

Buck up

The Canadian dollar ticked stronger versus the U.S. dollar on Monday, brushing off weak Chinese data after the positive North American jobs report of last week.

Who's pulling your strings?



GAIL VAZ-OXLADE
Special to QMI Agency

Sometimes the key to not spending money is understanding just how much you're being manipulated into doing so — at least then you have a fighting chance.

Did you know that supermarkets and restaurants use slower music to create a relaxed atmosphere? In the supermarket, this has the effect of slowing the traffic flow so that you end up shopping for longer and spending more.

In a restaurant, you relax, taking more time to eat and drink, which can lead to a bigger bill.

Your ears aren't the only things being tuned to get you to spend more money. Your nose is another gateway into your wallet. According to the *Journal of Consumer Research*, in one experiment, the aroma of cookies influenced tightwad women



to spend more on clothing. Go figure. Now we're going to have to walk around with clothespins on our noses to get out of the store with our budgets intact.

Even your brain can be co-opted. Yup, all you smart

shoppers out there, retailers know how to pull your strings too.

Marketers know that we shrink from buying either the highest- or lowest-priced stuff. We default to the price in the middle.

This is called the “compromise effect”; it's a major predictor of how we buy, and companies rely on it to increase sales of their most-profitable items. That's why the salesman at the TV store, car store

or shoe store steers you toward the most expensive options first. They know you're not going to buy them, but they want to establish what “high” is so you feel comfortable with their next offering which is

more “in the middle.”

Don't even get me started with “free” or “BOGO.” Almost no one can resist the word “FREE!” Even if you're being encouraged to spend extra money, “buy \$50 worth of stuff and get this thing you didn't really want or need for free,” the carrot being dangled is so persuasive that the free-with-purchase moves you to dig deeper into your wallet.

And buy-one-get-one has become synonymous with free, even when it isn't. So now retailers are using BOGO at half price, giving us a measly 25% off, and we rush to make the deal.

So what's a consumer to do? Knowledge is key. If you know that all the stuff layered around the cash register is designed to encourage impulse purchases, you'll know enough not to touch it. And if you know your senses can be turned against you, you'll always shop with a list so you can stay on track.

— Gail Vaz-Oxlade's latest book, *Money Rules*, is published by HarperCollins and will make you say, “Really? I didn't know that!” Visit her website at gailvazoxlade.com

Investing is about much more than just stocks and bonds



BARBARA STEWART
Special to QMI Agency

How are accomplished women investing their money in 2013?

Last Friday, in celebration of International Women's Day, I released a paper titled How smart women are investing/spending their resources in 2013. In it, I look at female behaviour as it relates to investing and spending and I discover trends in the evolution of women and

the world of finance.

I interviewed women around the world and asked them two questions: “Where are you currently investing your money?” and “How are you spending your resources of time, energy and/or money — what are you most passionate about and why?”

Before I reveal the answers, let's examine the word “investing.” What does it really mean?

As a portfolio manager, I am used to thinking about spending and investing as two different categories. If a client gives me \$1,000 and I buy them a stock, that is an investment and can be

recorded on a balance sheet. But if they take that same \$1,000 and spend it on a vacation, clothing, or a night at the opera, that doesn't show up on a balance sheet, isn't an asset and doesn't appreciate in value. Or does it? Sometimes \$1,000 spent on supporting an orphanage provides more value over time than owning the best-performing stock.

So, where are these women investing their money?

The most fascinating discovery was that at least half of the women said they are spending some portion of their potential retirement funds on what matters to them now, rather than

investing in longer-term assets. In fact, 25% of women interviewed said they are investing a sizeable portion of their entire wealth in a business that is directly related to a personal cause.

Based on my survey of 100 women, the average weighting in the four traditional asset classes is 50% real estate, 25% equities, 13% bonds and 12% cash.

It appears that the women surveyed are much more comfortable investing in their homes and less comfortable investing in securities. I repeatedly heard phrases such as “I like to invest in things I can touch” and “real estate is something

that I understand.” That may be temporary; equities did not perform well in 2000–10, many investors are still in shock from the 2008 financial crisis and the European economies remain on the brink of recession.

How are the respondents spending their resources of time, energy and/or money?

From my interviews, I can safely say that the traditional investment model does not tell the whole story. Women may invest in houses because this provides them with a sense of warmth and personal security. But the less-tangible investments are the ones they

are making in their personal causes, these offer a deeper sense of importance.

Women are not postponing saving their family, the world or their soul, they are getting on with it. The vast majority of women's resources of time, energy and money are directed at passion projects that are aligned with the rapidly evolving world of feminine ideals.

Women are not waiting for quotas or permission — they are busy defining, creating and financing the future now.

— Barbara Stewart, CFA, is with Cumberland Private Wealth Management Inc. Visit her website at barbarastewart.ca