

PROFILING THE FRUGAL CONSUMER

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Abstract

The need for marketers to understand non-consumption, as well as consumption, has recently been recognised, with research being undertaken in areas such as frugality and voluntary simplicity. This paper contributes to our understanding of non-consumption by profiling New Zealand consumers in terms of their responses to Lastovicka et al.'s (1999) measure of frugality. Findings indicate that frugality may be best viewed as a lifestyle choice, with significant associations observed between respondents' frugality scores and a range of attitudes and behaviours. Comparisons are also made with findings from work in the related area of voluntary simplicity.

Introduction

Recent years have seen increasing recognition among consumer researchers of the need to understand non-consumption as well as consumption (Gould, Houston and Mundt 1997). Gould et al. (1997) suggest non-consumption may be due to ongoing satisfaction with previous purchases, habit, inertia, failure to remove impediments to consumption or self-reliance. Two related areas of research where the focus is on why people may choose not to consume are frugality (e.g. Lastovicka, Bettencourt, Hughner and Kuntze 1999) and voluntary simplicity (e.g. Craig-Lees and Hill 2002; Leonard-Barton and Rogers 1980). Lastovicka et al.'s work is one of the few attempts to operationalise the concept of frugality and measure it in a consumption context, although Gould et al.'s (1997) description of self-reliance as a reason for non-consumption shares some similarities with what others have termed frugality. While contemporary Western consumer culture is primarily materialistic in nature, there have always been people who have pursued a frugal lifestyle. There are differing interpretations of the exact role of frugality, with it treated variously as a personality trait, single value or lifestyle construct. This paper aims to contribute to that debate and examine Lastovicka et al.'s conceptualisation of it as a lifestyle construct and takes their definition of frugality as "a unidimensional consumer lifestyle trait characterised by the degree to which consumers are both restrained in acquiring and in resourcefully using economic goods and services to achieve longer term goals". Thus, the research reported in this paper builds on the recommendations that Lastovicka et al. made for the direction of future research in the area. The relationships between consumers' frugality and a range of attitudes and behaviours as well as their demographic characteristics are examined.

Background

Despite limited attention from social scientists in general as well as marketing academics, frugality has long been associated with various individuals, social groups and religions. A number of perspectives on the concept are identifiable, ranging from the religious to that of 'self-help'. The latter in particular holds some relevance for consumer researchers, in that it suggests consumers will only achieve long-term goals through the denial of short term desires and the careful use of resources. Key publications in this area tend to treat frugality as a lifestyle and offer tips on consuming wisely (e.g. Dacyczyn 1992, 1995, 1997 cited Lastovicka et al. 1999).

Psychologists define frugality in a similar way (e.g. DeYoung 1986), although their perspective is that it is a personality trait, rather than a lifestyle. Various religions have long preached against giving in to materialist desires, for example Calvinism in the 1500s advocated frugality as a path to salvation, and thus frugality can be treated as a value.

A related area, but one that appears to have developed in parallel rather than jointly, is that of voluntary simplicity (VS). As with frugality, VS is not a new concept, with the term having first been coined by Gregg (1936). Voluntary simplicity is generally defined as "both a system of beliefs and practice, ...centred on the idea that personal satisfaction, personal fulfilment and happiness result from a commitment to the nonmaterial aspects of life" (Zavestoski 2002:149). While marketing practitioners have responded to the apparent increase in people choosing the VS lifestyle by urging consumers to "buy what they really want" (rather than necessarily consuming less), researchers in the area have been quick to point out that VS is a choice rather than enforced non-consumption for reasons such as poverty (e.g. Craig-Lees and Hill 2002; Zavestoski 2002). That is, rather than appealing to tightwads or those wanting to save the environment, VS is said instead to be a re-prioritising and reflect the "authentic self" or the "individuality of simplicity" (Kilbourne 1992:161).

