

Kids in the Marketplace Series ***Preschoolers in the Marketplace***

Johanna fingered the shiny, smooth quarter and carefully inserted the coin into the narrow slot. Then she pushed the metal tray closed. He knew how to do it. She had watched her brother often. Flipping up the lid, she held her hand close to the machine, ready to catch the bright green ball of gum.

This may have been Johanna's first chance to spend money, but the odds are she has already by age three had a lot of experience in the marketplace. Our children's first experiences with money are watching others. This most often happens in the grocery store when parents take their newborn grocery shopping. The view from the shopping cart very quickly turns into a pointing game to communicate with an adult; "I want that." A bold three year old will cruise the supermarket aisles and return to ask "Will you buy me this?" What may seem only months later, comes the very familiar phrase, "may I have a dollar?" Your child has gained enough confidence to want to make the purchase himself like grownups do. He may or may not by age five really want to make that purchase alone, but usually feels very comfortable when a familiar adult is there to assist the purchase transaction.

Preschoolers are collecting a storehouse of "facts." These facts are the basis of their future actions. If a TV ad shows an action toy doing something it really can't do, your child may not know the difference. He will believe what he sees until experiences prove differently. This is why the amount and type of TV viewed is instrumental in building accurate (and inaccurate) images of how the marketplace works.

Research is very clear that kids prior to formal schooling already have acquired consumption experiences, attitudes and motives for their purchases. This consumer socialization is affected by not only family and friends but also television. American Demographics estimate that children under 4 years old watch 8 hours of TV a week and by age 5 they are watching about 14 hours per week. They also estimate that this age groups spends \$2.40 a week per person which collectively totals to over \$1.5 billion a year in products. Even more important is the \$15 billion influence they have on the purchasing of others.

Where Do I Start?

Are the consumer skills and habits your preschooler learns from the

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media, peers at day care, and adults, the skills you want him or her to learn? How can you begin to guide your child through the marketplace maze? What information and skills are necessary to build a strong foundation that will help them manage resources- time, money, talents, energy- to achieve the goals they set for themselves? Consumer habits and skills in the marketplace can create a lifetime of financial stability or instability. When and where do you start?

How old does a child need to be to reach the gumball machine and have enough coordination to put in the coin? How old is the child who has a long enough attention span to lay on his belly on the living room floor “reading” the pretty pictures in a mail order catalog or watching the colorful action of a TV ad? If your child does these things, he is ready. Walking, talking, read-to-me situations are opportunities to build positive consumer experiences and skills. Your child is eager and ready to learn. You can sharpen your own skills as you teach your child.

What’s Money? Why Do I Need It?

Economic concepts that you will want to help your preschooler learn are the idea of private property, money as a medium of exchange, and product or service price. A young child may think of most things as “mine.” They need to learn that not everything is theirs. One way to help them with this is to identify things that are clearly theirs- their room, their clothes, their doll- and things that clearly belong to others in

the family- brother’s room, brother’s baseball glove.

Reinforce the concept of personal property by reminding them that they do not take things that do not belong to them without discussion, trading, or buying. At the grocery store when your child opens a box of crackers and sits down on the floor to eat them, he may not have a sense that it doesn’t belong to him. This is the teachable moment. Take the crackers away and tell him that he has not purchased the crackers. They do not belong to him. Adult grape tasting in the fruit and vegetable aisle is confusing behavior for your child who is trying to understand personal property concepts. A clear understanding of private property builds honesty and integrity into your child.

When your preschooler has learned the idea that things in stores do not belong to him, he is ready for a second concept. Things he wants may not belong to him, but he can get them by trading something of value for them. It takes time to understand the exchange of money for a product or service. When you buy groceries and you give the cashier money, a check, or food stamps, your child begins to understand that those little pieces of paper have some value. He cannot tell the difference in value- \$1, \$5, \$20, but knows that a trade occurred. Playing store, pretend selling, buying and trading of things are great ways to help your child learn about exchanging money for things. Kids love to role-play as consumer and cashier. They learn

quickly through practice and imitation.

