

Smart Shopping



ניהול נכון של תקציב המשפחה

G O R D O N E D I T I O N

In memory of Zelda Gordon bat Myriam

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Introduction

Shopping for groceries and other household items is among those activities that many of us perform by rote. Most people do not realize that a few small and easy changes might be able to save them quite a bit of money.

These purchases account for approximately 20-40% of a family's monthly budget. Economizing on these expenses can save us several thousand shekels each month towards other things that we cannot presently afford.

Many of us grew up with the notion that food shopping is not an area in which we should be frugal. On the other hand, if we can save hundreds –if not thousands –of shekels each month by raising our consciousness just a bit, why not?

In this booklet, we will see how supermarkets get us to buy things that we do not really need, and how to avoid these consumer traps. We will learn methods for successful shopping, study various forms of payment, and see how to make the most of sales.

We hope that you will find this an enlightening and enjoyable read!

Note: We are certain that our readers have their own ideas and suggestions. After all, we are all seasoned shoppers. We would be pleased to hear from you, and we have also provided several pages for your observations and comments at the end of the booklet.

Anatomy of a Supermarket

Before our next trip to the local supermarket, let us better understand exactly how it is designed. This will empower us to meet the challenges presented by its planners and avoid the common tricks used by marketing experts.

"Location, location, location!": The most essential items, such as bread, milk, flour and sugar (still the bestsellers!) are always located in the inner reaches of the supermarket. This forces us to pass by all the other less important products on the way there.

Allocation of Shelf Space: Any item offered under a variety of brand names is arranged as follows: The most affordable product is placed either above the shopper's head or below his or her knees –out of one's peripheral vision. The expensive brand name products are placed at eye-level. If the supermarket is interested in promoting a specific product, it too will be placed at eye-level. (The real question is, why is the supermarket so interested in advancing this product over its competitors?)

By the Checkout Counter: All the little indulgences, such as candy bars and magazines, are conveniently located near the cash register. As such, the longer the line is –the more likely you are to add yet another unnecessary product to your cart and profits to the supermarke's coffers.

Due Date: Frozen foods, dairy products, salads, spreads, and the like are deliberately arranged on the shelves with those products with the closest expiration dates in the front and the freshest products far at the back of the shelf. Don't be hasty; check the expiration dates of the products.

Sale! 1+1: When faced with such a package, check carefully. Sometimes, the packaging is deliberately misleading, as the

same or an even greater quantity of this product may be available in a different size package for even less than the alluring "Twin-Pack" and its "sale" price. What is usually behind this tactic is a desire to get rid of an overstocked product that is not moving fast enough or a need to boost sales. Note that the price of the "one" that you are buying (to get the other "free") may indeed be more expensive than it was the day before the sale started or will be just after the sale ends!



Tip: You can make the most of "Buy One Get One Free" sales by pairing up with a friend. This way, you will both wind up paying less!

Packaging: In light of soaring food prices worldwide on one hand and widespread economic difficulties on the other, manufacturers have found an innovative way to raise prices covertly by decreasing the volume of packaged foods. For example, a bag of pretzels that used to contain 500g. now contains only 400g., 375g. or even 315g. Each company utilizes this tactic in proportion with the sizes of its own packaging. This ploy is frequently used with laundry detergents, salads and spreads, baby foods, snacks, coffee and various canned foods. This makes it difficult to compare prices between competing manufacturers of similar items.

Oversized Shopping Carts: The leading supermarket chains provide oversized shopping carts, since people tend to fill the cart to its capacity. If the shopping cart were smaller, you would most likely have stopped shopping much earlier rather than bring a second cart to fill.

A Sense of Plenty: One study on consumer psychology found that women are more likely to be impulsive shoppers than men are. The researchers installed hidden cameras in supermarkets that recorded the amount of times each shopper blinked. The average person will blink approximately 32 times per minute in

a state of fear, up to 60 times per minute when under pressure, and up to 20 times per minute when relaxed.

The study showed that women blinked an average 14 times per minute while choosing a product, indicating a trancelike state. The conclusion was that women could become so engrossed in selecting an item, to the point of oblivion to their surroundings, bumping into shelves and cartons in their way. The display of an overabundance of items seems to be more effective on women than on men, as they are more easily induced to choose an item spontaneously from amongst the vast selection. Men, on the other hand, will generally enter a store knowing in advance exactly what they want to buy, and do not tend to deviate from their original plan. (Again, this has been clinically proven in studies.)

