowest. The students not planning to attend college are most likely to become major consumers of goods and services after graduating from high school, yet are the least likely to earn high incomes (Brobeck, 1993). Consumer education should be targeted at all students, but there should be special attention directed towards the needier groups.

Discussion

It would be unfair and the researcher is unable to generalize that the data represents the student body of Middlesex High School. There were too few respondents who answered the survey. However, the researcher may suggest that there is a need for consumer education with the youth of Middlesex County. Perhaps students think that consumer issues are not important to them, when in actuality, whether they know it or not, they are already an important consumer group in today's society. There is a need for early instruction of being a knowledgeable consumer so they are properly prepared when they graduate and are sent into the "real world". Students are being educated by their families, schools, and society to prepare them for their future. The future also needs

educated consumers. Youthful consumers of today need to be educated so that as the adults of tomorrow they will be able to manage for a better future.

The researcher was fortunate to be able to conduct the research in the school. Local support is essential if priority is to be placed on consumer education. Consumer education is not considered mainstream education and there is a lack of teachers adequately trained in this field (United States Office of Consumer Affairs, 1991). There were personnel at Middlesex High School who were barriers to the study and others who were supporters, but through it all the survey was given and the data were collected.

The findings of this study concur with the study by JumpStart Coalition for Personal Financial Literacy and the study by the Consumer Federation of America and American Express' national test that high school students are not well prepared for the world of consumption (Scoggins, 1997; United States of Consumer Affairs, 1991). The average score for the entire survey was 39%, and on none of the six subjects did the students score above 50%. Results from the seniors of this study and the one by Consumer Federation of America and American Express were very similar. The national information found could be attributed to be relevant for high school seniors from Middlesex County as well. The lowest scores in both the national test and this survey were from the low income and/or minority backgrounds, and who will be entering the marketplace upon leaving high school (United States of Consumer Affairs, 1991). In both studies, the students overall scored the lowest on the consumer credit and automobile insurance.

In both the results found in this study and the ones found in the study by the Consumer Federation of America and American Express, females scored higher than the males (Brobeck, 1994). The Caucasians scored higher than non-white groups.

Children learn about finances through observations, participation, and through intentional instruction by parents and other adults to which they are exposed (Danes, 1994). Those students who came from high-income families had more knowledge of consumer issues than those from the low-income families. Families with higher incomes have more money to spend in the marketplace and they learn by the additional experiences of shopping with their family or by themselves with the family's money. The

students who had a personal checking account scored higher than those who did not have an account. The students who had received consumer education scored higher than those who had no training. Both studies also showed that the students who planned to attend a four-year college scored higher than those who have other plans following graduation. The two studies did not agree with the results of the monthly spending habits of the students and their amount of consumer knowledge. In this study students who spent \$50-99 a month knew more about consumer issues than the others, whereas in the study by the Consumer Federation of America and American Express the students who spent \$250-\$500 scored the highest (Brobeck, 1994). There were very few students who were spending the amount of dollars in the higher ranges each month. There is a limited area to spend money in Middlesex County and those who spend the most probably have a part time job and transportation to be able to travel out of the county. The students who spent less may have a better understanding of consumer issues because they do not have as much money and have to stretch it out further to meet their needs.

Survey participants from higher income families and those having a checking account scored higher in this study, which is consistent with Marshall & Magruder's Experience Factor theory that says the more experience with money, the more they will be able to grasp the economic meaning (1960). However the students who spent the most money each month did not have as much consumer knowledge as those who spent less, which does not agree with the literature (Marshall & Magruder, 1960). Although students may spend a lot of money it does not mean that they know how to spend it wisely. The researcher does not know the source of the money, whether it was earned or given to the students. It could be assumed that the students are not spending money earned, but money given to them.