You can add to his information by helping him develop coin recognition. When he has mastered coins, move to numbers. As your child learns to count, he will also learn to recognize numbers. He will still not truly understand value. This will evidence itself in carelessness in money given to him, losing it or giving it away. Preschoolers are memorizing and learning facts but do not understand how to use information. This makes the idea of price of a product difficult. Item in the store have a price and you must pay that price to get the item. Your child cannot yet add or subtract so he cannot pay and make change to obtain an exact price. But he can learn the exchange process and that price differs for different items. Use relative values like larger or smaller, more or less to describe the price of items in comparison to other products. The cost of a loaf of bread differs greatly from the cost of a tricycle. A way to teach price differences is to show how many boxes of spaghetti it takes to equal the price of a roast beef. Another example might be how many five-pound bags of potatoes equal the price of $\frac{1}{2}$ a gallon of maple syrup. This will help them to realize that size and weight does not equal value. Bigger doesn't equal a bigger price. Small doesn't equal less price value. Look for opportunities in the store and at home to talk about the price of items and how they compare to other products and the coins and dollars exchanged for them.

Marketplace Sequence

Preschoolers have not yet developed event sequencing. The "facts" that they have in their minds are not filed by specific categories or in a specific order. They must create the order so that they can recall information. This means product and marketplace information isn't at first attached to an organizational structure in their minds. They must make the structure so they have a place for information to be stored and retrieved.

Sometimes information is stored in the wrong sequence and so their understanding of a situation is muddled. Playing store reinforces the sequence of making a purchase:

- see the item
- do I need the item?
- check the price
- are there other similar items I ought to buy instead?
- which one costs more?
- decide which one I want
- look to see if I have money to pay the price
- take the item to the store counter for purchase
- give the money to the cashier
- take the item home
- it now belongs to me

Repetition enables children's memories to form strong linkages which lead to organization of the concepts. Talk to your child as you do each step. Let them tell you about what steps you follow before going to the grocery store: clip coupons, make a list, check the refrigerator,

etc. Long-term memory organization allows a child to build detailed fact and consequence models and eventually understand more clearly how a purchase transaction occurs. They very quickly learn the sequence of: going to a grocery store to buy food, a drug store to buy medicine, and a restaurant to buy hamburgers and fries.

Putting Products in Categories

Because kids this age are building information memory banks, they have little predisposition to particular brands. Young kids are very open to new products. Television advertising especially takes advantage of this to introduce all kinds of products for kids this age. Part of the reason for this openness to new products is that young kids are just learning to categorize and classify objects. They use broad categories to store information rather than narrow ones. A broad category might be food, something you eat. As children have more experience and exposure to products they begin to develop brand awareness and preferences. They begin to recognize that not all food is the same, some food you have at mealtime, some foods you have for snack (junk food? depending on Mom and dad's choice?) some foods are for holidays, some foods are breakfast foods, etc.

You can help their understanding of product categories by showing them items and talking about which things are similar and which are different and why. Are brooms and vacuum cleaners in the same category? Yes or No. Why? Are screwdrivers, drills,

and hammers in the same category? Yes, they are tools, No, one makes a hole, and the other two push a piece of metal into a surface.

You will know they are beginning to develop category detail when you buy a generic brand of oats molded into O's and you are told that it is not the same as Cheerios. Your child has discovered branding! They may be only imitating the TV or an adult, but they will soon be able to identify features (real or imagined) of a product that make it different from similar products. Brand habits can be expensive habits. You as parent can intervene from the beginning to confirm that often generic and brand are so similar that you can't tell the difference. You can build on this concept by using a scientific experiment- the blind fold taste test. Can your child tell the difference when they didn't know which is which? Take all quarters and count out the number of quarters the generic brand costs and the number of quarters the name brand costs. Then ask your child which has the smaller price. It may take several scientific experiments with different products before your child really understands that a brand may not be the best product to buy. You will have to continue to reinforce this concept until they leave home. Brand product requests...and costs...become greater as children enter school and move into the teenage years.

