



Bypassing Buyer's Remorse

You just purchased that breathtaking ring or wristwatch you've been eyeing in the jewelry store. Or maybe you bought that state-of-the-art computer or the Harley motorcycle you've dreamed of owning. How did your big-ticket purchase make you feel? Elated, then uncomfortable? Excited, until you felt that sinking feeling in the pit of your stomach? It's likely you had a case of buyer's remorse.

Buyer's remorse is described as a sense of regret after having made a purchase. It may stem from the fear of making the wrong choice or guilt from overspending. Whatever the cause, it is an upsetting experience, both physically and emotionally. The anxiety over the purchase can lead to illness or depression. And the financial repercussions may haunt you for years.

Most adults have experienced buyer's remorse. Whether they were rushed, emotional or impulsive in making a buying decision, they have later kicked themselves for poor decision making. If it's fairly easy for adults to fall victim to this situation, what about kids who are starting to refine their decision-making abilities? Research says the cerebral cortex, the area of the brain responsible for decisions, does not fully develop until the early twenties. It's no wonder most kids lack the restraint and good judgment to make wise purchases. Because it's hard for them to delay their gratification, the likelihood of a buyer's remorse situation is high.

How can we help kids make better purchasing decisions to avoid buyer's remorse? Here are some suggestions to keep them from succumbing to thoughtless buying:

- Set a "wait time" rule, which can be a time limit from "sleep on it" to several weeks before buying. Kids may decide they really don't need or want it.

- Ask them to compare prices with at least two other stores that have a similar item in order to get the best deal. Use a smartphone app to get immediate price comparisons.

- Tell them to examine their reasons for making a purchase. Is this item truly what they want or are they buying on a whim? Stress the importance of making intentional purchases that they have thought about, not impulsive buys on the spur of the moment. Use the decision-making grid on P. 24 to help evaluate possible purchases.

- Remind them not to let emotions get in the way. If they are tired or in a bad mood, they may buy items to lift their spirits that are not necessarily needed.

- Teach them to walk away if they feel pressured by a salesperson. They need to remove themselves from the pressure zone to think clearly.

- Share examples of your own buyer's remorse. Stories about the toy that was boring to play with or the bike that was way overpriced may resonate with them as they consider purchases.

- Remind them not to let friends make decisions for them. Just because their best friend has those exact shoes, doesn't mean they need a pair. Tell them to be unique and make different choices.

- Tell them not to feel they must have the latest upgraded version of electronic devices. The upgrades may have additional features, but the previous version in their possession works just fine.

- Teach them to ask about the store's return policy. They should ask the cashier for details and steer clear from stores with strict policies. Even if they don't return their purchase, they can avoid buyer's remorse by knowing they have the ability to do so.

- Ask them to consider buying "shared experience" items instead, like tickets to an amusement park or concert. The time they spend with family or friends will be more meaningful than store bought items.

- Remind them that donating their dollars carries a higher "happiness effect" and rarely results in buyer's remorse.

Should you allow kids to experience buyer's remorse in order to better understand it? If it's a small purchase, it might be a good idea. Once

kids feel those negative emotions associated with buyer's remorse, it will be a lesson learned for the future. In any case, an awareness of buyer's remorse should help kids become more informed and thoughtful consumers.

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Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Fed's role by providing resources for teachers, students and the public. Visit our website at **KansasCityFed.org** for more information.

The resources below are a few of many available on this subject.

FEDERAL RESERVE RESOURCES

"Financial Fables from the Fed: Shopping Wisely with Olivia Owl"

In this online e-book, Olivia Owl helps Rhoda Roadrunner learn to comparison shop and improve her spending habits to make wiser purchases.

For ages 5-10.

<http://www.KansasCityFed.org/education/fables/index.cfm>

"Kids and Money: Teaching Children to Manage Their Finances"

This guide shares budgeting and smart shopping activities.

For ages 6-12.

"Great Minds Think: A Kid's Guide to Money"

This booklet gives spending and budgeting tips. For ages 8-12.

ONLINE RESOURCES

"You Are Here"

A Federal Trade Commission website with a virtual mall where kids can learn consumer concepts as they visit local businesses. For ages 10-14. www.ftc.gov/bcp/edu/microsites/youarehere

FICTION BOOKS

"Pigs Go to Market"

by Amy Axelrod

Mrs. Pig wins a shopping spree at the market. Will she and the piglets make wise shopping choices? For ages 4-7.

NONFICTION BOOKS

"Smart Money Moves for Kids: A Complete Parent's Guide"

by Dr. Judith Briles

This book helps parents teach the wise use of money to preschoolers through teens. It includes quizzes, games and money-smart activities. For adults.

Activity Page

Decision-Making Grid

Use this grid to avoid buyer's remorse after your purchase! List your alternatives or buying choices down the far left column of the grid. Decide on criteria or ways to judge each alternative, and list them across the top row of the grid. Useful criteria may include: Do you need it? Will you use it often? Is it inexpensive? Once the grid is ready, go across the first alternative row to ask yourself each question. If you answer yes, put a "+" in the box; if it's a no, put a "-" in the box. Count the number of pluses in each row when you're finished. The best item to buy will have the most pluses. (Add another criterion to break a tie.)

What Should I Buy?

Criteria Alternatives	Do you need it?	Will you use it often?	Is it inexpensive?	Total
#1 Item to Buy				
#2 Item to Buy				
#3 Item to Buy				
#4 Item to Buy				

