

# Consumer Decision Making Contest

## 2001-2002 Study Guide

### Online Shopping

The Internet and the World Wide Web (www) have dramatically changed the way consumers seek and use information.

Whether they are shopping for information, shopping for goods and services, or using on-line services, today's savvy consumers must learn how to manage this important new resource.

Online shopping, also known as e-commerce (electronic commerce), has become increasingly popular. When you are shopping online through your computer, you can shop for, buy and pay for an item right at your computer screen. With e-commerce expanding very rapidly, you can buy just about everything online: books, clothing, cosmetics, airline tickets and vacations, groceries and homes. And, you can even bank online.

There are both advantages and disadvantages, or opportunities and concerns, associated with online shopping. Consumers need to develop a new set of shopping skills for shopping safely on the Internet. While this Study Guide deals with developing some of the new e-consumer skills, it does not discuss the technical computer requirements of equipping the home for online shopping.

#### Advantages of Shopping Online

- Availability: Online shopping is available 24/7...the stores never close! You can shop 24 hours a day, seven days a week.

- Choice: The selection of consumer goods may be even greater than what is found in a traditional store
- Research and Comparison: You can research the product you are interested in buying by checking out several e-commerce web sites. You can comparison shop for features, quality and price by comparing what different vendors offer. You can buy the items on-line or use your research findings to buy locally.
- Effective Time and Energy Use: Instead of using your time and gasoline driving to different stores to comparison shop, you can do it online.

#### Disadvantages of Shopping Online

- Over-choice: There are so many choices online that confusion results. It then becomes harder, not easier, to make a decision.
- Inefficient Time Use: As a computer user, you can waste a lot of time online looking for the products you want. If you don't use efficient search strategies or if the items you are searching for come from web sites that are hard to find, much time can be lost searching with little success. In an effort to help consumers, some web sites use many graphics, but unless you have access to a high-speed modem, the time for the graphics to load onto your screen may be quite

lengthy.

- No Reality Check: A primary advantage of shopping in traditional stores is that you are able to see and touch the product you wish to purchase and read the labels and other product information. With online shopping, you must rely on what you see. And what you see may not be complete information.
- Extra Costs: In making price comparisons, it is important to determine what the final and total cost of the item will be. Carefully check out the cost of shipping and handling as well as sales taxes. The total amount you will pay to buy online may be more than in a local store – even if the price of the product is less.
- Privacy and Security Concerns: Shopping online can be safe if the site you are buying from is a secure site. Consumers need to know how to evaluate the security of e-commerce web sites before buying something online.

### **New Skills for E-shoppers**

Online shopping is different from traditional shopping. There are potential risks as well as many potential benefits. There are several issues that e-shoppers must consider, including:

Use the latest version of your browser. By using the latest version, you will be obtaining the latest in security technology used by your browser.

Know your ISP (Internet Service Provider). Ask your internet service provider about its security system. Find out if its equipment is secure and if its cabling is secure.

Consumer privacy and security issues. Before you can buy something online, the seller normally will ask you to complete a form that is sent back to the originating server. You supply information about yourself and send it off. If the information you give them is not very private, you don't have to worry. However, if you are including sensitive information about yourself such as name, e-mail address, mailing address, telephone number, credit card number, and Social Security Number, then you must make certain that you know where your information is going and how it is going to be used. Sometimes consumers are asked to "join" a web site in order to view or use it. Unless you know who will receive the information, do not provide personal information. If you have to provide a lot of personal information to use a website, ask some key questions:

- Is the information requested by the form really necessary?
- Do I trust the owners of this site with my information?
- Is the site secure?
- Does the site have a security/privacy policy? The policy should be easy to find on the website and easy to understand.
- Is this a reputable business?
- What happens to my information if the website goes away if the company goes out of business?

If you are given a choice about how your information will be used, such as sharing your information with other companies, decline this opportunity.

Learn about "cookies". When your browser is set to accept "cookies", websites you look at deposit bits of code, called "cookies" on your computer. These cookies record information such as the items you buy and the pages you visit. When you return to a site, it checks the cookies for patterns and may even serve up special content to match your interests. Learn more about cookies from the

help index of your particular computer browser. Reputable sites should tell you how they plan to use the cookies deposited on your browser.

Use a Secure Browser and Deal Only With Secure Websites. Your browser should comply with industry security standards such as Secure Sockets Layer (SSL) or Secure Electronic Transaction (SET). Information you send over the Internet is encrypted (scrambled), ensuring the security of your transaction. Secure websites show a symbol of an unbroken key, a picture of a closed lock, or a Web address that begins with https (be sure to look for the letter “s”).

