

## Mother Nature Puts a Damper on Consumer Confidence

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Consumer confidence suffered its biggest drop in 15 years this past September as Hurricanes Katrina and Rita drove up already steep oil prices, slowing consumer spending and raising shipping costs.

The drop in confidence has raised questions about consumer spending, especially with the holiday shopping season rapidly approaching. The hurricanes forced many oil refineries to close which has caused gas prices to skyrocket. In late September the cost for oil was above \$68 per barrel with gas costing \$3.00 or more per gallon.

How will this effect the holiday shopping frenzy? The National Retail Federation expects retailers to mark down prices early and often to lure cost-conscious customers, who are spending a bigger portion of their household budgets on gasoline and heating oil.

Luxury chains will likely continue with their normal pricing because their customers are less sensitive to rising fuel

costs. Internet sales may also benefit as shoppers cut down on long car trips to save on gas.

Fuel prices and consumer confidence are not the only factors to effect sale performance, employment rates as well as disposable income are also considered. However, due to this year's hurricane devastation, oil prices are an uncharacteristically high factor.

Gasoline in the consumer's car is not the only increased transportation cost. Retailers may have to contend with fuel surcharges on imported goods as well as higher costs for domestic freight and rail transport. Retailers will be reluctant to pass those higher costs through to consumers in what is shaping up to be a highly competitive holiday season.

The National Retail Federation trade group estimates that holiday sales will increase 5% to \$435.3 billion, a slowdown from last year's 6.7% growth rate.

*Source:*  
*Www.FOXNews.com, Holiday Sales Growth Seen Hurt by Oil, Katrina, 9-2005*



# PRESENT CENTS

HOW TO GET A MONEY-SMART  
HEAD START ON THE HOLIDAYS!



WEAKNESS	RATIONALE	RESOLUTION
Budget? What Budget?	Shopping during the holidays means lots of sales and great deals. Plus, it's the holidays and you are supposed to buy, right?	Create a detailed gift budget. That means planning ahead of time! Before going shopping come up with a true to budget list and then stick to it. Giving gift cards is a good way to control costs too. (check out the holiday budget guide on pg.7)
The 12 <i>months</i> of Christmas.	If you use your credit card today, it won't cost anything (at least not until interest charges start adding up).	Keep careful track of all credit purchases. Don't go overboard and try to pay off all balances immediately to avoid interest charges. It is true you don't have to pay anything at the time of purchase, but you will have to pay even more once the interest starts adding up!
Hurry! Hurry! Hurry!	You just want to complete your shopping and go home, so what's a few extra dollars?	If you are hungry, angry, lonely, or tired, then STOP shopping! Reschedule for a time when you are in a better mood. Call a friend or go on a shopping "date" to make the task more tolerable.
The gift of making amends.	You're not getting along with an old friend right now, but an extra-special gift will make everything right.	Consider what is really needed here. If you wish to make amends, have a heart filled talk with the person involved before the holidays. Or, just send an extra special card telling them how you feel.
The best for the best!	Your someone special has to have something Special.	Rather than trying to create the perfect gift by spending more money, draw on your imagination. Consider the person's hobbies and interests. Remember, it truly is the thought that counts.
And a little something for me.	You think no one's going to get you what you really want, so you buy yourself a treat.	If you feel like indulging yourself this way, you're experiencing holiday stress. Comfort yourself with something that isn't related to money-say, a hot bath or a favorite book.

## PINCHNIG PENNIES?

CHECK OUT :

"How To Spend  
Less on Groceries  
This Holiday  
Season"  
-page 6-



Source: Brenda Tabor, Present Cents, Lifestyle Magazine,  
November/December 2004

FOR ALL THE HOTTEST HOLIDAY GIFTS CHECK OUT:

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## How to Spend Less on Groceries This Holiday Season



The holidays are filled with opportunities to feast on home-cooked treats. From mom's famous sweet potato pudding to grandma's fudge and irresistible bon-bons, holiday food is always best when homemade. Whether you are baking for friends or cooking for an army, those holiday grocery lists add up fast. Here are 20 tips to help cut the cost of cooking this holiday season.

