



SOUTH CAROLINA FAMILY AND COMMUNITY LEADERS

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How to Save a Dollar When You Don't Have a Dime to Spare

Objectives:

1. Participants will become aware of opportunities to bargain on prices to save money.
2. Participants will understand strategies that can be used effectively to bargain on prices.
3. Participants will understand recourses to take when bargaining does not work.

Ask:

Have you ever bargained on the price of an item or service? What was the best deal you ever got when you bargained? How did bargaining on the price make you feel?

Introduction:

One positive aspect of the dismal economic situation is that the number of retail customers spending money is reduced. When customers are scarce, they gain bargaining power. Shoppers who are willing to bargain or negotiate even a little often get better deals.

A 2007 survey by the Consumer Reports National Research Center found that more than 90% of consumers who got up the nerve to negotiate on things such as electronics, appliances, furniture, and even medical bills reported receiving a discount at least once during the survey period, with most saving \$50 or more each time they were successful.

The *Bottom Line/Personal* publication recently printed an interview with Jeff Yeager, dubbed "The Ultimate Cheapskate" by NBC's *Today* show. Yeager honed his cheapskating skills during 25 years of working with underfunded nonprofit agencies. He lives in Accokeek, Maryland and is author of *The Ultimate Cheapskate's Road Map to True Riches*, published by Broadway. Information is also available on the Internet at: www.ultimatecheapskate.com.

Yeager reports that he routinely bargains or negotiates on a wide range of purchases - in both good times and bad - frequently shaving 5% to 10% off the asking prices and sometimes 20% or more on big-ticket items. He believes, "It never hurts to ask, but always be friendly or polite. Also, first impressions are important, so it's best to dress nicely but casually - a slovenly appearance can arouse suspicion, and overdressing suggests wealth and therefore an ability to pay more."

Ask:

Do you have some hints for bargaining or negotiating on prices that have been successful for you?

Discussion:

Yeager offers some general strategies for bargaining or negotiating:

- The first step is to make sure that the person you're speaking with has the authority to negotiate. If not, ask to speak to someone who does. "Is there a manager or someone I can speak with about the possibility of getting a better price on this product?" often does the trick.
- For major purchases, such as appliances, computers, and furniture, do your homework to find out how much an item sells for elsewhere. If you know that an item is cheaper elsewhere, it's usually best to let the salesperson know that you're wise to the fact that his/her price isn't the best around. Even if the retailer already has the best price, there's no downside in asking for an even sweeter deal. One of Yeager's "miser advisers" said, "I've never had anyone raise the price because I asked him to lower it."
- It's usually best to state up front the amount that you're willing to pay, adjusted to allow for some haggling. For example, if you're willing to pay \$50 for an item that is marked \$60, you might start off with a lowball offer of \$40 or \$45, with the hope of compromising somewhere around \$50.
- You don't have to name a price. You can just ask, "Can you do any better on this?"
- When asking for a discount based on poor service, damaged merchandise or the like, be honest. Don't fabricate or exaggerate, but politely speak your mind if you are dissatisfied in any way or think that the condition of an item warrants a price reduction. Just say to the person in charge something like, "I'm not trying to be difficult, but I feel I should let you know that the service I received today was disappointing," and provide one or two details. Let the person in charge respond. He/she often will offer some type of make-good concession, but if not, you can then ask, "Is there anything you can do to keep me as a future customer?"

Ask:

If you have tried to bargain for a better price in the past and were not successful, what did you say or do?

Discussion:

Yeager cautions that consumers need to be prepared for rejection because the answer often is "no." He suggests that you handle it gracefully, and don't be embarrassed or be confrontational. On major purchases, when the initial response is "no," you might say, "Is there anything I can do to change your mind?" followed by, "Is there anyone else I can speak with?"

If, in the end, the answer remains "no," thank the salesperson or manager for his time and tell him that you are going to shop around. Occasionally (but rarely) he will reconsider as you're headed for the door. You always can slip back later to buy the item if, in fact, you can't do better elsewhere.



Successful Strategies:

Once you become more comfortable with bargaining for better prices, Yeager offers some additional strategies that may help you receive a lower price:

- **Flash the cash.** Offering to pay with cash instead of a credit card often can convince a retailer to knock a few dollars off the price, because that's what you're saving him in credit card processing fees. And actually showing money when you make your best offer sometimes can close the deal.
- **I can't afford it.** In times such as these, there's nothing wrong with telling a merchant the truth. Don't break out the violins - just come clean and say something along the lines of, "I really like this product, but to be honest with you, my budget is pretty tight these days. Can you do any better on the price?"
- **Watch for sales before and after you buy.** Many retailers will give you the sale price even when an item isn't on sale or match a competitor's sale price, sometimes even before or after the fact. Be prepared to go back to a merchant and suggest that you'll return an item for a refund if he doesn't give you the lower sale price. Some retailers have a policy that if an item goes on sale within a certain time period—say, 10 days or two weeks—they will refund the difference.
- **Ask to cancel your service.** Particularly when it comes to dealing with service providers over the phone, politely stating that you would like to talk to someone about canceling your service (cable/satellite service, phone plans, credit cards, etc.) usually will get you a fast connection to someone whose job it is to keep you as a customer. This is the person who is authorized to give you the best deal possible.
- **Never on a Monday.** In many cases, the best deals are made late in the week, particularly on Fridays and especially before holidays or three-day weekends. Everyone is in a good mood and wants to wrap things up, and salesmen often want to meet their weekly quotas. Avoid negotiating early in the week.
- **Do any discounts apply?** If you are still shy about haggling, start with this simple baby step - always ask whether any "promotions" or "other discounts" might apply. Do this when you're in a store or making a catalog purchase over the phone. "Promotions" are special deals that salespeople (particularly at catalog companies) can mention only if the customer asks first. Many merchants also give discounts to seniors, members of AARP, AAA, warehouse clubs, etc., and even if you're not a member, they sometimes will give you the same break if you ask.

Summary:

Bargaining or negotiating for a better price on goods and services can be both intimidating and empowering. Give it a try! What do you have to lose?

Source: Created by Nancy M. Porter, Ph.D., Clemson University Cooperative Extension Service, Clemson, South Carolina from the article, "How to Get a 'Nice guy Discount,'" in Bottom Line/Personal, July 15, 2009, pp. 5-6

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