

BARGAIN SHOPPING

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What do other high school students know about bargain shopping?

We asked high school students to tell us about the best deal they've ever negotiated:

I negotiated the price of my vehicle by pulling cash out of my pocket. I got it for \$350 less than the asking price.

Senior, Oklahoma

“When I was in New York City, I went to Chinatown and got \$100 perfume for \$30. I told the guy that was all the money I had.”

Junior, New Mexico

“I went to the pawn shop to buy a CD player for my car and the owner wanted \$80. I told him I would go somewhere else to get it cheaper, and then he sold it to me for \$60.”

Junior, Oklahoma

“I found a brand new \$350 fish tank at a yard sale for just \$15.”

Sophomore, Florida

“I waited until July 5th to buy fireworks. The salesman had to get rid of his supplies so I got hundreds of bottle rockets for \$25.”

Senior, Georgia

LEARNING OUTCOMES

Explain why you should be honest when negotiating.

Analyze and use the three keys to getting bargains.

Describe the seven basic rules of negotiating.

List places to find a great deal.

KEY TERMS

Auction
Consignment Shop
Estate Sale
Foreclosures
Integrity
Markup
Negotiating
Patience
Walk Away Power
Win-Win



BEFORE YOU BEGIN

What do you know about bargain shopping?

Answer the following questions before you watch the lesson. Discuss your answers as a class.

Agree Disagree

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. Most of the items at a pawn shop are stolen. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Learning to be quiet is actually a powerful tool in negotiation. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. A seller who senses that you are attached to an item will be less likely to negotiate a deal. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. In certain circumstances, it is OK to stretch the truth to get a bargain. |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Excluding the United States, most countries use negotiating as a way of life. |

In what stores do you shop most frequently?

Explain the best deal you ever negotiated.

List places that you are likely to find great deals.

Buying Only Big, Big Bargains

It is proper to get a great deal if you:

1. Have in no way _____ the truth.
2. Have not set out to _____ the other party.
3. Have created a _____ - _____ deal.

The First Key

The first key to opening the door to huge bargains is learning to _____ everything.

Win-win deals really work, so don't be _____ to _____ for the deal.

Seven Basic Rules of Negotiating

1. Always tell the absolute _____.
 2. Use the power of _____.
- ▶ Cash is _____.
 - ▶ Cash is _____.

FEEDBACK

People in other cultures routinely use negotiation when buying and selling goods. Do you have any experience negotiating overseas?

"I bartered in Mexico and paid \$3 for a ring that started at \$10."

Senior, Florida

"It's so fun to negotiate in Germany and see how low you can get the seller to go on his price."

Junior, New Mexico

"In Mexico, I got a \$50 chain for \$15."

Junior, Michigan

"Once I negotiated in Mexico and paid half the price listed."

Senior, Missouri

"You can bargain at the straw market in the Bahamas. I talked the sales rep at a brand name purse shop down from \$150 to \$40."

Senior, Georgia

END OF VIDEO PART 1



\$ MONEY FACTS

Teens spent
\$179 billion in
2006, or **\$102 per
week** each.

Teenage Research
Unlimited

57% of teens say
they know how to
shop for the best deal
when making
a purchase.

Charles Schwab Survey

27% of teens
report using PayPal
or another account
designed for online
transactions.

Charles Schwab Survey

**Teen girls
spend more** in a
typical week than
teen boys.

Charles Schwab Survey

▶ Cash has _____.

END OF VIDEO PART 2

3. Understand and use “_____ power.”

4. _____.

5. “That’s not _____.”

6. _____ guy, _____ guy.

END OF VIDEO PART 3

7. The “If I _____ technique.”

If you are patient, willing to negotiate, and educated about what items are on sale during certain seasons, you’ll be saving big before you know it!

The Second Key

The second key to opening the door to huge bargains is that you must have _____.

Don’t get _____ to a purchase.

The Third Key

The third key to opening the door to huge bargains is that you must know _____ to _____ deals.

_____ something of value, goods or just
your _____.

“I have used your tips for negotiating and they really work. But how can I get the most money for items I sell? I don’t want to get ripped off and I’m not sure how to go about this wisely. Do you have any tips?”

DAVE’S ANSWER: That’s a good question and you are right, you don’t want to get ripped off when you sell things. First, don’t play all your cards face up. The buyer will see that you really need the money. Make it clear that you have walk away power as a seller. If you can’t get the price you want, just walk away from the deal. In the case of antiques or collectible items, get them appraised and sell them slightly below that price. Showing the buyer that you are selling for less than the appraisal will make them feel like they are getting a deal. At the same time, you’ll know it was a win-win deal because you were armed with information. Try these things, and like everything else, you will get better with practice.

“I’ve heard you teach people to always watch for deals and ask for bargains on whatever they want to buy. Have you ever totaled up how much money you’ve saved in a single year by bargaining?”

DAVE’S ANSWER: No, I haven’t. That might be a fun experiment to try some time. I do know that one year my wife added up all of the money she saved by using coupons at the grocery store and it came to over \$600 that year—just by using coupons to buy things we were going to buy anyway. Seeing those savings really made an impact on how we feel about bargain hunting and using coupons to save money.



Places to Find Great Deals

1. _____
2. _____ Sales
3. _____
4. Couponing

END OF VIDEO PART 4

MONEY FACTS

16 to 18 percent

of Americans shop at thrift stores each year.

America's Research Group

There are more than **2,000** not-for-profit stores of Goodwill Industries and these stores recently had **\$1.8 billion** in retail sales.