1. Always use a list and minimize the number of trips you take to the store.

2. Design the list based on store layout to save time and money.

3. Shop alone and avoid going to the store just before a meal.

4. Always check store ads and flyers for on sale money saving specials.

5. Take advantage of the always plentiful coupons and rebates.

6. Shop stores that double or triple coupons for greater savings.

7. Cold cuts usually cost less per pound at the deli-counter.

8. Save money on cheese: purchase blocks, slice and shred at home.

9. Purchase fresh, unpeeled, unwashed, unpackaged vegetables.

10. Purchase fruits and vegetables by the bag for best value.

11. Purchase milk by the gallon, versus quarts, for best value.

12. Bulk buy whenever practical and save on cost per ounce or pound.

13. Avoid using expensive cuts of meat in stews or casseroles.

14. Compare prices on fresh/frozen turkeys for more edible meat per pound.

15. Pre-packaged foods cost 10 to 20 times more than plain or bulk.

16. Purchase generic or store brands when practical and money saving.

17. Purchase fresh seafood in season to avoid higher prices.

18. Avoid the more expensive single servings and so called snack-packs.

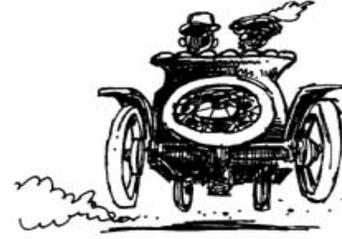
19. Purchase fruits and vegetables in season to avoid higher prices.

20. Items placed at eye level on shelves are often more expensive.





# Gas Saving Tips Put to the Test!



Edmunds.com, CNN’s automotive content partner, put to the test four gas saving urban legends. Fuel economy tips seem to be passed on from person to person until they lose their validity. Edmunds.com was very excited to reverse the trend and discover the truth. The goal was simple, to see what tips produced a measurable difference in fuel economy. “Measurable” means detectable by an ordinary driver and not a lab technician. Most people want to see an improvement that saves dollars, not cents. They drove two cars in eight 56-mile loops. Their route circled Owens Lake near Lone Pine, California, at the foot of Mount Whitney. This route was chosen because it was very deserted and speeds could vary without interfering with the flow of traffic. The cars used were the 2005 Ford Mustang GT and the 2005 Land Rover LR3 SE. The Mustang was a manual transmission and the EPA estimated the mileage at 15 mpg city and 25 mpg highway. The Land Rover was automatic and is estimated at 14 mpg city and 18 mpg highway. Both vehicles had V8 engines.

## **Test #1: Effect of Using Cruise Control**

### **Result: Big-Time Savings!**

Using cruise control “selectively” will definitely save you gas. This means not to use it in the mountains or on any type of steep-grade since the engine will automatically work harder to keep up to the selected speed. The two test cars were driven 56.8 miles once with the cruise control on and once by controlling the car manually. With the cruise control on, it was set at 70 mph. With the cruise control off, the car was kept at various speeds between 65 and 75 mph. The cruise control did two things. First, it smoothes out the driver’s accelerator input by keeping nervous drivers from “surging.” Second, it forces the driver to take the long view of the road instead of reacting to every change in the traffic.

<b><u>Land Rover</u></b>		<b><u>Mustang</u></b>	
With Cruise Control	19.6 mpg	With Cruise Control	23.3 mpg
Without Cruise Control	17.2 mpg	Without Cruise Control	22.3 mpg
<b>Percent Change</b>	<b>13.9 % Improvement</b>	<b>Percent Change</b>	<b>4.5% Improvement</b>

## **Test #2: Effect of A/C on and Windows Up vs. A/C off and Windows Down**

### **Result: Mixed**

While the air conditioning compressor does pull power from the engine wasting some gas, the effect appears to be fairly minimal in modern cars. And putting the windows down tends to increase drag on most cars, canceling out any measurable gain from turning the A/C off. It depends on what model you are driving.

- Continued on page 5-

-Put to the Test cont'd-

Both cars drove the 58.6 mile course two more times at 65 mph. The first loop was driven with the A/C turned on and the windows were rolled up. The second loop was driven with the A/C turned off and the windows were rolled down.

