

# Frugal shoppers' spending habits



**GW**I.

# Contents

- 03. Introduction
- 04. Understanding frugal shoppers
- 08. Their spending habits
- 11. A closer look at their purchase journey
- 15. A spotlight on the cost-of-living crisis
- 17. Talking points
  
- 18. Want to know more?
- 19. More from GWI

# Methodology

All figures in this report come from GWI's online research among internet users aged 16-64, so it's fair to say they reflect the online populations of each market.

In some markets - mainly in Latin America, Middle East and Africa, and the Asia-Pacific region - low internet penetration means online populations tend to be younger, more affluent and better educated than the total population.

The frugal shoppers audience are defined as individuals who spend time looking for the best deals and would describe themselves as price-conscious, non-frugal shoppers are their opposite.

When reading this report, please note that we use a mixture of data from our ongoing quarterly global research, and insights from our Zeitgeist research and recontact studies, which are carried out in Brazil, China, France, Germany, India, Italy, Japan, UK and USA.

# Introduction

Frugal shoppers are a group who are easy to overlook.

But with 64% in high- and middle-income segments, they have more spending power than you may have expected.

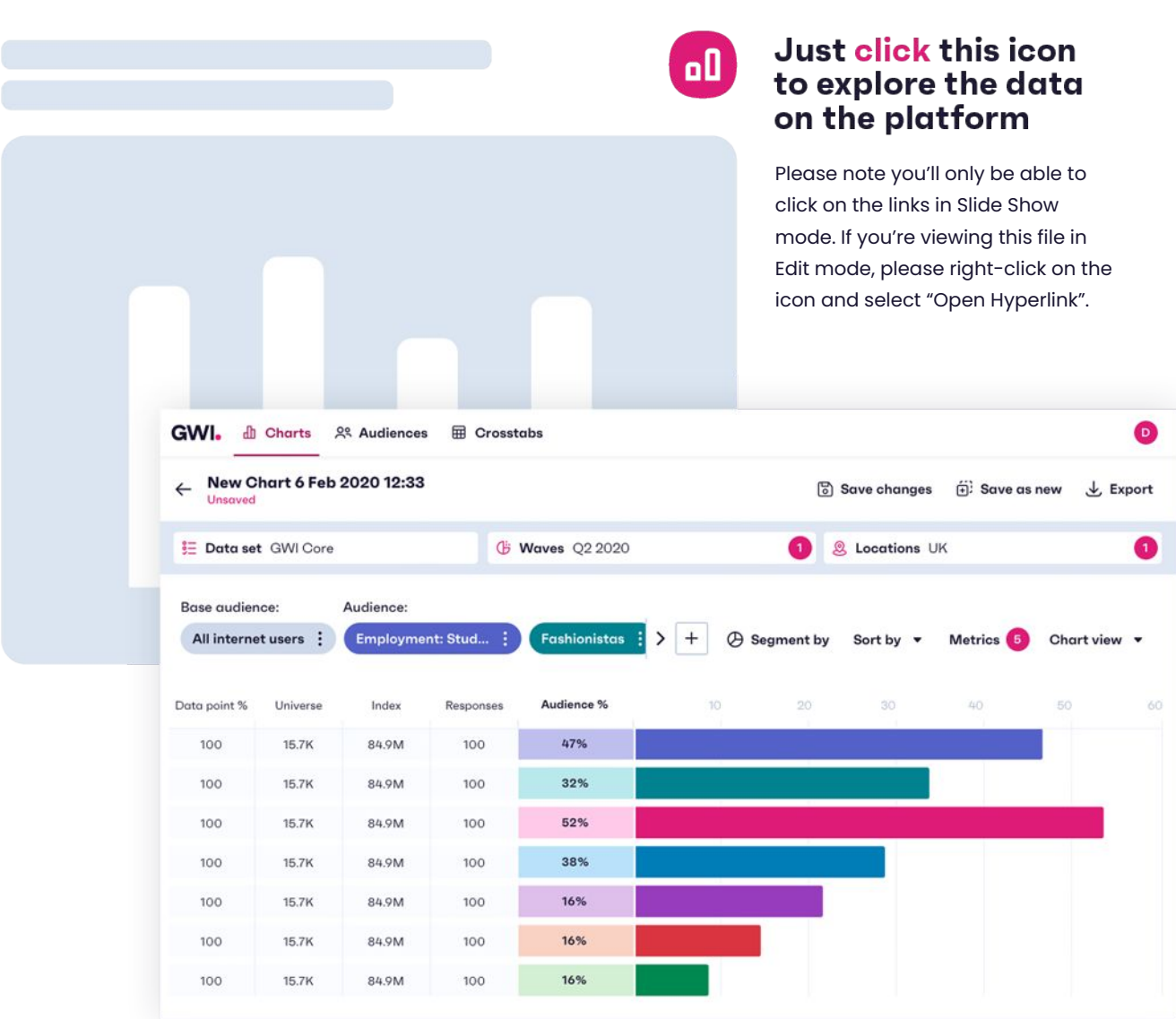
In this report we lead with insights to take a deeper dive into the frugal shopper.

