



How to
**Eat Like a King
for Half the Cost**





How to Eat Like a King for Half the Cost

By Ted Bauman, Editor, *The Bauman Letter*

THOUGH few people realize it, America passed an enormous milestone in the last few years. We collectively spent more than \$100 billion on eating and drinking!

The U.S. Commerce Department, in its Consumer Expenditure Survey, and statisticians at the U.S. Census Bureau, track this sort of thing on a yearly basis. And it says a lot about how we spend our money these days, and where we can save significant amounts of money, too.

Back in 1992, Americans spent about \$44 billion a year on food — \$28 billion a year eating at home, and \$16 billion eating out. Over the next two decades, those numbers grew in steady fashion. The \$100 billion mark, crossed in late 2014, came with another important threshold: For the first time, we spent slightly more money in restaurants and other public eateries — \$40.475 billion — than the \$40.466 billion spent buying food for our own home kitchens.

No matter how you slice and dice it, that's a lot of salad, wraps, sushi, chops, burritos, coffee, wine and spirits.

Are you ready to save a little something, whether you're eating out or eating in? Are you ready to cut your food bill in half and still eat like a king? Let's get started!

Chop Your Grocery Store Bill in Half

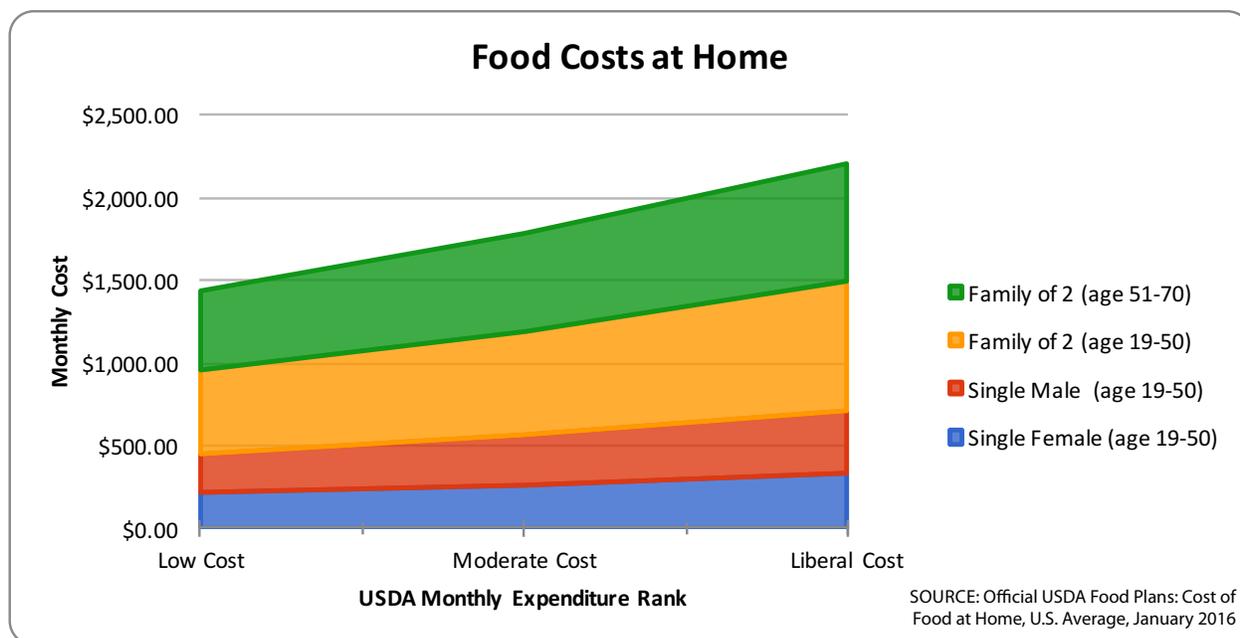
Let's just give ourselves a little perspective on what we spend at home each month, just for starters. How much we spend depends in large part on our gender, age and the size of our household. Just take a look at the information below, which comes to us from the United States Department of Agriculture.

The main point here is that there's always room to shave costs here and there in a big way with your grocery bill — and still prepare healthy, satisfying meals at home.