Stampfl's Consumer Life Cycle (1978) shows that greater knowledge is needed as one matures. Overall, the seniors surveyed scored the highest on the Consumer Knowledge survey. One would expect that the scores would go in order of the school grade. These were not the results found in this study. The juniors surveyed did not score as well as the sophomore participants, although they have one more year of life experience. This result does not agree with the study by Danes (1994) that identifies

there is a positive relationship between life experience and consumer knowledge. The juniors were the least represented in this survey. Their low score may be related to the small number of persons in this sample or possibly the respondents themselves, rather than a knowledge reflection of their class. The majority of the respondents were freshmen and their lower scores decreased the average of the survey. Perhaps the consumer topics had not been covered at this early stage of their education or the questions were too difficult in their wording or content. If the survey had been limited to the older high school students, the overall average may have been higher.

The survey results suggest that the students understood the least about credit. If the students are not taught today about responsible credit use, the adults of tomorrow will be starting out with the very real danger of heavy debts and a bad credit history (McEldowney, 1994). In 1997, consumer bankruptcy filings totaled 1,350,118, up 20% from total non-business filings of 1,125,006 in calendar year 1996, according to the Administrative Office of the U.S. Courts (Mandell, 1998). A survey of 1996 filers by Visa U.S.A found that 9% were between 18 and 25 years old (Mandell, 1998). There are parallel findings for Virginia bankruptcy filings. Students from the consumer knowledge study had a poor understanding of the cost of credit. Few of the high school respondents appeared to understand what an annual percentage rate was which agrees with previous studies (Brobeck, 1993). There was a good understanding of the factors lenders use to decide whether to extend credit in both this study as well as the study by Consumer Federation of America and American Express (Brobeck, 1993).

Survey results suggest the students had a greater knowledge on the checking and savings account portion of the survey. Both the sophomores and the seniors had a moderate understanding of this section overall. However, the low score of the juniors lowered the total average. There was good understanding of annual interest rates, costs and yield of savings accounts. These results did not agree with previous literature (Brobeck, 1993). Middlesex students surveyed scored higher than the national average of high school seniors. The higher score in this consumer category for the Middlesex students may reflect the local area. The survey did not ask the students whether or not they had experience with savings accounts. Since there are limited places in the county

for students to spend their money and transportation is needed, students may be depositing earned money and allowances into a savings account.

The students surveyed from Middlesex scored rather low on the automobile insurance portion of the survey. This result agrees with literature from Nappi, and Crepas (1994), that insurance is virtually ignored in many high schools today, despite the importance in America's society. The higher scores of the sophomores, juniors and seniors were lowered by the non-driving freshmen's low score, and therefore the average score of automobile insurance was lowered. The higher scores may reflect the fact that those students most recently took a course to become new drivers in Middlesex County. Students take a drivers education course, in the school, where they cover topics such as automobile insurance. The freshmen, which answered 28% of items correctly, would not have had this subject in the school to receive the information. Overall, the students had a moderate understanding of automobile insurance coverage, yet did not understand the significance of injury limits, which concurs with the results from Brobeck (1993).

The highest score was in the housing rental portion of the survey. Most young people don't know how to save themselves from legal hassles when they rent or how to protect their rights (Daly & Bloom, 1982). The findings in this study give directions that agree with this statement. Students surveyed were found to have a lower understanding of tenant obligations and yet a higher understanding of landlord's obligations and rights. The findings also tend to agree with the national survey by Consumer Federation of America and American Express (Brobeck, 1993).

The higher score in housing rental may reflect back on the location of where the survey was given. Middlesex County has a population of 8,500, however in the summer that population almost triples. Many people have or rent summer homes/cottages. Access to the rivers and the bay is the lure to Middlesex County. Travelers come to Middlesex to fish, sail, swim, crab, and use powerboats for recreation. Residents of Middlesex County, no matter what age, are constantly surrounded by "come-heres". They come and then they leave when the summer season is gone, only to return again the following year. The students' parents may rent a home themselves or rent homes to

vacationers to the county. Students see what happens to their small county each summer, and they begin understanding the renting procedure.

The knowledge to make intelligent food purchase decisions is necessary because the market system is going to be more complex. The students in this survey tend to have had a poor understanding of all the consumer information needed in this subject area. The seniors surveyed showed a moderate understanding of food purchases, but due to the low scores of the freshmen and juniors the average was lowered. The seniors' higher score may reflect that they are taking on more of the family responsibilities of shopping and gaining more experience. They can drive themselves to the stores to purchase food for both themselves and their family. The students, much like in Brobeck's study (1993), did not understand the cost or quality factors; types of grocery stores, techniques for smart food shopping, but did understand cost of buying national brands and the significance of grade labels.