National Association of Resale and Thrift Shops

5. _____

6. Repo Lot

7. _____

8. Refunding

9. _____

10. _____ Shops

11. _____

12. _____ Ads

13. _____

14. Conventions

END OF VIDEO PART 5

REAL LIFE

You may not be the bargain-buying, negotiating type, but if you're going to make the most of your money, you'll have to start looking for ways to save money by shopping for big, big bargains.

Here are some tips to help stretch your hard earned money.

1. **Keep your eye on the calendar.** If you buy your winter clothes in the summer and your summer clothes in the winter, you can literally save hundreds. Even if you buy a car or house during the off seasons, you can save big. That whole supply-and-demand thing really is true!
2. **Get outdated technology.** Be willing to buy last year's models of TVs, DVDs, computers and digital cameras and you can save tons. Chances are the bells and whistles added to the latest versions aren't worth the extra money!
3. **Comparison shop.** You may always shop at one particular store, but venture out to find big bargains at stores you may have never visited before. Discount stores and second-hand shops are fantastic places to find deals and save big-time! You can even hop online to find sites that compare products and stores to help you find the best value.
4. **Make a deal.** Don't be afraid to negotiate for a lower price. If you're shopping with cash, your chances of making a sweet deal are a lot better.
5. **Get to know eBay.** Buying stuff at online auction sites is another way to get nice, slightly used items. Just make sure you buy from reputable sellers with a high positive feedback ranking.

A Recipe for Becoming a Millionaire

- \$1000 in the bank
- 1 cup of silence
- 4 tablespoons of negotiation
- 3 baby steps (sliced)
- Half a cup of income
- A pinch of devotion
- 2 handfuls of attitude
- A dash of savings (extra if you need it)
- 40 ounces of no debt (most important ingredient)
- 5 handfuls of cash (grade A)

Set oven to 450 degrees. In a large bowl start with \$1,000 in the bank. Add 3 baby steps (sliced). Stir until thick. Next put in a pinch of devotion (some people will definitely need this). Once this has settled for a few minutes, add a dash of savings, extra if you need it. This will loosen it up. Finally stir in a half of a cup of income. Stir, and set aside.

Grab a medium bowl and put in 5 handfuls of cash (grade A). Mix in 1 cup of silence (a key ingredient, hint: goes well with negotiation). Next, add 4 tablespoons of negotiation and slowly pour in 40 ounces of no debt (the recipe will not work without this). Finally, add the last ingredient, 2 handfuls of attitude (also goes well with negotiation).

Grab the other ingredients you set aside and carefully spread on top of the mixture. Slide this into the oven and cook until golden brown. Let cool.

Congratulations, you now know the recipe for becoming a millionaire. Warning: all ingredients have to be used and accounted for, or you will have to start over.

REAL LIFE

Want to become a millionaire? Try this recipe by **Caitlin Parker**, an Alabama high school student.

Recap and Review

Don't be afraid to ask for the deal.

Use cash as it has power.

Don't forget walk away power.

Silence can make a huge difference in your favor when negotiating.

Remember these words "THAT'S NOT GOOD ENOUGH."

WISE GUYS

"Remember, what you possess in the world will be found at the day of your death to belong to someone else, but what you are will be yours forever."

Henry Van Dyke

CHAPTER 8: MONEY IN REVIEW

Vocabulary

Auction
Consignment Shop
Estate Sale
Foreclosures
Integrity
Mark-Up
Negotiating
Patience
Walk Away Power
Win-Win

Matching

a. auctions
b. estate sale
c. integrity
d. rebating
e. walk-away power
f. win-win
g. patience

- ___ 1. The opposite of showing that you are hooked on a purchase
- ___ 2. Always telling the absolute truth
- ___ 3. Waiting without becoming upset
- ___ 4. Both parties benefit
- ___ 5. Sending in proof of purchase, receiving cash back
- ___ 6. Type of sale used to dispose of a majority of items owned by a person

True or False

- ___ 7. Knowing how to talk to a salesman is one of the most powerful and pressure oriented things in negotiation.
- ___ 8. When negotiating, you must use integrity and avoid misrepresenting the truth.
- ___ 9. You can get great deals if you find a convention that is just setting up.
- ___ 10. Couponing is when you send in proof of purchase to get cash back.
- ___ 11. Gathering information on what the other person's needs, wants, and fears is only a small part of successful negotiation.

Fill in the Blank

12. _____ guy, _____ guy
13. _____-up
14. _____ -away power
15. That's _____ enough

Short Answer

16. What are some of the reasons most people don't negotiate?
17. What are some things that you have recently negotiated (may not all have to do with purchases)?
18. Evaluate the role research has to do with successful bargain shopping. List as many as you can.

19. Explain how walk away power and silence are powerful tools of negotiation.
20. If you had to place the three keys of successful negotiating in order of importance, which would you put first and why?

Case Studies

21. Sean is wanting to buy a friend's car but does not have the \$3,000 that is being asked. He has \$2,500 and is considering borrowing the extra \$500 from his sister. Sean is considering telling his friend that he needs the extra \$500 for a deposit at the college he will attend next year. Sean knows his parents will be paying for this expense but feels this might be a good negotiating technique to save some money. What should he do?
22. Ethan and Julia are newly married, on a tight budget and expecting a baby. At a yard sale, they see a nice baby bed within their budget but wonder if using someone else's baby bed is in bad taste. They are also afraid that their friends will think they are cheap if they start buying used things for the baby? Ethan and Julia are considering a retail store to find something new. What should they do?
23. Terry is interested in biking because his friends ride a lot. He doesn't want to spend a lot of money on his first good bike because he is not sure how much he will like riding. Terry figures he can always upgrade if he enjoys the sport. He went to the bike shop and found their prices to be expensive for a beginner. Does he have to pay retail to get a good bike? Explain.