"Only 799.99₪!": This "optical illusion" is quite familiar even to consumers, yet the stores do not tire of using it. The store will price an item at 799.99₪, or 1798.99₪ ad infinitum. The message that the customer gets is that the product costs approximately seven-hundred shekels, appearing much more affordable than a similar product sold for 800₪, even though the difference between the two is only one agorah.

Clearance Sales: Beware! Most often, this is just a code name for various products that did not sell (most probably for good reason) and the supermarket wants to get off its shelves and out of its doors.

Aromatherapy: Many people are fond of the smell of fresh baked goods. That's why many of the large supermarket chains have their own bakery on premises. The aroma is enticing and arouses positive associations.

Promotional Sales at the Checkout Counter: Having finally run out of time and patience, we make our way to the checkout counter, only to be offered "Special Promotional Items" by the

cashier. This is just another attempt by the supermarket to advance the sales of certain products. (And yes, the cashiers receive a commission on each "sale" item that you buy at the register.) This should raise our awareness: If we got all the way here without feeling any need whatsoever for the proffered item, why should we suddenly feel an urge to buy it here and now?

"Pictures Are for Illustrative Purposes Only": Have you noticed these words at the bottom of advertisements? If so, be prepared for a major disappointment. Check carefully over the phone or at the store if this is really the product that you had in mind.

Be Prepared

Preparation: A recent poll showed that approximately 14% of the food that we buy is thrown away, rather than eaten (those who frequent subsidized sales will tell you that in these cases about 20% is wasted).

The main reasons for this are:

- a. Inadequate inventory planning, in which case we are left with products that are no longer edible or have passed their expiration date.
- b. Preparation of unnecessarily large quantities of cooked food.
- c. Opening new packages of food before finishing the old ones.

Therefore:



Tip: There's no reason to warm the meat or other main dish that we prepared all at once or to continue serving until it is all finished. Instead, we can warm and serve individual portions for those eating right now. Anyone who is still hungry can fill up on side dishes such as rice, pasta or potatoes. Bread also satiates a hearty appetite.

Before we do our grocery shopping we will take inventory of what we already have in our kitchen cupboards and refrigerator.

When putting away the items from the most recent shopping trip, we will move the older items to the front of the shelves, so that they do not wind up getting lost in the back.

Before we cook a meal or take a fruit from the refrigerator, we will survey its contents and decide what is best to use right away and what will still be fresh in a few days from now.

Plan Meals: Before we go shopping, we will make a menu for the coming week's meals and determine what ingredients we need. This way we will not find ourselves two days later stuck without a main dish for lunch.

There's no such thing as a free lunch: Did you ever consider how much your family's lunch costs? How about supper? It is safe to assume that some meals may cost you as little as 20[₹] to feed the entire family, while others may cost you 100[₹] or more. Remember, if our family eats expensive meals three times a day, we will be short on funds for the latter part of the month.

Scheduling Meals: Scheduling meals is very important, especially for large families with older children. It is essential to have meals at reasonable times and for reasonable amounts of time. Unnecessarily lengthy meals may cause some family members to eat twice. This is both unhealthy and expensive (in terms of the costs of the food and the treatment of obesity and high blood sugar/cholesterol).

Quantities: Have you ever noticed that even when you prepared amounts of food that were disproportionately large (perhaps you were afraid that there wouldn't be enough), there are no leftovers? If you leave the platter of chicken on the table at the end of the meal, chances are that you will find it empty before long. This is not because anyone was still hungry, but because the food seemed to call out to be eaten.



Tip: 1. If you usually find yourself with leftover food at the bottom of the pot –which is eventually thrown out –consider cooking in smaller pots.
2. When the meal is finished and everyone is satisfied, remove the serving dishes from the table. It's not only cost-conscious behavior; it's simply healthier.

Who is your best shopper?

In every family, there are more cost-effective and less cost-effective shoppers. Try to figure out who is your family's most efficient shopper. Here are a few common scenarios:

1. One of the parents goes shopping with a list in hand, buying only items on the list. When he/she returns home, it

becomes evident that some necessities were missing from the list. Don't worry, all that this means is that the purchase cost a little less than expected.