Have a Dollar Figure in Mind — and Track It to the Dollar When You're at the Store

It almost sounds too simple: Have a specific dollar amount in your head when you enter the store — and bring a calculator (or use the one you probably have on your smartphone) to subtract your food and beverage costs while you're moving up and down the aisles.

It's simple — but true. Supermarkets operate in a way that's not all that different from a casino (or any other



retail establishment, for that matter). They're all set up to strategically separate you from your money, and appeal to your emotions so you have every possible incentive to spend more than you should.

Retail chains such as Kroger, Whole Foods and all the others, give great consideration to the placement of each and every section. It's all designed to make you linger and look at the nicely arranged displays of baked goods, fresh vegetables and packaged goods. And it's all set up in hopes that you'll pick up an item and think: "Oh, what the heck. It won't hurt if I splurge just a little."

Just how much "impulse" buying happens is a matter of debate. Some experts believe that up to 60 to 70% of grocery store purchases are unplanned. Others place the number closer to 20%. Either way, it amounts to a lot of money. Think about it. It means a single person spending \$300 a month at the grocery might needlessly spend anywhere from \$60 to as much as \$150 a month!

That's why keeping your calculator handy is a great strategy. You're a lot less likely to throw caution (and your grocery budget) to the four winds as you watch your costs grow right there in black and white on your screen.

Don't Buy the Prepared (or Pre-Cut) Foods

Perhaps you've noticed that the front sections of many new supermarkets look more like restaurants than stores? Here's why: Prepared foods carry a much higher profit margin. And once again, it's all about the layout of the store encouraging you to think with your stomach instead of your wallet.

Your friendly neighborhood supermarket is hoping that you, en route to the meats and poultry section, will instead pause in front of a deli case and think to yourself: "Why bother cooking a package of chicken at home when I could buy one, already prepped, cooked and steaming hot, right now?"

Just keep thinking to yourself: "Convenience has its cost — and I'm not prepared to pay."

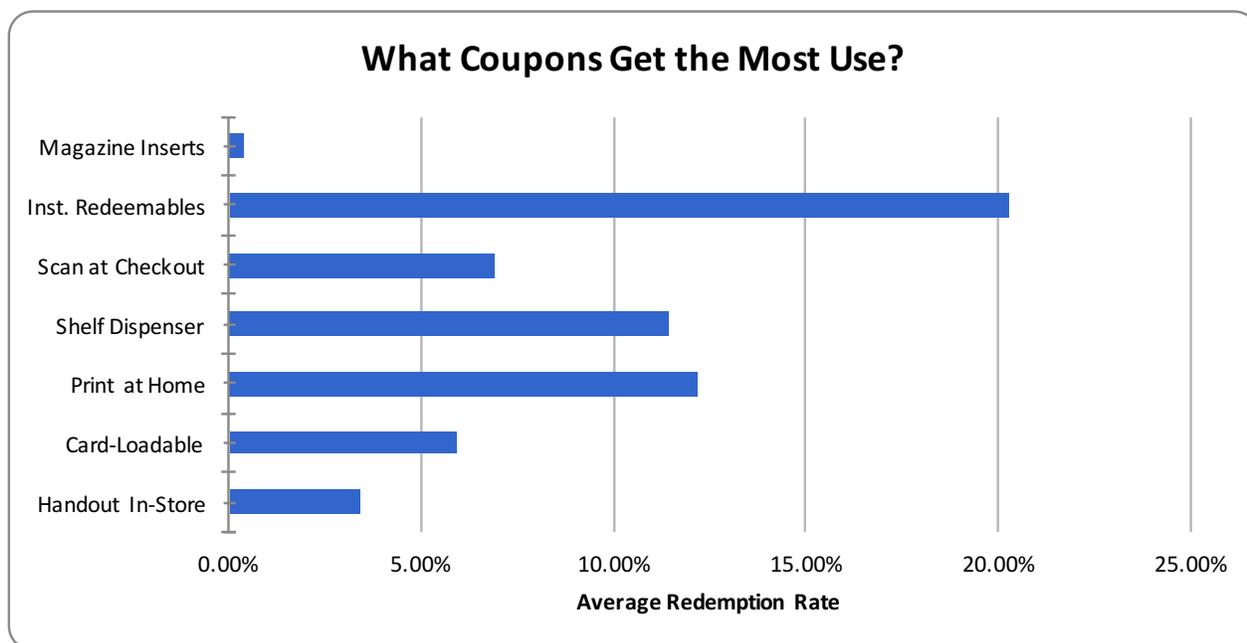
The hot food and fresh sandwiches in the deli case are designed for maximum profit. If you're serious about cutting your grocery bill, skip this part of the store and save the money.

