

Module 5

Session 10



Overspending & Value for money

Lesson summary

In this fast-paced world of online shopping and subscriptions it can be easy to lose track of your spending. This session focuses on exploring how we find good value for money through mindful shopping and tracking your spending habits.



Learning Objectives

To be able to recognise spending triggers and the impact of marketing.

To be able to devise questions that help us judge value for money.

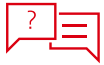
To be able to use a simple tracker to plan long term spending trends.

Lesson preparation

1. HSBC UK PowerPoint slides to facilitate lesson: Module 5 Session 10, Overspending and Value for Money
2. HSBC UK Worksheet M5W10 used to complete activity
3. Calculator for activity
4. HSBC UK Stretch Challenge M5SC10 to further embed learning as homework or a class project
5. (Optional) Young people to bring answers from Stretch Challenge M1SC2 for activity
6. Prepare examples to share when you have budgeted with success or wish you had budgeted to use during the session. Real life examples work best but can be fictional



Slide 2: Your spending habits – 4 mins



Ask the group: How do we keep impulsive shopping habits in check?

CLICK to reveal answers:

Understand your triggers: Look back over what you have bought over the last few months and see whether there are any areas where you're repeatedly spending more than you'd like. What is the reason for this? It could be anything, including:

- Social pressure (going out to dinner with friends)
- Environment (spending time at shopping centres)
- Mood (browsing online when bored on the way home from work)

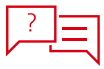
If you can identify any trends it can help you reshape the way you do things. For example, you don't want to stop spending time with friends, but you may be able to suggest a cheaper spot for dinner or a different activity that's free.

Delay your spending: Delay your decisions for a few days. This may lessen the impact of any spending triggers, or temporary thoughts. Another method is to wait an hour for each pound the item costs. Taking time before spending gives you the opportunity to evaluate whether something is necessary or worthwhile.

Limit your borrowing: It can be easy to use a credit card or overdraft to make ends meet or to buy whilst a sale is still on. However, if you ended up paying more interest on the debt than what you saved in the sales then it hasn't been good value.

Categorise that budget: Set up specific categories for spending and then a spending limit within each category. It's important to be realistic with your goals so you set yourself up for success.

- So if you're prone to a morning hot chocolate on the way to work or a takeaway on Friday night why not track how much you are spending on convenience food and see what it adds up to. £2.95 of delicious hot chocolate with marshmallows might not sound like much but how much does it really add up to in the course of the month? Is it still worth it or could you bring one from home?



Ask the group: What is the danger if we don't keep our spending in check?

CLICK to reveal answers:

Debt: Poor shopping habits can lead to build up of short and medium-term debt. This debt inevitably becomes more expensive and a bigger drain on your budget. This only makes your financial position worse.

Mental health: As our finances get more complicated it can increase the pressures on our mental health which could result in us missing payments and getting behind with our utilities and rent etc.

Financial health: Missing payments on essential purchases will have a longer term impact on our financial health. Unpaid bills could have an impact on our credit score and it could be difficult to prioritise debts. Penalties and additional fees for late payment may also result in spending more on debts impacting our ability to save towards our goals too.

Slide 3: Triggers for overspending – 5 mins



Group work: What spending triggers do you think there are that might cause us to over spend? Have you experienced any of these? Then feed back to the group.

CLICK to reveal possible answers

- **Lifestyle:** You spend to maintain a certain lifestyle even if your budget can't afford it
- **Boredom:** Scrolling on social media and being targeted by ads, spending money in town waiting for friends
- **Emotional Reaction:** You've had a bad day and want to treat yourself with retail therapy
- **Social Pressure:** Buying branded goods to fit in with peers, going out to more expensive places, newest model of mobile phone
- **Pay Day Treat:** It's tempting to spend money once you have just been paid as you have potentially been cutting back the week before payday due to budget constraints.
- **Special Occasions:** Losing track of spending during Christmas, birthdays, and other special occasions
- **Promotions:** It's tempting to spend during sales and promotions online and instore. Do you really need it or is it just an impulsive purchase
- **No Budget:** You don't know you are overspending because you haven't planned out your finances

Slide 4: Marketing and advertising - friend or foe? – 3 mins

Marketing and advertising also have a strong impact on our shopping habits.



Group work: Ask young people to complete worksheet M5W10 correctly labelling the 5 steps of the buying cycle.

Slide 5: Marketing and advertising - the buying cycle 10 mins

Use an example of a trip to the cinema to demonstrate the correct order of the buying cycle.

CLICK and explain each stage of the buying cycle:

Awareness: You understand you have a need for a product. – you've seen a new film advertised that looks good, you decide you would like to go and watch it at the cinema with friends.