<b><u>Land Rover</u></b>		<b><u>Mustang</u></b>	
With A/C on, windows up	19.3 mpg	With A/C on, windows up	29.5 mpg
With A/C off, windows down	19.6 mpg	With A/C off, windows down	30.7 mpg
<b>Percent Change</b>	<b>1.6% Improvement</b>	<b>Percent Change</b>	<b>4.1% Improvement</b>

**Test #3:Lead-Foot Driving vs. Feather-Foot Driving**

**Result:Major Savings Potential!**

From all the testing, the most successful method for saving gas is: you! Don't mash the gas pedal when you stop and start. Take the long view of the road and brake easy. This tip alone can save you unbelievable amounts of gas. Both cars drove the loops as before, once by accelerating aggressively 15 times at three-fourths throttle from zero to a cruising speed of 75 mph. The brakes were also applied hard as if coming to a stoplight. In the second loop, the cars accelerated moderately 15 times at one-fourth throttle to a cruising speed of 70 mph and then braked lightly to a full stop.

<b><u>Land Rover</u></b>		<b><u>Mustang</u></b>	
With Lead Foot	14.1 mpg	With Lead Foot	18.1 mpg
With Feather Foot	19.1 mpg	With Feather Foot	23 mpg
<b>Percent Change</b>	<b>35.4% Improvement</b>	<b>Percent Change</b>	<b>27.1% Improvement</b>

**Test#4:Low Tire Pressure vs. Properly Inflated Tires**

**Result: Important For Many Reasons**

It is very important for a number of reasons to have properly inflated tires. A car with properly inflated tires is less likely to fail at high speeds. The tires wear more evenly and they do deliver better gas mileage. In this test there was a modest but noticeable difference. It might have been more dramatic if the test was conducted at a lower temperature, it was 108 degrees Fahrenheit on the day of the test and the tires would not cool enough to stay significantly underinflated.

<b><u>Land Rover</u></b>		<b><u>Mustang</u></b>	
Underinflated Tires	20.5 mpg	Underinflated Tires	23.7 mpg
Properly Inflated Tires	21.4 mpg	Properly Inflated Tires	23.7 mpg
<b>Percent Change</b>	<b>4.4% Improvement</b>	<b>Percent Change</b>	<b>0% Improvement</b>

\*\*\*Edmunds.com felt that because of the high temperatures the tires were never sufficiently underinflated enough to show a difference. Even though the tires were deflated by 5 psi when cold, the high temperatures brought them back to the required inflation level.

Source:  
Phillip Reed and Mike Hudson, We Test  
The Tips, [www.Edmunds.com](http://www.Edmunds.com)



## Trying to Save During the Holidays? Every Penny Counts!

### -Here Are 12 Ways to Beat the High Cost of Dining Out-



1. Keep an eye out for coupons! Even nicer and pricier restaurants will send out an occasional coupon. Read coupons carefully, often there are special times when the discounts are available. If you eat out a lot, it may be worth the money to buy a book of coupons or a school spirit card, found now and then through different organizations.
2. Many restaurants have “clubs” you can join which will give you a discount for your birthday or other special occasions. Take advantage of them!
3. Look for daily specials. Sometimes they are not obvious, but many restaurants have them. If they are not on the main menu, look around for signs or flyers. Or ask your server, they will be glad to help since most of the time they get special incentives for selling specials. New or recently opened restaurants often offer specials to bring in new customers. Don't be so loyal to your old habits that you won't try them out. You could get a great meal at a great price!
4. Go early-or late, depending on your perspective. Go while they are still serving lunch, since lunch is often cheaper than dinner for the same meal. If you get there a few minutes after “lunch time,” ask if you can get lunch anyway, or just stick to a few appetizers.
5. Even cheaper than lunch is breakfast! A hearty breakfast will keep you full and provide you with enough energy to keep you shopping all day.
6. Vegetarian and ethnic foods are usually less expensive. Authentic ethnic restaurants usually have good food cheaper. Don't confuse “authentic” with “well marketed.”
7. Eat what is locally available. In Maine you'll get lobster cheaper than in Arizona, and in Colorado steak is cheaper than in New York City.
8. Just like in the grocery store, eat in season. Some restaurants have seasonal specials like apple pie in the fall or shrimp in the summer.
9. Children and senior citizens are often given discounts or allowed to order from special menus which give smaller portions at a lower price. Since most restaurant portions are large, see if you can order from that menu or even order a half portion of the regular dish.
10. Split an order. Since portions are large, order one portion and share it. Some restaurants will simply bring you an extra plate, but some may ask for a split fee. In this case most of the time you get a little more food too.
11. Ask for a to-go box and take home anything that is not eaten. If there is a bread basket or chips, take what is left over from that, as restaurants have to throw it out, anyway.
12. Avoid tourist oriented or high profile restaurants. Locally oriented and locally run restaurants are generally less expensive.

