



## **Discretionary thrift at the bottom of the pyramid**

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## **ABSTRACT**

The purpose of this research is to investigate the concept of discretionary thrift amongst low income consumers. Flatters and Willmott (2009) identified discretionary thrift as an advancing trend amongst affluent developed nation consumers. These consumers temper their spending habits depending on product or occasion; there are certain products for which consumers are willing to pay a premium (behaviour associated with materialism) and there are others that consumers are looking to save money on (behaviour associated with frugality). Thrift for low income consumers, especially in emerging market settings, is not considered discretionary; rather, it is portrayed as 'necessary' to ensure survival.

This study followed a descriptive, quantitative design and surveyed 154 individuals considered to be at the bottom of South Africa's income pyramid. There is sufficient evidence from this research to support the proposition of discretionary thrift amongst low income consumers. Low income consumers were found to save money by paying as little as possible (behaviour associated with frugality) for fast moving consumer goods with low functional and status risk and were found to willingly pay the required premium (behaviour associated with materialism) for socially visible aspirational brands of clothing and fast moving consumer goods. The level of frugality and materialism expressed with respect to these products was not influenced by age or level of education. However, the level of frugality expressed with respect to these products was affected by an individual's gross and disposable income.

## KEYWORDS

Frugality

Materialism

Discretionary thrift

Bottom of the pyramid

## DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.



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**John Nkosi**

9<sup>th</sup> November 2011

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# **1. INTRODUCTION TO THE RESEARCH PROBLEM**

## **1.1 INTRODUCTION**

This research intends to investigate the concept of discretionary thrift amongst low income consumers in an emerging market setting characterised by high social mobility. The research seeks to provide insights into factors that may influence the expression of frugality and materialism amongst low income consumers. As such, the research is built on theories developed in the disciplines of psychology and sociology, and aims to contribute to the growing body of literature on low income consumer behaviour.

## **1.2 RESEARCH MOTIVATION**

The recent global financial crisis has sparked a flurry of academic research into its potential long term impacts on consumer behaviour. Indeed, evidence from the United States of America and Europe suggests that a new type of shopper focused on gaining superior value from purchases has emerged from the recession (Piercy, Cravens & Lane, 2010). Piercy et al. (2010) report that consumers in developed nations have adopted a thriftiness or frugality based on quality and value. A recent review by Flatters and Willmott (2009) identified discretionary thrift – a desire to economise, as an advancing trend amongst developed nation consumers. Consumer tastes formed in times of prosperity have evolved in line with changing economic realities (Wiggins and Berchall, 2008). These consumers temper their spending habits depending on product or occasion; there are certain products for which consumers are still willing to

pay a premium and there are others that consumers are looking to save money on. Piercy et al. (2010) states that marketing strategies in these developed economies will require a better understanding of the new priorities and buying processes of the post-recession consumer.

Surprisingly, little is mentioned in the way of discretionary thrift amongst low resource consumers with reference to the recession or otherwise. Barki and Parente (2010) and Martinez and Carbonell (2007) have noted findings on research that shows that low income consumers often exhibit similar behaviour to high income consumers.

In an earlier study on frugality, Lastovicka, Bettencourt, Hughner and Kutzner (1999) concluded that lower income levels do not necessarily lead to frugality. The authors described this as “counterintuitive” (Lastovicka et al. 1999, p. 96) and called for further research to be undertaken on the subject. Poor people, it seems, are expected to be frugal at all times to ensure survival; Pepper, Jackson and Uzell (2009) report that low income is a strong predictor for thriftiness. While this may be the case in the context of a developed, static society like the United Kingdom where prominent studies on frugality were conducted, Jacob and Smit (2010) suggest that transitional economies characterised by new freedom to acquire goods are often associated with high levels of materialism. Barki and Parente (2010) report that there are segments of the low income population in emerging markets who are not driven by prices. Given their limited resources, it may be reasonable to posit that discretionary thrift may also be expressed by low income consumers; these consumers may

exhibit behaviour associated with frugality in one instance, and exhibit materialism in another. To this end, research is required to ascertain whether the concept of discretionary thrift exists amongst low income consumers more so in societies typified by high social mobility.

### **1.3 RESEARCH RELEVANCE**

This research is not only relevant to South Africa and other emerging economies; low income consumers in both developing and developed world contexts are often misunderstood. Companies wishing to offer their goods and services to low income consumers need a firm understanding of the motivations of these individuals in order to respond with the appropriate business positioning.

## 2. LITERATURE REVIEW

### 2.1 INTRODUCTION

The literature reviewed in this section defines the theory of frugality as understood from its origins in psychology and sociology. The concept of discretionary thrift is introduced after critical analysis of frugality constructs in the context of low income emerging market societies typically characterised by high social mobility. It is argued that thrift observed here is not always 'necessary for survival' as put forward by several researchers; similar to affluent consumers in developed markets, low income individuals will temper their spending habits, that is express frugality and materialism, based on occasion or circumstance.

The literature review then proceeds to discuss the concept of 'bottom of the pyramid' and the common misconceptions regarding low income consumers. The review then delves into the motivations that influence consumer choices at the bottom of the pyramid and how these may fuel simultaneous expression of frugality and materialism. Finally, the literature review concludes by offering a compelling argument as to how a study of discretionary thrift at the bottom of the pyramid will contribute to the existing discussions on low income consumer behaviour.

## 2.2 FRUGALITY

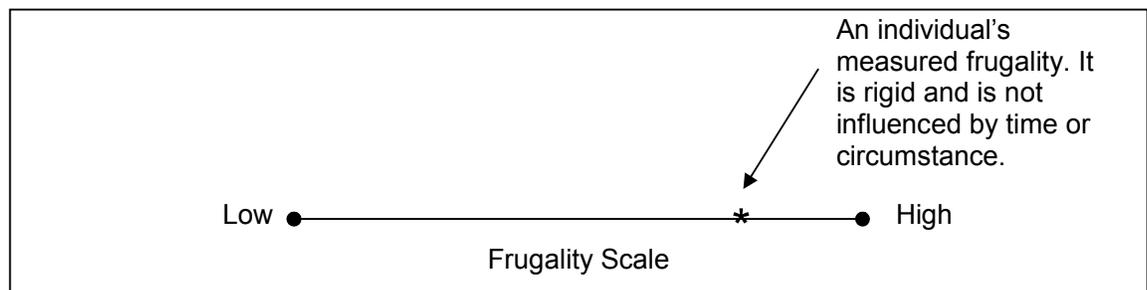
Restraint associated with frugality is deeply rooted in our past (Lastovicka et al., 1999). All major religions discourage excess in acquisition and encourage moderation (Lastovicka et al., 1999). Frugality prescribes delayed economic gratification (Lastovicka et al., 1999); it calls for disciplined allocation of resources (time and money) on hand to acquire a valued goal (Lastovicka et al., 1999). From a sociological perspective, frugality is not deprivation but the sacrificing of a series of whims for the sake of obtaining a more worthy goal (Lastovicka et al., 1999); it is a lifestyle and includes practices such as buying in bulk or re-using items on hand rather than acquiring more (Lastovicka et al., 1999). The psychological perspective defines frugality as a careful use of resources and avoidance of waste; it may be motivated by personality traits or concern for the environment (ecocentrism) (Lastovicka et al., 1999). Drawing from all these points of view, Lastovicka et al., (1999, p. 88) propose the following definition for frugality:

“Frugality is a *unidimensional* consumer lifestyle trait characterised by the degree to which consumers are both restrained in acquiring and in resourcefully using economic goods and services to achieve longer-term goals”.

