

ARE YOU A SMART CONSUMER?

COMPARISON SHOPPING

“Get Ready to Take Charge of Your Finances”



WHAT ARE YOUR SPENDING HABITS?

- Think about the last item you purchased
 - Did you look at the product carefully, or consider other options before purchasing it?
 - Did you buy the first thing you saw?
 - Based on size?
 - Based on color?
 - Based on price?
 - Compare products?
- Are you an impulse shopper or a comparison shopper?



HOW CAN YOU BE A SMART CONSUMER


- Plan at Home: This is where good buying begins
 - Keep in mind the following
 - What do you already have
 - What do you need
 - When do you really need it
 - How will the item be used
 - What size, color quantity and quality do you want
 - How much do you want to pay

SHOPPING HABITS

- Impulse Buying
 - Unplanned buying
 - Little consideration of the product or other options
 - “emotional buying”
- Comparison Shopping
 - Planned buying
 - Careful consideration of the product, features, price and quality
 - “rational buying”



COMPARISON SHOPPING

- Benefits of comparison shopping
 - Buy the same product or service for less money
 - Buy more goods and services with the same amount of money
 - Buy a better quality product for the same amount of money

COMPARISON SHOPPING STEPS

- Step One
 - Decide exactly what is needed before shopping
- Step Two
 - What is the quality of the product I am using?
- Step Three
 - What is the total cost?
- Step Four
 - How will the product be used?
- Step Five
 - Consider the opportunity cost and make a decision

COMPARISON SHOPPING — STEP ONE

- Step One
 - Decide what is needed before shopping
 - How will I use this product?
 - How long does it need to last?
 - What features do I really need?
 - Answering these questions will help a person make the best decision



COMPARISON SHOPPING – STEP TWO

- Step Two
 - What is the quality of the products I am comparing?
 - Depends on materials used, craftsmanship and durability
 - Look at the product and its packaging carefully
 - Ask others who own the same product
 - Refer to unbiased testing agencies for more information
 - » Consumer Reports
 - » Underwriter's Laboratories
 - » Better Business Bureau



COMPARISON SHOPPING – STEP THREE

•Step Three

–What is the total cost?

- Need to consider additional costs other than what is shown on the price tag

–Example: Clothing that needs to be dry cleaned will cost more over a lifetime than clothing that can be washed at home

- “Hidden costs” impact decisions and need to be considered carefully



Item	Price	Hidden Cost	Frequency	Total cost after 6 months
Wool jacket	\$50	Dry cleaning \$15	Every 3 months	\$80
Nylon jacket	\$60	Wash at home \$2	Every 3 months	\$66

COMPARISON SHOPPING – STEP FOUR



•Step Four:

–How will the product be used?

•Consider how the product will be used, how often it will be used and what price is appropriate for the use

–Example: If a product is used once a year, spending more money for high quality and additional features may not be necessary

–Example: If a product is used everyday, one may be willing to pay more for higher quality

Item	Price	How will it be used?	Frequency	Total cost per wear
Custom made formal gown	\$120	Lightly worn	I night - prom	\$120
In store formal dress	\$60	Lightly worn	3 times - prom, family wedding, formal dance	\$20

COMPARISON SHOPPING — STEP FIVE

- Step Five:
 - Consider the opportunity cost and make a decision
 - Opportunity cost — something an individual gives up to receive another such as quality, price or features of a product
 - Example: If an individual wants an iPod that holds at least 500 songs, but it is too expensive, he may have to give up some memory to purchase an affordable iPod that holds fewer songs.



WAY TO AVOID IMPULSE BUYING

- Have a spending plan and stick to it
- Include in your spending plan the amount you can spend in fun money
- Just walk away or hang up if you know the purchase isn't in your plan
- Make a list and Stick to it
- Ask questions such as, "When will I use it?" and, "Where will I store it?"
- Make it a rule: Sleep on large purchases
- Don't shop on pay day; when you're tired; or for food when you're Hungry
- Take your time. Try not to shop in a rush!

MAKING GOOD CHOICES

- Comparison shopping:
 - Helps individuals and families spend money wisely
 - Helps build a positive financial future
 - Can reduce costs without cutting back on necessary items
 - Allows people to save money while meeting needs



CONCLUSION

- Remember:
 - You don't have to buy today
 - No one can make you buy anything
 - Stick to your plan