2. One of the parents always seems to find many items on the supermarket shelves that for some reason were missing from the list. The purchase is always much more expensive.
3. One of the spouses does the shopping. His/her only concern when shopping is to make sure that the other is satisfied. He/she cannot handle the complaints that the other makes when he/she didn't buy an item because it is too expensive. Instead, he/she fills the shopping cart with anything and everything as long as that will satisfy his/her spouse.
4. One of the parents goes shopping with a predetermined sum (deliberately leaving the credit card behind) and passes up on several items out of concern that he/she does not have enough money.
5. Both parents go shopping, comparing prices, thinking together, only selecting products after careful consideration.
6. Both parents go shopping, as a way of spending time together. If shopping is a recreational activity –be prepared for it to cost accordingly!

Here are a few suggestions for effective shopping:

Less Time + Less People= Savings: Spend as little time as possible in the supermarket and bring along the fewest pairs of eyes –go shopping alone!

Shopping– Not a Form of Entertainment: Many couples tend to go shopping in order to relax and spend some time together. Be careful that this does not become an expensive form of entertainment.

The List: We can make a shopping list throughout the week, writing down each item as the need comes up. This way, we will have a basic shopping list ready. Before we go out shopping, we can check the kitchen cabinets and refrigerator to see what we have and what is missing.

An up-to-date list will help us focus on those items that we really need in the near future without being distracted by sales on items that are not on the list. If the item does not appear on our list, we most probably do not need to buy it. As we put each item into the shopping cart, we will cross that item off the list. This way, we will not forget any of the items that we need. Remember! Each additional trip to the supermarket may cause us to deviate from our budget.

Eat First, Shop Later: Studies have showed that hungry shoppers spend approximately 20% more. This is because hunger makes people more susceptible to the smells and appearances of foods that they do not really need. Moreover, a hungry person lacks the patience and concentration necessary to buy everything that he needs, to check and compare prices, and to check the freshness of the various products offered.

No Children Please: Shopping with children just complicates the task, placing pressure on and distracting the shopping parent. In many instances, shopping with children is up to 20% more expensive. This is because we may add many unnecessary items to our cart just in order to placate the hungry/whining/ impatient children, who bring us to the point where we would buy anything that might get us some peace and quiet!



Tip: It is helpful to write the shopping list in the order that the items present themselves upon entering the supermarket. This way, we will be less likely to miss certain products, which could cause us to make several rounds in the store. After all, time is money.

Local Grocery vs. Supermarket

Which is preferable, the minimarket around the corner or a large national chain store?

The answer to this question depends on several factors that we must carefully consider before reaching a conclusion:

Accessibility: How much further from your home is the supermarket as compared to the minimarket? What mode of transportation do you use to get there?

Prices: How much more expensive is the minimarket? When we take into account various expenses, including transportation, parking, delivery, time lost from work, babysitting etc., how much are we really saving by shopping at the supermarket?

Selection: Does the local minimarket carry all of the products that you need? Does the minimarket seem to have close connections with the suppliers of the most expensive brands available? Does the vast, brightly lit, attractively decorated supermarket persuade you to buy things that had not planned to?

Time: Which takes up more time, frequent visits to the minimarket that doesn't necessarily carry all the products that you need (such as fruits and vegetables) or less frequent trips to the supermarket where you can buy everything at once?

The Shopper: Who does most of the family shopping? Can you send your older children to the local minimarket? Do you have a teenage or adult child at home who can shop at a distant and cheaper location?

Customer Service: If you have a problem with an item, where will you receive better service –at the minimarket across the street or at the supermarket? Would you take the trouble of going to a relatively distant supermarket to return damaged goods? Some supermarkets accept returns easily as a matter

of policy, while others are a bureaucratic nightmare. Some proprietors of minimarkets are easygoing and friendly while others may be quite difficult to deal with.

Loyalty: There is absolutely no reason to be a lifetime customer of the same supermarket. It is certainly worthwhile to keep track of the competitors, as it might just pay to shop there instead. The competition in today's marketplace is fierce, with dynamic changes occurring with remarkable frequency. We can make this work to our advantage.

Smart Shopping

Stay on Course: There is no reason to weave your way through the entire supermarket from beginning to end. Enter only those aisles that have the items on your list. Why go anywhere else?

Sales: We can sum up our attitude toward sales in general, and to supermarket sales in particular in the form of a simple question: What's in it for them and what do we stand to gain or lose from this sale? (See the chapter on sales for more details.)

