



The Savvy SHOPPER

Learn what the pros know and get the best deal every time

You've made your holiday shopping list, done all your price-comparison and coupon research, and now you're headed out the door—or you're firing up your computer—to bag some bargains. So you're all set, right? Stop right there! There's a lot more to being a truly savvy shopper than getting the lowest price. And now's a good time to learn what it really takes to go pro before you get into shopping-overload mode, when it's easy to make costly mistakes. Think of our guide on the next six pages as a three-step advanced shopping course. Here's the syllabus:

STEP 1 Know your rights. You have all kinds of rights as a shopper, with the right to get what you pay for first and foremost. Beyond that are all kinds of consumer laws created to protect you from being fleeced. We've rounded up some of the most important rights you

should know about and traps to avoid. Your consumer-rights education starts on the next page.

STEP 2 Pay the right way. There are more ways to pay for merchandise than ever before. Is a credit card, with the extra protections it offers, always the best way to go? Or might one of the alternative payment systems such as PayPal or Twitpay be a smarter choice for certain purchases? See the answers on page 34.

STEP 3 Learn what a good—and a bad—return policy looks like. Some are so bad that you might want to avoid those retailers, because even the most carefully chosen gifts are sometimes the wrong size, and you don't want your loved one to get hassled at the returns counter. We took a close look at the policies of 88 top online retailers. Check out our best and not-so-hot lists on pages 36 and 37.

STEP
One

Know your consumer rights

IT CAN SAVE YOU HEADACHES, AND MONEY TOO

Whether you're buying holiday presents or shopping for yourself, you can avoid big shopping mistakes if you know your rights. But people often make assumptions about what the law allows and what it doesn't, or they simply accept what a retailer tells them. Here are your rights—and some things consumers often get wrong when it comes to consumer law.

Right **The stuff you order should arrive on time.**

You ordered an MP3 player online in mid-November for your nephew, but it

arrived two days after your family's holiday gathering. Are you stuck? Nope. You don't have to wait indefinitely for something you ordered online to arrive; there's a law that says so. The federal Mail or Telephone Order Merchandise Trade Regulation Rule states that stores must ship telephone, mail, fax, and Internet orders within 30 days—or earlier if that's what the merchant promised. If the retailer has a good reason for not getting your order out on time, it must get your consent for a late arrival. If you don't respond or agree, the order must be cancelled. One exception: If you're

applying for credit along with your order, merchants have 50 days instead of 30.

Wrong! **A store has to honor the posted price.**

Sorry, but you're not entitled to that \$999 big-screen TV for \$9.99 even though that's what the price tag says. If a price is that ridiculously low, the buyer should have known it was a mistake, says Jane Winn, a professor at the University of Washington Law School. (But if something is mismarked, it can't hurt to complain to the manager to see whether you can finagle a better price.)

Right **If you paid with a credit card, you can dispute certain charges and get a refund.**

You went to pick up a custom toy chest for your child or a family photo for Grandma only to find that the store has disappeared, along with your deposit. If you paid by credit card, you should be covered. You have federal credit card chargeback rights, and they fall into two categories. One is billing errors, which covers unauthorized charges and charges for items that were never delivered or were delivered late, as well as items that were misrepresented. You can request a chargeback (a refund) within 60 days of your statement date; some cards give you more time. The other category is called claims and defenses, and you have up to one year to request a chargeback if you have to cancel a sale directly with the seller for any legal reason, including shoddy merchandise. But you must meet four requirements: The disputed amount must be over \$50; you must have made a good-faith effort to obtain a refund or credit; the balance on your card must be

at least as much as the amount you're disputing (if your balance is zero, you can't use this provision); and the merchant must be in your home state and within 100 miles of your home. Yes, that's a lot of hurdles, but this right can come in handy.

Wrong! **The warranty is expired, so you're out of luck.**

Your refrigerator dies just three months after the warranty expires. Both the store and the manufacturer say you have to pay to get it fixed. Not so. Unless the store or manufacturer has a policy that says otherwise, products generally come with a state-mandated, unwritten "implied warranty of merchantability" that the item will perform as commonly expected and be free of substantial defects, and that it must last a reasonable amount of time. (Most states cap the implied warranty at four years.) Although manufacturer warranties and retail Web sites generally disclaim the implied warranty, walk-in retailers rarely do. Some retailers do so by marking sales "as is," "with all faults," or similar language. A handful of states prohibit such disclaimers, even for as-is sales. Check with your state department of consumer affairs.