It's the same for pre-cut fruits and already-washed packaged salads. It's a little more work, of course, to wash and chop these items yourself, but once again, supermarkets are playing to the idea of convenience (and charging you a hefty premium for what amounts to a minute or two of time savings).

Use Coupons

This is another of those “how to save” categories that seems like it ought to have a “Duh!” at the end. Yet it’s surprising how few people, relative to the millions of shoppers out there, actually use coupons. For instance, the coupons that tend to be redeemed most often by consumers are so-called “instant redeemables,” which you can find attached to the labeling of a package or can. Manufacturers hope you’ll peel off the coupon, and then buy their product a second time, but now you’ve just saved a little money doing so.

Yet even with instant redeemable coupons, people only use them about 20% of the time. If you think about it, that means that the other 80% of the time, people are literally throwing away the chance to save money!



Where do you find coupons? Newspapers and magazines used to be the biggest venue for clipping coupons. You can still find them today, but many people miss the opportunities with Internet-printable coupons, which you can find on your local grocery store’s website, as well as sites such as coupons.com, retailmenot.com and smartsource.com.

We all use our smartphones for everything today, and coupons are no exception. You can find any number of free apps for mobile coupons on iTunes as well as Google Play. It’s easy, fast and convenient — your cashier typically just scans the barcode displayed on your phone’s screen and that’s it — instant savings.

Avoid Name Brands, Buy Store Brands

There’s a reason why big food companies advertise so much on television, on billboards, in magazines and on the Internet: They want to convince us that there is no substitute for the food product they’re selling.

For example, Nabisco makes Oreo cookies. A big chain like Walmart sells a 14-ounce package of Oreos for about \$3. On the other hand, you could buy a store brand (let’s call them Oreo equivalents) for \$2, so you could save \$1 just on a purchase of cookies! Imagine if you multiplied that by the one or two dozen other items you might purchase on a weekly run to the grocery store.

According to researchers at Consumer Reports, you’ll save on average about 25% whenever you buy a store-brand product instead of its more well-known name brand.

What about the taste? Well, that's a very personal thing — only you know what name brands you just can't do without. But back in 2012, Consumer Reports' trained tasters did a series of blind tests, comparing store brands against name brands in 19 different kinds of staple foods. In more than half those tests (10 times) the tasters couldn't discern a difference between the two.

So if you haven't given store brands of your personal favorite foods a try yet, perhaps now is a good time. Your wallet will thank you.

Try Different Grocery Stores

We're all creatures of habit. We tend to wind up visiting the same one or two stores most of the time for a handful of important reasons. Maybe it's closest to our home or apartment. Or the parking is better, or the floor layout is nicer and cleaner ... you name it.

Yet if you don't mind diversifying among the supermarkets you visit, it may take a little more time, but you'll likely come away with huge savings as your reward.

The reasons are many. For one, most supermarket managers are constantly monitoring their competition in your local area, looking for an edge in their product pricing. If one store has a particular brand of coffee at a higher price, then chances are its competitor a handful of blocks away may well have the same brand knocked down in price in hopes of drawing in more customers.

Also, the supermarket business used to be primarily regional in its approach. Each supermarket chain tended to dominate in a particular area or region of the country. But the emergence of Costco, Wal-Mart, and in more recent years, Trader Joe's and super-discount chains like Aldi — has led to intense pricing competition. The savings can be substantial if you're willing to widen your list of shopping choices a bit.

For instance, in 2015, a group of researchers from BusinessInsider.com bought 34 items from an Aldi store in Richmond, Virginia, and then an identical set of products from a nearby Wal-Mart. The products at the Wal-Mart rang up at \$115.86, while the same basket of goods from Aldi totaled \$89.48 — a savings of nearly 23%!