Richins and Dawson (1990) report that unidimensional personality traits are typically formed at an early age, remain unchanged over time and are impervious to environmental stimuli. The unidimensional approach thus implies that frugality is absolute and can be measured on a single number line (Figure 1). It is rigid, you are either less frugal or more frugal than your peers; by

extension, for this measurement to apply, people within any given society should express frugality in a similar manner. However, Immekus and Imbrie (2008) state that social or psychological constructs are typically characterised as *multidimensional*. That is, the measured trait is specified in terms of a set of related domains (Immekus and Imbrie, 2008). Regardless, Lastovicka et al. (1999) developed a unidimensional scale to measure frugality and recommended that future researchers possibly consider frugality as a *dependent* variable.

**Figure 1:** Schematic of unidimensional frugality scale.



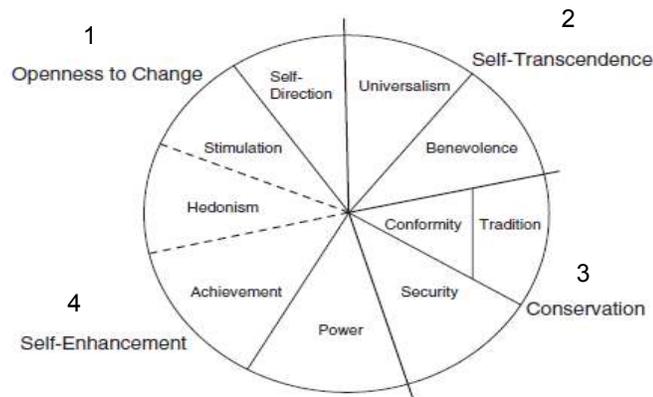
Motivation rather than behaviour, it seems, may lie at the heart of frugality. Rick, Cryder and Loewenstein (2007) draw an important distinction between frugal individuals and tightwads. Tightwads spend less than they would ideally like to spend because of an anticipatory pain of paying. That is, their affective reaction to spending may lead them to spend less than their deliberative selves would prefer (Rick et al., 2007). Tightwads and the highly frugal may *behave* the same in terms of spending, but the highly frugal spend conservatively because they enjoy saving, not because the prospect of spending pains them (Rick et al., 2007). Indeed, Rose, Smith and Segrist (2010) claim that frugal

consumers are non-compulsive, value- and price-conscious and find it pleasurable to save money. Here again, tightwads and the frugal are portrayed as individuals who are averse to spending money regardless of the situation or circumstance in agreement with the unidimensional perspective put forward by Lastovicka et al. (1999).

Insights into the possible motivations for frugality and perhaps its multidimensionality can be found in research by Pepper, Jackson and Uzzell (2009). The research was prompted by the emergence of an ethically conscious lifestyle choice termed 'voluntary simplicity' in the United Kingdom. Nash (2000) championed that frugality in developed nations may be indistinct from non-materialism adopted in protest to excessive or unfair consumption and production. Voluntary simplicity is characterised by reduced material consumption (adoption of frugal ways) and the removal of clutter from one's life (Ballantine and Creery, 2010). Pepper et al. (2009) set out to test assertions by Nash (2000) and determine whether there was a difference in behaviour observed amongst people who are inherently frugal as per Lastovicka et al. (1999) and those, like voluntary simplifiers, who exhibit frugal behaviour as an intentional moral challenge to consumerism. Drawing on Shalom Schwartz's 1992 work on values that motivate human behaviour, Pepper et al. (2009) developed a circumplex of value types (Figure 2); value types whose pursuit is compatible appear adjacent in the circumplex whereas conflicting values appear opposite each other. Thus, the polarities of the axes of the circumplex denote four value types. (1) Openness to change (consists of self-direction, stimulation and hedonism) vs. (3) conservation (security, conformation and

tradition) relates to the conflict between motivation to follow one’s own interests and the motivation to preserve the status quo and the certainty it provides in relationships with others (Pepper et al., 2009). (2) Self-enhancement (power, achievement, hedonism) vs. (4) self-transcendence (universalism and benevolence) represent the extent to which people enhance their own interests even at the expense of others as opposed to transcending them and promoting the welfare of others (Pepper et al., 2009).

**Figure 2:** Motivation values circumplex (Pepper et al., 2009, p.128)



Pepper et al. (2009) note that in developed world settings, it is possible to distinguish frugal behaviour borne out of a personality trait to that explained by social or ecological ideals (self-transcendence values). Frugality not motivated by ethical ideals is however strongly linked to low income; people with low income, they observe, have a lack of desire for prestige or improving social status (Pepper et al. 2009). The frugal “ascribe minimal importance to the ownership and acquisition of material goods in achieving major life goals or desired states” (Pepper et al. 2009, p. 128). People who value the

enhancement of self (power and achievement) are therefore less likely to consume frugally as frugality is about restraint not self-promotion (Pepper et al. 2009). Rose et al. (2010) and Lastovicka et al. (1999) state that frugality is always negatively correlated with materialism; individuals who express high levels of frugality tend to exhibit low levels of materialism regardless of circumstance. The frugal are less subject to interpersonal influence and more oriented toward long-term outcomes (Rose et al., 2010). These findings (Pepper et al. 2009, Lastovicka et al. 1999, Rose et al., 2010) may only be applicable to the developed world societies in which the research was conducted. Developed countries have already gone through a consumer cycle of materialism and it may be that people with low income do not harbour ambitions for self-enhancement or that people who exhibit frugality constantly place minimal importance to the pursuit of material goods. Alternatively, this could be an indication of a general lack of understanding of low income individuals and/or the psychology and sociology of frugality. Recent studies by Martinez and Carbonell (2007), Ponchio and Aranha (2008), Barki and Parente (2010), Van Kempen (2004) and Jacob and Smit (2010) on low income consumer behaviour in emerging markets where there is a lot of social mobility indicate that these consumers readily aspire to products that are considered the domain of the middle class and are willing to purchase them; engaging in this kind of activity is seen as a differentiator, showing other low income consumers one's improving social standing (Barki and Parente, 2010). Thus, frugality and materialism exercised here could be motivated by self-enhancement values (Figure 2) as individuals signal power and achievement to their peers. Low income consumers may therefore penny-pinch (exhibit behaviour associated

with frugality) on certain products or occasions and voluntarily pay a premium (exhibit behaviour associated with materialism) on others. The frugality expressed may not be as rigid as that introduced by Lastovicka et al. (1999); it may be fluid, changing depending on occasion or circumstance. Sawady and Tescher (2008) observe that purchasing behaviours amongst the poor are not always motivated by price; they are often based on whether the acquisition will appease their sense of belonging to society.

### **2.3 MATERIALISM**

Materialism speaks to the relationship that individuals have with material possessions (Jacob and Smit, 2010). According to Ponchio and Aranha (2008), the most common definitions for materialism within the context of consumer behaviour were suggested by Belk (1984) and Richins and Dawson (1992). Belk (1984) states that materialism is the importance we place on material goods. Highly materialistic people see possessions as a benchmark for success (Richins and Dawson, 1992); they believe that the number and quality of possessions accumulated determines their value or standing in society (Jacob and Smit, 2010). Individuals low in materialism generally choose to lead a simple life with few material possessions. Belk (1984) and Richins and Dawson (1992) developed scales to measure materialism levels. The Belk (1984) materialism scale is based on personality traits such as possessiveness, non-generosity and envy, thought to be closely related to materialism. Belk (1984) however viewed materialism as unidimensional; in contrast, Richins and Dawson (1990) argue that materialistic tendencies are more situational and evolve with time. "Materialism is a multidimensional concept which includes not

only traits, but attitudinal, behavioural and value components as well” (Richins and Dawson, 1990, p. 169). They suggested that materialism be viewed as an attribute that changes with social condition and age; Richins and Dawson (1992) proposed a material value scale (MVS) based on a) acquisition centrality – materialists place possessions and their acquisition at the centre of their lives, b) acquisition as the pursuit of happiness – materialists view possessions and their acquisition as essential to their well-being in life, and c) possession defined success – materialists judge their own and others’ success by the possessions accumulated.