Brand Names: Whether the product in question is food, clothing, electronics or even cars –brand names simply cost more because of the image that they project. A \$2,000 watch serves the exact same function as a \$20 watch –they both tell the time. Our children will enjoy the salami or macaroni no less, even if it is not a leading brand name.

Our children will wear quality shoes or sandals for the exact same period as they can wear designer footwear –one season only. Their feet will grow more or less at the same pace no matter whose name is on the soles of their shoes. (For that matter, exceptionally cheap sales can be rather expensive, since the inferior quality shoes don't even last a half a season!)

Packaging: On certain products, we pay more just for the cardboard or plastic packaging. Some examples are coffee, cocoa, soup mixes, spices, cookies, cereals, cleaning solutions, laundry detergents and more. Many of these products are available in economy size plastic bags that cost much less.



Tip: We can avoid these costs by saving refillable boxes and packages or by using plastic storage containers.

Overstocking: Keeping overly large quantities of products in the house is not

recommended. This only means that the items will be consumed much faster than necessary.



One family told us: "When we bought 4 bottles of ketchup on sale, they were finished within two weeks. Our children knew that they could pour it on endlessly, as there was plenty left in the cabinet. When we went back to buying single bottles, each bottle lasted for a week and a half, since the children knew that once the bottle is finished, there would be no more ketchup until the next weekly shopping trip."

Expiration Dates: Check expiration dates carefully. Many sales are on items that are almost past the last date for sale. A family-size package of hummus that we bought on sale may indeed have been 2nd cheaper, but if the 'sell-by' date is within two days, we will have to throw out more than half of the container.



FYI: You are entitled to a full refund on any item purchased after the expiration date on the package.

Fruits and Vegetables/Luxury Items



Example #1: The market for fresh produce is very dynamic. Certain fruits and vegetables are sold at exorbitant prices for a week or two before dropping to their normal price range. There is no reason why the soup served at lunch should cost 50-60nd or more because of a few yams and squash that happened to cost 18nd per kilo this week.



Example #2: Fruits tend to be disproportionately expensive at the beginning of the season. Nothing will happen if we pass up on grapes the first week that they are available (for 32nd per kilo) or fail to provide watermelon for the Shabbos meal (at a cost of 50nd) until the prices settle down. Our children

(and ourselves!) will learn restraint by waiting a few weeks for the prices to reach a reasonable level. We will display maturity and responsibility; not everything must be had here and now! [See appendix for a list of various fruits and vegetables and their seasons.]



Example #3: Beef –If we bought a piece of meat for the chulent, only to reveal at the checkout counter that it costs 110₪ per kilo, instead of being lazy –we will request that the cashier void the sale. There is no justification to pay 120₪ just in order to put a piece of beef in the chulent (half of which finds its way to the garbage on Sunday!).

Price Comparison: We will compare the prices of the items at the competing supermarket chains. Remember! Each supermarket sells specific items at significantly low prices, but this says nothing about the other products. On the contrary, the national chains reel us in by baiting us with these sale items, while other necessities may be especially expensive.

Some stores sell a wide selection of grocery products at discounted prices, while their prices on staples such as fresh produce are very expensive. They more than recover the "lost profits" on those sale items with their high prices on fruits and vegetables.

Split Your Purchases: If there are significant differences between the various supermarkets on certain products (and the lines are not terribly long), it may pay to divide your shopping between the stores. This may not be worthwhile if it is too time consuming, but it could save you hundreds of shekels each month.

Good Character Traits

Our sages teach us that the descendants of our ancestor Abraham are outstanding in three qualities. They are merciful, self-conscious, and benevolent. These traits, however, should not be used to our disadvantage as consumers.

The Merciful Shopper

Having finished gathering the items on our list, we make our way to the checkout counter with only one thing in mind –to see ourselves outside the store, as quickly as possible. Suddenly, the cashier starts enthusiastically reading off a list of several special sales just for us, available only at the register –usually on items that we really don't need (after all, we hadn't thought of buying any of them until now...). The supermarkets know that at this point we are under pressure, and lack the presence of mind to rebuff these "generous" offers. One of the psychological "pressure-points" employed here is the feeling that it would be unfair and indecent to ignore the gracious cashier, who took the time and trouble to tell us about these sales. Now is not the time to 'pity' the 'poor cashier' who was so 'kind' to us –buy only what you really need!