We'll take a closer look at the drivers behind their frugality, their priorities, and what brands can do to hook them in.



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# Understanding frugal shoppers

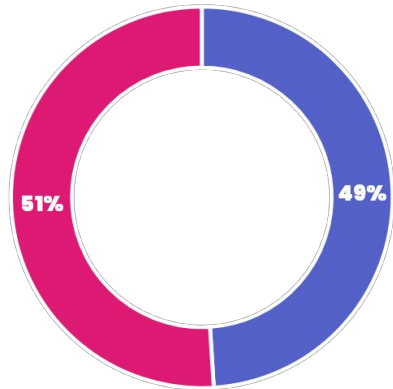
# Who are frugal shoppers?

## Gender

% of frugal shoppers who identify themselves as the following

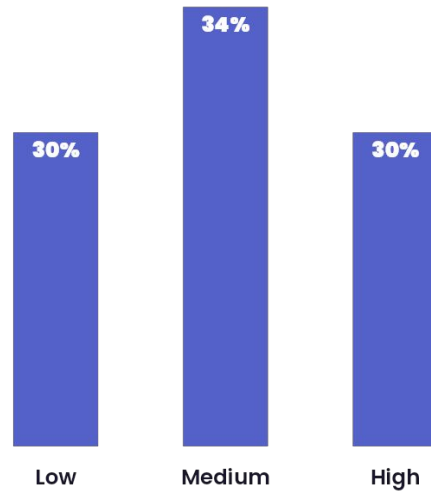


■ Male      ■ Female



## Income segment

% of frugal shoppers who are in the following income segments



## Generation

% of frugal shoppers by generation

	%	Index
Gen Z	20%	0.87
Millennials	21%	0.94
Gen X	26%	1.15
Baby boomers	31%	1.36

Frugality doesn't necessarily correlate with income – most of this groups sits within the middle-income segment. With 81% of this group valuing being financially secure, it appears that's the real driver behind their thriftiness.

In terms of age, older consumers are more likely to be frugal. This could either be due to differences in upbringing or might suggest that thriftiness grows with age.

The cost-of-living crisis is likely to further encourage frugality, so we may see the number of thrifty individuals continue to grow.

# They're smart, considered shoppers

Frugal shoppers are money-savvy individuals. They take the time to research products before taking the plunge, considering opinions and reviews along the way.