Consideration: You consider your options. What friends would you like to go with, which cinema is easiest to travel to, which cinema has the best cinema experience (seats, ice-cream, concessions, restaurants nearby etc)? You might also check reviews of the film. Marketing helps here by promoting film reviews / ensuring reviews are available on the cinema web site.

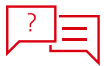
Intent: You've made your decision that you're going to go to the cinema to watch the film with a few of your friends. So now is the time when you might start looking for the cheapest way to buy tickets - discount codes, group deals or concession vouchers when you are there. It is the job of the marketing team to serve this information to you and make it easy to move to the purchase phase.

Purchase: The marketing team will want you to have the easiest possible experience when purchasing your ticket so that you don't abandon the purchase and go somewhere else. They will also want to influence you to keep spending once you arrive. This could be on popcorn, merchandise, ice cream, coffee. Brands will compete to be sold in the busy cinema. They will also want you to have a good time so that you come again and will be very focused on your experience online and in the cinema.

Lesson commentary

Repurchase: This is about trying to secure you as a loyal customer. What else can they do to influence you to come again – discounts on future tickets, membership cards, snack discounts, film reviews etc which starts the cycle all over again. They might also try and incentivise you to recommend a friend to build out the value of the initial purchase you made.

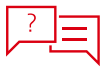
Here we can see the work of the buying cycle working in a positive way to help you find information and make it easy for you to make an informed purchase.



Ask the group: What impact do you think sales have on the buying cycle?

CLICK to reveal answer:

Sales tend to push us out of consideration or researching our purchases and straight into intent so we aren't taking the time to think through our purchases. A great discount often makes us think we are going to miss out on that great price if we spend too much time thinking about it.



Ask the group: Can you think of examples of sales tactics you have seen or been taken in by?

- Ticking clocks on website
- Flame emojis to say it is selling fast.
- Only 4 remaining in stock!
- Spend more to get a free delivery
- Check out in the next 60 mins to get free delivery
- Add other items to your order in the next 30mins for free delivery

What is likely is you end up buying something you don't really need but it felt good value in the moment. Remember it is only good value if you needed it.

Price establishment: This is where a retailer will 'establish' or start a new product at a higher price for a fixed period of time. After this fixed period they can then advertise it at a lower price - say half price - and everyone will think that they are getting a great deal but in reality that product's value was always the half price figure. For example, a new television model is advertised at £300 for eight weeks so that it can then be advertised as a 'managers special' at £200 for a further eight weeks. This drives lots of interest and subsequent sales as it seems like a great deal. The key thing is to compare the same/ similar TVs across other sites to make sure that you are actually getting a good deal / value for money.

Up to half price / Up to 30% off sales: Where you see an 'up to' in front of a sale sign, only 10% of the discounted items need to actually have the maximum discount advertised. So don't go into stores expecting that all items will have the maximum amount of money off. Likelihood is they won't – but you may still find a bargain.

Slide 6: Managing your spending - mindful shopping – 1 min

Now we know more about our spending habits. Let's explore how we can be more mindful in our approach to shopping and impulse buys.

Mindful shopping involves 3 steps.

- Do I need to make this purchase?
 - Is it good value for money?
 - If yes to both questions, then let's track the spending so we can monitor the habit.
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Slide 7: Mindful shopping - scenarios – 5 mins

Taking the time to think about our purchases is our first step to mindful shopping.



Group work: Pick one of the scenarios on screen to brainstorm questions you would want to ask either yourself or the retailer to ensure this is something that you need and that you are getting good value.

Scenario 1: Streamflix

You are researching a new movie streaming service. Streamflix gets access to new releases faster, but you are locked in to a 12-month contract. Your current provider is cheaper, but it takes a little longer to update. You currently share the cost of streaming with your sibling, but they are moving out next month.

Lesson commentary

Scenario 2: New Mobile Phone

You are considering upgrading your mobile phone to a new model. The phone is top of the line, but you are not sure if you would use all the features. Your current phone still functions well with only a few scratches. If you upgrade your parents/guardians would need you to contribute 50% of the monthly bill.

Scenario 3: New Trainers

You are considering buying some new trainers as you have recently joined a local sports team. Your new trainers will need to work in all weathers and surfaces. You may not be asked to play every game so don't want to spend too much money. You have some gift cards for an online retailer, but you prefer to shop in person so that you can try the trainers on.

Optional: If young people have completed the stretch challenge M1SC2 you can discuss the questions they have already created instead. Which questions would be best to use for the scenarios?

Slide 8: Mindful shopping - what do I need? – 3 mins

Run through the mindful shopping questions on the screen. You could use a personal example of when you were planning to buy something to bring this to life – for example a mobile phone.

