

# Credit Counselling Society Presents

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## **Mind Your Money: An Introduction to the Psychology of Spending**

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# Top Reasons We See for Financial Trouble

1. Unemployment / Underemployment
2. Excessive use of Credit or Using Credit for Living Expenses
3. Injury / Illness
4. No Budget / Lack of Financial Education
5. Separation / Divorce and Family Expenses
6. Failed Business/Used Credit for Business Expenses
7. High Housing Costs

# Agenda



- Marketing influences
- Subconscious spending
- Protecting ourselves

# Objectives



By the end of this session, you will be able to:

- Recognize how marketers play with our emotions to encourage buying
- Understand how technology leads us to overspend
- Apply strategies to protect ourselves from marketing tactics

# Did You Know?



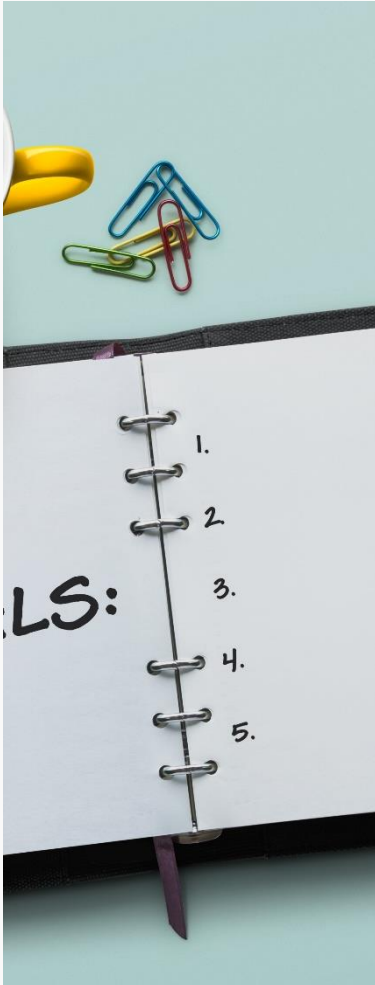
- The global market research industry is worth \$1.7 trillion
- 49% of millennials (ages 23 to 38) spent money due to social media influences
- 1 in 4 adults experience a "Fear Of Missing Out" (FOMO) because of their social media use
- If someone wins the lottery, their neighbours are more likely to go bankrupt

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**How do marketers influence your decisions?**



# There's a Lot to Juggle!



- **External pressure:**

- Advertising
- Social media
- Friends, family, colleagues

- **Internal pressure:**

- Emotion
- Keeping Up
- Belonging



# Emotions



- Retailers know that if they can get you to feel something, you are more likely to buy it
  - Belonging
  - Importance
  - Beautiful/Attractive
  - Smart
  - Fear
  - Unique
  - Pleasure

# What Feelings Are Being Sold?

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## Unilever Case Study

Axe Advertising

Dove Advertising

# Belonging



- Feeling of being exclusive, special, part of a unique group or lifestyle
  - yoga pants = spiritual
  - designer accessories = class
  - Latest phone = tech savy
- Retailers know that if you identify with a group, you're likely to buy their products

# Liking



- If a celebrity you like endorses a product, you may transfer your “like” of that person to a “like” of the product
  - Dwayne Johnson + Under Armour
  - Michael Jordan + Air Jordans
  - Jennifer Aniston + Aveeno

# Commitment & Consistency



- Committing to a brand or product influences your likelihood to make purchases
  - Email list
  - Testimonials
  - Try at home samples (free)
- Commitment + Consistency = Customer Loyalty

# Powerful Questions About Emotions



- Are they trying to sell you a product and/or a feeling?
- How are they influencing your desire for this product?
- Can you achieve that desire without spending?
- What will this product give you that you don't have now?
- Does the cost match the amount of joy/pride/status that you will get out of the product?