Early research on materialism was concentrated in developed nations. Jacob and Smit (2010) report that in the 1990s researchers began to observe that materialistic tendencies which arose in developed economies were being emulated in the third world; “ultimately, the consistent finding was that developing/less affluent economies were often more materialistic than developed economies, clearly suggesting that materialistic values are pervasive in developing economy environment” (Jacob and Smit, 2010, p. 15). Following extensive testing, Richins (2004) introduced a 9-items MVS which has enjoyed wide usage across cultural divides.

## **2.4 DISCRETIONARY THRIFT**

The terms discretionary thrift, voluntary frugality and pragmatic spending are used interchangeably in literature to describe consumers who have purposely curbed their spending but are capable financially to revert to their past spending patterns (“Understanding the post-recession consumer”, 2010). Discretionary

thrift is described as a developed world phenomenon brought about by the global recession (Piercy et al., 2010). Once the recession ends, consumers are expected to revert to previous spending habits. It is apparent that frugality observed here is considered a choice (discretionary); affluent consumers choose to pay a premium on certain products and save money on others. On the other hand, thrift amongst the poor, especially in emerging markets, is expected and obligatory for survival (Flatters and Willmott, 2009). Karnani (2006) states that poor people spend 80% of their income on food, clothing and fuel, as a result not much is left over for luxuries. Although Martinez and Carbonell (2007) and Prahalad (2004) dispute this notion, low income is frequently synonymous with necessary thrift. An example of this can be found in an article by Garette and Karnani (2010). The researchers explain that 94% of poor cellular phone users in Bangladesh reduce their cellular phone costs by sending and receiving “missed calls” that is calling a number deliberately and hanging up before the other person picks up the call. A missed call can be used to send a pre-negotiated message such as “come and pick me up” or a relational sign such as “I miss you” or a request for a call back. Depending on the number of rings, different messages can be conveyed. Garette and Karnani (2010) state that this practise is growing rapidly throughout the developing world and is simply due to the fact that the poor have no money. The authors do not consider that this practice could be borne out of voluntary frugality or a myriad of other non-monetary factors. Garette and Karnani (2010) conclude that the biggest difference between bottom of the income pyramid and affluent markets is the obvious but under emphasised fact that the poor have very little purchasing power (Garette and Karnani, 2010).

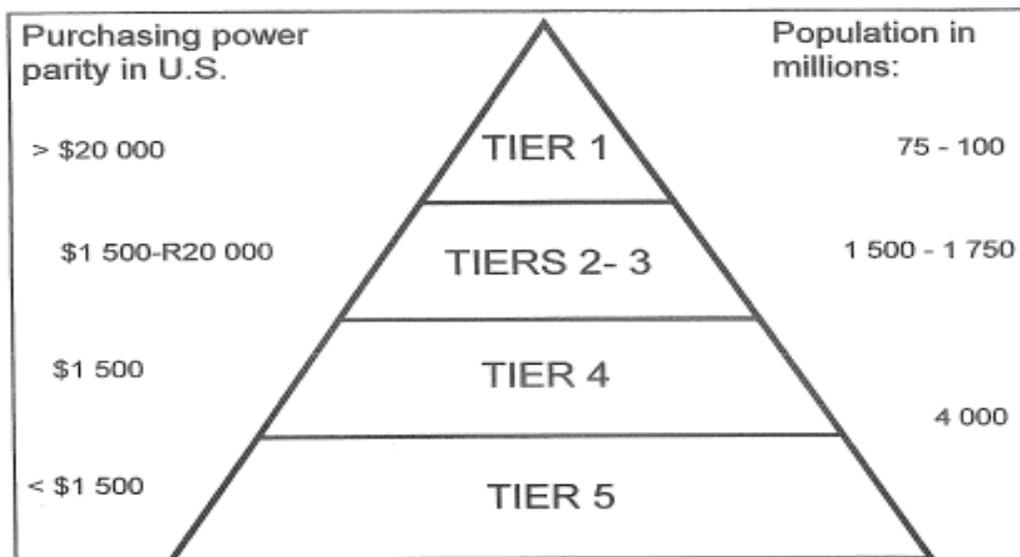
By contrast, Subrahmanyam and Gomez-Arias (2008) state that the poor often seek items that may be considered luxury or non-essential. These purchases could be infrequent or inspired by festivals, traditions or peer-pressure and are often financed by reducing consumption of certain items, paying in instalments or taking loans (Subrahmanyam and Gomez-Arias, 2008). Van Kempen (2004) states that consumer activity for low income consumers is not only a matter need but also one of embellishing social status. Status-minded consumers overspend on goods that can be viewed in public space relative to those that are not readily visible (Van Kempen, 2004). These observations lend credence to the hypothesis that low income consumers, in emerging markets at least, despite meagre resources, do exercise discretionary thrift. In line with the self-enhancement value motive, the poor are subject to social influences and as a result exercise varying degrees of materialism and frugality; there are certain circumstances under which low income consumers intentionally exercise restraint in order to pursue materialistic endeavours. The proceeding sections offer further insights into the characteristics of low income consumer markets, the spending behaviours observed, and the possible motivations for frugality and materialism therein.

## **2.5 THE BOTTOM OF THE INCOME PYRAMID**

The term Bottom of the Pyramid (BOP), used to describe the world's poor, has not been precisely defined. Several authors use different definitions. Martinez and Carbonell (2007) define it as people who live on less than \$2,000 per year, considering purchasing power parity (PPP). Barki and Parente (2010) report

that most of the research and case studies at BOP consider a broader definition that includes people living on less than \$8 per day PPP or approximately \$3,000 per annum PPP. Prahalad (2009) classifies the world economically into 5 tiers (see Figure 3). Tiers 4 and 5 form the base of the pyramid and are said to consist of more than 4 billion people globally that live on no more than \$1,500 per year (PPP). However, Karnani (2006) argues that the number of people at BOP and their purchasing power is grossly overestimated. He quotes other researchers in the field and asserts that there are in fact less than 2.7 billion people at BOP. Nonetheless, income is widely used to define BOP, after all, it is a popular tool in group segmentation. The Gini index, which measures the degree of income or wealth inequality in a given country, is based on income levels (Barki and Parente, 2010). But is a monetary measure as prescribed by Prahalad (2009) and others sufficient to adequately describe this vast and geographically sparse group of people?