CLICK to reveal each answer

1. Do I need it / can I manage without it? No, I don't need a new phone. My current one works just fine
2. Can I afford it? I have some savings that could go towards the initial phone costs but I have several birthdays to buy presents for next month which could make things tight. I can't afford both
3. Do I already own something similar? Yes I already have a mobile phone
4. Why do I want to buy this? The phone looks amazing and there are some good deals on at the moment but they are still only good value if I really need a new phone
5. Can I get this cheaper somewhere else? As with any purchase it is worth checking the price online to see if it is cheaper somewhere else – or if I could buy through a cashback site / with an additional discount code. For students it may be cheaper to buy something from a different shop because they can get student discount there

Lesson commentary

6. How often will I use this? I would probably use the new phone every day, but remember I already have a phone that can do this. I could also be locked into a 2 or 3 year financial contract with the new phone
7. Am I better off spending the money somewhere else? Balance it out – would I rather spend money each month with my friends or the new phone. And don't forget those birthdays that are looming that I need to buy for
8. Will this stop me paying for something that I need? Are there any essential bills like rent, heating and food that I would not be able to pay for if I got the new phone
9. Could I wait to make the purchase? The price might come down! Or I could decide to wait until I actually need to replace my old phone. This would be better for the environment too
10. Do I need to research this purchase / am I informed? Is this really the best price? Do I understand the products/features? Am I overpaying for what I need the phone to be able to do

By giving ourselves time to be mindful about our shopping choices, we can ensure that we are spending our money well on things that we really value. So give it a go next time you are out with your friends or browsing online.

Slide 9: Mindful shopping - what is the best value? 3 mins

Ask young people to remind you what we mean by value for money. Refresher from module 1, session 2.



Ask the group: What do we mean by value for money?

We are making a judgment call on what we believe the item is worth. We generally think of something as good value if it is discounted or a fraction of the price it was before. We need to think about the cash value and if we will have a use for the purchase as well.

One way we can help understand if we are getting value for money on a purchase is to make a comparison to see what else you can get for the same money and see if this influences your decisions.



Group work: Delivery options:

- Group to vote for what they would spend the money on by standing up / sitting down
- Group to move to the left-hand side or right-hand side of the classroom to nominate that item.

CLICK to reveal each voting option:

Voting options:

- £2 one large chocolate bar vs £2 multipack of chocolate to last the week
- £15 a month streaming Service vs £15 a month cinema membership
- £25 takeaway vs £25 escape room with your friends
- £50 on a new pair of trainers vs £50 in Stocks and Shares ISA
- £100 Ear Pods Vs £100 on driving lessons
- £550 on new games console vs £550 on a holiday

Follow up each round asking a few of the learners why they made that decision.

There's no right or wrong answer to any of these – it's about thinking around what is of value to you personally.

Slide 10: Mindful shopping - tracking your spending – 15 mins

Now that we have considered our mindful questions and value for money, we can move into tracking our spending habits.



Ask the group: How many of these do you or a parent/guardian pay for in your house?

- Music
- TV streaming
- Film streaming
- Gaming

Lesson commentary

- Beauty
- Exercise / gym membership

You may be surprised to see the number of subscriptions you have signed up for. Perhaps you intended to take the 3 months free offer and then cancel it, and forgot?

- Music apps to listen to your favourite bands
- TV and film channels so that you can keep up with the latest releases
- Perhaps a gym membership from when you had good intentions in January
- A monthly beauty box to keep yourself in stock of your favourites

They can soon add up without you realising!

By tracking our outgoings as part of a budget we can plan ahead to see what the long-term results of our spending will be. This can often be an eye-opening experience. You could try and look ahead to see what 1, 5, 10 years or even longer would look like if you maintained that habit – working out just how much you spend to keep watching your favourite series.



Group work: Let's fill in the gaps on the tracker. Ask the group how they could use information already in the table to work out the answers. Use of calculators is recommended.

Music – Find our yearly cost by multiply by 12.

$$£10.99 \times 12 = £131.88$$

TV – Find the accumulative cost by adding the yearly cost to the accumulative cost for music above.

$$£131.88 + £131.88 = £263.76$$

Film – Find the 10-year accumulative cost by multiplying the yearly accumulative cost by 10.

$$£383.64 \times 10 = £3,836.40$$

Gaming – Find the yearly cost by multiplying the monthly cost by 12.

$$£20 \times 12 = £240$$

Beauty – Find the accumulative cost by adding the yearly cost to the accumulative cost in the gaming row above.

$$£156 + £623.64 = £779.64$$

Exercise – Find the 10-year accumulative cost by multiplying the accumulative cost by 10.

$$£983.52 \times 10 = £9,835.20$$

By completing our table, we can see that if we kept all these spending habits running for the next 10 years the total spend on all of these 'wants' is nearly £10,000!