Teaching Choice

Your child's request to have whatever he sees is natural. He

doesn't yet have a concept of limitations. When he sees a bottle of apple juice and he is thirsty, he wants it now. When your daughter sees a toy that catches her eye, she wants it now. It is a valuable lesson for a child to learn that he can not have everything he sees and wants. Parents must communicate to the child about budget limitations. You must clearly tell your child, "No, we can't afford to buy this, I don't have enough money in our checkbook to buy this now," or "we don't need this," or "you already have a toy car, you don't need another." This discussion embarrassingly often happens in the store and results in a temper tantrum or crying fit. You must stand firm to your "no." A child then learns that he must pick and choose what he wants and needs, that he can't have it all. Sometimes he can't buy anything. Learning this is the first step towards learning decision making skills. A pre-store discussion about what will or will not be purchased can prevent future temper fits. You may want to give your child a set amount to spend at the store. She can only buy what that amount will pay for. This reinforces the idea of a budget constraint. Dollars are limited. Avoid the temptation to contribute to the purchase when your child chooses something more expensive than the money you gave them.

Parents can help kids sort the "I want..." by asking them why they want it and what they would use it for. The "why" may be, "I saw it on television" or "Jackie next door has one" or "my feet hurt (my shoes are too small)." Talking about the reason

for a purchase helps kids think aloud whether the reason is rationally or emotionally motivated. The statement, "I don't have enough money for it," will be difficult for your child to understand especially when you go ahead and buy groceries and not the requested toy. Use this situation to talk about priorities, that some things are necessary for the family survival and other things are nice but not required. You are not just teaching them about purchasing in the marketplace; you are instilling in them your values, what's important to you. Remember talk is cheap, if you say "no" follow through. Equally important is to practice what you teach. Even young kids know the difference.

Making a choice among products is not easy for young kids. You may say to your five year old, "We can buy one of those pencils, which one do you want?" It can take ten minutes for him to decide between the different colors. You may leave the store without a decision being made. Preschoolers have trouble making up their minds when they have not had an opportunity to practice making decisions. You can help them practice by daily giving your child a choice of two or three items or situations and letting them choose. Two important rules to this game: 1. They can discuss the choice with you, but they must make the choice themselves and 2. They can't change their decision once it is made. If it takes a long time for them to decide you might want to add a third rule to the game, time, so many minutes to decide. You can expand their decision making skills by giving

them information about each alternative and letting them sort their preferences. For example: In the toy aisle of the store your child may have picked out a red racecar and a blue plastic airplane. You can add information to help his decision by talking about price differences, what toys he already has at home (three race cars already but not a red one), and durability (the plastic looks like it would break easily, metal is tougher). If he can't make a decision within a set time, he forfeits the chance to have either. Don't decide for him. To not choose is to make a choice. This can be a postponement of choice (go back another day or shop another store for other choices) or a permanent lost opportunity.

Four and five year olds may be ready to give the money to the cashier for their chosen toy. This is a scary moment for a young child. Choose an uncongested checkout lane and a friendly cashier to help. Allow the child to hand the cashier the money and to make the exchange of money for the toy. Then remind your preschooler that it now belongs to him. He has paid for it.

Conclusion

Your child begins marketplace experiences by observing what happens in stores and how people interact when they purchase products and services. They very quickly learn to make requests. They point, cry, smile, and beg for adults to buy them a toy or a sweet that has caught their eye. Internal store displays will first trigger these requests since very young children

have not created pictures of these store objects in their minds. As children build a storehouse of facts and information about shopping and products, they can be influenced by television, magazines, and watching other's behaviors. By the time children are three; most can make verbal requests to buy a product.

Kids very early become influencers of parents' purchases. Preschoolers make a big step towards independent spending when they ask parents for money to buy a chosen item. They will still need an adult presence, but are gaining confidence in their ability to "play store" for real. Maturity levels vary widely for this age group. At age five, some children may be ready for allowances and independent purchases in very familiar stores. Other children will not be ready for several more years. Kids develop at different speeds. Just continue to provide opportunities for practice and take advantage of teachable moments. Parents need to be especially careful not to misuse this interest in products to buy kid's love and attention. This can become an issue with divorced and separated parents competing with each other. If you send confusing messages to your kids, it can be very hard for them in the future to separate the value of money and the emotional ties you have created. As parents who care about your kids, find common values that both of you can teach.

