

Maximizing Your Purchasing Power by Being an Informed Consumer

Being honest with yourself and becoming an informed consumer will help you pave the way to a wealthy future. What do you need to know to be a good consumer?

The Mint offers great tips about buying for teens: <http://www.themint.org/teens/buy-it-or-not.html>
 Now we will investigate some good consumer tips.

Advertising Tricks

Have you ever purchased an item, only to get home and find out that the item is not what you thought it would be? The goal of advertisers is to create a sense that you will benefit from the item being advertised...but at what cost? Purchasing items such as a refreshing soda or a fresh made pizza offer immediate satisfaction. Marketers create an illusion of urgency that places your immediate satisfaction ahead of long-term sacrifices. Arm yourself by becoming aware of the thing advertisers try to get you to consume more products.
<http://pbskids.org/dontbuyit/advertisingtricks/>

After reading and viewing what advice would you give to another consumer about advertising?

Seasonal Shopping and Sales

Consider shopping for items seasonally. The following chart is a calendar that includes tips on items that go on sale seasonally. Clothing is always on a seasonal sale cycle: mid-season the sales begin! Check Sunday sales flyers, social media, and Internet sources. Ask a store associate if an item you want will be going on sale in the near future; it will be worth waiting to be able to save 10 -20% of the purchase price.

Calendar for Clearance Items

January	February	March	April-May	June-July	August-Sept	October	November	Decemeber
computers electronics winter wear post-holiday sales small appliances sports equipment	jewelry perfumes gift items electronics housewares furniture	spring clothing wedding gifts air conditioners washers /dryers garden supplies outdoor winter sports gear luggage	spring clothing Bridal gowns (save up to 70%) furniture cruises vacation packages	summer items school supplies school clothes summer clothing school clothes summer sports equipment	Tax free days school supplies school clothes summer clothing (bathing suits and sandals) linens and towels	last year's car models fishing equipment houses crystal silver glassware	houses quilts and blankets winter clothing	clothing appliances gifts wrapping paper holiday cards other holiday items

Source: <http://www.wisebread.com/buying-calendar>

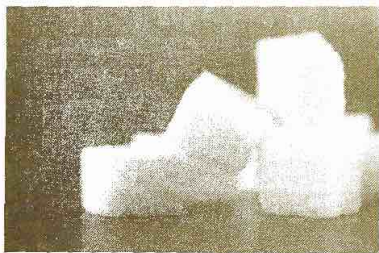
What did you learn about seasonal shopping and sales that is relevant to your personal shopping?

Comparison Shopping

There is nothing better than going shopping for an item with cash you've accumulated through saving. How do you know that you are getting the best price and value for your hard saved cash? A good rule of thumb is to check at least three different places to get an idea of how much this item will cost you. This is called price-comparison-shopping. Often, when trying to decide upon a product to buy, you can compare by unit price (on the left hand side of shelf sticker) or price (right hand side). If quantities are unequal, the best way to compare is to get to the lowest per a specific unit and then divide by the amount of units. In this example, the bags are all five pounds, so it is easy to compare by price, but if the packages held different amounts, use the unit price.



The lowest price sugar (often called the generic brand) is 36% less expensive than the most expensive brand. If you buy the generic brand of sugar, you will be saving money (or spending less). Do you think you can tell the difference between the different brands of sugars? The difference is even more dramatic when you look at the price for sugar cubes. Sugar cubes are simply sugar shaped in small cubes, but are double the price! Is it worth spending the extra cash...just to have cubes?



While sugar is a good that is easily comparable, you can try this type of comparison with almost any grocery product as long as you can find the least common denominator.

What did you learn about comparison-shopping?

Coupons

With popularity of couponing growing, it is becoming easier to find a coupon for almost anything that you would purchase. Whether you are purchasing special treats, basic foods, oil changes or shoes, you can find a coupon. Checking local papers or the Internet will offer a multitude of coupons ready to save you cash. Most major stores offer printable coupons and can set you up with a daily email of coupons for retailers in your neighborhood. In most cases, there is no need to print; coupons can be scanned from your smartphone. Extreme couponing is also gaining popularity as Americans try to find ways to stretch their buying power with the limited dollars brought into the household. If you think you would like to get started with couponing there are many sites to help you learn, try this one <http://www.couponing101.com/2009/01/a-beginners-guide-to-couponing.html>.

