

STOCKTON CENTER FOR
ECONOMIC & FINANCIAL LITERACY
THE RICHARD STOCKTON COLLEGE OF NEW JERSEY



**Stockton Peer Financial Education Program
Comparison and Online Shopping**



The most important bit of shopping advice is to always use **The Rule of 3**. Get the price of a similar product from 3 different sellers. This is especially needed when searching for bigger items and trying to get the best deal.

Buying Online vs. Buying in Person

There are pros and cons to buying online and buying in person. Understanding the risks you are taking by shopping online and in person is a must before you shop.

The **pros** to buying online: the consumer can save time, energy, and can easily shop around for better deals on different websites. Again, use The Rule of 3. Compare the same product from 3 different stores. This is easy to do when shopping online. It's like having a mall at your fingertips. Weighing the cons to shopping online is necessary also.

The **cons** to shopping online, though, can overrule the pros. When buying products online, a credit card is needed. Identity theft can occur as well as scams. You can receive annoying follow up e-mails and pop ups. Giving out your personal information online is risky, especially when you cannot tell if the website is legitimate. It is up to the consumer to decide whether they want to shop online or not.

Shopping in person in so-called "brick and mortar" stores also has pros and cons. The pros to shopping in person are being able to feel and test the item before you buy it. Having it there in front of you makes it easier for you to see if it is the exact product you were looking for. Another pro is that you can choose your payment method. You do not have to worry about identity theft when paying in person and you can easily turn down scams presented to you by employees. There are few cons to shopping in person. A major reason someone may not shop in person is because the store they are looking for is not close to them. They may not have access to the store so finding it online is the second best thing. Another con is that you have to physically go to the store or mall. Traffic around stores can get heavy and finding a parking spot is annoying. The consumer must weigh the pros and cons before deciding if they want to take a trip to the store.

Avoiding identity theft, scams, and accidents

- First, know what you are buying, read the terms and agreements, return fees, and look into the shipping cost.
- DO NOT give out your credit card information in exchange for the newest technology toy, free vacation, or seasonal job. Along with that, do not give out your credit card, social security number, or checking account information through e-mail or pop-up message.
- Read the Privacy Policy. Although this is a pain, it will tell you where and who exactly have access to your personal information. This is really important because they could be sharing your information with other businesses and operators. Shopping on a public Wi-Fi is also not very smart because it may not be secure.
- Lastly, check your statements frequently to make sure you are only being charged for things you bought.
- When shopping in person, understand the return fees and requirements. You should also completely evaluate the clothes you are buying to check for holes, stains, etc., the clothes on the rack are tried on all day by strangers, so make sure your item is still in good condition.

- Lastly, choose wisely when paying in person. Cash is usually your best bet when paying for items such as clothes.

All in all, fully understand the pros and cons of shopping online and shopping in person in order to make wise decisions.

What Are Online Scams?

Online scams also known as internet fraud refers to the use of internet services to present deceptive solicitations to prospective victims, to conduct fraudulent transactions, or to transmit the proceeds of fraud to financial institutions or to others connected with the scheme. Internet fraud can happen in chat rooms, email, message boards or on websites. It can happen to anyone.

How Can YOU Avoid Online Scams

- **Know who you are dealing with:** If the seller or charity is unfamiliar, check with your local or state consumer protection agency and the [Better Business Bureau](#). Beware of imposters!
- **Websites:** Before you give out any credit information online make sure the browser is secure. The website will have a picture of a lock in the browser's status bar and "https" in the URL.
- **Be aware that if there are no complaints that may be no guarantee:** Fraudulent operators open and close quickly, so the fact that no one has made a complaint yet doesn't mean that the seller or charity is legitimate.
- **Look for information about how complaints, if any, are handled:** It can be difficult to resolve complaints, especially if the seller or charity is located in another country. Look on the web site for information that programs the company or organization participates in that require it to meet standards for reliability and help to handle disputes.
- **Pressure:** Legitimate companies and charities will be happy to give you the time to make a decision. It's probably a scam if they demand that you act immediately or will not take NO for an answer.
- **Understand the offer:** A legitimate seller will give you all the details about the products or services being provided, the total price and the delivery time. The refund and cancellation policies, and the terms of any warranty are explained.
- **Guard your personal information:** Do not provide credit card information or bank account numbers unless you are actually paying for something. Purchasing with a credit card online is one of the safest ways because you can dispute the charges if you never receive the product or if the product was misrepresented. For more information about using your credit card online, check out www.ftc.gov. Your social security number should not be necessary unless you are applying for credit. If a company claims you have an account with them, but are asking for your information which they should have, BEWARE.¹

Comparison: Credit Card or Cash?

It really depends on the person. Credit has advantages because when your wallet gets stolen you are able to cancel the cards. If you lose cash, you are not able to get that money back and it will be gone for good. With credit, be careful that you do not over spend and hurt your credit rating for the long run. Because you are spending money that you do not have at the time, but you will have to pay your credit card bill over the long run and it will have interest on the purchase.²

Suggested Further Resources:

New Jersey Division of Consumer Affairs: www.njconsumeraffairs.gov

New Jersey Better Business Bureau: www.newjersey.bbb.org

U.S. Federal Trade Commission: www.ftc.gov.

References:

¹ See <http://www.fraud.org/tips/internet/general.htm>

² See http://www.ehow.com/facts_4810090_cons-cash-vs-credit-cards.html

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