Consumer researchers find frugality not a spent force

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So much for living large. Misers are now in fashion.

Even in a culture that glorifies $500 handbags and outlandish McMansions, tightwads outnumber spendthrifts by a 3-2 ratio, according to consumer researchers at the Wharton School of Business at the University of Pennsylvania and Carnegie Mellon University.

"Chronic underspending" is widespread despite press reports to the contrary, said Scott Rick, a professor of information management at Pennsylvania who led the research. He probed the secret shopping habits and pocketbook concerns of 13,327 adults from 2004 to 2007, drawing on a population that included readers of the New York Times, the Toronto Globe and Mail, university students and NBC News viewers.

Shoppers fall under three categories: Emotional tightwads, happy-go-lucky spendthrifts, plus a blithe group Mr. Rick calls unconflicteds.

The cheapskates have angst, apparently.

"Tightwads save, not because they care more about the future than spendthrifts, but because forking out the money is too painful of an emotional experience. Those who experience the pain of spending money more intensely tend to spend less," he said.

"On the other end of the 'spendthrift-tightwad' scale, spendthrifts typically experience minimal pain when spending money and tend to spend more," Mr. Rick said.

And those unconflicteds? They live a life of balance. Should they go out to a fancy restaurant one month, for example, they will deliberately forgo the treat next time month to avoid "the pain of paying."

Frugality isn't necessarily painful, according to some.

"Embracing your inner cheapskate" is paramount, according to Robin Herbst and Julie Miller, Minnesota-based authors of "The Cheap Book," published last month.
"Cheapness is not a trait one is born with, encoded in DNA. Cheapness is an art form," the pair wrote.

The new study, meanwhile, further differentiated the behaviors of cheapskates and big spenders.

Although salary ranges were almost equal between the two groups, almost three-quarters of the tightwads always paid off their credit card balance in full, compared with 37 percent of the spendthrifts. The misers also saved more. The researchers found that 28 percent of them managed to sock away more than $250,000, compared with 12 percent of their big-spender counterparts.

There were important gradations among those who were tight with a buck, though.

"The evidence suggests that frugality is driven by a pleasure of saving, as compared with tightwaddism, which is driven by a pain of paying," Mr. Rick said.

The researchers also found some sex and age bias. Men are nearly three times more likely to be tightwads than spendthrifts than women, while folks older than 70 were five times more likely to be tightwads than those younger than 30.

The research will be published in the April issue of the Journal of Consumer Research, an academic journal.