What is your reaction? What would you do differently?



Group work: Ask the group to have a go at building a spending tracker. Worksheet M5W10 has space to record monthly, yearly, accumulative and 10-year accumulative costs for six outgoings. Ask the group to think about their own spending and the services that their family/guardians subscribe to. Use of calculators is recommended.

Prices from [Spotify.co.uk](https://www.spotify.co.uk), [Netflix.co.uk](https://www.netflix.co.uk), [NowTV.co.uk](https://www.nowtv.co.uk), [XBOX.co.uk](https://www.xbox.co.uk), [Allsubscriptionboxes.co.uk](https://www.allsubscriptionboxes.co.uk), [THEGYMGROUP.co.uk](https://www.thegymgroup.co.uk)

Slide 11: Mindful shopping - staying in control – 2 mins

If you're looking to cut back on your spending habits and be more mindful of your spending choices after working out your 10-year costs, then consider the following tips.

Regularly review your transactions

Review your account statements and make a list of anything that comes out regularly or annually.

Cut what you don't use.

Are there any services you're paying for that you haven't used in the last month? If you can't see yourself using it soon, consider cancelling.

Assess what you do use.

Now looking at the remaining services, are you happy with what they offer? If you're unsure, you could try going without the service for a month to judge how much value it is adding to your life.

Look for cheaper alternatives.

With the remaining items on your list, are there any cheaper options that would provide a similar service? The key thing to remember is that even the small amounts add up so stay on top of anything that is going out of your account. What else could you be using that money for instead? Could you save money by using a service with advertising?

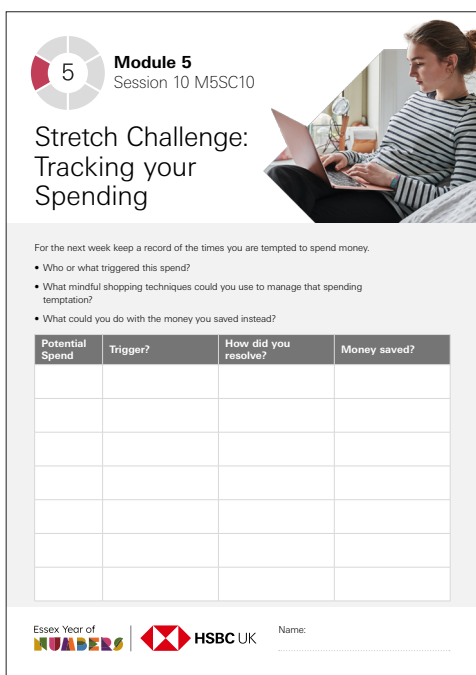
Slide 12: Stretch Challenge

This can be used as you see fit for a homework, group project or additional lesson during school hours. Stretch Challenge worksheet M5SC10 provided to record answers.

Stretch Worksheet M5SC10

For the next week keep a record of the times you are tempted to spend money.

- **Who or what triggered this spend?**
- **What mindful shopping techniques could you use to manage that spending temptation?**
- **What could you do with the money you saved instead?**



The worksheet is titled 'Module 5 Session 10 M5SC10' and 'Stretch Challenge: Tracking your Spending'. It includes a list of three questions for tracking spending. Below the questions is a table with four columns: 'Potential Spend', 'Trigger?', 'How did you resolve?', and 'Money saved?'. The table has 10 rows for recording data. At the bottom, there are logos for 'Essex Year of 100' and 'HSBC UK', and a line for the student's name.

Module 5
Session 10 M5SC10

Stretch Challenge:
Tracking your Spending

For the next week keep a record of the times you are tempted to spend money.

- Who or what triggered this spend?
- What mindful shopping techniques could you use to manage that spending temptation?
- What could you do with the money you saved instead?

Potential Spend	Trigger?	How did you resolve?	Money saved?

Essex Year of 100 | HSBC UK | Name: _____


Worksheet M5W10

Part 1

5

Module 5

Session 10 M5W10



Buying Cycle


1

2

3

4

5



Purchase


Consideration

Repurchase

Awareness

Intent

Essex Year of NUMBERS

 HSBC UK

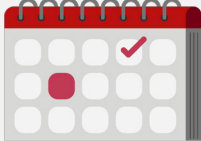
Name: _____

Ask young people to complete worksheet 5.1 correctly label the 5 steps of the buying cycle.

Part 2

Tracking your spending

Regular Spend	Monthly Cost	Yearly Cost	Accumulative Cost	10 Year Accumulative



Worksheet M5W10

Record the monthly, yearly, accumulative and 10-year accumulative costs for 6 outgoings. If you don't have 6 outgoings think about what you are aware of your parents/guardians spending as well. Use of calculators is recommended.