



Sale

BUYER BEWARE

THE POWER OF MARKETING ON YOUR BUYING DECISIONS

Can you recite, from memory, the advertising slogans of at least 10 companies? Have you ever experienced “buyer’s remorse”? America is the most marketed-to country on Earth. Thousands of companies are clamoring for our money—and we usually run to hand it to them!

In *Buyer Beware*, Dave draws on years of selling and marketing experience to show you exactly how all of these businesses get their message deep into your subconscious. Then, once you understand the game, Dave and Jon will show you how to finally gain power over your purchases and get the best deal when you’re ready to buy.

sale

The goal of every business is to make a profit. If they don't, they close.

The plans of the diligent lead surely to plenty, but those of everyone who is hasty, surely to poverty.

—PROVERBS 21:5

+
The Rule of 78 is a method of calculating the total interest on certain types of loans. Under the Rule of 78, earlier payments are weighted with more interest than later ones. As such, paying off the loan early results in you paying more in interest.

Caveat Emptor

Let the Buyer Beware!

Companies use every angle to aggressively compete for your _____.

Major Ways Companies Market to Us

- _____ selling
- _____ and _____ payment methods as a marketing tool
 - _____% of the 90-days-same-as-cash contracts convert to payments that are usually at _____% APR with the Rule of 78 prepayment penalty
 - Convenient Payment Methods:
 - > Store loyalty and reward cards
 - > Store debit and credit cards
 - > Mobile payment options

- _____, radio, magazines, _____ and other media
 - TV ads are incredibly expensive. A typical 30-second national TV commercial costs nearly \$300,000 to produce—that's \$ _____ per second!
 - By contrast, the cost to produce an entire hour of prime-time public television is about the same—\$300,000, which comes to \$ _____ per second.
- Product _____
 - Brand Recognition
 - Color
 - Shelf Position and Packaging

Significant Purchases

A “significant purchase” is normally anything over \$ _____.

Our bodies go through physiological _____ when making a significant purchase.

We all have that spoiled, red-faced, grocery store kid living inside of us. His name is _____.


Companies spend more on Internet advertising than on all forms of print advertising combined.

—eMarketer

For where your treasure is, there your heart will be also.

—MATTHEW 6:21

In order to have financial peace, sometimes you have to look in the mirror and say, “No, not today.”


*He who is impulsive
exalts folly.*

—PROVERBS 14:29

*You don't want to keep up with
the Joneses. They're broke.*

Gaining Power Over Purchase


Because you can always spend more than you make, you must develop power over purchase.

STRATEGIES FOR WISE BUYING DECISIONS

- Wait _____ before making a purchase.
- Carefully consider your buying _____.
No amount of _____ equals contentment or fulfillment.
- Never buy anything that you do not _____.
- Consider the “_____” of your money.
- Seek the _____ of your spouse.

Who can find a virtuous wife? For her worth is far above rubies. The heart of her husband safely trusts her; so he will have no lack of gain.

—PROVERBS 31:10-11


“Let the buyer beware” means I am responsible for my own foolish purchases.

—Julie



Simple Rules for Successful Negotiating

- Always tell the absolute _____.
- Use the power of _____.
- Understand and use _____ - _____ power.
- Learn to _____.
- Say, "That's not _____!"
- Identify the dreaded _____ guy, _____ guy technique.
- Master the "If I _____" technique.

BONUS VIDEO

For more tips on how to get the best bargain every time, be sure to check out the free bonus lesson, *That's Not Good Enough*.



daveramsey.com/fpu/bargain

ANSWER KEY

MONEY	MOTIVES
PERSONAL	STUFF
FINANCING	UNDERSTAND
CONVENIENT	OPPORTUNITY
88%	COST
24%	COUNSEL
TV	TRUTH
INTERNET	CASH
\$10,000	WALK-AWAY
\$83	SHUT UP
POSITIONING	GOOD ENOUGH
\$300	GOOD
CHANGES	BAD
IMMATURITY	TAKE AWAY
OVERNIGHT	



One-Minute Takeaway

What jumped out at you in this lesson? How can this affect your story?



Small Group Discussion

True life-change happens when you open up and work through this material together. Break up into discussion groups of no more than 20 people to talk through the following questions. Be honest in your answers!

1

Now that the tactics are fresh on your mind, we want to make sure your new budget doesn't get wrecked by a clever marketing campaign. What brand's commercials, ads or marketing do you find most compelling? Why do you think they are so effective on you?

2

What was the last thing that caused that red-faced grocery store kid inside of you to wake up and scream, "I want one!"? Did you give in to the urge to buy?

3

Proverbs 1:5 says, "A wise man will hear and increase learning, and a man of understanding will attain wise counsel." What are some ways you can attain wise counsel before making a major purchase?

4

It's now been two weeks since you did your first zero-based budget. We know this can take some getting used to, so what questions do you have about your budget?

5

Pull out your Monthly Cash Flow Plan form. Have you identified any areas that have been particular trouble spots for you in the past? In what areas do you feel you might be overspending?