Moral of the story? It pays to shop around, compare prices and buy where you know you're getting the best deal.

Buy From Online Grocers

In recent years, online-only retailers have expanded aggressively into supplying groceries to net-savvy customers. For instance, in 2013, Amazon began offering same-day and early-morning deliveries of fresh foods to customers in much of the Los Angeles metro area, and later expanded its availability to sections of New York City, San Diego, San Francisco and Philadelphia.

Other online retailers carry names like Jet.com, FreshDirect and NetGrocer. The availability of these services, as well as their costs and delivery options, all vary greatly depending on the location of the retailers' respective distribution warehouses and the location of your own home.

But online grocery shopping is something you'll want to look into if you're serious about saving money. Not only are online retailers getting into the act, but chances are your local grocery store chain may also have an online service.

For instance, in 2014, *The Wall Street Journal* sent out a team to look at online grocery options in six U.S. cities (New York, San Francisco, Indianapolis, Chicago, Seattle and Los Angeles). The most interesting thing discovered by their team was that, in a few of their surveyed cities, it was actually cheaper in some cases than

going to a physical supermarket (or much less, when you consider the time, hassle and expense of gasoline it takes to visit the store).

But if you want to go this route, remember there's a plethora of different options, in terms of membership prices and whether there's a fee for delivery of your grocery package or not. For many people, the simplest option is only shopping for specific items that they want — but know are much more expensive to buy in a physical store.

Eating Out for *Less*

Let's face facts. Many of us love eating out. It can be fun and entertaining. It means more variety compared to our "same old, same old" meals cooked at home. You can't beat the convenience. And ... no dishes to wash.

Unfortunately, it also means an even bigger hit to our wallets. Just check out Zagat's 2015 Dining Trends Survey in the accompanying table. Nationally, Americans spent nearly \$40 per person to eat out. But remember, that's the average across all metropolitan areas, and across all kinds of restaurants (from the most expensive four-star chef's palace to a plain-potatoes American diner).

But there are simple, effective ways to lower the cost of eating in our favorite restaurants.

The Average "Per Person" Cost of Dining Out			
National Average: \$39.40			
<i>Highest Costs:</i>		<i>Lowest Costs:</i>	
New York City.....	\$48.15	San Diego	\$34.10
Boston	\$42.24	Dallas/Fort Worth.....	\$30.34
Miami.....	\$41.35	Austin.....	\$25.81
SOURCE: Zagat 2015 Dining Trends Survey			

Menu Strategies 101

Savvy restaurant owners design their menus with the same goal in mind as a grocery store's floor layout: to get you to spend as much as possible. So keep in mind these tips the next time you examine your favorite eatery's bill of fare...

• **Skip the side dishes.** Restaurants love to push side dishes on their customers, and why not? It might cost a restaurant a grand total of 50 cents in food cost and staff preparation time to rustle up a basket of French fries.

And they'll turn around and sell the same as a side dish for \$4. A side dish of vegetables has a similarly high markup (see the adjoining table for the biggest, most profitable "markup" items on a menu). The markup flows directly to the restaurant's profit margin. Instead, look for menu items where an equivalent side-dish serving is already included in the cost of the meal.

• **Appetizers.** Here are two ways to think about appetizers and save: If you're dead set on ordering a main-course menu item, then skip the appetizers altogether.

Studies show that these tasty little bits of finger food can add up to half or as much as two-thirds of your total restaurant bill! Instead, fill up on some of the free stuff that the restaurant brings out, like a basket of bread, while waiting for your main course to show up.

You can also do the opposite — and still save a lot of money. By ordering a few appetizers at the beginning of the meal, you would likely be filled up enough to easily skip ordering your main course.

• **"Single shot" menu ordering.** Restaurants love it when people sit down and order everything ... the appetizers, the side dishes, drinks and the main menu items ... all at the same time. Yes, it gives them more time to prepare all the food for your meal. But it also means that you may well be ordering a lot more food than you really need or want.

Some people find it more effective to order their appetizers first. Often, they're not so hungry afterwards and skip ordering the main course (or order a smaller portion, if available, instead).