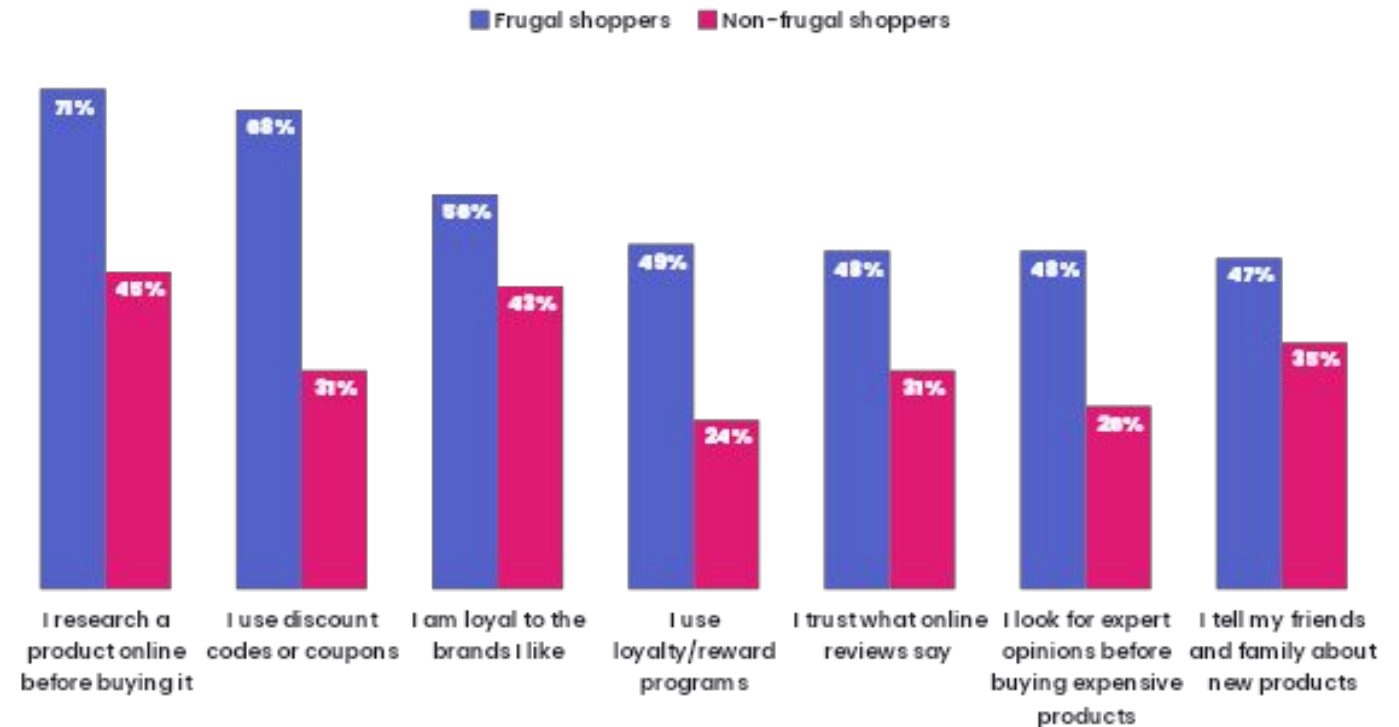
They're drawn toward brands who offer discount codes or loyalty schemes, and once frugal shoppers are drawn in, they're more likely to stay loyal.

Being thrifty by nature, only a quarter say they tend to buy the premium version of products. When they do, they like to make an informed decision - almost half look for expert opinions and 7 in 10 research a product online before buying it.

These shoppers aren't just looking to save money where they can, they want to ensure they're getting value for money and maximizing their spend.

## Once frugal shoppers are hooked in, they're likely to be loyal customers

% of frugal shoppers and non-frugal shoppers who say the following describes them



