

BEING A WISE CONSUMER

Why We Buy: We decide to satisfy a need by making a purchase. We then determine that we can afford the cost. Then we look at the alternatives (choices) available to us in regards to that purchase (new car or used car, etc.)

Gathering Consumer Information: The amount of information we gather will depend on whether the product is consumable (used up or thrown away after use) or not. You will usually make a more satisfying purchase of reasonably expensive items if you research your alternatives. Some things to consider are:

1. **Quality:** Is the product well constructed?
2. **Cost:** What is the lowest price for this product?
3. **Availability:** Where is it available? Is it in stock?
4. **Warranty:** If I'm not satisfied, may I return the product for a full refund?
5. **Reputation:** Reputation is the general opinion people have of a person or company.

Sources of Information: Information about products and services is available from a variety of sources:

1. **Family and Friends:** Usually people you know have made a similar purchase and can supply you with a fair amount of information.
2. **Advertising:** Advertising helps identify alternatives to a particular product or service. It often provides information about availability. Remember that advertising does not present the disadvantages of a product.
3. **Sales and Informational Brochures:** The ultimate purpose of an advertising brochure is to sell products. But brochures are usually more factual than other forms of advertising.
4. **Catalogs:** No matter what you are shopping for, mail-order catalogs provide a quick reference. In the comfort of your own home, you can compare features and prices of similar items from the different catalogs.
5. **Magazine and Newspaper Articles:** Magazines often have articles or advertisements about products. You can learn much about a product from these articles and advertisements.
6. **Consumer Product-Testing Organizations:** There are two major independent, non-profit consumer product testing organizations. Their publications are Consumer Report and Consumer Research. One can look in these publications to see how different brands of the same product compare. The publications accept no advertising and so their opinions are not biased.

Checking the Warranty: When purchasing a major item, it is important that you read and understand the warranty. Some of the things to look for are:

1. What parts are covered by the warranty?

2. Does the warranty cover the labor required to repair the product?
3. How long is the warranty in effect?
4. If the product must be sent away for repair, who pays the cost of shipping and handling?
5. What is required to keep the warranty in effect?

Evaluating Alternatives: After gathering information on a variety of choices that you think would satisfy your needs, evaluate your alternatives. This can be done in several ways. Some people do it entirely in their minds. Others write down the comparisons before the best decision becomes clear to them.

Shopping for Reduced Prices: Wise consumers can save hundreds of dollars by learning to shop sales. Many stores have a sale cycle. This means that every three or four weeks an item will be on sale. When shopping in those stores, if you find an item you would like to buy, you need only wait a few weeks to save 15-30% off the regular price.

Seasonal sales usually offer good buys. For example, the day after Christmas, decorations, toys, and clothes are reduced in price. At the end of the ski season, ski equipment is at its lowest price. Most stores have holiday sales and back-to-school sales. If you are aware of when these sales take place, you can better plan your buying and save large amounts of money. However, be sure you understand the store policy regarding refunds or exchanges on sale items. Be sure to examine the product carefully. If it is marked second or irregular, there is probably a flaw in the item. Check for the flaw and see if it will affect the use of the product.

It is also important to remember that just because an item is on sale does not mean that you should buy it. You should purchase a product because you need it and because it is right for you, not because it is on sale. For example, a \$150 coat on sale for \$50 is not a bargain if you already have a nice coat, or if it does not fit correctly. Waiting until the end of ski season to buy skis may not be wise if you have to rent equipment all season. Use sales and seasonal shopping to give yourself an advantage in the marketplace.

A recent marketing trend that is often turned into a scam is telephone marketing. Here are some tips to keep you from mispending your hard-earned money:

1. Beware of investing with a stranger over the phone.
2. Don't give in to high-pressure sales persons or tactics.
3. Ask the solicitor if you have the right to cancel your purchase after your order.
4. Ask a solicitor for the name, address and phone number for whom they work.
5. Verify exactly what the solicitor is selling you.
6. Get the solicitor to repeat anything that isn't clear.
7. Be very cautious of giving your credit card number over the telephone.
8. If you are being pressured to act now, think twice.
9. Is the person trying to make you feel guilty? Is he/she taking advantage of a friendship or relationship? Is he/she making you feel silly or stupid?
10. Be careful of promises for extra-high rates and quick profits.

Some additional hints on donating to charities:

1. Before you give to a charity, be sure you know exactly how the money will be used. How much of your money will be used to support the cause?

2. Ask for written information from the charity. Are solicitors paid or are they volunteers?
3. Never give credit card or checking account information to any organization with which you are not familiar.
4. Write checks to the organization, not the individual collecting the money.
5. Do not send money to a post office box.

Being a wise consumer can help you stay within your budget. Here are some cost-cutting tips:

- ***Look for ways to reduce spending. Consider a less costly telephone plan, use coupons when you shop, or eat out less.***
- ***Search for the best buy. Sometimes it's better to spend time than money.***
- ***Be aware of where your money is going and plan ahead to better handle unexpected expenses.***
- ***Look for free items. Borrow books, CDs, and videotapes from the library versus buying (or renting) them. Workout at home or use the Pennington Center instead of getting an expensive health club membership.***
- ***Consider shopping at thrift shops, consignments shops and other places that sell used items.***
- ***Don't pay for services you can do yourself.***
- ***Say no to impulse shopping. Ask yourself if you really need this item or if there something else you want more.***
- ***If you can, avoid using credit cards since buying on credit ties up future income.***
- ***Watch out for money drainers - items that you buy on a regular basis that can eat up a sizable part of your income. For example, \$1 a day for a can of soda between classes can add up to more than \$250 a year. Think about things you buy regularly that may be money drainers (such as snacks, magazines, etc.) Consider saving that money for something else. http://www.selu.edu/acad_research/programs/cse/finance/budget/***