*Source:*

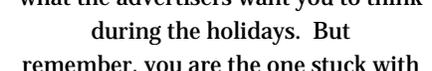
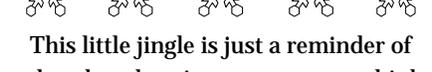
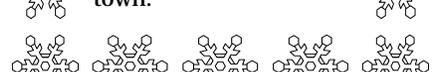
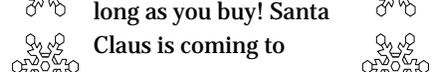
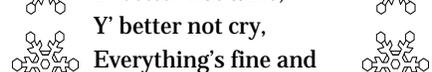
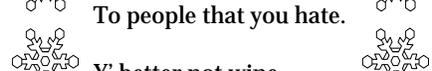
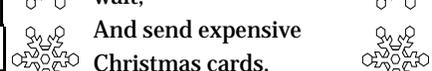
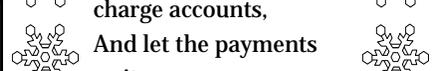
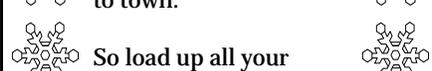
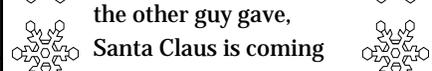
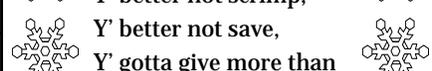
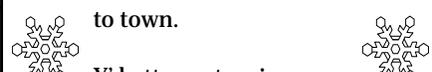
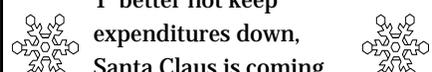
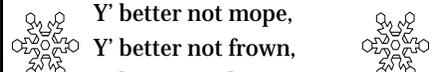
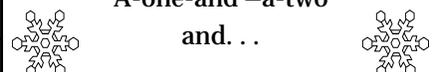
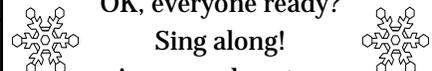
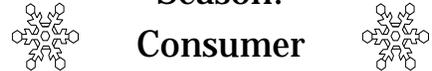
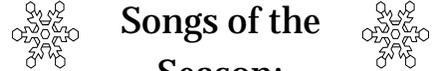
*Pat Veretto, Restaurant Dining in (Frugal) Style*

# Holiday Spending Budget

Before going out to shop, write out an itemized holiday budget! Use the chart below as a starting point. Plan on one or two gifts per person before you get swept up in the temptations at the mall. Having a few affordable ideas on paper will help you stay focused and on task!

Gift For:	Gift Choices:	Estimated Cost:	Stores:	Price Paid:
				\$
				\$
				\$
				\$
				\$
				\$
				\$
<b>Total Gift Budget</b>				<b>\$</b>

Other Holiday Costs:	Estimate:	Amount Paid:
Decorations	\$	\$
Tree	\$	\$
Cards/Stamps	\$	\$
Gift Wrap	\$	\$
Entertainment/Food	\$	\$
Donations	\$	\$
Travel	\$	\$
Gifts (from above)	\$	\$
<b>Total Holiday Spending:</b>	<b>\$</b>	<b>\$</b>



## Songs of the Season: Consumer Carols

OK, everyone ready?  
Sing along!  
A-one-and –a-two  
and. . .

Y' better not mope,  
Y' better not frown,  
Y' better not keep  
expenditures down,  
Santa Claus is coming  
to town.

Y' better not scrimp,  
Y' better not save,  
Y' gotta give more than  
the other guy gave,  
Santa Claus is coming  
to town.

So load up all your  
charge accounts,  
And let the payments  
wait,  
And send expensive  
Christmas cards,  
To people that you hate.

Y' better not wine,  
Y' better not cry,  
Everything's fine and  
long as you buy! Santa  
Claus is coming to  
town.

This little jingle is just a reminder of what the advertisers want you to think during the holidays. But remember, you are the one stuck with all the debt after December 31st!

**Comments and Requests**

Today's Consumer is written primarily for the staff of UC Cooperative Extension. It is available to readers outside of Cooperative Extension for a subscription fee. Send comments and requests to me at: Cooperative Extension, University of California, Riverside, CA 92521; 951-827-5241.

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