Recent work has focused on understanding VS as a way of life and describing those consumers who choose the VS lifestyle, as one of the criticisms of writings in the area is that most are based on conjecture, with little "substantial investigation into individuals who voluntarily choose to live with less" (Craig-Lees and Hill 2002:188). One reason for the limited empirical research of those who choose the VS lifestyle may be due to the problems with operationally defining what is meant by VS. Attempts to develop measurement scales in the 1980s (e.g. Leonard-Barton 1981; Sharma and Wisenblit 1984; Sharma 1985) emphasised ecological values, despite recognition that the VS concept is wider than a desire to protect the environment. Behaviours measured included composting and recycling behaviour, second-hand purchasing and growing vegetables. At a similar time to the publication of Lastovicka et al.'s frugality measure, Iwata (1997, 1999) proposed a broader scale for measuring VS which included reference to impulse purchasing, materialism and desire for simple or complex products.

In their recent study of Australian VS lifestylers, Craig- Lees and Hill (2002) moved from attempts at scale development and took a qualitative approach, arguing that there was still a need for exploratory research in the area. Their sample selection was based on age (more of those who adopt the VS lifestyle seem to be baby boomers),

educational qualifications and income (previous literature having suggested that those choosing this life have the ability to earn a high income and are well educated.) Findings to emerge from their discourse analysis provide a rich picture of simplifiers in comparison to non-simplifiers. Focusing on consumption-related findings, simplifiers were more concerned with the functionality of utility items and branding and fashion were indicators more of monetary value as opposed to status. Consumption was consciously reduced in discretionary areas such as eating out, theatres/movies and travel. Books, music and visits to art galleries/museums were not seen as luxuries. With regards financial behaviour, fewer of the VS sample had investment portfolios or their own homes and financial security did not seem to be a concern. Perhaps reflecting the problems that have been experienced in developing a quantitative measure of this lifestyle choice, the VS group itself comprised of three smaller groups in terms of motivation, namely environmentalists, spiritualists and the self-oriented.

Despite the obvious commonalities, frugality and voluntary simplicity have their own streams of literature that don't appear to cross-reference each other. The distinction between the two is not immediately clear, although those working in the area of VS have apparently been quicker to accept it as a lifestyle choice, while frugality's role is less well-defined. One difference is the emphasis on non-consumption, with writings on frugality seeing non- or deferred consumption as a way to achieving long-term goals, while VS is portrayed more as an end in itself, rather than as a means to an end.

The objective of this paper then is to profile frugal and non-frugal consumers across a variety of aspects of their lifestyles and examine further the suggestion that frugality, as with VS, is best viewed as a lifestyle choice. In this way, the research reported here builds on Lastovicka et al.'s (1999) work in developing a scale for measuring frugality and specifically tests some of the propositions to emerge from their study regarding the association between frugality and a number of demographic and lifestyle characteristics. Additionally, by profiling frugal consumers, it enables some comparisons to be made with profiles of those who adopt the VS lifestyle.

Methodology & Findings

The opportunity arose to include Lastovicka et al.'s (1999) measure of frugality (see Appendix for items) in a nationwide survey of New Zealanders' consumption lifestyles. A mail questionnaire was sent out to 10 000 New Zealanders, with an effective response rate of 38% obtained. The resulting sample was checked against census statistics, which indicated that the sample was generally representative of the greater NZ population, although there was a slight under-representation of those over 65 years. A check for non-response bias was also undertaken and no significant differences were noted in responses. In addition to the items for Lastovicka et al.'s scale, a range of attitudes and behaviours were measured, as well as conventional demographic and socio-economic variables being included.

Analysis was initially undertaken to test the reliability of Lastovicka et al.'s eight item measure of frugality. A Cronbach alpha of 0.76 (2dp) was obtained, indicating moderate internal reliability for the scale and this was considered adequate for further analysis to be undertaken. Actual scores on the frugality index ranged from 9 to 40, with a median value of 29. The 10% of the sample scoring 29 were removed to

enable comparisons to be made between those with lower (42%) and higher (48%) levels of frugality. This method of performing a median split to examine contrasting groups is an accepted method that has been employed in many pieces of consumer research (e.g. Lawson, Todd and Boshoff 2001; Feick and Price 1987; Todd & Lawson 2002) and also has an advantage in that it avoids assuming potential linearity in relationships that is implicit in other tests such as ordinary correlation and regression.

