



04 August 2023

FEATURE

Navigating Price Hikes: Making Smart Consumer Choices and Embracing Self Initiatives for Financial Resilience

The recent increase in the Value Added Tax (VAT) in Fiji has sparked concerns among consumers as the cost of goods and services has increased. The VAT increase is a measure aimed at generating revenue for the nation's development, but it also has implications for consumers who will now have to manage their budgets more effectively. In this article, we explore how consumers can adapt and change their behaviour to respond to these increased costs, ensuring financial resilience and stability in the face of economic challenges.

Understanding the VAT Increase

The Fijian government's decision to raise the VAT rate has implications for the entire economy, affecting businesses and consumers alike. The 6% VAT increase translates to higher prices on a wide range of products and services, putting pressure on household budgets and leading to an overall increase in the cost of living. With this in mind, consumers must embrace smarter behaviour to navigate the impact of the VAT hike effectively.

Hence, it is critically important for consumers now more than ever to practice innovative ways to stretch their dollar and spend consciously. Unfortunately, there will be areas where we cannot control budget impacts. However, there are other effective measures consumers can employ to cope with the increased prices.

1. Create a Comprehensive Budget

The first step towards coping with increased prices is to create a comprehensive budget. Review your current income and expenses, taking into account the rise in prices. Identify essential items and prioritize spending on necessities. Creating a budget will help you allocate your funds more effectively and avoid unnecessary expenses.

2. Prioritize Needs over Wants

With rising prices, it becomes crucial to prioritize needs over wants. Differentiate between essential and non-essential purchases and focus on acquiring items that are essential for daily living. By reducing discretionary spending, consumers can make room for important expenditures and ease financial stress.

3. Shop Wisely and Compare Prices

Comparison shopping is an effective strategy to cope with increasing costs. Before making a purchase, research prices from different retailers or suppliers. Take advantage of discounts,



promotions, and loyalty programs to save on regular purchases. Additionally, consider buying in bulk for non-perishable items to save money in the long run.

4. Embrace Sustainable Living Practices

Sustainable living not only benefits the environment but can also help consumers save money. Implement energy-efficient measures in your home to reduce utility bills. Practice water conservation and recycling to lower expenses further. By adopting sustainable practices, consumers can contribute to both their financial well-being and environmental preservation.

5. Look for Value in Local Products

Supporting locally produced goods can have a positive impact on the local economy and consumers' budgets. Local products may offer better value for money compared to imported alternatives due to lower transportation costs. Additionally, buying local helps foster community development and creates a sense of social responsibility.

The above tips would help consumers curtail some of their controllable costs to deal with the increase in prices of good and services. In addition to this, one of the major daily costs for consumers is on food. Hence, this should be one of the areas consumers reassess to identify ways they can stretch their dollar. This section of the article explains how consumers can do exactly this.

Tips for Stretching Your Food Dollar

One of the first major overhaul in their spending consumers must do is detailed planning of food expenditure and ensuring that they strictly control their impulses. As consumers, you can do this by:

When going out shopping

- Conducting an inventory of what you have on hand in your pantry, cupboard and freezer and planning kitchen menu for the week ahead. Based on this, you can prepare the grocery shopping list. By strictly sticking to this list, consumers can ensure they do not overspend and only buy what they need;
- Shopping with a full stomach. When you are hungry, everything looks good hence, promotes impulse buying;
- Shopping alone if possible. Children can add things to your cart which you will not find until you are in the check-out line, putting you over budget;
- Timing your shopping trips to coincide with in-store specials. Refer to advertisements on social and mainstream media; and

Adopting Good Shopping Strategies

Apart from the tips listed above, consumers should also develop personal shopping rules and strategies to avoid over-indulging while shopping. Consumers should:

- Shop infrequently. The less time you spend in the store, the fewer temptations you will discover, minimizing purchases and saving travelling costs over more frequent trips;
- Adopt the mantra “get in and get out”. Stores play nice music to encourage you to relax, spend more time shopping, and buy more;
- Avoid “end cap” or checkout line impulse buys. “End caps” are displays set up at the ends of the aisles, or at the checkout that feature premium brands. Walking down the aisle may net you a less expensive option;
- Watch for “best by” and “use by” dates. As these dates approach, you will almost certainly see the item discounted; and
- Know the Price Points. Knowledge is power when it comes to saving money on your groceries. Do you know how much you typically spend on rice or flour? If you do not, then you will not be able to know if you are getting a good deal.

Making most of what you already have

Employing smart consumer tips is not always enough to ensure that you get your money’s worth. Even after the shopping phase consumers need to be mindful of how they cook, use and store product as these factors are related to food wastage and spoilage. For instance, according to the US Natural Resources Defense Council, a four-person family could lose at least \$1,500 per year on wasted food. Keeping this in mind, consumers can practice the following tips:

1. Store food wisely

Use the ‘first-in first-out’ rule; move older products to the front of your cupboard or fridge and new ones to the back. Doing this will ensure that you are able to use products before its expiry or spoilage.

2. Love your leftovers

If you do not eat everything you make, freeze it for later or use the leftovers as an ingredient in another meal. However, as preparing meals is a daily activity, you should be able to estimate the quantity of food required by your family per meal. This will assist in ensuring that you do not cook more than what is required.



3. Grow your own

The constant lockdowns and restrictions during the COVID-19 pandemic reminded us the importance of eating healthy and staying active. As a result, many took up home gardening. However, as things begun to normalize, we seem to have forgotten about the importance of home gardening. Consumers must adopt home gardening again to fight the increases prices of food items.

Home gardening is one of the most ideal ways to cope with the rising food prices. By doing home gardening you will:

- Save hundreds of dollars each year which would otherwise be spent on buying vegetables, processed food and takeaways;
- Stay healthy as it involves vigorous physical activity;
- Earn a few extra bucks by selling the excess that you may have; and
- Get fresh and nutritious fruits and vegetables daily which are free of chemicals.

Consumers are encouraged to exercise their right to redress and to report any unscrupulous traders or service providers to the nearest Consumer Council Office or contact the Council on toll-free number 155 or lodge a complaint using the Consumer Council of Fiji mobile app.