“Certificates” are another way to verify a secure site. The best rule of thumb: *if you are uncertain about the security of the website, don’t do business with it!*

Shop With Companies You Know. If you are not familiar with a particular company you have located on the Internet, ask for a paper catalog or brochure before buying online. Ask about the company’s refund and return policies. Check out the company’s online privacy policy and make sure that any purchases are transacted through a secure website. Some consumers make it a policy to never buy anything from a website that does not include a mailing address and telephone number for the company.

Be Careful About Choosing Passwords. Never use passwords that include any part of your name, your initials, your Social Security Number, your birthday, your telephone number or address or any other personal information that could be guessed. You should never use place names, words from an English or foreign dictionary, your username or login name, your computer’s name, the repetition of the same letter, sequences of keyboard keys like “12345” or “qwerty.” It is not a good idea to make just a minor variation of any of the items above like spelling your name backwards or adding a character to the end of your name. Here are suggestions from Netscape for choosing

a good password:

- mix special characters (\*!\$+) with letters and numbers
- mix upper- and lower-case letters
- put capitals in random locations throughout a password
- mix punctuation characters with letters and numbers
- use nonsense words that are easy to pronounce but aren’t in any dictionary
- use six or more characters
- use the first letter of each word in a phrase [an example: Asb\*Mf stands for *April showers bring May flowers*; the asterisk in the middle is there only for extra security]
- change your password every month or two
- never tell anyone your password(s); if someone learns your password, change it right away
- choose a password that you will remember without writing it down
- don’t let others see you type in your password while you are at the computer

Pay With a Credit Card. When you buy online, you will have to pay for your purchase at the time you place your order, usually by credit card. When you pay with a credit card, your transaction is protected by the Fair Credit Billing Act. As a result, consumers -- by law -- have the right to dispute charges on their bill under certain circumstances. If there is unauthorized use of your credit card, your liability will be for only the first \$50 in charges, provided you report the loss. Specific credit cards or charge cards may provide additional warranty or purchase protection benefits.

Test the Online Buying World. Start with a **small** purchase from a reputable seller with a secure site before plunging into the online shopping world. Do not invest more time and money until you are satisfied with your initial online purchase experience. This test will allow you to know about the time it takes to receive the ordered item, the quality of the

ordered item, the total cost of the ordered item, the way in which the credit card transaction was handled, and how easy it was to resolve any consumer problems. Some experts advise using one credit card exclusively for online shopping for easier tracking of purchases. However, having more open credit may have an adverse impact on applying for a loan. Keep good records of your purchases by printing a copy of your purchase order and confirmation number. Online purchases are covered by the Federal Mail or Telephone Order Merchandise Rule, which means that merchandise has to be delivered to you within 30 days. If your order has been delayed, the company must let you know.

### **Getting More Information**

If you have a consumer complaint, contact the office of the Attorney General, Consumer Protection Division. All consumer complaints must be made in writing. The publication, *If You Have a Consumer Complaint*, can be printed from the Attorney General's website, [www.oag.state.tx.us/consumer/brochure/consumer\\_complaint.pdf](http://www.oag.state.tx.us/consumer/brochure/consumer_complaint.pdf). You can call the Consumer Protection Hotline at 1-800-621-0508, or contact your nearest Attorney General regional office.

Austin	512-463-2070
Dallas	214-969-5310
El Paso	915-542-4800
Houston	713-223-5886
Lubbock	806-747-5238
McAllen	956-682-4547
San Antonio	210-225-4191



The Federal Trade Commission ([www.ftc.gov](http://www.ftc.gov)) has information about many aspects of online shopping and cyberspace privacy issues. It also serves as a watchdog over fraudulent internet activity. You can find many useful consumer education fact sheets at the Consumer Protection : E-

Commerce and the Internet website at <http://www.ftc.gov/bcp/menu-internet.htm>.

More detail about issues discussed in this Study Guide can be found at this website.

### **Summary**

Consumers need new shopping skills for e-commerce. Extra caution must be exercised because of concerns for privacy and security. Finally, because many "dot-com" businesses have not been commercially successful online, they are disappearing. A record number of business failures were reported in 2000.

Consumers will want to make sure they are dealing with reputable sellers who will be staying in business before spending large sums of money for online purchases. \_\_\_\_\_

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December 2000.