# Frugal shoppers are a creative bunch

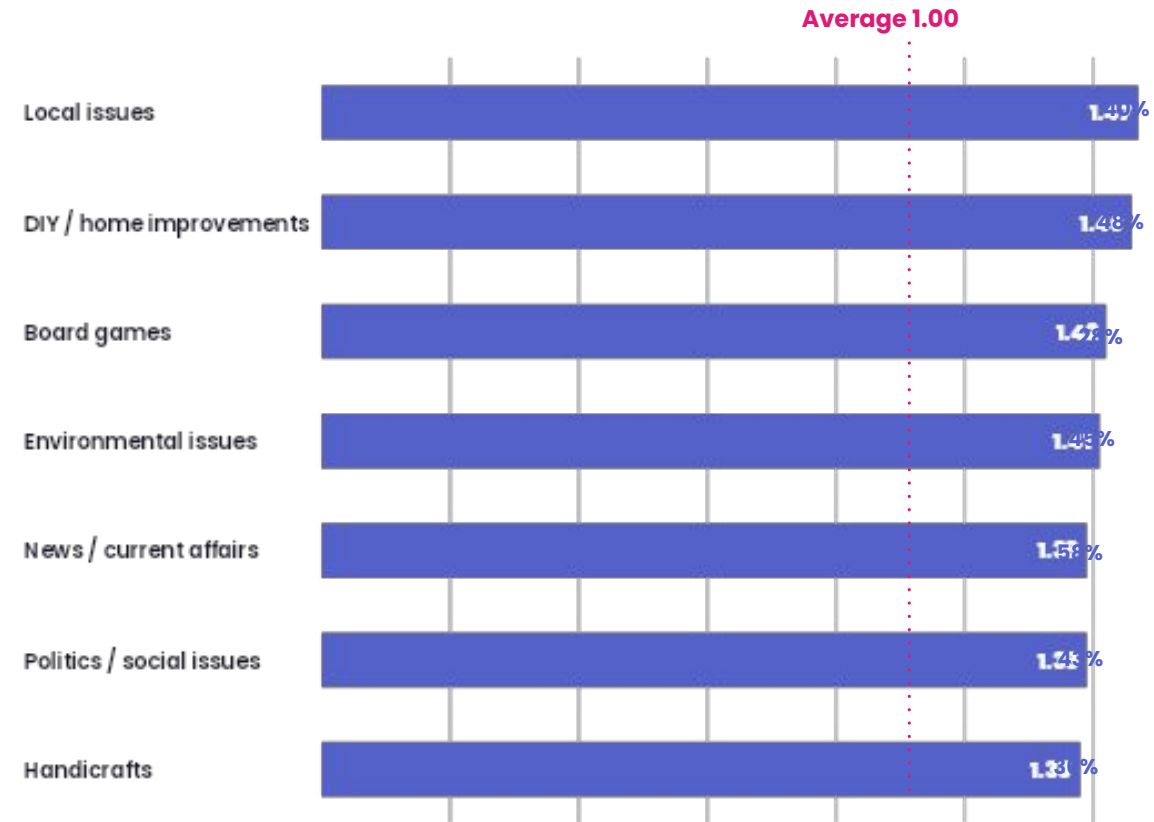
Frugal shoppers tend to be more socially aware than the average – they over-index for being interested in local, environmental, and political issues.

But they also like to get creative. This group are keen to make or build things themselves, whether that's in the home or through having a crafty hobby. These hobbies are also handy – they help them save a few dollars.

These shoppers generally have interests which center around the home or are cost-effective. They still enjoy going to a restaurant or the cinema, but they're less likely to do these activities as often compared to their non-frugal counterparts. Non-frugal individuals are 1.35x more likely to say they visit the cinema at least once a month compared to frugal shoppers.

## Frugal shoppers like to get crafty

% of frugal shoppers who are interested in the following, sorted by index (IDX)



# **Their spending habits**



# Frugal shoppers are focusing on experiences right now

Consumers in general are faced with a difficult situation right now – they want to save a buck but also make up for lost time during the pandemic. Spending is expected to change with 90% feeling the impact of inflation, no matter how small. And a further 54% feel that the cost of living has increased.

Frugal shoppers are taking stock of their spending right now. They're planning to buy fewer big purchases that they don't need – this may be putting a house move on hold or spending less around the home in general.

However, while they're scrimping on those extra purchases, they're putting more money into experiences to enrich their lives – purchases of concert tickets have increased 17% in the last year, for example.

This group are again trying to ensure they maximize their value for money, and they'd rather have fun experiences than new

furniture right now.

Source: GWI Core Q1 2022 Base: 65,377 frugal shoppers aged 16-64

## Top 6 growths and falls of big purchases by frugal shoppers since Q1 2021



### Biggest growths

- 1 Concert tickets
- 2 Travel tickets
- 3 Vacation (domestic)
- 4 Vacation (abroad)
- 5 Electric powered scooter
- 6 Experience (e.g. spa, trip, day out)

### Biggest falls

- 1 Broadband/fiber optic
- 2 Home exercise equipment
- 3 Household furniture
- 4 Garden furniture
- 5 Desktop PC
- 6 Housing/property

# Deals are key when it comes to travel

Travel is important to frugal shoppers - 58% like to explore the world, an impressive 1.25x more than the average consumer. And from the looks of things, the cost-of-living crisis is unlikely to put this desire on the back-burner.

But frugal shoppers are likely to be searching for cheaper ways to go on vacation, or for options with a smaller budget.

One way which many holiday-makers are using to see the world on a smaller budget is through house-sitting. Demand for house-sitting has boomed since the pandemic, partially due to the explosion in pet ownership, and many are using it as a money-saving way to travel around the world.

Similar schemes and memberships are likely to hook in frugal shoppers who are keen to travel.



# **A closer look at their purchase journey**

# Brands should lean into the frugal community

Brands should harness this group's thriftiness.