**Figure 3:** The Economic Pyramid. Source: Prahalad (2009, p.28).

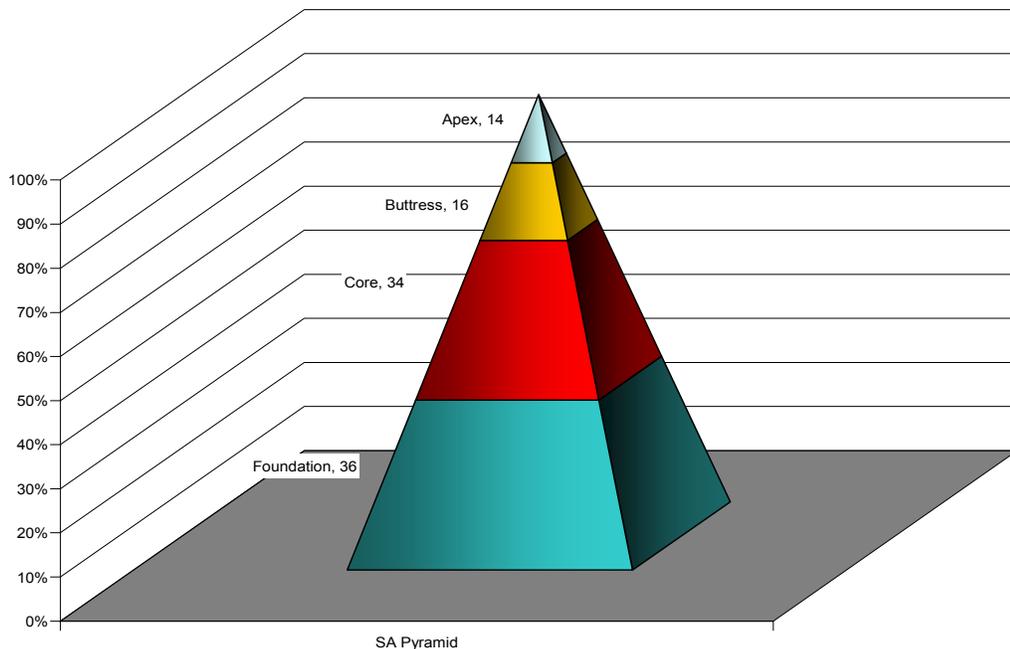


Chipp and Corder (2009) provide an alternative view. They contend that BOP consumers are usually dependent on the group and as such, identifying these individuals by per capita income is possibly ineffective. Chipp and Corder (2009) suggest that a household standard is a better measure and would provide a far superior benchmark as it is free of monetary currency concerns over time. South Africa has had “an empirically derived definition of all social strata based on household variables since 1989; it is termed the Living Standards Measure (LSM<sup>®</sup>) and it is widely used by marketing practitioners” (Chipp and Corder 2009, p. 3). A short list of 7 questions has been developed to help researchers and marketers identify the pyramid location of urban dwellers. Table 2 and Figure 4 below depict the constituents of South Africa’s income pyramid. Globally, the need for a non-monetary measure to classify low income consumers is echoed by Amine and Smith (2009); they state that the poor should not be described by a single demographic, low income. In reality, this so-called segment includes people who are not all the same in terms of living conditions, possessions and preference (Amine and Smith, 2009).

**Table 1:** The South African LSM<sup>®</sup>. Chipp and Corder (2009, p.18).

The South African Pyramid	TOTAL	
	'000	%
Population ('000)	31,305	100
The Apex of the Pyramid (Group A - LSM <sup>®</sup> s 9 & 10.)	4,463	14.3
The Buttress of the Pyramid (Group B - LSM <sup>®</sup> s 7 & 8)	5,105	16.3
The Core of the Pyramid (Group C - LSM <sup>®</sup> s 5 & 6)	10,534	33.6
The Foundation of the Pyramid (Group F - LSM <sup>®</sup> s 1-4)	11,194	35.8

**Figure 4:** South Africa's population and income pyramid. Chipp and Corder (2009, p.18).



## 2.6 CONSUMER BEHAVIOUR AT BOP

Literature on BOP suggests that companies can serve the poor and make a profit (Seelos and Mair, 2007). The BOP proposition can be summarised as follows (Karnani, 2006):

- There is much untapped purchasing power at BOP. Private companies can make significant profits by selling to the poor.
- By selling to the poor, private companies can bring prosperity to the poor, and thus can help eradicate poverty.
- Large multinational companies should play the leading role in this process of selling to the poor.

### ***2.6.1 Common misconceptions of consumers at BOP***

Discussions around strategies (Seelos and Mair, 2007), and risk and misfortune (Karnani, 2006) in doing business at BOP have dominated academic literature over the last 10 years. Barki and Parente (2010) state that there is a lack of comprehensive studies that analyse differences in consumption behaviour at BOP. Martinez and Carbonell (2007) call attention to the need for businesses to *learn how* to do business with the poor as opposed to *getting* business from the poor. Martinez and Carbonell (2007) highlight that the most common misconceptions worldwide around low income consumers are (Martinez and Carbonell, 2007):

- **The poor have no money.** This is misleading. Although each member of a family may earn very little, the joint purchasing power of poor families and communities is large.

- **Spending by the poor is restricted to basic goods.** On the contrary, the poor buy luxury items such as televisions and radios.
- **The poor only buy cheap things.** Poor consumers often pay much higher prices than middle class consumers for the same goods as they cannot obtain bulk discounts.

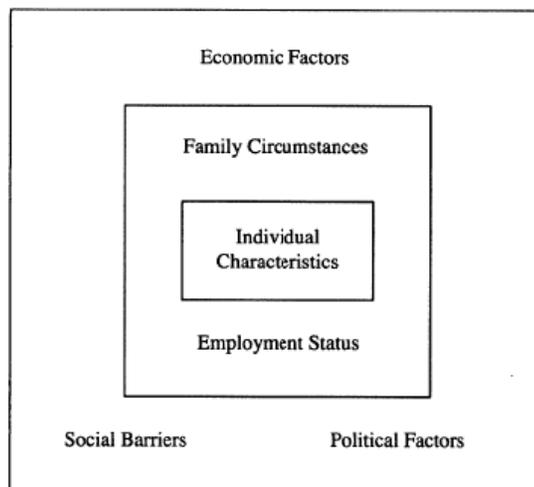
These erroneous beliefs were largely exposed by Hamilton and Catterall (2005) who conducted extensive research amongst the United Kingdom's poor. Barki and Parente (2010) report that low income segments everywhere only began to be considered as potentially profitable post 1998. Since then, it must be said, marketers have made great strides towards ensuring that the poor are offered products in the right form, in the right place and at the right time. However, this is not always done as advised by marketing textbooks or BOP researchers. Hamilton and Catterall (2005) state that the exchange relationship between marketers and low income consumers in first world societies is sometimes imbalanced in favour of the marketers. Working on the assumption that low income consumers are a business risk, marketers do not pay sufficient attention to them. As a result, low income consumers are often unable to access the range of offerings available to more affluent individuals for reasons other than a lack of affordability or desire to consume; indeed, the poor frequently spend more to acquire goods and services through travel expenses as these goods are not always available near low income communities (Hamilton and Catterall, 2005). Anderson et al. (2010) report similar findings in emerging markets of Nigeria and Kenya. Zain (Pty) LTD, Nigeria's second largest mobile network operator, conducted research in low income

communities to determine factors that affect mobile phone usage (Anderson et al, 2010). They found that the poor were eager to use cellular technology and services such as text messaging and picture messaging but uptake was hampered not by lack of income, but by poor distribution of top-up vouchers, unreliable network coverage, language barriers and inadequate understanding of the company's products and services (Anderson et al., 2010).