Right **You can cancel a sale if you went with a salesperson's suggestion but aren't satisfied with the product.**

You specifically asked for a washing machine that could handle 15-pound loads, but you discovered that the model the salesperson recommended isn't really that heavy duty after all. In this case, the store is technically on the hook for breaching an unwritten "warranty of fitness for a particular purpose." But it might be difficult to prove your argument, so it's always best to check product specs and get any assurances in writing before you plunk down your money.

Wrong! **"Lifetime warranty" means your lifetime.**

A "lifetime warranty" doesn't have a legal definition, although some states may have their own rules. A lifetime warranty for a car muffler, for instance, might mean the life of the vehicle or as long as the original owner has the car—or whatever the retailer says it means. And lifetime warranties don't always include the entire item and the cost to replace it. So getting a "free" replacement for that "lifetime" muffler might still cost you a fortune for clamps, exhaust pipes, and labor.



Right **You can use any parts or service providers you want without jeopardizing the manufacturer's warranty.**

The maker of your vacuum cleaner says your warranty is void because you didn't use its bags. But whether it's vacuum bags, print cartridges, or repairs for your car, federal law prevents you from being tied to any particular parts or service providers as a condition of maintaining your warranty. Occasional exceptions crop up when the company can show that the product will not work properly without the specified part or service. One caveat: The manufacturer doesn't have to cover damage caused by a third-party part or service.

Wrong! **Federal law prohibits returning pierced earrings, underwear, and swimsuits.**

The retailer may want you to believe that, and some states have specific laws prohibiting certain returns, but this isn't a universal retail truth. Of course, the store can adopt its own policy not to accept returns of these items—or anything else, for that matter.

Right **You're entitled to a rain check if your supermarket runs out of an advertised product.**

The federal Retail Food Store Rule requires grocers to provide rain checks on advertised items or to substitute an equivalent product. They can get around this by demonstrating they ordered sufficient quantities to meet reasonably anticipated demand or by including a statement in their ad that quantities are limited or that the discounted product is available only in certain stores. The federal law applies only to food stores, but states may have broader rules.

Wrong! **Stores must allow returns.**

You forgot to tell your husband that you're giving up golf and taking up the saxophone. Now the store won't take back the clubs he just bought you for Christmas. It's true that retailers generally can adopt any return policy they want as long as it's prominently posted at the point of sale. But if the policy isn't posted, some states impose one. If the product doesn't work or isn't what you ordered, the policy doesn't matter—you have a right to get what you paid for. (More about returns on page 36.) Federal law generally gives you three days to cancel some purchases. Some states have similar "cooling off" periods for some sales, such as those involving health-club and home-improvement contracts (but not for new and used car purchase agreements!).



STEP *two* Pay the best way

KNOW THE PROS AND CONS OF ALL YOUR OPTIONS

High-profile thefts of data in recent years have made lots of us wary of handing over our credit card to any old Web site. In fact, roughly three out of five shoppers have changed their shopping habits for fear of having personal data stolen, according to a survey by Gartner, a research and advisory firm. Many are reluctant to provide financial and personal information, and some are simply shopping less for that reason.

But there are steps you can take to minimize worry. First, check out the Web site to make sure it's reputable (see tips at

right). Before you type in any financial info, see whether the site offers secure checkout. Two clues: The Web address begins with "https," and it has a lock-and-key icon in the bar at the bottom of the page. Paying by credit card offers protections such as a refund if you're ripped off, and some even give you extended warranties. You can also request a one-time credit-card number. Just call customer service to see whether your card offers the service.

Another option is to pay with one of the newer payment systems such as PayPal or Google Checkout. Alternative payment methods like those are getting more popular, though they're still a fraction of the online-payment market. A study from Javelin Strategy & Research shows that only about 18 percent of online payments were predicted to be made through alternate services last year. Javelin forecasts that will jump to one-third by 2013. Some of the new payment methods have nice perks, like PayPal's expanded buyer-protection program. Formerly, if the item didn't arrive or was significantly different than described, refunds were limited to \$200 (\$2,000 for items purchased from eBay Power Sellers). Now the entire price is eligible for a refund. Also, PayPal and other services act as a middleman and hold your personal info so that you don't have to give it to unfamiliar sellers. And you have the option to pay without piling more debt on your credit cards. See more details on the next page.

We asked readers for their favorite shopping sites. Amazon was No. 1, with 41% of the votes. Other faves: Buy.com, eBay, Lands' End, Overstock, QVC, Target, and Zappos. (But watch out: Some of those made our 'not-so-hot' list on page 37!)

IS THE SITE LEGIT?

