



## Consumer Promotions

Don't get Duped!

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## Terminology

- Credit card points
- 0% Financing
- Opportunity Cost
- Rebate
- Membership Programs
- Reward Programs



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Can anyone give me an example or explain the following consumer terms?

# Sam's Club Offer

I'm at Sam's Club and I have a basic membership that costs \$45. They want me to upgrade to Sam's Plus membership because I'll get \$10 for every \$500 I spend cash back. They told me I spent \$1000 last year at Sam's Club.

1. Does it make sense to upgrade my membership?
2. How much would I have to spend to make it worth it?

## Sam's Club Membership

Whether you're an individual or a business, a Sam's Club Membership more than pays for itself. With exclusive savings on the things you need, the things you love, and on all sorts of unexpected things. And don't forget, Sam's Instant Savings in addition to all that. Sign up today, and see how much better it is in the Club. Online sign up is temporarily inactive for members in Puerto Rico. Please visit your local club to sign up for a Sam's Club Membership



Sam's Plus | \$100

Renew Join Now



Sam's Business | \$45

Renew Join Now



Sam's Savings | \$45

Renew Join Now

Expand All Collapse All

### Cash Rewards<sup>5</sup>

Earn \$10 for every \$500 in qualifying Sam's Club purchases, up to \$500 annually. Use for purchases, membership fees or redeem for cash.

Associates typically are given incentives (extra \$\$) when they get you to upgrade your membership or apply for a store credit card. You need to know the details of the offer and your own spending habits at that store to know if makes sense for you.

The specifics of this scenario do not make sense for this consumer. She would have to pay an extra \$55 to get \$20 in cash back.

To break even on the cost of the Sam's Plus membership she would need to spend \$3000 / \$500 = 6 \* \$10 = \$60 in cash back

# Home Depot

I need a new refrigerator because mine is not working at all. They have some on sale.

1. Should I take advantage of the rebate offer?
2. Should I purchase the refrigerator with financing or cash?

Frigidaire | Model # FPHC2399PF | Internet # 204160735

CHAT WITH AN EXPERT

## Professional 23 cu. ft. Side by Side Refrigerator in Stainless Steel, Counter Depth

★★★★★ (9) | Write a Review | Questions & Answers (3)



SPECIAL Was ~~-\$1,799.00~~

BUY **\$1,708.00** / each

Save \$91.00 (5%) through 09/27/2014

While supplies last. +

Get up to \$80.96 in Rebates (may require multi-item purchase) +

CHECK EARLIEST DELIVERY DATE

ENTER ZIP CODE

CHECK AVAILABILITY

ADD TO CART

SAVE TO MY LIST

FREE DELIVERY & HAUL AWAY  
Order Online or In Store

Download	Amount	Program	Valid Dates	Details
Get Form	5% off bundle rebate	Frigidaire Gallery - Bonus Days Rebate	Purchase between Aug 3, 2014 and Nov 1, 2014 Claim by Dec 1, 2014	<ul style="list-style-type: none"><li>• Can be combined with other manufacturer rebates</li><li>• Frigidaire Gallery Bonus Days Rebate Offer</li></ul>

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The rebate makes it seem like you only get the 5% off if you buy more than one Frigidaire appliance. This may work out if you were already planning on buying another item say for a kitchen renovation, however the savings of \$91.00 (5%) is not enough to purchase the second item so it will cost you more in total.

# Home Depot Credit

- Should I purchase the refrigerator with financing or cash?
- Is there any other information I need to make a decision?



## STOREWIDE AND ONLINE OFFERS

**NO INTEREST IF PAID IN FULL WITHIN 6 MONTHS\***  
on purchases of \$299 or more. Minimum payments required. Interest will be charged to your account from the purchase date if the purchase balance (including premiums for optional credit insurance) is not paid in full within 6 months or if you make a late payment.

