

Online Purchases

“The Smart Way”

Suggested products to buy online

Most of us have made a purchase online. Whether you have or not, this topic provides tips to guide you during your next online purchase. An item that might be advantageous to purchase from the Internet is **books**. Online collections normally surpass what a bookstore has in inventory. You can purchase used books at huge discounts. Plus, ebooks tend to be cheaper than the paper versions. You can download an ebook purchase to your laptop, home computer, touchpad, and/or smart phone. Doing so enables you access at different locations.

Another suggestion is to purchase **traveling accommodations** and **transportation** online. There are many travel websites that offer great deals and compete for the best price. Some common travel sites include:

www.cheapair.com

www.priceline.com

www.orbitz.com

www.southwest.com

www.kayak.com

www.expedia.com

www.hotwire.com

www.travelocity.com

www.tripadvisor.com

www.travelzoo.com

www.cheapoair.com

Purchasing **electronics** online is another moneysaver. Be careful, however, when purchasing electronics online, because they are fragile. Make sure to check the return policy, as it may be inconvenient if you have to return the item.

Last, **used goods** are becoming more popular to purchase online. There is usually a wider selection to choose from than going to a thrift store. Used items such as books, magazines, designer bags, and furniture are a few items to consider purchasing online. Some sites that offer used items include:

www.amazon.com

www.ebay.com

www.swap.com

1. What are some things you have purchased online?

Answers will vary.

Suggested products not to purchase online

There are items you probably shouldn't purchase online, including **large and/or heavy items** and **appliances**. Shipping costs can be enormous when attempting to ship these items cross-country. It might be easier to purchase from a local store that may deliver for free or negotiate a lower price. For example, you might pay less for a floor model with a few scratches. **Groceries** are another item you might not choose to purchase online. They are normally cheaper in local stores, and coupons allow you to purchase many food items and toiletries cheaper.

Ways online purchases can hurt your budget

Using technology, you can sit in the comfort of your own home (or for that matter anywhere you have access to the Internet) to make a purchase. The days of having to get in a car to go to the store during business hours no longer exists. You can shop in the middle of the night and never have to face anyone. You're not restricted to a "no shirt, no service" policy. Shopping during your leisure time and within your own home has never been easier.

While this convenience might save us time and energy, does it really save us money? Let's look at some important money characteristics of online shopping. A majority of online stores keep your **credit card information on file** so they can set up your account with ease the next time you make a purchase. They assume you are more likely to purchase something a second and third time because you don't have to re-enter the information. Once you decide to make a purchase, you are one click away with less time to change your mind. Because music devices and ebooks are mainstream, it's easy to purchase downloaded songs and books.

These items don't seem expensive; however, as time goes on, and you purchase more of them, **the price adds up**. For example, let's say you purchase 100 songs within a month; that's \$99 without even realizing. Because you don't have to drive somewhere to purchase something, **shipping costs** become an added price for online purchases. Thus, the more often you make online purchases, the more shipping and handling fees are added; before you know it, the money you could have used to pay down debt or increase your savings is no longer available. Last, many online stores offer monthly subscriptions that offer discounts on purchases and shipping. If you decide to take advantage of these plans, make sure you're not buying more than needed to take advantage of the discounts; otherwise, you're throwing your money away.

In summary, online purchases can be very beneficial. They save time and money if purchased appropriately. But it is wise to track your online purchases so you are fully aware of the total amount of money you're spending.

Tip: Plan to put online purchases as a line item in your budget.

The process of online purchasing

The first step in online purchasing is determining what you want. Next, begin your search to find the product or service with the best deal. Smaller companies and individuals that don't have the resources to create a website use sites like **Amazon** and **Yahoo**, where they can display their own goods for a monthly transaction fee. Sites like **eBay** and **Bidz** provide an auction format where sellers display items for a minimum price and buyers bid on the items. Many online businesses have customer service centers on their websites where you can either call, email, or chat with a live customer service representative with any questions you might have.

After you find the product you are looking for, retail websites have an “add to cart” option as well as a “checkout” option. Once you are ready to check out, you will see shipping and handling options that include standard, 2-3 day delivery, and overnight. Some offer free shipping with membership perks – but be wary of the terms and conditions.