What did you learn about using coupons that is relevant for your personal financial goals?

Deals, Special Events and Reward or Loyalty Cards

Do you ever wonder if the special events and deals that stores offer are worth it? Many restaurants and stores offer a loyalty card where you sign up with your name and email address to get special offers, coupons in your email or invitations to special sales events. Remember nothing is free, in essence you are being offered a deal to give the company valuable contact information that will allow tracking of your purchases. If you like a restaurant enough to eat there on occasion, you should ask about specials during specific hours of the day. If a restaurant offers buy 6 get one free card, it may be worth it if you always stop to get a drink at that particular spot. However, if you compare getting the drink at home versus buying the drink when you are out then it may not be a deal.

Many states, including Florida, offer tax-free days once (or more) per year. Depending on the state's particular needs, law makers may declare that specific days will allow citizens to purchase specialized items without paying sales tax, as one normally would. This may be school clothes at the beginning of the school year, or generators and hurricane supplies in anticipation of the upcoming hurricane preparation season.

Many stores offer items as a buy one get one free (or BOGO deals) or buy one get 50% off. Before purchasing this type deal, make sure that the price is not elevated to cover the price of both items. While stores claim they do not do this, it is always worth comparison-shopping before the cash leaves your wallet.

When is a deal not a deal? A deal is never a deal if you have to bust your **budget** and it causes you to overspend. If you buy something you will never use, it is not a deal. Buying food that you don't use and have to throw away because it has gone bad, is not a deal.

What did you learn about deals that you could use in your money management?

Buying Used

Many people find that paying \$4 for a used pair of jeans that cost upwards of \$40 in a department store is worth hunting the racks of clothing in a thrift store. Granted, there are many things that you may not want to purchase used, like shoes or underwear, but when faced with a need for a new pair of jeans, this might just fit your **budget**. Yard and garage sales often have items for a fraction of the cost of new. You may also consider pawn shops or antique stores if you are looking for unique items.

The internet offers another avenue for buying used. Craigslist is a classified ad service that is free for both buyers and sellers of items. You can also buy used books online through Amazon, Barnes & Noble, and other booksellers. Ebay is also another way to purchase items at a price less than retail. Ebay is an online auction service that charges the seller a small fee. Typically, the buyer pays for shipping, but this is not always the case. Make sure to check for shipping charges and figure those in to the total amount of the purchase. If you Ebay you should get to know abbreviations sellers use to describe an item. For example, did you know that NWT means NEW WITH TAGS? Knowing what acronyms sellers use to describe items for auction is just one more way of becoming a knowledgeable buyer. <http://pages.ebay.com/help/account/acronyms.html>

What did you learn about buying used that could be helpful to your money management?

Activity: Using Decision Making Skills to Plan for Purchases

Now that you have become an informed consumer, consider using decision-making skills before creating a budget. In the National Standards for Financial Literacy, the Council for Economic Education recommends using economic decision-making skills through a three step process:

1. **Planning and Goal Setting:** What are your expenses? For example, a high school senior may have many expenses, including: yearbook, class ring, senior pictures, cap and gown, college application fees, and numerous prom-related expenses. What are your expenses for the next month? Six months? Year? List your possible expenses:

2. **Making the Decision:** Establishing a **budget** means that you need to make decisions about purchases. We always want more than we can get and money is limited. Because of this scarcity problem, we must choose an alternative that provides the most benefits and the least cost. For example, say you really want those new designer basketball shoes that cost \$150.00, but you only have \$200.00 and set aside \$100.00 to pay for necessary school supplies. What should you do?

3. **Assessing Outcomes:** Say you choose the shoes. Then your **opportunity cost**—the next best thing you gave up when you made your choice — would be having enough money for all of your school supplies. Is this a good decision in terms of money management? Or do you need to make other considerations? Should you buy other shoes? Could you make up the extra money? What do you think?