A long standing stereotype in developing and developed societies is that the poor are lazy, criminal and responsible for their circumstances (Martinez and Carbonell (2007), Hamilton and Catterall (2005)). However, there are many reasons for poverty or transition into poverty (Figure 5) and not all of them are due to individual characteristics. Macroeconomic factors such as recessions, political factors such as corruption or poor governance and social barriers such as education, language and attitudes, particularly in the third world, can all accentuate poverty. The grand standing by Pepper et al. (2009) that the poor in developed nations do not harbour self enhancement values may yet be another misnomer. Hamilton and Catterall (2005) report that many low income consumers adopt coping mechanisms to regulate emotional stress associated with poverty; these include fantasising about a better future or reformulating needs in ways that differ from social expectations (Hamilton and Catterall, 2005). Certainly, low income individuals are people too and express their needs and wants in similar ways to more affluent consumers. In Brazil, BOP individuals were found to demonstrate a high concern about maintaining their self-respect and being treated with dignity (Barki and Parente, 2010); they were found to frequent retailers that offered high quality customer service and

respect for patrons and shun those that offer “a shopping experience that reminds them of their poverty status” (Barki and parente, 2010, p. 17). Rashid and Rahman (2009) and Subrahmanyam and Gomez-Arias (2008) agree that there is a need for a better grasp of and sensitivity towards the socio-economic contexts of low income individuals. The supposition that discretionary thrift is a first world phenomenon which only applies to affluent consumers in those countries shows that further research is needed to gain a better awareness of the long-term poor in developing and developed economies; this study therefore has wide ranging implications as it seeks to add to the body of knowledge on low income consumer behaviour.

**Figure 5:** Reasons for poverty (Hamilton and Catterall (2005, p.630)



### **2.6.2 Consumer motivations at BOP**

What motivates consumer behaviour, and therefore the expression of frugality and materialism amongst low income consumers? Flatters and Willmott (2009) and Garette and Karnani (2010) suggest that frugal practices observed at BOP are borne out of necessity. Low income consumers have to be frugal in order to have sufficient funds to cover basic living expenses. Subrahmanyam and Gomez-Arias (2008) examined low income consumer spending habits using Maslow's hierarchy of needs. According to Maslow, there are five core human needs that are satisfied in a hierarchical manner (Sirgy, 1986). These are:

- physiological
- safety and security
- belonging
- self-esteem; and
- self-actualization

Maslow's theory stipulates that unless lower order needs are satisfied (bare necessities), higher-level needs remain dormant (Subrahmanyam and Gomez-Arias, 2008). With the majority of BOP spend on food (Karnani, 2006), at first glance, it may seem BOP motivations are to fulfil basic needs. However, as indicated by Martinez and Carbonell (2007), BOP consumers purchase for more than mere survival. In fact, the highest increase in BOP spend over the last decade has been in the category of communications and technology, a higher order need (Subrahmanyam and Gomez-Arias, 2008). A prime example of this is the household expenditure for low income consumers in South Africa (Table 2). After food, the next biggest category of expenditure is "other". This

includes luxury items such as branded clothing, cellular phones and other socially visible goods (Jacob and Smit, 2010).

**Table 2:** Household expenditure. Jacob and Smit (2010, p.17).

<b>Household Expenditure</b>	
<b>Sector</b>	<b>South African (%)</b>
Food	43.0
Housing	11.0
Water	1.3
Energy	6.4
Household goods	11.2
Health	1.4
Transportation	5.6
Information and communication technology	1.8
Education	2.2
Other	16.1
<b>Total</b>	<b>100</b>

Hamilton and Catterall (2008) report that low income consumers counter feelings of alienation from consumer culture by embracing actions that primarily reduce financial disadvantage and social exclusion. This is a different and perhaps more powerful argument against the ‘low achievement’ motivation findings amongst developed world poor of Pepper et al. (2009). Frugal practices such as maintaining a stringent budget, engaging in price comparisons, turning to the alternative sector (buying second hand items), and using brands and products in unexpected and creative ways are methods used to overcome the financial disadvantage faced by low income consumers worldwide, helping to ensure that limited resources are able to fulfil a wide variety of needs (Hamilton and Catterall, 2008). Thus, without devaluing the importance of satisfying lower

order needs, it seems mere survival is not always the driving force behind frugal behaviour at BOP.

Another way that poor consumers reduce their financial disadvantage is through social capital. Social capital refers to the norms and networks that enable people to act collectively; networks such as a person's family, friends and associates are an important asset and can be called on in a crisis (Subrahmanyam and Gomez-Arias, 2008). In India, communities with diverse stock of social capital are considered to be in a stronger position to confront poverty; individuals can rely on an extended kinship for both material and non-material support (Subrahmanyam and Gomez-Arias, 2008). Aggregated funds obtained from this social support system (household or communal income) give BOP consumers the opportunity to purchase goods that may not otherwise be within their financial reach.

There is school of thought from the developed world that suggests that low income consumers often confine their purchases of both food and non-foods to outlets within their neighbourhoods. This so-called confined buying behaviour occurs when a group of consumers does not spread its purchases evenly among available stores and instead, concentrates purchases among a subset of the stores (Goldman, 1978). Although Hamilton and Catterall (2005) assert that low spatial mobility is largely responsible for confined consumption, Goldman (1978) advises that the allure of credit may also constrain low income consumers to certain stores. In other words, confined consumption is the consequence of a desire to consume. Evidence of this in emerging markets can

be found in research by Anderson et al (2010) and Subrahmanyam and Gomez-Arias (2008); they tell of village-level franchisees for mobile phone operators and pharmaceutical goods in North and East Africa who enjoy great support despite narrow product ranges and availability of cheaper products elsewhere; building relationships with these neighbourhood retailers instils a deep sense of interdependence allowing consumers access to credit (Subrahmanyam and Gomez-Arias, 2008). In turn, access to credit, gives BOP consumers the opportunity to pursue aspiration goods (Martinez and Carbonell, 2007), even though it restricts them to purchasing from the providing stores.

The findings discussed thus far make it reasonable to propose the paradoxical thesis that thrift observed amongst low income consumers may be adopted, not always out of necessity to ensure survival as argued by Karnani (2006) and others, but possibly to allow pursuits of materialism. Recall that materialistic individuals are more susceptible to consumerism, which is the pursuit of higher order needs after subsistence needs are met (Subrahmanyam and Gomez-Arias, 2008).

What motivates materialism amongst low income consumers? Hamilton and Catterall (2008) intimate that low income consumer behaviour in the developed world is geared towards combating social exclusion. Saren (2007) states that consumer goods are employed to signify social position such as wealth, taste and refinement; they are used establish and maintain difference between social classes and status groups (Saren, 2007). Disadvantaged consumers attempt to bridge the social hierarchical gap by adopting a particular consumer lifestyle

and constructing a 'better' image of self through the products and services associated with more affluent groups (Saren, 2007). At the same time, low income consumers also engage in downward comparisons. Hamilton and Catterall (2006) state that downward comparisons are another way of enhancing self-identity. The knowledge that there are people in more severe financial difficulties and that there are others that are further down the income ladder reduces dissatisfaction with their own situations (Hamilton and Catterall, 2006). Although Saren (2007) Hamilton and Catterall (2006) operated in the developed world, comparable observations have been reported in emerging markets. Barki and Parente (2010) report the results of a study conducted by Van Kempen (2004) that showed that a substantial proportion of the urban poor in developing countries are willing to pay a premium for designer branded clothing. They claimed that there are two main reasons for this (Barki and Parente, 2010):

- Designer labels are a symbol of status and integration in society. They help combat social exclusion by helping the poor portray an image that minimises visible signs of social difference from loftier classes.
- As per Hamilton and Catterall (2006), for downward comparison purposes, it is a kind of differentiation from extremely poor people, who cannot afford these products.