Associations between the level of frugality and a number of demographic, socio-economic, behavioural and attitudinal variables were then examined. Table 1 provides a summary of all the significant associations observed ($p=0.000$).

Discussion and Conclusions

In their seminal article on the measurement of frugality, Lastovicka et al. (1999) proposed that future research should examine frugality both as a dependent and as an independent variable. Discussing firstly its role as a dependent variable, they note their failure to find a relationship between either frugality and age or frugality and income. Admitting themselves that this seemed somewhat counterintuitive, they recommended this as an aspect that required further investigation. Looking at the findings from our nationally representative sample, it is evident that a significant relationship was found between age and frugality, although this is not linear in that those aged between 25 and 29 years were actually even less frugal than their younger counterparts (aged 18 to 24yrs.) Other than that exception though, the general conclusion to be made from our research is that frugality is positively correlated with age. It is difficult to compare this with findings in the VS area (such as those of Craig-Lees and Hill 2002) because

Table 1: A profile of the frugal

<p>Demographically, frugal consumers are more likely to be... Older (least frugal are between 25 and 29yrs); Widowed, divorced or separated; Full-time homemakers or retired; Churchgoers; Unskilled</p>	<p>Financially, frugal consumers are more likely to have... Savings accounts; Family trusts; Shares; Own home debt free And less likely to use... Credit cards; Cash; Hire purchase; Retail charge cards; Medical insurance; Own real estate in addition to own home</p>
<p>Environmentally, frugal consumers are more likely to... Hold positive attitudes towards alternative forms of transport & public transport; Recycle regularly</p>	<p>Frugal consumers are more likely to... Undertake home renovations/DIY; Work in their garden; Have a vegetable garden; Do community or volunteer work; Participate in church activities; Give to charities; Do arts & crafts & knitting; Write a letter; Go to the library; Play a musical instrument; Listen to classical/chamber & country/folk music; Go to art galleries/ museums; Take more holidays And less likely to... Dine out as a family; Surf the internet; Buy on the internet; Buy CDs & magazines; Gamble; Send a text message; Play computer games; Go to the movies; Play golf; Go to aerobics; Exercise to keep fit or lose weight; Fly domestically or internationally</p>
<p>Frugal consumers are more likely to eat... Roast meals; Cooked breakfasts; Brown bread; Do home baking And less likely to eat... Fresh fruit; Salted nuts, potato chips, chewing gum & chocolate bars; Pre-prepared stir fries, cooking sauces; Continental style cheeses; Takeaways; Meals at cafes/restaurants; Drink wine, beer & soft drinks</p>	<p>Frugal consumers are also more likely to... Support government spending in a range of areas; Donate to Plunket & the National Heart Foundation (rather than the SPCA or Starship Children's Hospital); Shop for 'specials'; Think too much sex is used to sell things</p>
<p>Frugal consumers are more likely to own or be interested in owning.... Caravans; Musical instruments; Rice cookers; Electric woks; Electric frypans; Dehumidifiers; Popcorn makers; And less likely to own/be interested in owning... CD players; Car CD players; Auto clothes driers; Mountain bikes; Dishwashers; Video players; 2nd tv sets; Mobile phones; Internet connections; DVD players</p>	<p>Frugal consumers are more likely to describe themselves as.... Do-it-yourselfers; Striving to get the better things in life; Loyal to particular brands & shops</p>