Making an independent choice or product selection is the beginning of your child becoming an independent

consumer. You can help him practice by asking him to get you a certain item on your list, such as rice or cereal. Kids who frequently shop with a parent quickly learn the store layout and recognize certain product packages. Find activities that help your child learn certain economic concepts like personal property, money as a medium of exchange, and product price.

Developing consumer skills in your child will take a lifetime. You can get them off to a good start by knowing what skills they need and giving them opportunities to practice. The following chart summarizes consumer building block concepts and how the preschooler sees the marketplace.

TABLE 1
The Building Blocks of Consumer Education

The marketplace as Perceived by _____

Consumer education Building Block Concepts (Learning Properties)		The Pre-School Child		The Adult Consumer	
1.	a. purchasing power b. money as exchange medium c. budget constraints	1.	If I have some money...	1.	When I can afford it...
2.	a. retailer b. distribution system c. store types	2.	I go to the store...	2.	I go to the store...
3.	a. information gathering (also item 7 below)	3.	And I look at goods in the store.	3.	And I shop to find out which...
4.	a. merchandise assortments including (1) product lines (2) brands	4.	I look at the different kinds of a product or different products...	4.	products and brands are carried...
5.	a. needs, wants, desires b. need recognition as first stage in the consumer decision process c. buying motives- rational vs. emotional d. preferences and tastes	5.	I think I want or need.	5.	that may satisfy my needs.
6.	a. price system and b. resource allocation	6.	I then find out how much of my money I have to give so I can keep each of the things I want	6.	I check prices and determine the cost of each item.
7.	a. search for and evaluation of alternatives as the 2 nd and 3 rd stage in the consumer decision process	7.	If many of the things I see would make me happy, I think about which one I like best or need most.	7.	I then compare the important characteristics of each item.
8.	a. purchase decision as the fourth stage in the consumer decision process	8.	I then pick that one.	8.	I then choose the item I think is best for the money, all things considered.
9.	a. private property b. salesman or clerk c. store owner	9.	I take it to the person I must give my money to.	9.	I go to the checkout counter and prepare to pay the person for the product.
10.	a. purchase transaction b. exchange process c. buying of or paying for a product d. transfer of ownership	10.	I give this person a piece of money and this person gives me the thing I want in a bag. It is now mine to take home.	10.	I usually give the clerk a piece of currency larger than the price and the clerk gives me, in return, the product in a bag...
11.	a. making change b. money denominations	11.	This person also gives me back money left over from my piece of money.	11.	and change.

Endnotes

1. Josephine A. Swanson, "Interest in the Consuming Interest of Youth: Research, Marketing, Education, and Policy Perspectives," 1993.
2. John Robinson and Suzanne Bianchi, American Demographics, December 1997, Vol. 19, Issue 12.
3. American Demographics, August 1993, p.56.
4. Ronald W, Stampfl, George Moschis, Joseph T Lawton, "Consumer Education and the Preschool Child," Journal of Consumer Affairs, Summer, 1978, p.16.
4. Laura A. Peracchio, "How do Young Children Learn to be Consumers? A Script-processing Approach," Journal of Consumer Research, March 1992, p.425.
6. Redder, Sternthal, and Calder, "Attitude Behavior Consistency in Children's Responses to TV Advertising," Journal of Marketing Research, November 1983, p.337.
7. James U. McNeal and Chyon-Hwa Yeh, "Born to Shop," American Demographics, June 1993,p.36.

Additional Resources

Patricia Zeigler "You, Your Children, and TV"
Cornell Cooperative Extension HDFS26

Written by Lois Wright Morton, Department of Consumer Economics and Housing, New York State College of Human Ecology, Cornell University, Ithaca, NY 14853.

Updated by Maria Pippidis, Family & Consumer Science Educator, University of Delaware. April 2002.