Follow these three steps to help make sure a shopping site is a safe place to spend your money:

1 Look for an address as well as a phone number and/or Web address.

2 Check for an "opt out" clause in the privacy policy to ensure the company won't share your personal info. Or look for a TrustE seal, which means the policy is solid.

3 Check the Better Business Bureau at bbb.org. Look for a rating of "satisfactory" or of C- or better, or do a Web search for reviews.



eBillme

How it works You provide an e-mail address. The service then sends you an ebill, which you pay online from your bank account. Once payment is received, the item is shipped.

Pros For shoppers who don't have a credit card or don't want to rack up more charges, it's an easy way to pay.

Cons If you're unhappy with your purchase, getting your money back could be difficult. The service promises refunds up to 90 days after the purchase date but only for items under \$500. And if an item arrives damaged

or doesn't work, you might be out of luck, at least according to the policy we saw on eBillme's Web site. CEO Marwan Forzley assured us that "as long you show proof it arrived in not-working condition, we will cover it for you," but he admitted that claims would be evaluated "on a case-by-case basis."

Mobile phone app? No.

Bottom line Best for shoppers who prefer to pay cash. But if there's a chance you might want to return the product, use a credit card, which offers additional protections.

PayPal

How it works PayPal pulls from your balance with them if you have one, and then from a bank account number or a credit card.

Pros You don't share financial information with sellers. Also, PayPal is by far the largest alternative payment method, accepted by more sites than any other.

Cons If there's a dispute with a merchant over a return and you have linked your PayPal account to your checking account, you must go through PayPal's dispute process. If the decision isn't in your favor, there's little recourse. But linking to a credit card allows you to go through your card issuer to get a refund.

Mobile phone app? Yes; go to paypal.com/mobile for details.

Bottom line This is useful especially if you're buying on eBay, where some smaller sellers don't accept credit cards. But link to your credit card, not a bank account.

Bill Me Later

How it works You provide your date of birth and the last four numbers of your Social Security number. Bill Me Later will run a credit check. If you qualify, the service will pay the seller and send you a bill for the purchase price. Depending on the merchant, you have 25 or 90 days to pay before accruing interest (typically a hefty 19.99 percent).

Pros You can buy now and pay later, as with a credit card.

Cons The credit check the service does could ding your credit report if you have had a lot of other credit inquiries lately so you might not want to use this service if you plan to apply for a loan in the near future. Also, you must pay online from your checking or savings account. Bill Me Later does not accept credit cards.

Mobile phone app? No.

Bottom line This is a convenient way to get free financing for a limited time. But make sure you pay the bill when it's due or you'll face stiff interest.

Google Checkout

How it works Similar to PayPal, but you can't link to a checking account (you can link to a debit card).

Pros Unlike PayPal, Google Checkout doesn't impose its own returns policy. Instead, you abide by the seller's policy. If you're not happy, sign on to Google Checkout, send the seller an e-mail, and then wait for the seller to authorize the refund.

Cons Accepted by far fewer sellers than PayPal.

Mobile phone app? Yes; go to checkout.google.com and click on "help" and "checkout for mobile."

Bottom line This is a good choice to save time at checkout with the merchants who do accept it, since once all the info is entered the first time, it's on record.



Twitpay

How it works Log in to your Twitter account, post a user message including the word "twitpay," the recipient's user name, and the amount. Twitpay alerts the recipient by sending a message with instructions for completing the transaction, which happens via PayPal.

Pros It's as fast and easy as any tweet, and you have the security of PayPal.

Cons Twitpay charges 5 cents for each twitpay over \$1, and recipients have to pay PayPal's user fee of 2.9 percent plus 30 cents.

Mobile phone app? Yes.

Bottom line As long as both parties are hooked up, Twitpay is an easy option.

COMING UP

Other new apps let you pay by mobile phone. Look for Zong, Boku, and Obopay. And rumor has it there'll be a new iTunes payment system.

STEP *three* Spot return gotchas

DON'T WASTE MONEY ON UNWANTED STUFF

Even the best buys don't always turn out the way you planned, and if you later learn that you can't do a return or that it's going to be more trouble than it's worth, it can cost you big time. So when you're shopping, factor in how easy it might be to return the item.

Most retailers have perfectly reasonable return policies (and many loosen them during the holidays), but some are better than others, and plenty are downright bad. We know because we researched the return policies of 88 popular online retailers and listed the best ones and the ones that stink at right. (The complete list is available at

ShopSmartmag.org.) We found that if a retailer has walk-in stores as well, the same policies generally apply.

To judge return policies, we reviewed things like time limits, restrictions on the types (and sizes!) of products you can return, restocking fees, and other catches. Some stores, such as Home Depot, won't take back stuff you ordered online.

