

# Your Money

by Cheryl Hanson Simpson



## **Shopping on Impulse**

*My husband and I have been trying to budget, as we realise that most months we can barely make ends meet. Last week, a large-screen TV from a popular furniture store was delivered to our home. My husband had mentioned nothing about this purchase prior to the delivery. I'm very upset that he 'broke' our budget for a totally unnecessary item. I can't understand why he did this, and I need some advice to make sure he doesn't do it again. - Upset*

It's difficult to try to live a frugal lifestyle nowadays. We're constantly bombarded with advertisements encouraging us to buy with no deposit down, or enticing us with expensive rewards if we purchase from their store. Unfortunately it seems that your husband may have given in to the understandable desire to see the World Cup Football matches in 'live and living colour!'

Impulse shopping is one of the major reasons why people destroy their budgets, despite their best intentions. Whenever you walk into a store, it can take the discipline of a saint to resist the convincing arguments of the salespersons. Other psychological pressures can influence impulsive shopping: all your friends have the latest cellular flip phone and you feel left out by not owning one; you feel the need to drive an SUV because you want to appear successful at work; buying brand name shoes always makes you happy when you're feeling depressed.

We instinctively know that impulse buying is wrong as we'll find many excuses to justify our actions. You know that you're crumbling under impulse when you say to yourself "I know it's not on my budget, but this is exactly what I needed," or "I can't let this sale pass me by," or "I've been working so hard all month, I deserve to buy this for myself."

Although your husband made a large purchase that put a big dent in your budget, even small everyday items can be bought on impulse. I'm sure you can relate to picking up a \$300 magazine at the supermarket check-out line, or buying fast food when the dinner was already at home. If every week you spent \$1,000 on things you can really do without, you would have wasted at least \$4,000 every month. If you had saved that money and earned a net interest 6 per cent per annum on it, you would have gained over \$100,000 in two years!

Now that we know how easy it is to fall prey to impulse shopping, what steps can we take to stop it? Here are some suggestions:

### **Don't window-shop**

There's really no need to go to the plazas if you have no intention of buying anything. I often ask clients if they would stroll around inside a restaurant if they weren't hungry. Usually the answer is no. So why do we walk around the mall to 'window shop'? Resist temptation by only going to the store when you have to buy a necessary item, and give yourself a time limit to complete your purchase.

### **Come back for it later**

This is a great trick to fight impulse buying. Tell yourself, yes I will buy this thing, but I'll buy it tomorrow. Convince yourself that you need to shop around before committing. Delaying your purchase will give you time to reconsider and evaluate if you really need it. I can't tell you how many times this tactic has saved me from wasting money! If you find that after one day of pondering, you really need the item, you can afford it, and you can't find it elsewhere at a better price, then go back and purchase at that time.

### **Question yourself**

If you've fallen victim to impulse, while waiting for the cashier ask yourself these questions:

- Why do I need this item?
- Is this an investment or a liability?
- Can I afford it?
- Could I save this money and achieve an important goal instead?

The idea is to increase the guilt factor, and counter all the excuses that you have given yourself why you have to buy the unnecessary item.

### **Keep your budget on hand**

Make up a detailed budget and keep a copy in your purse or wallet to remind you of how much you are allowed to spend. Keep track of what you've already spent for the month, so you know what your limits are. As your husband has already blown the budget, you'll both have to look at reducing his expenditure on other things like entertainment or phone cards, in order to afford the monthly payments for his TV.

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