The Self-Conscious Shopper



Example #1: Did you take an item off the shelf because you simply did not know its price? Did you place a product in your cart, only to remember at the register that you still have plenty in the house? Did you find out by the checkout counter that the price just doesn't fit your budget?

There's no reason to feel ill at ease, simply ask the cashier to void the item. You can even volunteer to put it back in its proper place. From now on, please reserve the term "embarrassing" for situations that are more appropriate. In this case, it's just not worth the price. By the way, the cashier does not own the

supermarket and does not lose on the product that we decided to return.



Example #2: Did you enter the supermarket to buy a certain product, only to find that it is out of stock? There is no shame in leaving the store empty-handed (even if there is a security guard stationed by the front door...). We don't owe anyone an explanation as to why we didn't buy anything in the store.

The Benevolent Shopper

If you selected an item, only to find that the price on the tag or the shelf (with the corresponding barcode) differs from the price at the cash register, you are legally entitled to buy the product at the lower of the two prices. Even if it was simply the stock-boy's mistake with the price gun and the price is ridiculously low, there's no reason for you to be overly generous with the supermarket. Stand up for your rights, and save!

Sales

Disclaimer: We have absolutely nothing against sales. However, we must understand what is behind them in order to avoid some common consumer traps.

What's in it for them?

Unsalable Items: Some items simply would not sell if not for a sale. Sometimes the product is of inferior quality, at other times the supermarket overstocked on a specific item, and occasionally the manufacturer wants to rid itself of older inventory.

Cultivating Brand Loyalty: Attentive shoppers may notice that when there is a sale on certain brand-name products (for example, Huggies™ disposable diapers), other less expensive brands will be missing from the shelves. This is because the supermarket wants you to get used to buying the more expensive brand-name product.

Studies show that 50% of those who regularly purchase brand-name products became accustomed to the brand name during sales run by national chains.

Overconsumption: When we buy large quantities of certain items, we also tend to use them in greater quantities –often using much more than is actually necessary. In addition, we become accustomed to using the same larger quantity of the product even after it is no longer on sale.

At the Last Minute: Many sale items are products whose sell-by date is close. These sales are a last ditch effort to turn a profit. For instance, "Buy 1 kg. Eggplant Salad get 2 kg. Hummus FREE!" The only catch is that the hummus expires two days from now. This ploy is widely used with dairy products, salads and spreads, canned foods and frozen foods.

What do we stand to lose?

We spend more money: Even when the sale item is a brand that we could not afford at its regular price, it may still be more expensive than the discount brand that we usually buy. Although the product may be sensible at the sale price, in the end we are left with several less shekels in our pockets.

Irregularity in our monthly budget: If we buy diapers on sale at a most attractive price, we may now have a three-month supply of diapers on hand, but towards the end of the month, we will have a budget deficit of several hundred shekels. It is not advisable for those on a tight budget to buy large quantities in advance, even on sale, as the slack will most likely be taken up by bank overdraft, expensive enough in its own right.



Tip: Good things come to those who wait. Sales tend to repeat themselves monthly.

Psychology of the Sale

Consumers generally have a red line that they will not cross. For some, this is a set amount that they will spend on weekly or monthly shopping. Others will not fill more than one shopping cart on a shopping trip.

In buying larger quantities of sale items, the shopper deviates from his previous shopping pattern, intending to save over the next few weeks when he will not have to buy the product. In the next weeks, the shopper will often compensate for that product that he already has, adding other non-essential items that he would not ordinarily buy. In this manner, the supermarket has accustomed the shopper to buy a wider variety of products.



Example: Moshe's weekly grocery shopping budget is 600₪. One week, he bought three packages of Huggies™ brand disposable diapers for a sale price of

150₪. At the checkout counter, he was surprised that his purchase had cost 750₪, but then he remembered –the diapers. No big deal, he comforted himself, we have diapers for the next month, and we will more than make up for the difference.

The next week finds Moshe at the supermarket once again. This time, he remembers the diapers. Since he bought this week's diapers last week, he now shops under the impression that he has a surplus and treats his family to some items that he would not normally be able to afford. This time, the purchase cost 600₪, right on budget.

What Moshe did not take into account, is that at some point, the diapers that he bought will be finished, and his shopping list has grown over the past month to include other items that he was not used to buying before the big sale but to which his family has now become accustomed. In the end, his weekly grocery budget has grown to 650₪.