This Week's Homework

Personal finance is 20% head knowledge and 80% behavior. Take charge of your financial behaviors by completing the following tasks this week. Be sure to work with your spouse or accountability partner where noted!



Define "major purchase."

What would make up a "major purchase" in your world? Singles, run this by your accountability partner to get their feedback. Married couples, commit to not make a major purchase without following the rules outlined in this lesson.



Discuss your zero-based budget.

Singles: Talk to your accountability partner about how easy or difficult it has been to live on your zero-based budget the past two weeks.

Married Couples: Call a quick Budget Committee Meeting and discuss how easy or difficult it has been to live on your zero-based budget the past two weeks. Are there any adjustments that need to be made? If so, be sure to make the changes together as a team!



Do a marketing self-assessment.

Look around your home and pay attention to the kinds of things you normally purchase. What marketing techniques are working on you? What do you regret buying? What purchases have you truly enjoyed? Making a mental note of these things will really help your buying decisions in the future.



Reading Assignment: Read the "Buyer Beware" chapter in *Dave Ramsey's Complete Guide to Money*.



Extra Credit: Read the "That's Not Good Enough" chapter in *Dave Ramsey's Complete Guide to Money* and watch the free one-hour lesson online at FPU Central.



7 Things You Don't (Really) Need

Do you know the difference between your “needs” and your “wants”?

EVERY DAY, the marketing world tells you that you *need* this or you *need* that. The hype machine never stops turning. But you would be amazed at the number of things you don't actually need, things you won't realize you don't need until you're forced to go without them.

If you can get to the point where you can see through the marketing hype, you'll begin to realize that a lot of your “needs” are simply “wants.”

To help you get started, here's a list of some common things that you can live without while getting out of debt.

1 *Cut the cable.*

A normal cable bill can approach \$100 a month after all the special introductory rates have expired. Don't get sucked into the three-month specials, because when those wear off, you'll find yourself paying a hefty cable bill to watch shows you can probably

many in HD—with a set of rabbit-ear antennas.

2 *Ditch private schools.*

This should really go without saying, but too many people think it's just a fact of life to put their kid through an elementary school that's more expensive

“What are some things you are currently spending money on that you don't really need?”

watch online anyway. Television is not a necessity. It's a luxury. Besides, you can probably get all the local channels in your area—

than college. How does that make sense? Don't buy into the hype of keeping up with the Joneses or thinking your kid will be a

deadbeat if he goes to public schools. Use that money to get out of debt, then start saving for college.

3 Take a break from vacation.

No! Not vacation! Yes. Vacation. The brochures are so pretty. The websites are so descriptive. And, after all, don't you deserve a vacation? Yes, you do ... when you're out of debt. You can take a couple of years off from lounging in the sand while you get your financial life in order. The beach isn't going anywhere. Plus, you can always make plans for some cheap getaways or even have a "staycation!"

4 Stop eating out.

The more kids you have, the more expensive it gets to eat out. Multiply that by a couple of times a week, and you can spend a crazy amount of money on restaurants each month. But here's the thing: Grocery stores have food too! And if you plan ahead (which is part of budgeting), then you buy exactly what you need. Plus, you aren't left scrambling to make dinner plans at 5:30 every evening.

5 Give up the gadgets.

The newest digital tablet. The newest smartphone. The newest, biggest television with optional



laser beam attachment. Are these really things that you must have, considering that, just a few years ago, no one had them? Take a breath. Your goal is to get out of debt, not to get the newest toys every month.

6 Quit buying the hottest name-brand new clothes.

You might be shocked at how many people go into thousands of dollars of debt because of an addiction to buying shoes, purses or suits. This goes for



both men and women. You don't have to look like a fashion magazine cover model

while you are getting out of debt. Make do with what you have until you're in a better situation with your money.

7 Sacrifice the expensive hobbies.

Is it really necessary to spend \$200 a month on golf while you still have \$20,000 in credit card debt? Or a couple hundred a month on yoga lessons? Really? You still need hobbies—so don't cut those out of your life, even golf—but keep them in check. Budget for it and only spend your hard-earned cash on hobbies that you can afford.

Now that's just a short list of stuff. This list could probably fill up pages of your workbook. Really, it's just about you taking an honest inventory of your financial life and figuring out what you can live without—just for a little while.

So think about your own life. What are some things you are currently spending money on that you don't really need?

KEY TERMS

Brand Recognition: Consumer awareness about a particular brand; generally tied to specific marketing techniques

Buyer's Remorse: Feeling of regret about a purchase soon after making it

Caveat Emptor: Latin term meaning "let the buyer beware"

Financing: Purchasing an item using debt; attractive terms and conditions often used as a marketing technique

Impulse Purchase: An item that is purchased without any consideration of the long-term effects

Markup: The difference between the wholesale price and retail price

Negotiating: Act of bargaining for a lower price

Walk-Away Power: The emotional distance a buyer has from the item; refers to the ability to walk away from a purchase if a good price cannot be reached through negotiations