Retailers that didn't make our "best" list have no serious gotchas, but there may be some restrictions, so always check return policies carefully. And if you're unsatisfied, don't be afraid to speak up. You might not be stuck after all.



SHOPPER CHECKLIST

- ✓ Be sure to include the gift receipt and as much original packaging as possible when giving someone an item purchased online.
- ✓ Check privacy policies and terms of agreement, not just the returns section of a retailer's site. Give the legal stuff a once-over, too. It's updated frequently.
- ✓ Always save receipts and credit card statements as proof of purchase.
- ✓ See whether there are restocking fees and/or return shipping costs. Some retailers require you to return items insured at your own expense.
- ✓ Check a retailer's Better Business Bureau rating at bbb.org for complaints related to returns or check online reviews.

QUICK WAYS TO JUDGE A RETURN POLICY

As you scan the policy, keep these two questions in mind:

How long do I have to return something? We found time limits as short as seven days, up to unlimited return times. Most of the retailers in our test came in around 60 days.

Will I get a full refund or store credit? If you're returning an online purchase to a walk-in store, you might get the latter. Also look for free return shipping of online merchandise.



15 best return policies

Bed Bath & Beyond
Bloomingdale's
Costco
Ikea
Kmart
Kohl's
L.L.Bean
Lands' End
Lowe's
Nike
Nordstrom
Piperlime.com
Sam's Club
Shoebuy.com
Zappos.com

8 runners-up

Ace Hardware
Bath & Body Works
Famous Footwear
Neiman Marcus
OfficeMax
Staples
Talbot's
Target

13 not-so-hot return policies

13 not-so-hot return policies	Biggest catches
Amazon.com	Strict limitations on what can be returned (no computers after 30 days, for example); 15% restocking fees for computers and fine jewelry.
BJ's	It has a great in-store returns policy, but the Web site is full of gotchas. And another catch: "bjs.com reserves the right at any time after receipt of your order, without prior notice to you, to supply less than the quantity you ordered of any item."
Bidz.com	You have only 15 days and there's a 15% restocking fee.
Bosco's	Lots of restrictions, especially on big items like mattresses, plus restocking fees on some items.
Buy.com	You have 30 days from the date your product left the warehouse to ship it back, regardless of when you actually received the item.
Dillard's	Keep your receipt or proof-of-purchase label and packaging or you might be out of luck.
Fingerhut.com	It's a huge pain to send something back after 30 days.
Finishline	No returns after 45 days, even if your shoes have a manufacturer's defect.
Home Depot	Some items cannot be returned and no online items can be returned in-store.
Macy's	Lots of limitations on items from furniture to jewelry (any rings besides women's size 7 and men's size 10.5 are considered custom and no custom sizes may be returned).
Office Depot	You have 14 days for electronics like computers and cameras. Furniture too.
Overstock.com	Lots of restrictions. For example, you can't return TVs over a certain size.
Smartbargains.com	Really strict on condition of the item to be returned; the package must be unmarked and not defaced to qualify for a full refund.

NOTE: All policies current as of August 2009. Policies are always subject to change.

WHAT ABOUT OTHER BIG RETAILERS' POLICIES?

Some of the season's busiest retailers made our lists, but what about other biggies? Walmart gives you 90 days for a full refund, except for electronics (you have 15 to 45 days depending on the gadget). Target recently made its policy more shopper-friendly, giving you 90 days for a refund with a receipt (some electronics have a 15 percent restocking fee,

though); no receipt and you can get an even exchange, up to \$70 worth of merchandise within a year. Sears also gives you 90 days to return most items, 30 days for electronics and custom jewelry, minus a 15 percent restocking fee on some items. Most big stores will take back stuff you bought online, but check fine print before you buy.

If you're shopping at an auction site like eBay or one like Etsy, where you're buying from an individual, not the site itself, be sure to find out the seller's return policy before you fall in love with an item—just in case!



ARE YOU A RETURNAHOLIC?

You may have heard that people who return a lot of merchandise might be blackballed by certain retailers. Is that true?

Afraid so. A company called The Retail Equation has patented technology called the Verify-1 Return Authorization System, which tracks consumer return behavior. That's why you're asked for ID when you return. Retailers look at the dollar amount of a customer's returns, number of items, attempts without a receipt, and so on.

So what return behaviors put you on the blacklist?

It depends on the retailer, but only the 1 percent of consumers who engage in fraudulent returns should worry. You can check out your returns info by sending an e-mail with your name and phone number to ReturnActivityReport@TheRetailEquation.com.