Conclusion: We don't have to take all sales lightly, but we must certainly understand how they work in order to make them work for us –not just for the supermarket!

Methods of Payment

Pros and Cons

Form of Payment	Pros	Cons
Cash	<ol style="list-style-type: none"> 1. You know exactly how much money you have. 2. There is a certain emotional deterrent to part with cash. For example, people are hesitant to "break" a 200⁰⁰ bill. 3. Budgetary Control –The classic "envelope" method. 	<ol style="list-style-type: none"> 1. Sometimes we are stuck without cash. 2. Cash withdrawals carry a fee. 3. No one can reimburse you for lost cash. 4. If we did not receive/are not satisfied with the merchandise, our chances of a refund are very slim. 5. You can only pay in person.
Personal Check	<ol style="list-style-type: none"> 1. Control –Each transaction is on record at the bank. 2. You may be able to defer payment to a preferred date. 3. You can cancel the check if the merchandise is not delivered or satisfactory (under certain conditions). 4. You don't have to keep cash on you/around the house. 5. You can pay in installments. 	<ol style="list-style-type: none"> 1. You cannot control when the check is redeemed. 2. When we defer payment, we tend to be taken by surprise when the money leaves our bank account. 3. The check can wind up in the wrong (criminal) hands, and can lead to action by collection agencies. 4. Fees –The check itself costs money; the bank charges a 'line fee' for each check and high fees on bounced checks; checks can be returned for being imprecisely written or other small technicalities. 5. Checks are not usually accepted for small purchases. 6. Not all establishments honor personal checks. 7. Paying by check can be time consuming (writing the check, waiting for authorization by the head cashier, etc.).

Credit Card

1. You don't have to carry around cash with you.
 2. You can pay in many installments.
 3. Accepted by phone and online.
 4. You can withdraw more cash at ATM's.
 5. Payment is deferred to a later date even when there are no funds available in your account.
 6. Only one "line-fee" is charged by the bank for all of the month's purchases.
 7. The monthly statement is a clear and detailed report of expenditures.
 8. In the event of loss or theft, the card can be cancelled immediately.
 9. Internationally accepted.
 10. You can cancel the transaction if the merchandise is not delivered or satisfactory (under certain conditions).
1. Each credit card raises household expenditures by an average of 30%.
 2. With credit cards, one does not feel that one is spending money.
 3. With credit cards, one can more easily fall prey to telephone scams and other swindles.
 4. Credit cards bear fees and interest.
 5. Exposure to extensive abuse upon loss, if the card is not cancelled promptly.
 6. The variety of payment plans available with a credit card leads to deviations from the predetermined budget.
 7. Credit cards raise some serious halachic issues.
- Remember: A credit card is a method of payment, not a means of payment.
-

Vouchers

Disclaimer: As with sales, we have nothing against vouchers. It is, however, important to understand what is behind them.

Many of us have seen advertisements (especially before holidays) offering vouchers at supermarkets such as "Yesh" with a face value of 1000₪ for only 900₪. What do the large chains gain from these vouchers and what do we stand to lose?

What's in it for them?

Cash: In general, we must pay cash for these vouchers. Cash is the oxygen, the very lifeblood, of these chains. Instead of having to use their lines of credit at an interest rate of 10%, they receive cash (with no taxes paid...). Thus, the supermarket doesn't lose a dime.


You are in Their Hands: Once you have bought vouchers for a specific supermarket, it's obvious that you will be shopping there for in the near future (even if your purchase costs more than the vouchers that you hold).

What do we stand to lose?

The supermarket takes into account that at least 10% of the vouchers are never used for a variety of reasons. We will present several examples:

1. Some of the vouchers simply disappear, having gone through the washing machine or being torn by children etc. The supermarket chain has already received cash in advance, while your money has become a generous contribution to a profitable enterprise. (These lost vouchers may even surpass the 10% discount that the supermarket offers.)
2. One who makes a purchase of 60₹ and wishes to pay with two 50₹ vouchers does not receive his change in cash. Instead, the cash register prints out a new voucher for 40₹ in store credit with the receipt. Studies show that 50% of these vouchers disappear in one way or another. Some are accidentally discarded together with the receipt of the purchase that had been made at the time. In addition, these register tapes wear out more quickly and easily than the original vouchers. Here as well, the supermarket has received the funds well ahead of time, and with two or three such lost receipts –we have more

than compensated for the 10% that we intended to save with the vouchers.