Van Kempen (2004) however states that it is not known whether social identity for the developing country poor is ultimately gained by *differentiating* oneself from other poor people through the consumption of expensive status symbols or by *integrating* with the non-poor through signalling a modern middle-class

lifestyle. Recently, marketers have sought to profit from this need for social inclusion; advertising for products and services directed at the upper class consumer stress the idea of 'exclusivity' and 'differentiation' from the middle class masses; marketing communications to the low income class highlight the idea of 'inclusivity' - that is, suggesting an access to a 'middle class' standard of living (Barki and Parente, 2010).

Closely linked to the concept of social inclusion, is compensatory consumption. According to this concept, individuals who cannot fulfil their primary needs, especially regarding self-esteem or self-actualization, compensate for its lack by the purchase of material status symbols (Subrahmanyam and Gomez-Arias, 2008). This phenomenon has been observed in first and third world societies. Hamilton (2009, p.543) reports that there are low income consumers in the United Kingdom whose financial resources result in them being unable to obtain goods and services for an "adequate" and "socially acceptable" standard of living. Excluded from consumer culture, low income consumers become socially and materially deprived which ultimately provokes stigmatisation. To combat this stigma, low income consumers disguise or mask poverty. Hamilton (2009, p.549) discusses "brand simulation" strategies where low income consumers disguise their favoured top brand with a more economically acceptable alternative, such as a generic. The generic brand is reworked and passed off as the genuine article; a common example involves refilling the packaging of an expensive brand with a low price generic (Hamilton, 2009). These products are then prominently displayed in the household fulfilling materialistic leanings that cannot be satisfied due to a lack of income. Van

Kempen (2007) reports of low income households in Bolivia who spend their hard earned income on socially visible goods and who also use their creativity to create the illusion that they are better off than they really are. He notes that one can only gain social position if consumption is externally verifiable (Van Kempen, 2007); the status-intensity of a product thus increases with its degree of social visibility.

Status signalling may therefore engender materialism among low income consumers. Compensatory consumers are expected to pay more (act in a materialistic manner) for socially visible goods such as cosmetics, clothing, cars or food items that have prestigious brand names and act frugal with respect to goods with low social visibility (discretionary thrift). Van Kempen (2007) found that compensatory consumers also tend to replace socially visible goods (durables) relatively quickly for newer high-end models.

Another possible motive for materialism displayed by low income consumers is the need to minimise functional risk (Van Kempen, 2004). Barki and Parente (2010) state that poor people tend to be more loyal to branded products because they cannot afford to make mistakes. A brand name serves as an extrinsic cue that positively affects consumers' perception of product quality (Van Kempen, 2004). If a product does not deliver the expected value, poor consumers may not be able to buy another new product. The financial risk is simply too high and the poor may have to use the defective product until the end. Rimell (2008) showed that low income consumers have great affinity for products that may be considered beyond their monetary reach. Store brands

aimed at the poor are often viewed with suspicion (Rimell, 2008). So, buying aspiration brands is rational as it assures that expected performance is delivered. Frugality and materialism observed here may be discretionary; poor consumers may be extremely materialistic towards goods with a high functional risk. Rimell (2008) reports of low income households who pay a considerable premium for a particular detergent brand because, compared to cheaper brands, it is more effective at removing stains and does not damage clothes with repeated use. As a result clothes are cleaner and last longer. These same consumers however may be frugal towards goods with low functional risk; they may save money for instance by buying brown sugar instead of more expensive white sugar.

In summary, it is undoubted that the poor have a limited budget. The frugal behaviour exhibited at times may be purposefully chosen as it allows the poor consumers to gather enough resources to purchase goods that may be regarded as luxury items for the middle or upper class. This apparent materialism may be motivated by the need to overcome social costs or functional risk and does not particularly indicate 'necessary' thrift to ensure survival. In fact, it suggests the opposite; that is, there are factors which may influence low income consumers to spend rather than save. For this reason, a study on discretionary thrift amongst low income earners is all the more relevant; the question remains, what guides choice?

## 2.7 FACTORS THAT MAY INFLUENCE DISCRETIONARY THRIFT AT BOP

Having established reasons that may motivate frugality and materialism amongst low income consumers, it is important to consider external factors that may accentuate the expression of frugality or materialism. As postulated, frugality may not be one-dimensional as defined by Lastovicka et al., 1999; like materialism, it may be multi-dimensional. One-dimensional constructs are relatively unchanged over time and are relatively impervious to environmental stimuli; discretionary thrift on the other hand implies that consumers are frugal in certain circumstances and willing to pay a premium in others. There may be certain types of products or brands for which thrift or materialism is more prominent. Observations by Barki and Parente (2010), Van Kempen (2004) and Subrahmanyam and Gomez-Arias (2008) show that BOP consumers in developing countries are prepared to pay a premium for certain products, not because they are perceived as being of higher quality but for symbolic reasons. Van Kempen (2004) states that subjects who are unable to gain status because of their poor background place great emphasis on owning designer brands. This compensatory spending makes up for one's low status in society (Subrahmanyam and Gomez-Arias (2008)). As reported, compensatory consumers are expected to pay more for socially visible goods that have prestigious brand names. Low income consumers are therefore expected to exhibit materialistic tendencies when considering these goods. Accordingly, there are other variables that may affect frugality or materialism expressed by low income consumers towards products or brands. These are:

- Level of income.
- Age of low income consumer.

- Level of education of low income consumer.
- Relative deprivation.

### **2.7.1 Level of Income**

Gross income is widely used as a dependent variable in research on materialism. Van Kempen (2004) reports that there is a threshold level of income below which individuals can hardly afford to spend resources on symbolic products. Those who earn an income above this level, although still poor, have the opportunity to distinguish themselves from the poorer group by consuming aspiration products (Van Kempen, 2004). However, research by Ponchio and Aranha (2008) disputes this finding. The authors conducted a study to determine if there was a relationship between materialism and level of income (gross income from work, pension or social security programs) in poor communities of Sao Paulo. Ponchio and Aranha (2008) found that there is no association between income level amongst the poor and materialism. With respect to frugality, Pepper et al (2008) state that income is a strong predictor for frugal tendencies. The lower the income, the more likely an individual will exhibit frugal behaviour. Further investigation is therefore required to determine the impact of gross income levels on the propensity to spend on certain products or brands in low income societies. This notwithstanding, disposable income may be a more suitable variable in measuring frugality and materialism as gross income does not take into account an individual's level of indebtedness. There may be low income earners that have the same or more disposable income as middle income earners. Therefore the frugality or

materialism expressed may be better correlated to disposable income than gross income. Further, measuring the impact of disposable income on frugality and materialism has wider implications as the results can be extrapolated beyond BOP.

### **2.7.2 Age**

Life stage is an important factor that has to be taken into account when observing consumption choices (Salm, 2010). Ponchio and Aranha (2008) report that the level of materialism exhibited by low income consumers is affected by age. In various studies listed by the authors, older consumers (consumers over 50 years old) consistently showed the lowest levels of materialism (Ponchio and Aranha, 2008). It may be that these consumers have little interest in socially visible consumption or that younger consumers have a higher compensatory urge for material goods (Van Kempen, 2007). It may also be that older consumers are more collectivist and less influenced by peer pressure or the media and its desire creation activity. Indeed, Rimmell (2008) writes of young (under 30 years old) BOP consumers who put great emphasis on appearance; they are compelled to spend money on aspiration brands in order to look and feel good (Rimmell, 2008). Van Kempen (2007) argues that age has a negative relationship with the consumption of socially visible *durable* goods. According to developmental psychology, older consumers are more aware of their mortality and tend to divest goods rather than invest in them. Older members of society are also likely to have acquired their durables earlier in time than their younger cohorts and therefore do not have the same desire to consume (Van Kempen, 2007).