Students who participated in this survey did not score high in the automobile purchase portion. The seniors and sophomores had a moderate understanding, but the low score of the juniors brought the average score down. The seniors scored the highest in this category area (52%). These students are getting ready to graduate and continue through the next phase of their lives. The seniors' higher score may reflect their interest in purchasing a car. There was poor understanding of warranties and service contracts, and a higher understanding of information sources and cost factor which agrees with the national average of high school seniors (Brobeck, 1993).

Although Stampfl's Consumer Life Cycle was suggested as early as 1931, and written in 1978, it still holds true today. The life cycle analyzes the consumer elements needed, and when in the life span this knowledge should be obtained (Stampfl, 1978). Human lives progress through a series of stages. Even in school there are specific requirements students must meet for them to pass and continue on to the next grade or class. The same holds true for the life skill of consumer knowledge, however unlike school no one in the marketplace is watching over the population to make sure everyone receives the same information, much less that they understand it. It seems that those who need consumer knowledge the most in today's society are those same people who are not

being educated. The students surveyed have left the childhood stage and are into the adolescence stage. The seniors are getting ready to begin the early singlehood stage and leave the safety zone of their family to become totally independent. Everyone goes through these three stages; it is just a matter of time. Some students are more advanced than others with their amount of consumer knowledge, but they will learn with experience and time. It is important that the nation's 50 million students in grades K-12 are prepared for the world that is ready for them when they become self-supporting adults (Mandell, 1998).

Implications

The findings of this study would be useful for researchers, educators (both in the school, out of school and extension), school board, and anyone who wants to know about the consumer knowledge of high school students from Middlesex County, Virginia and the consumer educational needs of this community.

Researchers can use the data that was obtained to compare to other similar localities. A finding of this survey was the high school seniors survey scored the highest, however the participating sophomores, not the juniors, scored the next highest. Additional research could be conducted in the county to see if there is improvement through the school levels.

The results from this survey suggested there is a need for consumer education in Middlesex County. Educators can use the information as direction for creating programs that target the specific issues that are of the most concern. Credit was identified to be the consumer area the students surveyed knew the least about. Educators can start new programs, in cooperation with businesses, banks and concerned individuals, to teach students the important life skills of being educated consumers and managing their money. Teachers could adopt consumer programs into their lesson plans to increase the awareness and importance of being a wise consumer. The researcher, being the 4-H Extension Agent in Middlesex County, acknowledges that there is a great need for consumer training in this age group. There is tremendous room for growth of new

consumer programs. Virginia Cooperative Extension has some consumer education materials already available.

The researcher must acknowledge the lack of participation in the survey. Getting students motivated to learn is a challenge. The researcher must consider this when creating an after school event that would include consumer education. The topics must be relevant to teens and be fun. First, the students have to come to the meetings and participate before they will begin to learn. Then the students need to enjoy themselves and find the information helpful enough that they want to come back and bring their friends. No matter how hard or how much you plan if there is no audience that attends, the time and work is wasted. It is imperative that the youthful consumers of today are educated so that the adults of tomorrow will be able to manage for a better future. Knowledge of economics, personal finance, consumer rights, and responsibilities can help people function as more independent, productive and informed citizens (Kerka, 1993). Youth are an important market in today's society and are tomorrow's adult consumers.

The study is very relevant to recent events in education. The research on assessing the consumer knowledge of Middlesex High School students came before there were specific guidelines in consumer education. The Virginia Legislature recently passed a bill requiring the Board of Education, by July 1, 1999, to develop and approve consumer education objectives at the middle and high school levels. The consumer education will focus on money management skills for individuals and families. The objective will require instruction in those skills necessary to handle personal business and finances, and shall include: opening a bank account; how to judge the quality of a bank's services; balancing a check book; completing a loan application; the implications of an inheritance; the basics of personal insurance policies; consumer rights and responsibilities; dealing with salesmen and merchants; debt management, including retail and credit card debt; state and federal tax computation; local tax assessment; computation of interest rates by various mechanics; understand simple contracts; and how to contest an incorrect bill. While this is not part of the Standards of Learning perhaps more teachers will include these concepts in their lesson plans.