[Apply Now >](#)



## BUILDING MATERIALS OFFERS

**NO INTEREST IF PAID IN FULL WITHIN 12 MONTHS\***  
on any Installed Roofing, Siding, Windows, Insulation, Gutter, and Leaf Protection purchases of \$5000 or more. Minimum payments required. Valid 2/1/2014-1/31/2015. Interest will be charged to your account from the purchase date if the purchase balance (including premiums for optional credit insurance) is not paid in full within 12 months or if

you make a late payment.

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The correct answer here has to do with 1. if you have the cash 2. if you do have the cash what is your opportunity cost? Specifically what are you doing with your \$700 for 6 mths? If you have it in a savings account earning 1% interest than you would be better off taking the financing as long as you earned the interest and reserved the money to pay it off completely at the end of the 6 mths. If it is not earning interest you are better off paying cash or charging it to a rewards points credit card and paying the balance off in full to get the points.

Other information in all scenarios involving credit is your credit score and if you qualify for an account.

# Lowe's

You are purchasing a new dish washer for your home that costs \$700. You have a credit card that gives you points towards gift cards and cash (details below).

1. Should you open a credit card to get the 5% discount?
2. What are the pros and cons of opening a new credit card? What do you have to watch out for?

## YOUR CARD'S KEY FEATURES



2x  
Dining & Entertainment



1x  
Other Purchases



## Earn ThankYou® Points on Purchases Faster <sup>1</sup>

- 2x points per \$1 spent on [dining](#) at restaurants and [entertainment](#)
- 1x point per \$1 spent on other purchases.

## Lowe's® Gift Card \$25

Lowe's®, one of the nation's leading home improvement retailers, has more than 1,650 stores nationwide. Lowe's offers everything from power tools and appliances to lighting and home decor. The Lowe's Gift Card can help start any home project large or small. The Lowe's Gift Card can be used at any Lowe's location or online at [lowes.com](#) for any merchandise or service that Lowe's sells. The Lowe's Gift Card has no expiration and no fees. Visit us at [www.lowes.com](#) to find the Lowe's store nearest you! Usually ships within 1 to 3 weeks.

Denomination:

Quantity:

2,500 pts

ADD TO CART

ADD TO WISHLIST

## Credit Terms and Conditions

V.S.



5% off\*  
or Special Financing\*\*

Choose 5% off every day,\* or select 6 months special financing with a \$299 minimum purchase\*\* when you use your Lowe's Consumer Credit Card.

[Manage Credit Account](#)

[Apply](#)

[Solicitar Ahora](#)

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5% off of \$700 is \$35 savings. Every Dollar spent is worth a \$.01 a penny in gift card points. So \$700 spent on the Citi card is worth \$7. It is more cost effective to get the credit card if you were planning on paying it off right away, other wise you would have to look at the difference in interest rates. Others may say the time it takes to maintain so many accounts is not worth the \$35 in one time savings.

# Kohls vs. Macy's

You want to buy Beats headphones for a Christmas present and you want to be sure you get the best deal.

1. Should you buy them at Kohl's or Macy's?
2. What will the final price be at each store after opening a credit card?



Beats Studio 2.0 On-Ear Headphones

Be the first to [order a color](#)

Product Questions & Answers  
6 Questions & 6 Answers

Select Color: Red  
Regular \$299.99

This product may not be eligible for some discounts. [Learn more.](#)



Beats by Dr. Dre Studio 2.0 Over-Ear Headphones

Color: White

Direct from vendor; usually ships within 4 business days.

Don't have a Kohl's Charge?

[Apply now](#) and upon credit approval save an extra 15% on your first day's Kohl's Charge purchases. You'll also receive a **bonus 15% offer\*\*** when your Kohl's Charge arrives in the mail. These offers are not combinable.

Plus, as a Kohl's Charge customer, you'll receive exclusive discounts of 30%, 20% or 15% at least 12 times a year! Spend \$600 on your Kohl's Charge in a year and you'll be upgraded to Most Valued Customer (MVC) status and receive at least 18 exclusive discounts a year. [Learn more](#) about the benefits of becoming a Kohl's Charge Customer.