### **2.7.3 Level of Education**

According to Van Kempen (2004), the more formal schooling a low income consumer has received, the lower the premium he or she places on aspiration brands. Van Kempen (2004) describes this as unexpected since schools in developing countries are often an important institution through which modern middle class values are instilled. Designer clothing and other aspiration goods are a symbolic expression of the middle class; as such, one would expect the willingness to buy these goods increase with an increase in levels of education (Van Kempen, 2004). In line with the compensatory consumption hypothesis described by Subrahmanyam and Gomez-Arias (2008), Van Kempen (2004) found that respondents with an intermediate level of education (secondary school) showed a slight tendency to pay a premium for aspiration brands than cohorts with high level of education (tertiary education); unambiguous support for the hypothesis was found in low education groups (no formal education beyond primary schooling) where these individuals showed a strong propensity to pay a premium for symbolic goods than their more educated counterparts (Van Kempen, 2004). It stands to reason that this correlation between status-seeking behaviour and education level could be identical to that between incidents of discretionary thrift and levels of income. Stated differently, individuals with low levels of education could be expected to be more frugal in their purchases of certain items in order for them to afford the premium required for aspiration goods. Manzi (2007) states that, in developing countries, autonomy is largely dependent on education levels. The most obvious implication of low education attainment is the persistence of low income earning

capability, which results in material deprivation (Manzi, 2007) and may in turn spur the need for compensatory consumption.

#### ***2.7.4 Relative Deprivation***

Relative deprivation is a theoretical concept that has been used to analyse contexts of perceived injustice and inequality (Manzi, 2007). Social psychology states that people do not suffer in an absolute way; rather they compare their lot with that of others (Lopéz Turley, 2002 in Manzi, 2007). A person will feel relatively deprived if (1) he or she lacks an object, (2) desires it, (3) sees some other person(s) with it and (4) thinks it is feasible to obtain that object (Lopéz Turley, 2002 in Manzi, 2007). Relative deprivation is a universal concept and may be brought about by past events. Lopéz Turley (2002) in Manzi (2007) states that relatively deprived people often exhibit a sense of entitlement; they feel that they deserve the circumstances that have been denied to them but granted to others.

South Africa, a vibrant emerging market economy with high social mobility, has a recent tragic political history that presents the sort of environment that may encourage relative deprivation amongst groups of people who were previously denied opportunities, heightening their expression of materialism and possibly frugality. A study conducted by Manzi (2007) found that relative deprivation exists amongst newly affluent black South Africans. It is generally accepted that consumer behaviour is heavily influenced by reference groups; a reference group is “any person or group that serves as a point of comparison or reference for an individual consumer” (Jacob and Smit 2010, p. 16). Manzi (2007, p. 112)

reports that the relative deprivation felt by socially mobile blacks is “egoistic” in nature as individuals continuously compare their material possessions to those in their business and social networks. Affluent black South Africans tend to pursue extravagant lifestyles as they attempt acquire things that were denied to them with the aim of “catching up” to those more prosperous inside and outside their race group (Manzi, 2007). This notion of non-racial reference groups is disputed by Jacob and Smit (2010) who state that the role models for the majority of black Africans have changed from white or western men to the new black elite – politicians, entertainers, entrepreneurs and young black professionals. Nonetheless, even as black South Africans are making the transition from poor to middle class in impressive numbers, the vast majority remain poor; the education they were deprived of during apartheid may mean they cannot take advantage of opportunities in the new South Africa. Therefore how does the consumerism of black socio-economic climbers, fuelled by relative deprivation, affect those low income consumers who are not in a position to take advantage of newly availed opportunities? Simply put, by virtue of being role models, the materialism of newly affluent blacks will shape the desires, aspirations and behaviours at BOP and may cause an increase in status signalling. The poor may express frugality when considering certain items in order to overcome financial disadvantage, helping them ensure that limited resources are sufficient to acquire goods that bestow social reverence. Similar observations may be encountered in other parts of the globe where relative deprivation is prevalent.

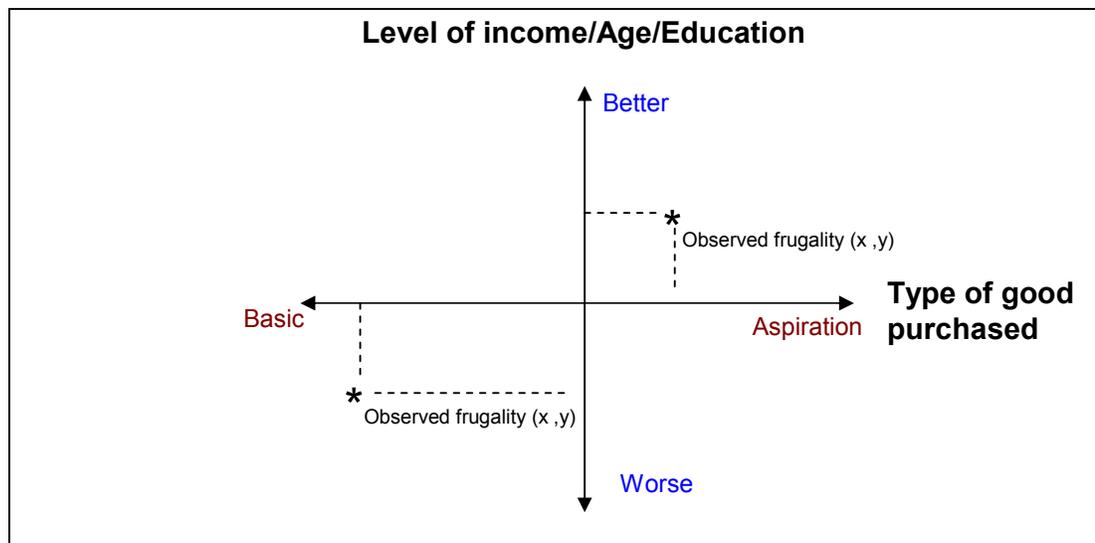
## 2.8 CONCLUSION ON LITERATURE REVIEW

Academic literature presents frugality as one-dimensional. Low income is described as a strong predictor for frugality. It is stated that the frugal tend to be less materialistic, less aspirational, less subject to interpersonal influence, and more oriented toward long-term outcomes. These findings however, may only be applicable to the developed world societies where early research on frugality was conducted; these developed countries have already gone through a cycle of consumerism and frugality may truly be associated with low income individuals and people with low materialistic and aspirational leanings (for example voluntary simplicity). Alternatively there may be a general lack of understanding of the long term poor or the nature of frugality; the status signalling behaviour adopted to combat feelings of social exclusion in these settings implies that the developed world poor may yet harbour strong materialistic and self-enhancement tendencies.

There are several researchers who claim that frugality in low income communities in emerging markets is borne out of necessity for survival. However, this may also be as a result of a poor understanding of low income consumers. These settings are still gripped in a cycle of materialism and there is great desire and opportunity for social mobility. Consumer behaviour observed amongst the poor here is heavily influences by status signalling. Frugality expressed may not be to ensure survival; it may be at the discretion of the consumer, to ensure sufficient funds are available for materialistic pursuits (purchasing of socially visible goods). Hence, the one-dimensional views of frugality may not apply here either. There may be circumstances in which the

developing and developed world poor are prompted to pay as little as possible (behaviour associated with frugality) rather than spend money. Conversely, there may be circumstances that may influence these consumers to pay a premium (behaviour associated with materialism) rather than save. In order to adequately describe frugality, one would have to do so by considering several related domains (see Figure 6) such as product being considered, age, resource availability and education all of which influence low income consumer behaviour.

