

Hold on to your wallets: tightwads outnumber spendthrifts, study says

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[CBC News](#)

Penny-pinchers, fuelled by the pain of shelling out money, outnumber their free-spending opposites, according to a new U.S. study.

The study, published in April's *Journal of Consumer Research*, estimates that there are 1.6 tightwads for every spendthrift.

The researchers surveyed more than 13,327 people, including 10,000 readers of the *New York Times* and more than 100 readers of the *Globe and Mail*, and used their responses to orient them on the "spendthrift-tightwad scale."

They found that 24 per cent of respondents were tightwads, compared with 15 per cent who were spendthrifts. The rest were what the researchers called "unconflicted" — they didn't overspend or underspend.

The researchers were led by Scott Rick, a visiting professor in the department of operations and information management at the University of Pennsylvania. His co-authors were doctoral student Cynthia Cryder and professor George Loewenstein, both from Carnegie Mellon University in Pittsburgh.

The researchers also found other differences in the spending behaviours of spendthrifts versus penny-pinchers. For example, spendthrifts who carry credit cards were three times more likely to carry debt than tightwads with credit cards.

As well, male respondents were nearly three times more likely to hold tight to their wallets than the opposite: 29 per cent were tightwads compared to 11 per cent who were spendthrifts.

Women, on the other hand, were split equally between spendthrifts and tightwads, at 20 per cent and 19 per cent.

Age was also a factor, with respondents over 70 found to be five times more likely to be tightwads than spendthrifts. Meanwhile, participants under the age of 30 were slightly more likely than the average to hold onto their cash.

Tightwads fuelled by pain of paying

Income levels didn't seem to affect whether someone was a spendthrift or a tightwad, the study suggests.

Additionally, the researchers wrote that tightwads are motivated to save by the pain of spending, rather



Montgomery Burns, foreground, appears with other cast members in a scene from the popular Fox cartoon *The Simpsons*. Burns, the billionaire owner of a nuclear plant, was famous for his tight-fisted ways.

(Fox Broadcasting/Associated Press)

than a concern for the future.

"The research provides a new perspective on spending and saving money," the study said. "Whereas traditional economic theory assumes that the propensity to spend or save is largely determined by the degree to which one cares about the future, this research suggests that spending and saving are driven, at least in part, by more immediate emotional concerns.

"The evidence suggests that frugality is driven by a pleasure of saving, as compared with tightwaddism, which is driven by a pain of paying," the researchers wrote.

In fact, the study said, this pain associated with spending causes tightwads to spend less than they would ideally like to spend. Alternatively, spendthrifts spend more than they would like because they experience minimal pain when spending money.

The researchers also found that tightwads and spendthrifts "behave similarly when situational factors diminish the pain of paying."

For example, participants were asked whether they would be willing to pay \$5 to have DVDs shipped overnight. The cost was presented either as a "\$5 fee" or a "small \$5 fee." Spendthrifts did not respond differently to the options, but tightwads were 20 per cent more likely to pay the "small" fee.

Similar results were noted when participants were asked whether they would spend money on a massage, with the motivation as either pleasure or the relief of back pain.

The study said future research should look at whether unconflicted consumers are distinct from spendthrifts and tightwads and how to identify the spending types "in the wild."