As samples or trials and product displays or promotions are distinct ways frugal shoppers discover new brands and products, it's key for brands to build visibility with this group.

These methods also mean there's a win-win for both the consumer and the brand – the brand potentially gains a new customer, while the shopper either gets something for free, or discounted.

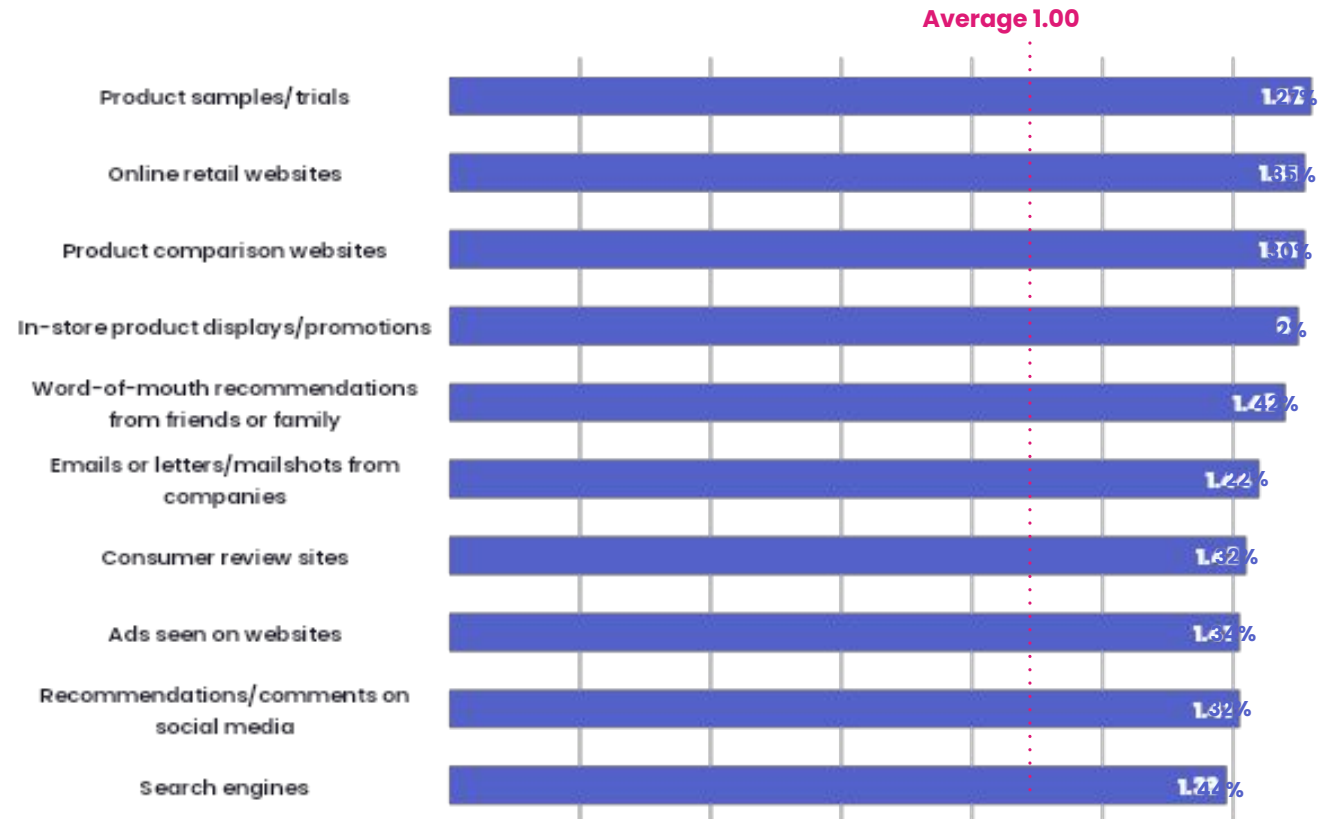
Many shops offer customers the opportunity to try products or take a sample away while in-store, but 63% of frugal shoppers prefer to shop online. So, ensuring there's an opportunity to grab a sample while shopping both online or offline is a smart move.

While DTC beauty brands Versed and Glossier have taken the traditional route and add free mini samples to customers' checkouts, other industries can still get involved. For example,

Dog food brand Petaluma offers free kibble on its website, in exchange for information about customers' pets.

