



How to spot sales that are no bargain

These days it seems as if every retailer wants you to think a product is a bargain any time you want to buy it. Walk into just about any department store and you'll probably find a sea of red "sale" signs.

Some retailers have been accused of intentionally misleading shoppers about their sale prices. In 2005, the New York attorney general announced that May Department Stores agreed to pay \$400,000 in penalties and costs to settle allegations that its Kaufmann's department stores (since converted to Macy's) ran phony sales promotions. The complaint alleged that merchandise promoted in

newspaper, radio, and television ads was always, or almost always, "on sale," so those "sale" prices were actually regular prices.

Here are other ways stores might try to fool you into believing that you're getting a rock-bottom price:

■ **Their discounts are based on inflated prices.** We found a coffeemaker "on sale" at Kohl's stores and at Kohls.com for \$61.99, a discount from the retailer's posted \$69.99 "regular" price. So it has to be a good deal, right?

Not so! We discovered that the manufacturer's suggested retail price is only \$59.99. And retailers, especially discount stores, commonly

price items *below* MSRP. We did a simple Web search on the model and found retailers that beat Kohl's deal. The best offer we tracked down was \$30.03 plus \$8.21 shipping at the Sale Stores website. (Kohls.com's shipping charge was \$8.95.) The difference of more than \$30 can buy a lot of coffee to put in that pot.

■ **They charge super-high shipping and handling fees.** Sure, online retailers' steep shipping and handling charges can sometimes make you consider ditching a purchase. But did you know that some websites inflate shipping and handling fees to compensate for the deals they're giving you on the item you want to buy? That's especially likely to happen at auction sites like eBay (though it violates their policy) and sites for products advertised on TV infomercials. For example, we recently found an infomercial for a \$19.99 Awesome Auger garden tool and "free" drill, weeder, and power extender that actually costs \$56.80 after S&H fees are included.

Even reasonable shipping and handling charges can wipe out the savings of a bargain-priced product if the item is inexpensive, large, or heavy. A 500-sheet package of HP multipurpose printer paper at an online office-supply store recently had a price tag of \$4.80, much less than the \$9.88 that Walmart was charging for the same package. But the savings didn't look so great after we added the \$5 delivery charge. We snooped around just a little bit more and found the printer paper advertised for just \$5 in the Office Max store flyer.

■ **Their advertised "great deal" stinks.** If you've ever paid an advertised "bargain" price, especially on items that retailers will usually negotiate on, like cars or mattresses, you've

probably paid way too much. For example, we recently found a California car dealership advertising a 2011 Mazda2 Sport for \$14,999. You might assume that's a great price, considering that the manufacturer's suggested retail is \$15,530. But it's not. The car-pricing website TrueCar revealed that when the ad was running, local car buyers were paying an average of \$14,709 for the same vehicle. Based on TrueCar data, a great price would have been \$14,447, or more than \$550 less than the advertised deal.

■ **They charge more at liquidation sales.** The prices at stores that are going out of business *must* be better than at stores that are sticking around, right? Guess again. Our visits to going-out-of-business sales have consistently turned up "deals" that were anything but. During our 2009 check of the liquidation sale at national electronics giant Circuit

City, we found some prices that were much higher than those in the circular the retailer had planned to use had it not gone belly-up. For example, the weekend the liquidation started, Circuit City had intended to advertise an HP computer printer for \$150. So how much was it at the liquidation? Try \$270. Even worse, we found it at another retailer for \$135. But the checkout lines at the liquidation snaked around the store. Shoppers were eager, in many cases, to pay too much. Prices usually decline as liquidation sales progress. But chances are, by the time there are truly great deals during the last few days, there won't be much left that you'll want to buy.

THE BOTTOM LINE Just because items are in a "sale" section doesn't mean you can't do a lot better elsewhere. The only way to find out for sure is to shop around, comparing identical items and factoring in shipping and

handling fees and any other charges. Don't forget to compare online and walk-in stores, even if they belong to the same retailer. The Web offers many great deals, but sometimes it's cheaper to turn off the computer and grab your car keys.

And don't be shy about trying to haggle, even for products with prices that aren't usually negotiated. A recent Consumer Reports survey found that seven out of 10 people who tried negotiating for home appliances got a better deal. Those who haggled on large appliances told us they saved an average of \$100. That's no chump change.

But remember, price isn't the only thing you should consider. Before buying, especially if you're dealing with a merchant you haven't dealt with in the past, review the retailer's return policies and use a Web search to look for complaints. Also check the retailer on the Better Business Bureau website, at www.bbb.org.

DODGE GIFT-CARD GOTCHAS

Under new federal rules, gift cards must remain valid for at least five years and some fees are limited. For example, inactivity and service fees can be charged only if a card hasn't been used for at least one year.

So if you have any hanging around the house, use them fast! Don't be one of the many people who never get around to spending their gift cards. (One-quarter of Americans we surveyed in October 2009 who received a gift card the previous year said they hadn't yet used their almost-year-old cards.) Also, using your cards fast might help you avoid ending up with a worthless piece of plastic, which can happen if the

retailer ends up going out of business.

If you're planning to buy gift cards for people on your holiday shopping list, beware that the cards might be printed with out-of-date information, including expiration dates and fees. The correct info is supposed to be posted at the store, so you should give the recipient a heads-up. Something else you should know is that the new rules don't cover purchase fees. They range from \$3 to \$7 for the bank-issued variety with a credit-card logo. (Most retailers don't charge a fee to buy their cards.)

Another way to avoid wasting money: Give the gift that you know will be used, never expires, has no fees,



and is accepted almost everywhere: cash. Cash not appropriate? If you must resort to buying a gift card, get one from a retailer that you know your recipient adores. That way it's more likely that it will be used, and you won't have to pay a fee to buy it.