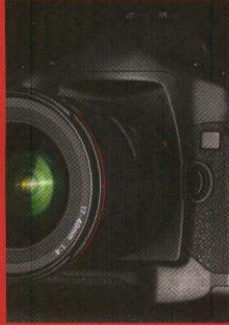


Are You Paying Too Much?

Negotiate!

Depending on what you are buying, different techniques apply for getting the best deal. With some things, price is flexible—what the market will bear. In other cases, prices are firm. But that doesn't mean you can't get it for less or get a better value when you keep these negotiation tips in mind.



You can negotiate almost anything, but we are focusing on price.

Generally, but not necessarily, negotiating applies to products or services that are expensive but for which prices are not firm. Price, features, terms and conditions are all part of it. For you to buy at less than the asking price, the seller has to have a profit margin, authority to negotiate and incentive.

SHOPPING

Think of shopping as a preliminary step to buying. Here, you are evaluating products with prices established by an industry, but they are not always constant. Retailer markups and market conditions influence pricing—sales and comparison shopping are common. Some price guarantees exist, but if not, why not ask if they will meet a competitor's price? Electronics have rapid obsolescence—when new models come out, existing values drop. If the store does not drop prices, there's your bargaining chip.

BUYING

Let's refer to buying as the purchase transaction. Low-priced goods usually have set prices. Here is where coupons, sales and discounts come into play. You may not be able to negotiate, but you can compare. You have control over what, where and when you buy, all of which influence price.

Where can you negotiate price?

Some opportunities are perfect for negotiating a lower price and others are much less likely. Knowing ahead of time which items' prices are generally flexible and what types of businesses allow negotiating ahead of time can save you

money and prevent a fruitless effort. Here are some examples of items whose prices can typically be negotiated:

- Cars/RVs/Boats—a wide variety of features and options, inventory, newer models and seasonality make prices fluid.
- Jewellery—the starting price reflects a high markup and can be effectively lowered.
- Electronics—the more expensive the item, the more likely you are to negotiate a lower price with manager approval.
- Credit cards—your payment history, credit score and current interest rates all influence your credit card interest rate.

Retailers most open to price negotiating are craft and service businesses and dealerships. Typically, retail stores will only allow it with manager approval.

Negotiation tips

Here are some skills you can practice and basic tactics you can take advantage of to get the lowest price when negotiating:

- Research the fair value of the item ahead of time.
- Never say yes to the first offer and avoid naming a lower price. Instead, act surprised at the first offer and wait for them to lower the price. Then negotiate from there.
- Don't name your final price until the end.
- Reply to initial offers with questions like, "When does it go on sale?"
- Make concessions that will move the process along and help lower the price, such as paying with cash instead of cheque or credit card.

- Shopping near the end of the business day will help increase the urgency of a seller to get a deal completed.
- Be prepared to walk away. The person who cares the least wins.

Other ways to save money...

- When new models come out, buy the old model for less.
- Use coupons, look for discounts and buy more items on sale.
- Ask for discounts on scratched, damaged or display merchandise.
- Eliminate impulse buying unless it is an exceptional bargain.
- Even if you don't buy online, comparison shop online. It will save you time and gas.



BUYING LAST YEAR'S NEW MERCHANDISE WILL LINE YOUR POCKET WITH CASH. WE ALL KNOW ABOUT LAST YEAR'S VEHICLES—BUT, DID YOU KNOW THAT EQUIPMENT LIKE GOLF CLUBS AND TELEVISIONS ARE NORMALLY REDUCED BY 50% FOR NEARLY THE SAME TECHNOLOGY?



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Negotiate Your Way to Hawaii

The Task:

Compare the cost of a typical family vacation by analyzing a popular travel website versus going directly to the companies. Flights, hotels and services are for the same dates, times and requirements. When using travel websites, we checked prices for booking accommodations individually and booking as a vacation package.

The Goal:

To find the best deals and locate the hidden markups.

The Destination:

Hawaii from Vancouver International Airport (YVR)

The Itinerary:

Fly into Maui Monday, June 23, and stay for 3 nights at a popular 4-star resort, while taking a guided tour of the Hana coast on Tuesday and visiting the Maui Ocean Center aquarium on Wednesday. On Thursday, fly from Maui to Honolulu and stay for 3 nights at a 4-star resort, taking a snorkelling excursion on Saturday. Return flight to Vancouver Sunday from Honolulu.

The Time:

June 23–29, 2008

The Family:

Two adults and two children, ages 8 and 12.

Description	Travel Website		Direct from Individual Businesses
	Booking Individually	Package Deal	
Airfare  YVR to Maui Maui to Honolulu Honolulu to YVR	\$2,627.00 per person: \$656.75	\$3,578.68 per person: \$894.67 ✗	\$2,072.20 per person: \$518.05 ✓
Hotels  Westin Maui Resort & Spa Standard Room, 3 Nights Resort Quest Waikiki Beach Hotel Standard Room, 3 Nights Hotel Taxes & Fees	\$1,323.00 per night: \$441.00 \$561.00 per night: \$187.00 ✓ \$276.05	\$1,323.00 per night: \$441.00 \$561.00 per night: \$187.00 \$276.05	\$1,383.00 per night: \$461.00 ✗ \$585.00 per night: \$195.00 ✗ \$287.91
Rental Car  Maui Enterprise Standard Size, 3 Days Honolulu Budget Standard Size, 3 Days	\$166.64 per day: \$55.55 \$135.94 per day: \$45.31	\$166.64 per day: \$55.55 \$135.94 per day: \$45.31	\$166.64 per day: \$55.55 \$135.94 per day: \$45.31
Activities  Hana Guided Van Tour Maui Ocean Center Waikiki Snorkelling Tour	2 Adults: \$240.74 2 Children: \$220.68 2 Adults: \$50.00 2 Children: \$35.48 per person: \$47.52	2 Adults: \$250.40 2 Children: \$229.50 2 Adults: \$50.00 ✗ 2 Children: \$35.48 per person: \$49.29	2 Adults: \$258.74 2 Children: \$196.14 2 Adults: \$46.00 ✓ 2 Children: \$32.00 per person: \$42.00
Total Per Person	\$5,826.61 per person: \$1,456.65	\$6,803.85 per person: \$1,700.96	\$5,331.57 per person: \$1,332.89

✓ **Best Price:**

\$5,235.71

per person: \$1,308.93

✗ **Worst Price:**

\$6,803.85

per person: \$1,700.96

The worst price was the total of the package deal from the travel website. The best price is the result of adding the lowest prices from each individual category, or each checked box.

The Result Is a \$1,568.14 Difference

Airfare is inexplicably higher in online package deals. For the best results, plan your trip by using travel websites for individual services and dealing directly with the individual businesses.