## Frugal shoppers are tempted by freebies

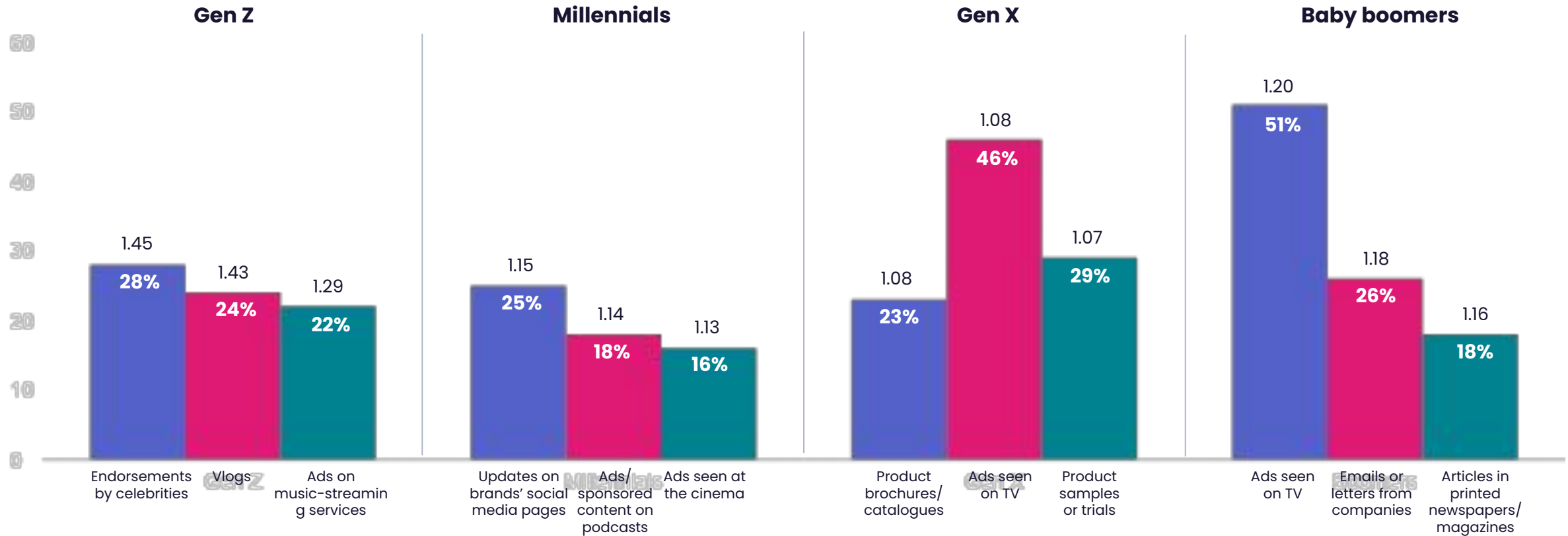
% of frugal shoppers who typically find out about new brands or products through the following, sorted by index (IDX)



# The most distinctive discovery tools by generation

## How they typically find out about new brands and products

% of frugal shoppers who find out about new brands and products using the following tools (sorted by over-index)