Paying for online purchases

Once you begin the checkout process, the website will require you to input the method of payment. There are several payment options; the most common payment type is by **credit card**. As mentioned earlier, when you enter the credit card information, you get an option to store your information. The next time you make a purchase from this website, you can bypass inputting all of your information again.

Many consumers use a **payment vendor** such as **PayPal**. This process requires you to set up payment information (credit card information) with the payment vendor. Many online businesses have partnered with a business such as PayPal so that with a click of a button, the business receives their money from the payment vendor selected, and your information remains hidden from the merchant. Another form of payment is **Apple Pay**. The least common method of payment is with an **E-Check**. This option pays directly from your bank account. Your routing and account numbers are required in order to make a payment.

1. Do you think it's a good idea to save your credit card information online to make it easier to check out the next time you purchase something from the same website?

Answers will vary.

Advantages and disadvantages of online purchasing

The major advantage of online purchasing is **convenience**. You can shop anytime and anywhere you like, but be careful not to impulse purchase. Purchasing online can **save money** if you track your purchases and don't overspend by purchasing unnecessary items. At times, you might find more **variety** with online purchases and the ability to compare prices more readily than walking into a store (where limited brands might be in stock). Online purchasing also provides a **no pressure atmosphere**. Unlike some retail outlets where salespeople convince you to purchase something, online stores have no way to verbally force you to make a purchase. Last, online purchasing allows you to **compare** many products and stores by simply jumping from site to site. You don't have to hop in your car and drive from store to store to get the best deal. Some sites, like www.epinions.com, do the comparing for you to review product details on one page.

There are also several disadvantages to purchasing online. First, you run the risk of **identity theft**. Although many sites fight this issue with security walls, there is still a chance someone can steal sensitive information such as credit card information, address, phone number, and account information. Some online merchants, unfortunately, still commit **fraud**. They might accept your payment and then refuse to send your item or send the wrong or a defective item. Attempting to fix your purchase with the merchant becomes quite difficult via the Internet. Thus, be wise, and attempt to purchase from reputable vendors.

Tip: When entering personal information on the Internet, always make sure the Web address begins with **https**.

The "s" at the end of http indicates it's a **secure website**, meaning that information entered will be **encrypted** (distorted in a coded form that is unique and difficult to interpret) when sent. Look for the https at the point of checkout when entering personal financial information.

Research five websites that indicate it is a secure website. List the Web address below:

1. Answers will vary.
- 2.
- 3.
- 4.
- 5.

Online shopping protection

How else can you protect yourself when shopping online? One rule is to always **be careful** what type of information **you are providing**. For example, make sure you research the company if they ask for your Social Security number. You should almost never provide this information unless you are 100% sure it is a secure site and that the information is necessary to process your transactions. Online financial sites might require your Social Security number when you are depositing and spending money. It may also be necessary when making financial transactions, such as investing in stocks, retirement accounts, etc. Always check for an **SSL logo** bottom of a website when checking it out. This is a standard security symbol that establishes an encrypted link between a Web server and a browser. An SSL connection requires an SSL certificate. Below are a few examples of an SSL certificate:



Always **read the shipping policies** prior to clicking the “submit” button to process your purchase. Some sellers might allow you to return the item within a specific period of time, while others may not. Last, invest in **antivirus and anti-phishing programs**. Antivirus software can protect your computer from viruses, and anti-phishing software protects you from sites that look reputable but actually collect personal information for illegal activities. They look like the real deal but are not.

Online purchasing summary

Purchasing and selling online is convenient and rewarding when you find a great deal. However, always be cautious and protect yourself when purchasing online. It is wise to use a personal computer that has antivirus and anti-phishing programs installed rather than use a public or community computer to purchase items online. If something looks too good to be true, it probably is. If you don't feel 100% confident that a site is secure, leave the site immediately, and look for the product elsewhere. In addition, take steps to ensure your computer is well protected prior to submitting personal information for a purchase or sale. There are many scams out there attempting to steal your identity that could affect your credit score and cost lots of money in the long run. Be diligent and proactive in researching how to get the most out of your shopping online.