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**How much time do you spend on social media everyday?**



# Social Media



- Created to be **addictive**
  - “Positive” engagement (likes) activates reward centers of the brain
- Compromises your ability to make decisions

# Technology



- Retailers buy information and advertise items that fit with your interests
- Targeted advertising

# Technology Tips



- Unsubscribe from email lists
- Set reminders to cancel your free trials
- Delete your cookies and search history
- Don't save your credit card information online
- Put limits on social media use

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**Sometimes,  
it's a little close to home**

# Keeping up with the Joneses



- The people you surround yourself with can influence your behaviours
- We strive to belong and to keep up with the people around us
  - Travel
  - Purchases
  - Events
  - Extracurricular/Children's activities

# Cultural Norms and Holidays



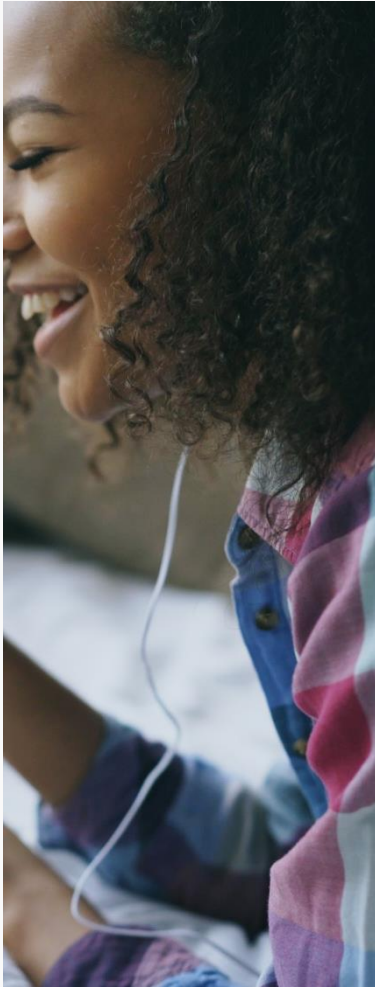
- Culture influences the way we spend money on life's milestones
  - Engagement rings (3 months salary)
  - Weddings
  - Coming of Age Ceremonies
  - Mother's and Father's Day

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**How do marketers make you spend?**



# Social Proof



- Ratings, reviews and labels create the idea that the product is worth purchasing
  - “Best Seller”
  - “Most Popular”
  - “Highly Recommended”
  - “Rated 5 Stars”

# Brands & Labels



- Use of multiple labels when shipping items increases positive emotions
- Higher likelihood of
  - customer loyalty
  - repeat purchase

# Scarcity



- Retailers know that we often want what we can't have
- If there is a feeling of low supply, limited edition or a sale ending soon, we will buy

# Reciprocity



- Retailers know that if they give you something for free, you'll feel more obligated to buy
  - Free trials
  - Sample tables
  - In-store testers and giveaways

# Power of '9'



- Our brains associate the number '9' with deals and discounts
- This method has been shown to increase sales by 24%



# Pink/Gender Pricing



- Items that are pink in color are generally more expensive
  - It can cost \$1,300 a year in extra costs!

# Powerful Questions to Ask About Marketing



- What are they trying to sell me?
- What are they doing to influence my purchase?
- How are they trying to get me to spend more?
- How are they making it so easy for me to buy this product?

