



The etiology of the frugal consumer



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ABSTRACT

This study examines several psychological factors hypothesized as antecedents of frugality. Although external forces, such as downturns in economic activity, can promote frugal behavior, it is also likely associated with a syndrome of individual differences that are independent of economic conditions. These include values, personality characteristics, and other consumer characteristics. Our study used data from 256 U.S. consumers to test hypothesized relationships between frugality measured as a personality- or lifestyle-type construct characteristic embedded in the social psychology of consumption. We identified four key constructs as likely antecedents of frugality: materialism, status consumption, brand engagement, and consumer independence. The results showed that frugal consumers are less materialistic, less status conscious, and less involved with brands than other consumers, but are more independent from the opinions of others in their consumer decision making.

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1. Introduction

Lastovicka et al. (1999, p. 88) define frugality as “a unidimensional consumer lifestyle trait characterized by the degree to which consumers are both restrained in acquiring and resourceful in using economic goods and services to achieve longer-term goals.” Scholarly interest in frugal behavior (e.g., Bove et al., 2009) has grown in the past few years for two main reasons. First, concern for the environment seems to have induced increasing numbers of consumers to practice sustainable consumption. Second, the recent and persistent severe economic downturn the U.S. and other countries have experienced has compelled many consumers to become increasingly frugal (Birkner, 2013; Egol et al., 2010). This increase in a pattern of consumer behavior makes this topic important for a variety of concerned parties. Policy makers are interested in understanding frugality because it can be part of the response to detrimental effects of excessive consumption on the environment, on society as a whole, and on personal life satisfaction (Ballantine and Creery, 2010). Marketers are interested in understanding frugal consumers as a potential new market segment (Rick et al., 2008).

Understanding frugality, however, is hampered because it is little studied by social psychologists (Ballantine and Creery, 2010) and because of the inconsistent ways in which it is conceptualized. Frugality as a pattern of behavior can be motivated by external forces such as economic downturns and personal misfortune (Birkner, 2013; Egol et al., 2010), as well as by subjective individual differences among people that motivate them toward frugal behaviors (Bove et al., 2009; Lastovicka et al., 1999; Palmer, 2009; Kadlec and Yahalom, 2011). The present study focuses on the latter aspects of frugality in order to understand better the internal motivations of a frugal person. This subject has had little prior study, so we believe that our research sheds new light on a potentially important aspect of social behavior. Thus, the purpose was to investigate hypothesized relationships between frugality and four other consumer characteristics, materialism, status consumption, brand engagement, and consumer independence two of which are relatively new to the literature (Clark, 2006; Sprott et al., 2009). This knowledge can benefit policy makers desiring to encourage sustainable consumption and marketing managers who wish to appeal to this segment.

2. Literature review

2.1. Frugality

Frugality is viewed from cultural, religious, psychological, and economic perspectives. But whether the impetus comes from religion (e.g., the Amish), the current recession (Palmer, 2009),

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political history (Albinsson et al., 2010), cultural mindsets (Lastovicka et al., 1999), economic theories of discipline (Wilk, 1996), or from personality traits (Bearden et al., 2006), the impacts in the marketplace are similar. These different perspectives have spawned several ideas about how best to describe frugality (Todd and Lawson, 2003). Some view it as a lifestyle trait (Lastovicka et al., 1999), others as a single value orientation (Todd and Lawson, 2003), while others see it simply as a pattern of behavior (e.g., Egol et al., 2010). Frugal persons are less materialistic, buy less (e.g., alcohol, Rose et al., 2010), are less subject to interpersonal influence (Lastovicka et al., 1999), and repair and re-use items (Albinsson et al., 2010). Frugal persons are distinct from “tightwads” in that they enjoy saving money rather than hate spending it (Rick et al., 2008). In addition, they may have an anti-consumption mindset that influences how they relate to the marketplace (Albinsson et al., 2010); although Tatzel (2002) argues that, some tightwads are also materialistic bargain seekers who enjoy price shopping.

Because “frugality” means different things, researchers and others need to be precise in explaining what they mean by the term when they use it. We distinguish “frugal behavior” from “frugality,” which we conceptualize as a trait combining values and lifestyle dimensions. Much overt frugal behavior derives from external events such as job loss. Many of these same behaviors, however, also stem from the latent concept of frugality. Fig. 1

presents our conceptual model of the various influences that engender frugal behavior. Our study focuses on the latent concept and its psychological antecedents.