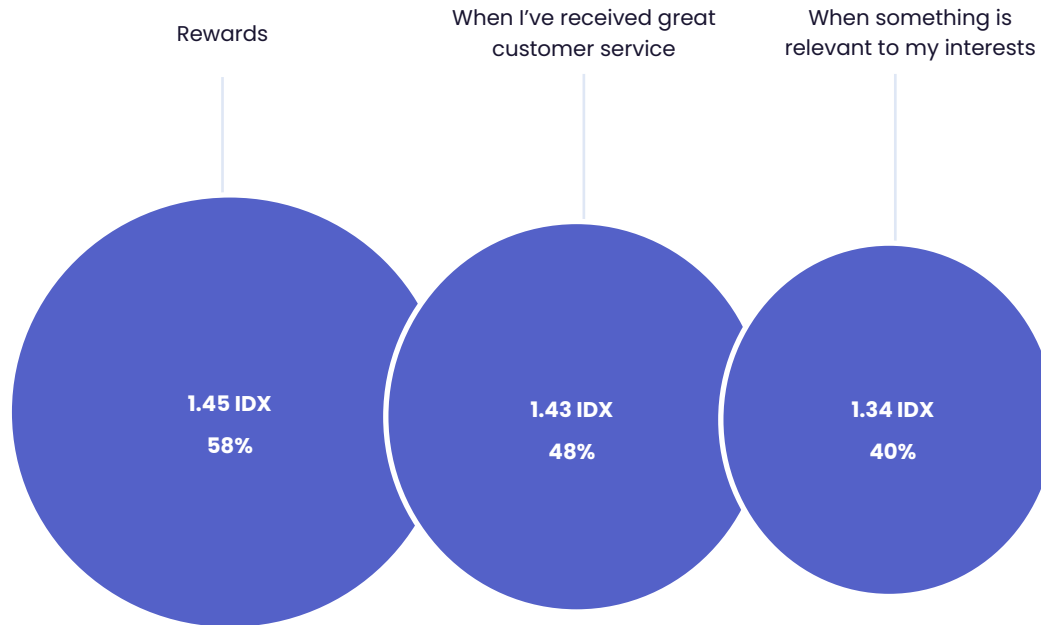


Source: GWI Core Q1 2022 Base: 65,377 frugal shoppers aged 16-64

# What motivates frugal shoppers to advocate online?

## Nailing the basics is key

% of frugal shoppers who would be motivated to promote their favorite brand online by the following



Frugal shoppers can't deny the excitement they feel when they get something for nothing – free samples hook them in, and rewards motivate them to advocate for brands online.

Loyalty schemes are a great way for brands to leverage their frugal shoppers as they lean into their loyal nature as well as their desire to save money and receive rewards.

This year, fast food giant McDonald's launched a loyalty scheme, allowing customers to earn points on their spending, which can be redeemed against food. These types of schemes are likely to leave frugal shoppers coming back for more.

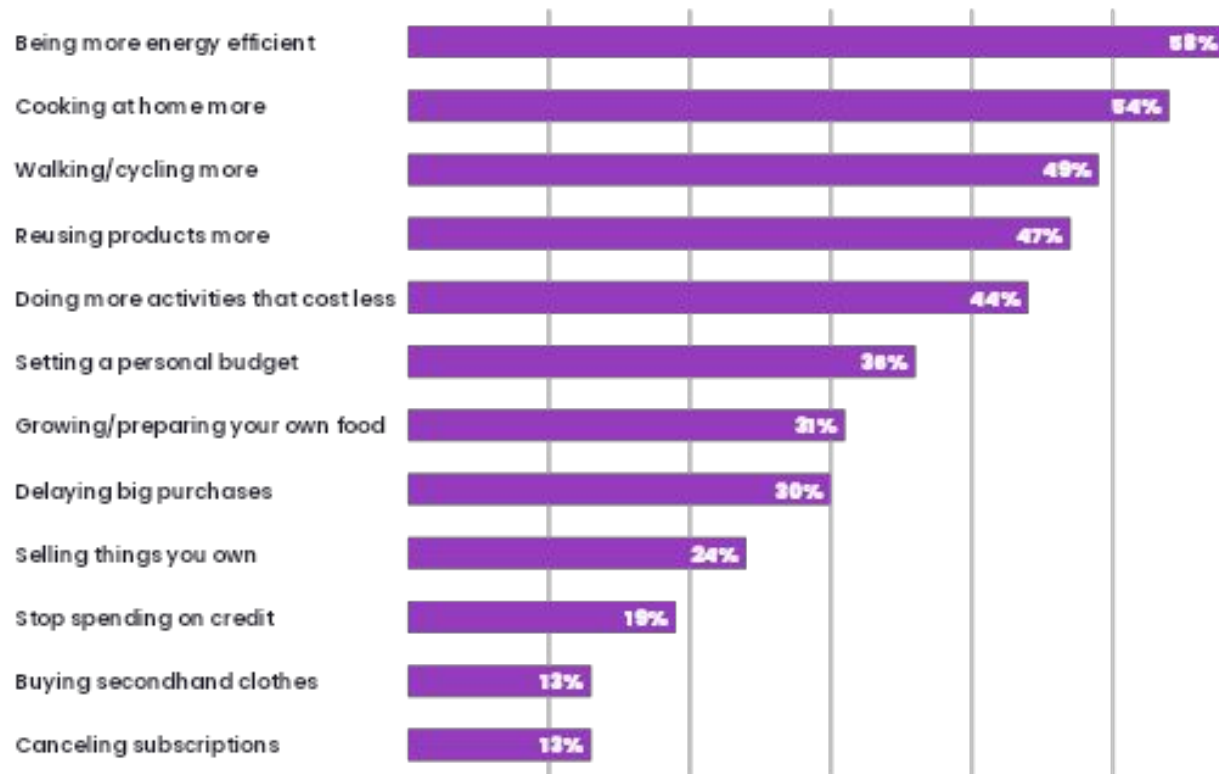
It's also key that brands ensure they're still nailing the basics, with good customer service also being a motivator to promote a brand online.