 Note: These store credit slips are usually redeemable only at the branch where they were issued.

Excessive Purchases: When we shop with the discounted vouchers, we subconsciously feel that we have an additional 10% at our disposal, and are therefore inclined to add several items that we would not normally allow ourselves. In this way, we become accustomed to various non-essential items that will automatically join our shopping list in the future. The only party who gains from this is the supermarket's owners.

Tzvi told us, "When I go shopping with a 100₪ voucher and am left with 15₪ in change, I prefer to buy anything –even unnecessary sweets for my children –rather than having to keep the receipt with the store credit in my wallet." In this case, Tzvi's loss on the unnecessary purchase is 15%, five percent more than the 10% discount that he received off the face value of the vouchers...

Installment Plans

What purchases should be paid for in installments?

This generally depends on the lifespan of the item in question. Long-term purchases, such as a home, are usually financed by a bank mortgage of up to 25 years. Similarly, banks will offer financing for 3-4 years on a new car that is used on average for 4-6 years before resale.

When it comes to grocery shopping, on the other hand, there is no logical reason to pay for this month's food in installments beginning next month, since you will most probably need to buy groceries next month as well...

Most of us have seen bank advertisements with variations of the following text, (these usually repeat themselves before each holiday): "Finance your holiday expenditures with a generous 30,000 loan from Bank So-and-So, payable in 36 easy installments". Sound familiar? The catch here is that over the next 36 months there most probably will be another holiday or two with its own expenses. Bank managers, however, will tell you how many people fall for this credit trap...

Here is another example of a common credit trap, involving a family with a monthly grocery budget of 2100₪, who usually pay in three monthly installments. The chart below shows how these costs pile up in the long-term.

	September	October	November	December
Total Monthly Grocery Expenses	₪2,100	₪2,100	₪2,100	₪2,100
Payments Made	₪700	₪700	₪700	₪700
		₪700	₪700	₪700
			₪700	₪700
Total	₪700	₪1,400	₪2,100	₪2,100

In this example, the family "benefitted" from cyclical credit for two months, but will suffer the consequences in the long term. They have lost control of their expenses as well as available credit on their credit card or bank account.

Some may wonder, "What's wrong with two months of relative peace and quiet?"

The answer is twofold:

1. This creates an unclear picture of our true spending habits and leads to lack of control over our expenses.
2. When we pay in installments, we usually feel a certain freedom, allowing ourselves to indulge in various luxuries or non-necessities. In this fashion, we have raised our

standard of living to an extent that we will find difficult to lower when we finally want to break out of the cycle.

Other Problems with Installment Plans

Let us take another common example, such as the purchase of a dryer that costs 2500₹, payable in 20 monthly installments of 125₹. Is the installment plan sensible in this case or not?

The real problem with any purchase paid for in installments is that when we undertake the payments, we do so with the clear understanding that we can presently handle the monthly installment, in this case 125₹. However, what guarantees us six months later we will still have 125₹ available for this purpose? Moreover, even if we do not have the funds then –it is already after the fact, as we have obligated ourselves to pay.

In addition, we must understand the underlying psychology behind the “generous” installment plans that feature prominently in advertisements. Businesses understand that the consumers’ judgment is most heavily influenced by the item’s price tag. As such, a 2500₹ dryer is indeed a major purchase that is to be carefully considered beforehand. However, a dryer that costs only 125₹ is an entirely different affair. Our judgment is severely clouded, since the payment plan makes us think that the dryer costs only 125₹.



Our Recommendation: Weekly Shopping

We highly recommend concentrating the purchases of all of our recurring household necessities into one weekly shopping trip. We will go shopping only once a week, not seeing the interior of a supermarket or local grocery until the following week.

How does this work?

Choose a Day: Designate a day of the week –usually Tuesday, Wednesday or Thursday –as “Shopping Day”. We suggest that you choose a day later on in the week, but not too close to Shabbos.

Make a List: Over the course of the week, make a list that includes everything that you will need in the coming week.

Shop!: Buy enough to last the entire week, until your next shopping trip.

Stop!: Do not enter a supermarket or grocery on any other day of the week. [Devotees of this plan buy even bread and milk for the entire week on their weekly shopping trip. The bread stays perfectly fresh in the freezer, especially when protected with an additional plastic bag.]

Don't Worry: In the first few weeks of weekly shopping, you may find yourselves short on some items midweek. Don't give up! Next time, buy a slightly larger quantity that will last the entire week.