In our view, various manifestations of frugal behavior are the product of both *external* and *internal* motivations. Externally, the major reason people become frugal is because their economic circumstances compel them to (see Birkner, 2013). Job loss, general economic downturns, or other negative economic conditions compel people to change consumption and spending behavior in a frugal direction (Egol et al., 2010). We venture to label the outcome of these external forces “constrained frugality.” A second set of external stimuli can come from living in a culture that emphasizes the desirability of frugal behavior, leading people to live modestly (Albinsson et al., 2010). In addition, social and/or marketing influences can persuade people to behave in a frugal manner. We term these external influences “persuaded frugality.”

The third set of motivations is internal. These are the values and individual personality differences that distinguish people psychologically. Psychological characteristics can be influenced by cultural influences, but that takes us beyond the scope of the current model. Psychological traits can predispose people to live a frugal lifestyle. A lifestyle is defined in consumer behavior as a constellation of activities, interests, and opinions that reflect patterns of living (Wells and Tigert, 1971). We use the term “frugality” to refer to this lifestyle or personality-type trait that

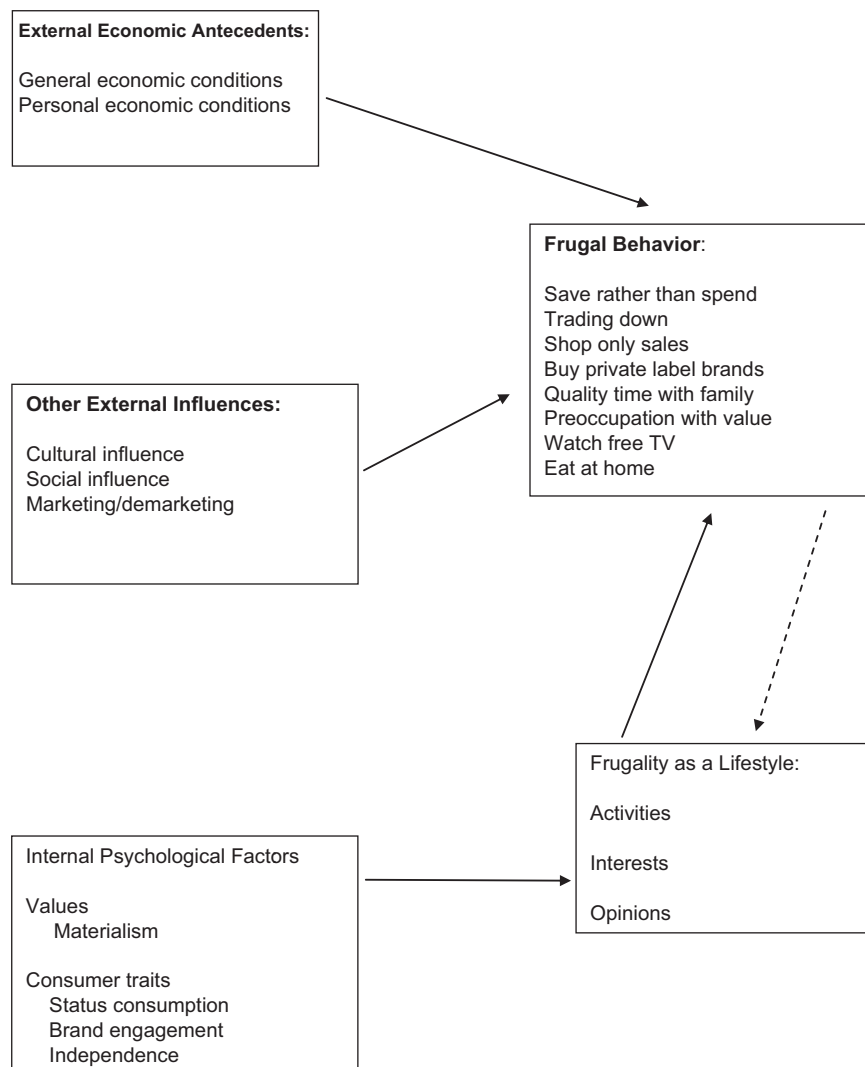


Fig. 1. A model of frugality.

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