no study has included a comprehensive range of ages. However, the literature does suggest that VS is a phenomenon associated with those from the baby boomer cohort. Our findings regarding income are consistent with those of Lastovicka et al. (1999) in that only a very weak relationship was found between income and frugality. Results were mixed regarding the direction of that relationship, although frugality was high among a group of higher income New Zealanders. This is congruent with work in the VS area, which postulates those who opt for the VS lifestyle are in fact financially capable of consuming at a higher level but consciously choose not to. No relationship was observed between level of education and frugality, which is not consistent with the VS literature, where a high level of education has been postulated as being positively associated with the choice of a VS lifestyle. Other associations observed regarding frugality as a dependent variable indicate that living frugally requires a

certain amount of time, in that it is stronger amongst those who indicate they are not employed outside the home. As mentioned in the review of related literature, frugality has been associated with various religions over many years, and it is thus perhaps not surprising to note that frugality is positively associated with church membership.

With regards frugality as an independent variable, Table 1 shows that frugal consumers differ from their non-frugal consumers in a number of aspects of their lives. Some of the results of this study clearly parallel those of Craig-Lees and Hill's (2002) study of 'simplifiers'. For example, visits to art galleries/museums and ownership of musical instruments were significantly higher among the more frugal. That no significant differences were noted between the frugal and non-frugal with regards buying or reading books is also consistent with Craig-Lees and Hill in that they are clearly not perceived as 'luxury' items that can be done without, unlike magazines which were much less likely to be purchased by frugal consumers. Consistent also with Craig-Lees and Hill is the finding that those scoring highly on the frugality measure were less likely to participate in activities such as dining out and going to the movies. Frugal consumers in our study indicate they take more holidays but these holidays seem more likely to be at relatively close destinations, with fewer indicating that they flew either domestically or internationally. Travel was one of the areas where Craig-Lees and Hill (2002) found simplifiers tended to cut expenditure. Our results regarding brands and loyalty are mixed, with frugal consumers indicating they shop a lot for specials but, at the same time, are loyal to particular brands and shops. Without further probing, it is difficult to know whether that loyalty is due to perceived value for money. In terms of payment, this study picks up on Lastovicka et al.'s suggestion that frugality may act as an independent variable determining different payment preferences. Results clearly indicate a disinclination to use any form of card or credit payment option. Food consumption is another area where the frugal and non-frugal differ significantly. It is evident that convenience is a low priority with the frugal (confirming the earlier suggestion that being frugal takes time) and, as Craig-Lees and Hill found in their VS study, food appears to fall into the 'luxury' category. With reference to Iwata's (1997, 1999) efforts to develop a measure of VS, vegetable gardening was positively associated with frugality.

While frugal consumers did indicate higher levels of 'environmentally friendliness' (e.g. recycling and attitudes towards alternative forms of transport), this was only one of many areas where they differed from their non-frugal counterparts, confirming the thoughts of those in the VS area that have stressed ecological values are only one of the motivations that drive the choice to opt for the VS lifestyle.

Overall, the broad range of areas where relationships were found with frugality gives support to Lastovicka et al.'s contention that it is a lifestyle trait. Parallels found with the limited empirical findings published regarding voluntary simplicity also suggest that further work is needed to look at both the commonalities and the differences in these two constructs. The area of non-consumption is one that has been relatively neglected by consumer researchers and yet understanding reasons why people choose not to consume would seem just as important and enlightening as looking at what motivates people to consume.

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Appendix

Measure of consumer frugality

If you take good care of your possessions, you will definitely save money in the long run.

There are many things that are normally thrown away that are still quite useful. Making better use of my resources makes me feel good.

If you can re-use an item you already have, there's no sense in buying something new.

I believe in being careful how I spend my money.

I discipline myself to get the most from my money.

I am willing to wait on a purchase I want so that I can save money.

There are things I resist buying today so I can save for tomorrow.

Source: Lastovicka, J., Bettencourt, L., Hughner, R. & Kuntze, R., 1999. Lifestyle of the tight and frugal: Theory and measurement. *Journal of Consumer Research* 26, 85-98.