

Ditch your high-spending close friends if you are a frugal shopper, study says

February 19 2016, by Michael Forbes



Credit: AI-generated image ([disclaimer](#))

Having trouble sticking to your New Year's resolution not to splurge on frivolous things? Don't hang out with your close friends who like to shop a lot, says a new study by Ted Rogers School of Management.

"Frugal shoppers, by their nature, aren't usually swayed by social

influences in their lives," says Mark Lee, an associate professor in the Ted Rogers School of Retail Management and author of the study. "They are very disciplined in their spending habits and do not give into the desire to make a purchase spontaneously."

However, Lee, who himself is a careful spender, has made purchases that he would not normally make when he is with [close friends](#) who have more carefree spending habits, and wanted to find out why.

In three studies with undergraduate students from different Canadian universities, Lee sought to dispel the myth that "frugal consumers are immune to [social influences](#)." The first study asked students to list their social group and rate them on their perceived spending habits while the second study made the connection between the strength of the friendship within a defined social network and its influence on a person's spending habits. The third study found that students who were self-described frugal shoppers tended to spend more when shopping or dining out with close friends who were high-spenders rather than acquaintances that have luxurious spending habits.

So if you're a frugal person by nature, how do you resist the temptation to make expensive purchases? "Try to avoid going to the mall or dining out with your good friends who aren't as careful with their money when buying things," says Lee.

For retailers, Lee says they may want to employ strategies that encourage shoppers to open up their wallets with their friends. "Holding group buying events in-store or online for customers and their friends may nudge frugal shoppers to part with their money." This is especially true as the competition heats up in the Canadian luxury retail market with Saks Fifth Avenue as the latest entrant opening its first Canadian store in 40 years today in Toronto's Eaton Centre.

The study, *When Are Frugal Consumers Not Frugal? The Influence of Personal Networks*, is published online in the *Journal of Retailing and Consumer Services*.

Provided by Ryerson University

Citation: Ditch your high-spending close friends if you are a frugal shopper, study says (2016, February 19) retrieved 24 April 2024 from <https://phys.org/news/2016-02-ditch-high-spending-friends-frugal-shopper.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.