Recommendations

A few procedure process recommendations were found due to the lack of participation in the survey. At the time of this survey the students had been going through rounds of new standardized testing for the state. The teachers may have been worried about the tests and felt stressed. The teachers and secretaries possibly were directing their frustration about the state-standardized tests toward the researcher, since the survey was not required. The researcher recognizes that giving the consumer knowledge survey during a different part of the school year may have resulted in a higher participation rate.

More communication should have occurred between the homeroom teachers and the researcher. Many of the teachers, both homeroom and others, were either not available or did not attend the staff meeting. The only communications for those teachers were the letters that were sent. The researcher also received no feedback communication from the teachers even though it was welcomed in the letters.

In the future, the researcher may want to provide the teachers with a list that shows where various concepts in consumer education are in the existing standards of learning. They are spread out in various grades and content areas. Having the information of the standards of learning that are being addressed might make teachers more interested in supporting the study and promoting participation.

Making the participation rate a contest between teachers and classes possibly could increase the number of participants. Homerooms and grade levels could compete on percentage rates of participation rather than the scores on the survey.

Another way to increase the participation rate would be to give a prize or a “bribe” to increase the incentive to participate, for both the teachers and students. The participants were able to keep the special 4-H pencil provided for taking the survey, and the participating teachers were given a special “Thank You for Supporting 4-H” candy bar, but there was nothing mentioned before the event about these rewards.

This survey was initially identified to be a needs assessment of the students at Middlesex County. The scores of the participants suggested a need for additional consumer education in Middlesex County. This survey could be an initial pre-test to

different educational programs. The persons developing and delivering consumer knowledge curriculum have a direction of the consumer education needs of students at Middlesex High School. A consumer program should be implemented at the school, either during one of their classes or after school, that addresses these concerns and need for information. Participating students should be given a post-test to assess the knowledge learned through the program and experience in the marketplace since they started the program.

Virginia Cooperative Extension has programs ready to be implemented to assist with the education of high school students. The first program is the High School Financial Planning Program. This curriculum may easily be adopted by a business class, living skills class, mathematics, or economics course in the school. It also may be adopted as an after-school activity. There are workbooks, tests, and teacher's guides available. Another great opportunity is for the school to create a Life Smarts team. Life Smarts is a fun and exciting game-show style competition. The students learn about many different consumer subjects, similar to the subject areas in the survey. Participants read articles, find out what to look for when purchasing or using products, and take field trips to increase their hands-on learning. A team of students work together to study and prepare for the competitions. Another 4-H activity is Consumerama Judging. This is both a group and an individual effort. The students learn about what to look for when purchasing products. They develop their decision-making skills and broaden their general knowledge of being a consumer. With these last two programs there are competitions at the state and national level where the students can compete and win prizes. These programs are very exciting for the students and they are learning at the same time they are having fun.

Suggested Research Studies

There are many opportunities for further research in consumer knowledge of high school students.

- Teens have a considerable amount of money to spend, and they have power. Teenagers need to know how to make wise consumer decision and not be

victims of marketing strategies. There is a need for a study on the students' awareness of consumerism and direct marketing in today's marketplace.

- A study should be designed to compare the consumer knowledge of rural high school students to urban high school students. Ideally, consumer knowledge would be the same in both localities if they receive the same information.
- A study should be designed that focuses on other consumer areas important to teens. The behavior and attitudes of teens with respects to their consumer knowledge could be investigated. A study on students' reaction to current marketing strategies with respects to their consumer knowledge could be developed.
- A long-term study of students who receive consumer education versus those who do not could be designed. The researcher would then have to relocate the participants in a couple of years to see how having or not having formal consumer education has helped or deterred them along their lifetime.
- Consumer education is very important at all stages of life. There has been some research on the consumer education of high school students and assessing their consumer knowledge. However there has been far less research on those students who are in the elementary and middle school. A study needs to be designed to investigate how much, where, and from whom are the younger consumers receiving consumer training.