

5 practical tips to tame impulse spending

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Published: May 24, 2012

If you constantly buy things that you seldom or never use, you might be an impulse spender. Evidence for impulse spending includes clothing with price tags still on, designer shoes you have yet to wear and expensive new dishes that remain in their original packaging.

The problem with frivolous shopping is that the initial thrill from buying is usually short-lived. Impulse spenders become trapped on a pleasure-seeking treadmill, pursuing more items such as the biggest flat-screen televisions, flashiest brand-name clothes and swankiest cars.

We asked [Karen Collacutt](#), a certified money coach to identify the reasons behind impulse buying and to provide advice on how to resolve those challenges.



CreditCards.ca: Why do whimsical spenders treat shopping as if it's a form of entertainment or sport?

Karen Collacutt: In Canada, there is a huge sense of entitlement regardless of what we can truly afford. We've been told by the marketing industry that we should all start at the top of the ladder and have this rock star lifestyle. This is marketing hype and isn't real.

Tip No. 1: Avoid the "I want" syndrome by staying clear of the hype. Mute the TV at commercials and skip the magazines that tell you things that supposedly you must have to be smart, successful and fulfilled.

CreditCards.ca: What do you say to impulse shoppers who feel that they never have enough?

Collacutt: Having that new shirt, shoes, car or house isn't going to make you a better person. Create a record of what you do have by taking a note pad, iPhone or camera and start by going through your home, garage and car. Create a list of everything that you have that is a benefit to your life. Start with the material stuff, and then look at the intangibles such as the knowledge you've accumulated, the education you've acquired and the life lessons that you've learned.

Tip No. 2: When you're tempted [to spend impulsively], go to your list that showcases the phenomenal life you've created and remind yourself of how fabulous you already

are. It doesn't matter if you have a lot of money or a little, we have all sorts of things to put on that list that make our lives amazing.

CreditCards.ca: How do you deal with the lure of latest must-have gadgets?

Collacutt: It's very easy to get drawn into wanting new toys. Being clear on what you truly need is the best defense against this form of impulse buying. Acknowledge your desire for the shiny object, and then remind yourself of why you're choosing to not buy it.

Tip No. 3: Start using language such as: "I would love to buy that shiny object, but I'm really excited about our savings plan to take the kids to Disney." It takes the sting out of saying no, and reminds you of the future joy built into a savings plan.

CreditCards.ca: Why do some shoppers avoid facing the consequences of impulse spending?

Collacutt: Life is busy. We often don't take the time to really understand our money. Sometimes, it's too scary to do by yourself. Start by creating your net worth statement, comparing what you own with what you owe. Also, look at your interest rates. Many people have no idea what they're paying on their credit cards and how it increases the cost of buying. For example, a 29.99 per cent APR effectively adds \$0.30 to every dollar that you spend on an unpaid credit card balance.

Tip No. 4: Make a list of your credit cards, the outstanding balances and the interest rates. To estimate annual interest costs, multiply each balance times the applicable rate. Call the credit card companies and ask for a lower interest rate. If you've been paying your bills on time, they may reduce your APR after you ask. Start by paying off the highest interest rate cards first.

CreditCards.ca: Are consumers using all available resources to control impulse spending?

Collacutt: There can be a lot of shame and blame around money-related problems. Most of us feel like we should know what to do. The fact that we don't is embarrassing and stops us from seeking help, which gets us into more and more trouble. Financial literacy is a huge challenge in Canada. Many of us feel like we're smart, knowledgeable and effective people, yet there's this elephant in the room around finances.

Tip No. 5: Start by educating yourself. Blogs, websites and books can help. If your battle against impulse spending gets scary, a money coach can help you face the monster under the bed and shift your relationship around money by putting systems into place. Most provinces have not-for-profit credit counselling societies that assist with arrangements to take control of your debt. Financial therapists can help you deal with deep, lifelong issues around money.