

# YOUR



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Foundation

FINANCIAL LITERACY FOR KIDS

# SHOP SMART!



**What's on your wish list? Learn how marketers send you messages about which products to choose.**



# WHY WE BUY



A selfie stick with a built-in microphone.

A remote-control drone. An interactive stormtrooper. All three are on the 2016 Toys “R” Us hot toy list. Why?

It has something to do with the toys themselves.

But a lot of research, time, and money also go into convincing you to ask your parents for them.

Companies are not allowed to lie—the Federal Trade Commission oversees truth-in-advertising laws. But they can use tricks to persuade you to want something. Keep your eyes open for these five marketing **gimmicks**.

## Showing Famous Faces

Why is Simone Biles’s picture on your breakfast

cereal box? Why does Taylor Swift drink Diet Coke? They may love those products. But they’re also paid by those companies. Companies hire celebrities, sports stars, and even cartoon characters to **endorse** products. The endorsement could be as obvious as serving as a spokesperson to say nice things about the product or as understated as wearing a product

or showing a logo. When your favorite YouTube star plays with toys or reviews video games, you should be skeptical. “A lot of people are getting paid to tell you to buy things,” says David Monahan, campaign manager at Campaign for a Commercial-Free Childhood.

## Forcing FOMO

FOMO stands for Fear of Missing Out. If you think you won’t be able to get a product because it’s selling



quickly, you’re more likely to rush to buy it. That’s why you see “limited edition” products or doorbuster sale items. Apple, for example, uses this strategy when it releases limited numbers of new phones to create shopping excitement, says Christopher Cumby, a marketing expert.

## Creating Collections

Think Shopkins. The company creates groups of products, like ice cream cones, perfume bottles, and teacups, as well as houses and other storage containers. Then it tries to convincing you to buy them all to complete your collection. Many products—from Pokémon cards to Pez dispensers—have found success this way, then ended up in a box in the basement. Ask yourself: Do I want this because I like it? Or am I just trying to collect more than my friends?



## Using Technology

Let’s say you spend time at an online retail site looking at a product—for example, a pair of sneakers. You decide not to buy them, and go to a different site. But a small advertisement on the new site features those very same sneakers—technology allows marketers to follow you around the web. They hope if you see it again, you’ll buy it. It’s up to you to resist.

## Playing Mind Games

Marketers want you to think that buying their product will transform you in some way. They want you to think “consuming this brand is going to make you cool, happy, or popular,” says Lee Ahern, associate professor of advertising at Penn State College of Communications. Marketers try to control your view of the brand by using a story, imagery, music, or people. Then, whenever you’re about to make a purchase, they hope that image will pop into your mind, making you choose their product over another.

So now you know. This holiday season, be sure to shop smart.

—By Hayden Field

### POWER WORDS

**endorse** *verb*: to publicly say, in exchange for money, that you like or use a product or service

**gimmick** *noun*: a method or trick that is used to get people’s attention or to sell something

### FAMILY CHALLENGE

#### Use critical thinking.

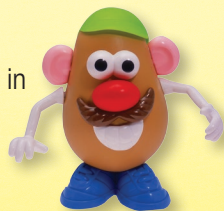
The next time you’re watching TV with your family, focus on a commercial or two. How is the company trying to get you to buy their product? Is it effective?

## MARKETING MILESTONES



1919

Red Crown Gasoline pays to be featured in a film, and “product placement” is born. It is common today—like the Mr. Potato Head and Etch-a-Sketch in *Toy Story*.



1965

Videotape recording makes pre-recorded TV commercials possible. Before this, television stars performed advertisements live.

1967

During the first Super Bowl, a 30-second TV commercial costs \$42,000. Last year, a commercial cost \$5 million.



2016

Soccer star Cristiano Ronaldo reportedly earns around \$300,000 for a single tweet that endorses a product.



1933

The first Sears *Wish Book* mail-order catalog comes out. By 1968, it is 605 pages, including 225 pages of toys.



1949

“Ladies and gentlemen ... I’m going to give you a demonstration of one of the most wonderful machines that was ever invented.” That is how the first infomercial begins. It is for Vitamix blenders.



2007

The first ads appear on Facebook.



2013

For the first time, Internet ads make more money than broadcast TV ads.



## Smart Giving

It's a scientific fact:

Donating to charity lights up a part of your brain that makes you feel good. Many charities raise much of their money during the holidays. But there are more than a million charities, and not all organizations are equally good. How can you tell which deserve your support?

- Go to [charitynavigator.com](http://charitynavigator.com) or [give.org](http://give.org) to learn how the charity is rated and reviewed.
- Look on a charity's website or the sites above for cold, hard facts and numbers—like a soup kitchen that reports it serves 1,000 people twice a day.
- If you're interested in a local charity, ask a parent to take you to volunteer for a day.



STEVE DEBENPORT—GETTY IMAGES



## ASK JEAN

**Jean Chatzky is a money expert.**  
**Can I work for only 10 years and make enough to retire with?**

—*Vejas Roby, 9, West Palm Beach, Florida*

It depends on a lot of things, including how much money you earn, save, earn by investing, and need to live on after you stop working. Say, at age 22, after college, you get a job earning \$45,000 a year. If you manage to put away \$10,000 a year, assuming you invest that money and earn an 8% return, in 10 years you'd have about \$154,000. Could you live on that for the rest of your life? Probably not. After 20 years, you'd have almost a half million. Again, probably not enough. But a lot can happen over the years to change the math. You could figure out a way to save more or spend less. You could become an expert investor, like Warren Buffett, and try to make your money grow faster. Or you could invent something that changes the world—like Facebook. At that point, you could retire. But you probably wouldn't want to because you'd be having so much fun.

**Do you have a question? Write to Jean at [tfkasks4you@timeforkids.com](mailto:tfkasks4you@timeforkids.com).**

COURTESY JEAN CHATZKY

## KIDS WEIGH IN

Should

## celebrities tell when they're paid to post products on social media?

It used to be obvious when something was being advertised or promoted. But in the wild world of social media, it's much less clear. Many celebrities—and other people with a big enough following—get paid to praise products, wear certain clothes, or even drink a specific brand of bottled water. But it isn't always clear if it's a personal choice or a paid job. Should rules regulate this? TFK Kid Reporters weigh in.



# YES!

**Keshav Dhir, 13**  
**Palo Alto, California**

Celebrities get paid millions of dollars to promote products. Why? Celebrities are influential. Their opinions affect how the public makes decisions about purchasing specific products. But it can be hard to tell the difference between a real opinion and a paid advertisement on social media. Therefore, celebrities must be up-front about whether they are paid to talk about a product. If they are transparent, there will be no confusion. It's the ethical thing to do.



# NO!

**Caroline Curran, 13**  
**Pocasset, Massachusetts**

Unlike journalists and other select public figures, celebrities should not be obligated to disclose when they are paid to endorse a product or service. If consumers know that a celebrity is being paid to promote something, they may question whether the celebrity genuinely likes and uses the product. Then companies wouldn't want to pay for this promotion. Celebrities have worked hard to earn an immense following on social media, and they should be able to make a profit from it.



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