What do we gain?

A lot!

1. **Peace of Mind:** We will no longer find ourselves stuck without baby formula or other such necessities late at night when stores are closed.
2. **Money:** Each additional trip to the supermarket winds up costing us tens of shekels more than we think.
3. **Time:** We gain several hours (!) over the course of the month by not visiting the supermarket three times each week for supplemental purchases.

4. **Control:** We gain fuller control over and a clearer idea of our living expenses, knowing how much the week's food really costs and if we have deviated from our budget –to what extent.
5. **Restraint:** Our children and we will learn not to finish off all that we have bought in one sitting. For instance, if we bought a quantity of cornflakes that needs to last the week, we can tell the children, "If you prefer, you can eat as much as you want today. However, you will be left without any cornflakes for the rest of the week, and there are six days left until the next shopping trip." We will suddenly hear our children talking in terms of conservation and proportions, encouraging one another to show restraint so that the cornflakes are not finished too quickly.
6. **Planning:** At first, we might find it difficult to plan this Wednesday for next Monday's meals. With time, however, we will learn how to plan accordingly and stop living from hand to mouth.



Tip: In many families, "Shopping Day" brings quite a festive atmosphere into the home. When the shopper comes home, the family crowds around and "helps" open the the items that we have purchase. The supper table looks almost as if it were a gala banquet. After only a few days, we begin to hear the children complain that both the refrigerator and cabinets are quite empty. This can be prevented by immediately stowing away several items in a higher cabinet, which we can later remove once the initial supply has been depleted –to the delight of the family at the "new" arrivals.

Tips

Why shop today?

If your answer is one of the following, chances are that you stand to lose from the experience:

1. Everyone else has _____. (fill in the blank)
2. I am bored.
3. We want to spend time in a pleasant climate controlled environment.
4. It's just the "in" thing (as established by brainwashing advertisements).
5. It's payday.
6. I don't have anything to wear!
7. It's an end-of-season/buy one get one free/bargain/50% off sale.
8. Where do *you* think I should be going?
9. It's a clearance/close-out/one-day/repossession sale.
10. The house/refrigerator is empty. or I don't know what to make for lunch/supper today. or We didn't go shopping yet this week.

The only valid reason to go shopping is that we really need to buy something and we can afford to pay for it.

Plan ahead in order to avoid shopping at high season. Buy ahead or wait for the season's end sale. This is especially pertinent with seasonal items such as summer and winter clothing and school supplies.

Try to shop without your children. This way, you will avoid the traps of "Mommy, please buy just..." and "Abba, I want..."

If you do go shopping with your children, especially in a toy store where the sky is the limit, it is all the more important to prepare them with clear explanations of what we are going to buy, how much we are willing to spend for each child and so on. This way, we will ensure that we do not go overboard.

When shopping for appliances, it is usually worthwhile to wait until newer models are released. In these cases, the previous models are usually available at significant discounts.

When you buy anything that will not be delivered immediately, never pay the entire amount up front. Your deposit should not exceed 25% percent of the full price, with the balance paid upon delivery.

Internet purchases may be cancelled within 14 days of the order, with no explanations necessary. Similarly, if the item has not been delivered, you are entitled to a cash refund even after 14 days have passed.

If you pay in cash, ask the salesperson for a 3% discount. If you had paid by credit, it would have cost the business owner a fee that ranges from 3-5% of the purchase. This will work in many instances.

Even if you received warm recommendations from a friend about a certain item, remember that this information might not necessarily be accurate. People have a tendency to justify a past purchase even if they are not fully satisfied by the product, just to assuage their own feelings of incompetency.

If you feel a strong urge to buy a certain item, wait a week or two and reconsider.

When purchasing appliances, it is always worthwhile to consult with a technician as to which models cause the least problems and are the most energy efficient.

On family trips and outings, make sure to bring your own food and drinks. Otherwise, you will wind up paying double for the same products at kiosks or hotels.

Certain sales are apparently an attempt by the manufacturer to get rid of old inventory. Thus, even though the product seems to be a leading make and advanced model, it is sold at seemingly low prices. Several days after we purchase the item, we discover that a newer version of the product has been released and we regret our purchase. (This is especially common with eyeglasses and cellular phones. With cell phones the sense of disappointment is even greater, since these usually come with a 36 month contract.)