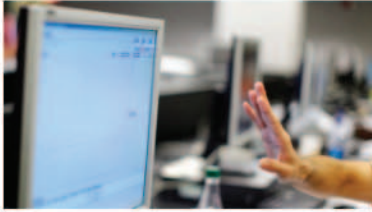


Daily Deals: Are You an Addict?

By Kathryn Glass
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Everybody loves a good deal, and thanks to the array of daily deal sites popping up all over the Web, it's never been easier to score savings at restaurants, spas, retailers and even hotel packages...but only for a limited time.

All of these money-saving offers are enticing, and when that countdown clock is ticking, the temptation to snatch up that \$4 burrito (regularly \$8.50) before the time expires is overwhelming. But as with anything else, daily deals can be too much of a good thing.

"We do have to be careful... I think a lot of people are probably spending more money than they need to," says Terrence Shulman, founder and director of the Detroit-based Schulman Center for Compulsive Spending and author of *Bought Out and Spent!*. "Shopaholics are vulnerable to this kind of marketing—especially the bargain-hunting kind of shopaholic."

Schulman says daily deals can be a problem for someone who has had trouble with excessive spending in the past because it can be difficult to unsubscribe from the sites once you're a member. Since these deals have a near-ubiquitous presence on social networks and are advertised all over the Web, avoiding them is no simple task.

Before you purchase a daily deal, consider the following points raised by financial experts, who maintain a deal is only "good" when bought in moderation.

Rule No.1: Yes, it's a deal, but can you really afford it?

While this might seem rather obvious, experts say some consumers justify spending too much on a deal thinking it will save money in the long run.

"Budgets are usually busted not by the house or the car payment, it's the superfluous things you buy because you think you're getting a good deal," says Chris Ravsten, the owner of Foxstone Financial, a Denver-based financial [investment advisory firm](#). "It's the same concept as that thing you buy in bulk at [Costco](#) or a wholesale club because you think it's such a good deal."

As a general rule, if you have the cash on hand and it won't break your monthly budget to click "buy," go for it. If you're just buying something because you think it's a great deal and you can't really afford it, then it's not much of a deal.

Rule No. 2: Is this a need or a want?

More often than not, we convince ourselves that something is a good buy by justifying it as a necessity, but advisors say it's important to know the difference between a "need" and a "want."

A money-saving deal on groceries might qualify as satisfying a need; four weeks of cooking lessons that might eventually save money on dining out is more of a "want."

"Obviously we all have a lot of 'wants' but usually the 'needs' are the ones that fit into our budget," says Barbara Stark, education director for American Debt Counseling, a Florida-based non-profit [credit counselor](#). "You really have to think logically and fiscally about the purchase, even though that coupon buy window is counting down."

Rule #3: Will you use it before it expires?

No matter how good the deal is, it's worthless if you don't have time to use it before it expires.

Consumers should always read the fine print on any deals before making a purchase. Many offers have to be used within a certain time frame and that may not fit into the buyer's schedule.

"When the deals are piling up and they're not being used, or if you find yourself charging them and putting them on a credit card and that credit [card balance](#) is growing...then the tail is wagging the dog," says Stark.

Rule #4: What else could you do with the money?

Too often, shoppers don't consider the opportunity cost of spending money on a deal, or whether that money could be better spent on something else.

"As consumers we get into trouble because we think, 'it's just \$20.' But \$20 over time, day after day month after month, compounded can make a big difference," says Ravsten. "Could you be paying off debt? Saving for short-term emergencies? Not enough of us have enough liquid money on hand."

Ravsten says daily deal shoppers should keep tabs on how much they spend on the deals to determine if the money would be better allocated elsewhere.

Rule #5: Will you still want this if you ignore that ticking clock?

The pressure of that countdown clock can motivate consumers to buy something that they wouldn't ordinarily buy, says Shulman, especially with compulsive spenders.

If you have determined a purchase fits within your budget, it's important to think about how soon you will make use of the purchase, says Shulman, since that pressure of the clock can compel consumers to act without thinking of when and how they will actually redeem the coupon.

Rule #6: Is the site you're buying from a reputable one?

The rapid expansion and popularity of daily deal sites can give shoppers a false sense of security about the safety of providing credit card information to any run-of-the-mill deal Web site.

Daily deal shoppers should be cautious and do a quick background check by checking the site out with the [Better Business Bureau](#), or running a quick [Google](#) search to look for consumer reviews before giving away personal information.

"The easiest way to find out if the deal really is valid is to call the [retail outlet](#) or service provider and find out if this site is authorized to market their services," says Ravsten.