# **A spotlight on the cost-of-living crisis**

# How are frugal shoppers looking to cut back?

## Frugal shoppers will make cutbacks where they can

% of frugal shoppers who plan on doing the following to cut costs



With inflation ramping up, consumers everywhere are looking to make cuts where they can, and frugal shoppers are no different.

These thrifty individuals are far more likely to be planning ways to save money in the coming months compared to their non-frugal counterparts.

The biggest difference is in how many are planning to do more activities that cost less – frugal shoppers are 1.56x more likely to do this compared to non-frugal shoppers.

Naturally, this leans into frugal shoppers' interests, as they're more likely to have cost-effective interests in the first place.



# Talking points

## **Higher earners are just as likely to be frugal as lower earners**

You may expect frugality to correlate with income, but this isn't the case.

Frugal shoppers are relatively evenly spread throughout the income segments, with most sitting in the middle.

## **It's about getting value for money**

Frugal shoppers are generally looking to maximize their spend, and ensure they get good bang for their buck. This group takes time to consider their purchases, while consulting reviews and experts before finally taking the plunge.

## **Experiences are key right now**

In light of feeling locked down for the past couple of years, frugal shoppers are looking to have some fun. This group are keen to travel, so vacations are a priority. However, they're likely to be looking for ways to travel on a budget.

## **They're a creative crew**

Frugal shoppers have creative and cost-effective hobbies, whether it's homecrafts or DIY. And with the cost-of-living crisis hitting hard, they're planning to get creative on doing more activities that cost less.

# Want to know more?



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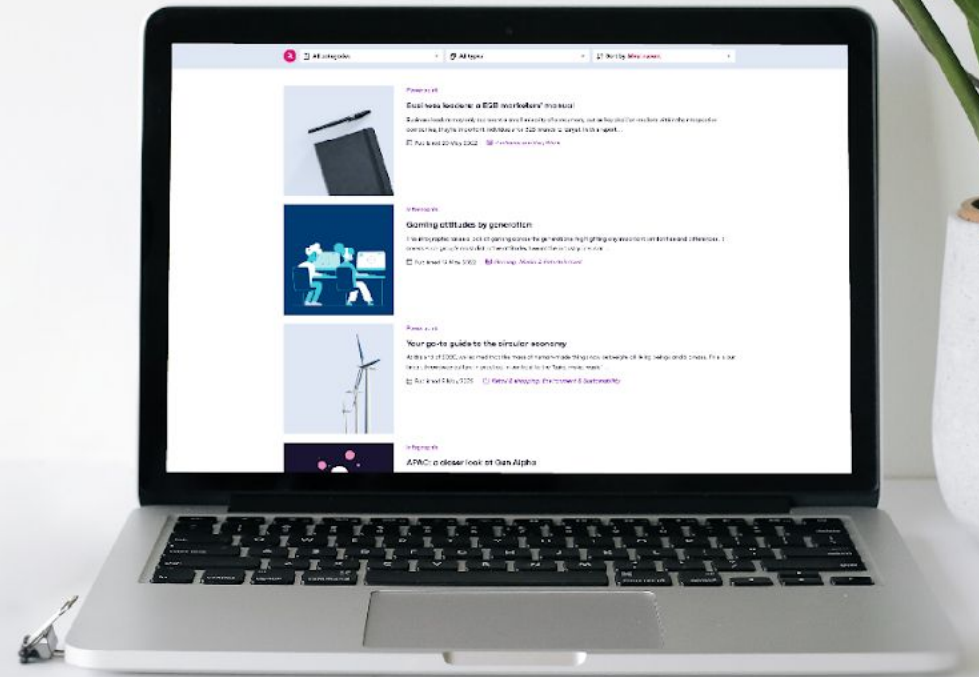
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