Top 6 Biggest Restaurant "Markup" Items	
Soda	Fountain drinks sell for 20 times what the restaurant pays for flavorings and CO2 tanks.
Bottled Water	Restaurants typically charge \$3 or more for a bottle of water that may cost them 40 or 50¢.
Tea	A cup of hot tea can fetch \$2 or \$3 in a typical restaurant, but a teabag costs only about 35¢.
Potatoes	Restaurants have no difficulty in charging \$5 for a baked potato, with an average cost of just 65¢.
Pasta	Most restaurants make up pasta dishes between six and ten times their cost.
Pizza	A large cheese pizza retails for \$16 to \$20, yet only costs about \$2.50 to make.
Salads & side vegetables	A mixed green salad with dressing that adds \$8 to \$10 to a dinner tab generally costs the restaurant an average of \$1.60 to make.

SOURCE: Restaurants.com

- **Say "Yes" to House Wines and Liquor.** Branded liquors are more expensive than house liquors. So if you're going to order a mixed drink of some kind, you'll automatically pay more if you specify (or the server suggests) a brand-name product. Instead, ask for the unbranded house version of the spirit you want in your drink. Your wallet will thank you when it comes time to setting up your bill.

- **Coupons and "days of the week" add up to savings.** You know how there are certain days of the week when it's more expensive to fly on an airplane? It works the same way with restaurants.

Fridays and Saturdays are peak times. Other days of the week are less busy. That's why restaurants often have menu deals and other promotional efforts, to help fill their tables during these typically slow periods. So it pays to check a restaurant's website, or call up and ask for menu specials that will save you money.

Often the same restaurant will have two different sets of prices for the same meal at different times of the day. For instance, if you go to your favorite restaurant early, say during the happy hour period between 3 p.m. and 7 p.m., you can often order the same kinds of entrees, but without paying the big entrée prices that come with eating during the peak 7 p.m. to 10 p.m. dining period.

Coupons are another great way to save, and one that many people never take advantage of. Websites like Couponsherpa, Groupon and others have plenty of deals listed on their Web pages each day. All you have to do is see which one you want, print it out and remember to take it with you to the meal.

- **Double check the bill and its gratuity charge:** Restaurants (at least good restaurants, anyway) tend to be busy places. So sometimes menu items are ordered — but never delivered. Did the server also forget to take that undelivered menu item off the bill at the end of the night? Some restaurants these days also include a 10% gratuity automatically on their bill. But perhaps the waitstaff "forgets" to mention that fact. These are but a few of the ways that people wind up paying more than they should at a restaurant meal. So do yourself a favor and read your bill carefully before you plunk down your cash or credit card.

- **Food sharing.** When the server comes out, suggest that you're not hungry enough to order a main course item for yourself, but could you share a main course item with your dining partner? Chances are the restaurant will charge you just a bit more — but you'll save a lot by not having to pay for a second entrée that you really don't want.

- **Save by ordering "takeout."** For really savvy-minded diners, ordering your food as takeout is one of the best ways to save. You call in your order, stop by to pick it up, then eat it in the comfort of your own home. There's

no gratuity to pay. There's no bar bill to tab up. Best of all, you'll tend to skip ordering the most profitable parts of a restaurant menu — the appetizers, side dishes and desserts. You'll get all the pleasure and benefit of eating out, and all the savings of "eating in" at your own dining table.

The Rest Is Up to You

By now, you are probably starting to see just how big the possibilities are to save money on your food bill each month! It doesn't matter whether you eat out a lot, or prefer to cook in your own kitchen; the fact is there are many options available to you to pay a lot less, cut your bills dramatically and still eat like a king.

So start adopting some or all of these techniques today. Stop putting so much of your own money in the hands of grocers and restaurateurs, and keep more of it in your own wallet.

Kind regards,

A handwritten signature in black ink, appearing to read 'Ted Bauman', followed by a long horizontal line extending to the right.

Ted Bauman, Editor
The Bauman Letter



The Sovereign Society

55 NE 5th Avenue, Suite 200

Delray Beach, FL 33483 USA

USA Toll Free Tel.: 866-584-4096

Email: <http://sovereignsociety.com/contact-us>

Website: www.sovereignsociety.com

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