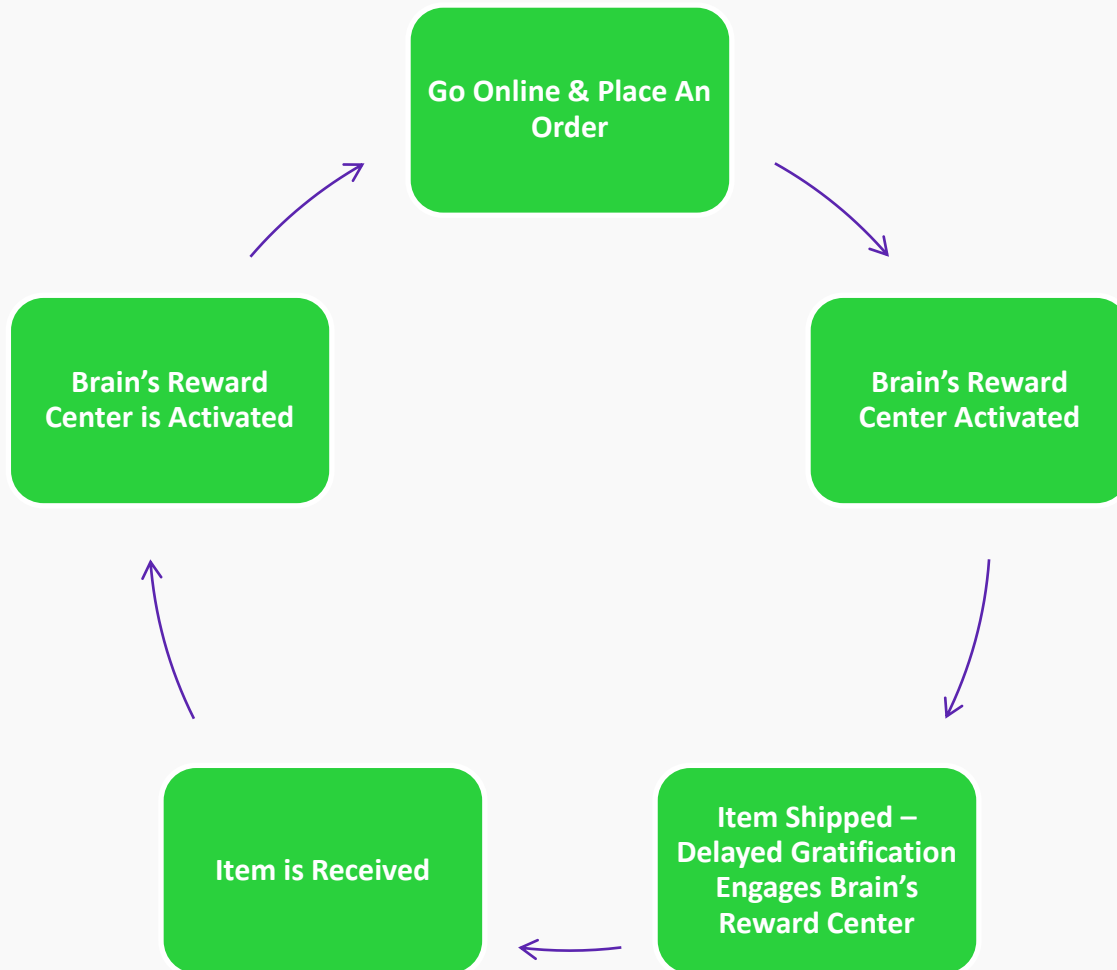


# Inside the Virtual Store



- Techniques used by websites that cause you to spend more include:
  - Discounts in abandoned shopping carts
  - Email notifications
  - Bonus gifts/free shipping
  - Saving payment information
  - Suggested products/product reviews
  - Just a few clicks!

# Delayed Gratification



# Power of Time



- Give yourself time to make a decision on a purchase
- The more expensive an item, the more time you need to reflect
- Value of time:
  - \$1000 item ÷ \$20 earned/hr = 50 hrs of work!

# Final Thoughts



Before you buy, ask yourself:

1. Is this a want or a need? Why do I want it?
2. What emotions are being triggered?
3. How is the marketer influencing me to spend?
4. Will this product fulfill my emotional/physical needs?
5. Remind yourself of expectations versus reality

# Conclusion



- Now you are able to:
  - Recognize how marketers play with your emotions to encourage buying
  - Understand how technology leads you to overspend
  - Apply strategies to protect yourself from marketing tactics



# ADDITIONAL RESOURCES

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Some helpful  
resources for you  
to get started

# Learn More



## #LearnWithCCS

 Facebook - @MyMoneyCoach.ca

 Twitter - @MyMoneyCoach\_ca

 Instagram - @MyMoneyCoach

- Sign up for our monthly newsletter
- Check out our social media for daily tips/articles
- Subscribe to our blog
- Follow us on Social Media



# #LearnWithCCS

Share your experience today for a chance to win a \$50 Sobey's gift card!

1. Using **#LearnWithCCS**, share your experience on social media by commenting on any of our posts *or* making your own.

**Every comment or post gives you 3 entries for the draw!**



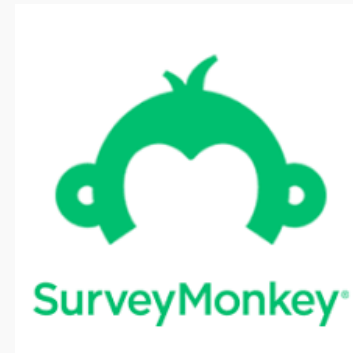
# We Want Your Opinion

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Survey Monkey



<https://www.surveymonkey.com/r/6CNYLD6>

# How We Help



Book a free financial consultation with one of our  
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