★ macy's star rewards

SHOP WITH THE CARD  
THAT GETS YOU MORE!

OPEN AN ACCOUNT &  
**SAVE 20%**  
TODAY & TOMORROW  
UP TO \$100

NOTE: The online application is for the Macy's Credit Card only. To apply for the Macy's American Express® Card, visit your local Macy's store. [find a store](#)

To start with the two stores have a \$.04 difference in price. The opening offer will make the Kohl's headphones cost \$254.99 and Macy's cost \$239.96

# Kohls vs. Macy's cont...

Kohl's is currently offering their Kohl's cash deal as outlined below. Macy's is offering a new rewards program linked to your Macy's credit card. Do these offers change your answer? Why or why not?

## EARN KOHL'S CASH®

From 12am (CDT) September 10 to 11:59pm (CDT) September 17, everyone gets \$10 Kohl's Cash for every \$50 spent in store, online & at the kiosk on all sale-, regular- and clearance-priced merchandise!

### It's Easy!

Here's how to earn (and use) your \$10 Kohl's Cash coupons!\*

1. For every \$50 you spend, you get \$10 in Kohl's Cash.
2. The Kohl's Cash coupon you earn online will be sent via email.\*\* Follow the email instructions to print out your Kohl's Cash coupon.
3. Take your Kohl's Cash coupon to your nearest Kohl's Department Store or enter your coupon number and pin at checkout on Kohls.com, September 18-28.
4. At checkout, your Kohl's Cash coupon will be deducted from your purchase total!

#### Here's how easy it is to earn Kohl's Cash!

Spend \$50 - \$10 Kohl's Cash coupon

Spend \$100 - \$20 Kohl's Cash coupon

Spend \$150 - \$30 Kohl's Cash coupon

Spend \$200 - \$40 Kohl's Cash coupon

Spend \$250 - \$50 Kohl's Cash coupon

Coupon increases with each \$50 purchase



The banner features a red background with white and black text. At the top left, it says 'macy's star rewards'. In the top right corner, a circular badge reads 'SAVE 20% TODAY & TOMORROW UP TO \$100 in savings & details'. The main text reads 'THE BEST EVENT FOR STAR REWARDS MEMBERS' followed by 'thanks for sharing' in a large, white, lowercase font. To the right, it says 'JOIN & GET 10% REWARDS' in white, uppercase letters. Below this, smaller text reads 'ON MOST MACY'S CREDIT CARD PURCHASES THROUGH DECEMBER 31ST. Exclusions & details'. At the bottom left, it says '\$25 one-time enrollment fee.' and 'ENROLL NOW' in a black button. A white Macy's shopping bag icon is positioned in the bottom right of the banner.

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Kohl's would give you \$50 in Kohl's cash when you buy the headphones from them during this offer. Macy's is going to give you 10% of the net purchase price which is \$23.99 back however there is a \$25 one time enrollment fee so you end up owing \$1.01 just for signing up. The "right answer" here depends on whether you are a loyal shopper to these stores and if you would buy something from Kohls that you were planning on purchasing anyway in the timeframe they allow you to redeem your Kohl's cash. Macy's is trickier to figure out because you would get more coupons (specifics unknown) if you are a credit card holder than the average customer making future purchases potentially a better deal. The \$25 fee for signing up for the rewards program is really unfortunate and causes them to lose this comparison unless you knew definitively how much more you would spend with them for the year.



## Tips & Tricks



- Figuring out consumer deals/gimmicks work best when you know exact item you are going to purchase so you can compare store to store
- Making sure you don't fall trap to an offer that is good for the store but not for you often requires you to do the MATH ahead of time
- Make sure you know the "rules" or parameters of deals by reading the fine print and walking away if it is not what you thought
- Deals change frequently, what is good today may not be around tomorrow or vice versa
- Look up the [best time of year to purchase different products](#)

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Many websites tell you the best time of year to buy different categories of products.