

## Keeping An Eye on Your Money: What Kind of Shopper Are You?

*Adapted by Personal Safety Nets® from "What Kind of Spender Are You" by Jessica Anderson, published by Kiplinger's Personal Finance Magazine.*



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Are you a **shopping addict**, **overconfident consumer**, **status seeker** or a **smart spender**? Being honest with yourself is the first step to pinpointing a problem. Look at why you buy. And if you're not quite the model of perfection, don't fret, but you may want to pick up Stuart Vyse's, *Going Broke: Why Americans Can't Hold On to Their Money* (Oxford University Press, \$25).

Vyse says there's no question that "who we are affects the way we approach spending." And Dilip Soman, professor of marketing at the University of Toronto, says we're trained to measure ourselves by our possessions; "we shop to find things that enhance our self-image or social status."

Soman and Vyse helped identify qualities that manifest themselves in particular types of spenders: Shopping addict, Overconfident consumer, Status seeker and Smart spender. After you read over the information, we've added a little test that may help you decide why and how you shop.

### THE SHOPPING ADDICT

1. Do you shop to feel good when you've had a bad day?
2. Does finding a great deal really get your blood pumping?
3. Do you shop when you don't need anything?

Buying makes some people feel better about themselves. They often use shopping to compensate for gaps in their lives, says Vyse. Shopping addicts often view shopping as a competition and may rationalize a purchase by saying it was a bargain. Soman says these spenders likely hit the same stores.

**Advice:** Get a life. No, really. Find other activities that offer the same feelings of accomplishment and self-worth without the cost, such as sports or volunteer work. Be aware that shopping addicts sometimes fall into a vicious cycle of buying, feeling bad about it and then buying more to feel better.

### OVERCONFIDENT CONSUMER

1. Do you neglect to think about where the money's coming from before you buy something?
2. Do you make large, spontaneous purchases?
3. Do you use your credit limit as a guide for your spending?

We all try to be optimistic about the future. But overconfident consumers wear rose-colored glasses when it comes to how they'll pay tomorrow for what they buy today. They have little or no savings, and Soman notes they often overestimate future earnings based on credit limits. An overconfident consumer is more likely to buy big-ticket items.

But buying now and paying later only works "in a perfect world, where you do everything on time and have no bumps," says Vyse.

**Advice:** Don't push your credit limit. Save for big purchases, and build up an emergency fund.

### **THE STATUS SEEKER**

1. Do you frequently compare your belongings to those of others?
2. Do you have to have the latest "in" thing?
3. Do you feel bad when you can't have what others have?

Status seekers are willing to go into debt to achieve a desired standard of living, says Vyse. And if their income falls, they can't ratchet back their lifestyle. They always have to own the latest, greatest stuff, and they figure that if their neighbors have a BMW, then they deserve one, too.

The biggest problem with keeping up with the Joneses is that "people tend to compare themselves to the wrong Joneses," says Soman.

**Advice:** Adopt a lifestyle within your means. And if you strive for more, acquire it through savings, not debt.

### **THE SMART SPENDER**

Smart shoppers can easily differentiate between needs and wants, and mostly stick to buying what they need. Though they may splurge occasionally, they comparison shop whenever possible to get the best price.

Smart shoppers also have their wits about them regarding the long-term effects of their purchases. They don't buy if they don't know where the money will come from and it follows that they pay off their debt monthly. Smart shoppers stockpile their extra cash in savings so they have a cushion for unexpected expenses.

**Advice:** Keep up the good work! And try to pass along your good habits to a friend.

### **A SHOPPER'S TEST:**

Question 1: When do you feel like shopping?

- A. When I've had a bad day -- I need to treat myself.
- B. When I'm feeling good -- I deserve it.
- C. When my friends get new things -- I need them too.
- D. When I need something.

Question 2: Do you have a shopping routine?

- A. No. I shop where I find what I need at the best price.
- B. Sort of. I shop when my balance drops below my credit limit.
- C. Sure. I shop wherever American Express is accepted, usually upscale places.
- D. Yes. I hit my favorite stores first.

Question 3: What kinds of things do you buy?

- A. It varies. Just something now and then to take the edge off.
- B. I mostly buy necessities and splurge on occasion.
- C. Big stuff. My new flatscreen is awesome!
- D. Name brands, nice suits, an iPhone, the works.

Question 4: Do you comparison shop?

- A. Sure, if by comparison shop you mean comparing myself to others.
- B. No need to. The best product is usually the most expensive one.

- C. Yes. I rarely buy without seeing what else is out there.
- D. Of course! It gives me a high to find the best deal.

Question 5: Do you think about where the money is coming from before you buy?

- A. No. My credit limit is high enough that I don't worry.
- B. Not really, as long as I love what I'm buying.
- C. Rarely. I just rely on credit if I don't have the cash. I don't want to look poor.
- D. Yes. I try not to spend money I don't have.

Question 6: How do you rationalize your debt?

- A. What debt? I pay my balance in full each month.
- B. I'll pay it off. Meanwhile, it feels so good to buy.
- C. I'll make plenty of money in the future to pay it off.
- D. I'm not worried. It's the cost to have what I deserve.

Question 7: What do you think about saving?

- A. I spend so much, I don't usually have money left over to save.
- B. Saving is for people who won't have more money in the future.
- C. I'd like to save, but it's hard enough to keep up with my credit card payments.
- D. It's important to have a savings cushion, so I work hard to save what I can.