**Figure 6:** Example of multidimensional view of frugality.



### 3.0 STATEMENT OF RESEARCH PROPOSITION

The preceding chapter has shown that, like materialism, frugality may be multidimensional; its expression may be influenced by socio-economic circumstances. Discretionary thrift is a term commonly associated with affluent consumers in developed countries. These consumers, we learn, moderate their spending depending on circumstance. They are willing to pay a premium on certain items (behaviour consistent with materialism) or withhold spending on others (behaviour consistent with frugality). Low income consumers on the other hand are expected to be prudent to ensure survival; they are reluctant spenders regardless of product or occasion.

This research intends to investigate discretionary thrift amongst low income consumers in South Africa. The research also seeks to describe factors that may influence the discretionary thrift expressed by low income consumers. The propositions that will be addressed are:

1. **Proposition 1:** There is discretionary thrift at bottom of the income pyramid.

Low income consumers exhibit frugality or materialism depending on product being considered.

- Frugality - There are certain products with which low income consumers intentionally exercise restraint in order to use money for other purposes.
- Materialism - Low income consumers intentionally save money on certain products in order to pay the required premium on others.

2. **Proposition 2:** Discretionary thrift may be affected by an individual's income level (gross income and/or disposable income) at the bottom of the pyramid.
  - Frugality expressed with respect to a particular product is affected by an individual's income level at the bottom of the pyramid.
  - Materialism expressed with respect to a particular product is affected by an individual's income level at the bottom of the pyramid.
  
3. **Proposition 3:** Discretionary thrift may be affected by an individual's age.
  - Frugality expressed with respect to a particular product is affected by an individual's age at the bottom of the pyramid.
  - Materialism expressed with respect to a particular product is affected by an individual's age at the bottom of the pyramid.
  
4. **Proposition 4:** Discretionary thrift may be affected by an individual's level of education.
  - Frugality expressed with respect to a particular product is affected by level of education at the bottom of the pyramid.
  - Materialism expressed with respect to a particular product is affected by level of education at the bottom of the pyramid.

## **4.0 METHODOLOGY**

### **4.1 INTRODUCTION**

This chapter presents the methodology employed to study discretionary thrift at the bottom of South Africa's income pyramid. With the theoretical basis (Chapter 2) and objectives (Chapter 3) of this research established, the methods of data collection and analysis are discussed and possible limitations of the approach are highlighted.

### **4.2 RESEARCH DESIGN**

This research took the form of a descriptive, quantitative design. Blumberg et al. (2008) states that descriptive studies try to provide an answer to questions like who, what, when, where and sometimes, how. In descriptive studies, the researcher attempts to describe, or define a subject often by creating a profile of a group of problems, people or events. Descriptive studies however cannot explain why an event has occurred or why variables interact the way that they do (Blumberg et al, 2008). Quantitative studies rely on quantitative information to study a phenomenon (Blumberg et al, 2008).

This study did not attempt to explain why BOP consumers exhibit the behaviour that they do. Its aim was to describe, using structured quantitative information, discretionary thrift at BOP. The research instrument for the study was a survey. Zikmund (2003) defines surveys as research conducted by gathering information from a sample of people by use of a questionnaire or interview.

Summated rating attitudinal scales (Likert) were used to gather information from BOP consumers. The Likert scale was chosen as it is the most frequently used variation of the summated rating scale and can be used to measure attitudes (Blumberg et al., 2008). The Likert scale contains statements that express either a favourable or unfavourable attitude towards an object of interest (Blumberg et al., 2008).

#### **4.3 POPULATION AND SAMPLING**

The population of relevance for this study was South Africans in the LSM<sup>®</sup> 1-4 range as per BOP definition by Chipp and Corder (2009). This is in contrast to Jacob and Smit (2010) who defined the population of relevance for their research into materialism amongst South Africa's low income consumers as individuals earning less than R7, 000 per month.

The sample for this study was obtained from Motsoaledi squatter camp, an informal settlement in Soweto, Johannesburg. The squatter camp is characterised by makeshift housing or shacks furnished from wood, cardboard and scrap metal; some of the shacks are electrified, however, there is minimal indoor plumbing or sewage piping. The sample was a convenience sample, based on access to individuals in LSM<sup>®</sup> 1-4. Probability sampling was not used as it requires a controlled procedure to ensure that each population element is given a known non-zero chance of selection (Blumberg et al, 2008). The unit of analysis was spending behaviour of the individual at BOP. Similar to the study by Jacob and Smit (2010), a sample size of 120 respondents was calculated to

provide estimates of materialism and frugality at a precision of 0.25 and at a 95% confidence level.

#### 4.4 SURVEY QUESTIONNAIRE

This study required that only individuals within a relevant population group be surveyed. As such, respondents were required to supply information which was measured against metrics from SAARF's Living Standard Measure (Table 3, Chipp and Corder (2010)).

**Table 3:** Short form LSM questionnaire and scoring matrix. Chipp and Corder (2010).

ATTRIBUTE/ QUESTION	YES	NO
Have hot running water in home	10	0
Have a working microwave oven	10	0
Have a flush toilet in home or on plot	10	0
Have a working vacuum cleaner or floor polisher	10	0
Have a working computer/laptop in home	10	0
Have a working electric stove in home*	10	0
Have 1 or more working motor vehicles in home	10	0
Totals of each column		
<b>TOTAL SCORE</b>		

<b>LSM 1 – 4</b>	<b>Less than 0 -10</b>		<b>BOP/FOUNDATION</b>
LSM 5 – 6: Core	11	30	<b>CORE</b>
LSM 7 – 8: Buttress	31	50	<b>BUTTRESS</b>
LSM 9 – 10: Apex	51 +		<b>APEX</b>

\*A hot plate was not considered an electric stove.

Having established that individuals were in the LSM<sup>®</sup> 1-4 group (total score less than or equal to 10 in Table 3), respondents were asked to identify from a list of aspiration, conventional and low cost brands and products (Figure 7) those items for which they put money aside in order to afford. In relation to these products/brands, they were asked to identify the one they valued the most; a blank line was provided and their level of materialism relating to this product was then determined.

**Figure 7:** Products and brands presented to survey respondents.



To measure materialism, the study used a version of Richins (2004) 9-item shortened materials value scale (MVS) employed by Ponchio and Aranha (2008) and Jacobs and Smit (2010) in their research on materialism at BOP. In reliability tests, these studies yielded Cronbach's alphas of 0.73 and 0.82 respectively. Similar to the above research, nine statements corresponding to the 9-item MVS were listed in the questionnaire (Table 4), with each statement needing to be ranked on a 5 point scale ranging from 1 = "I strongly disagree" to 5 = "I strongly agree". Where required, the statements were adapted to context and product set (see upper case text in Table 4).

**Table 4:** MVS adapted from Ponchio and Aranha (2008), Jacobs and Smit (2010).

#	Question (Scale Item)	S.Disagree	Disagree	Neutral	Agree	S.Agree
8.1	I admire people who own/use the <b>INSERT PRODUCT/BRAND SELECTED FROM PREVIOUS QUESTION. (S)</b>					
8.2	I like spending money on the <b>INSERT NAME OF PRODUCT/BRAND. (C)</b>					
8.3	My life would be better if I was able to always purchase the <b>INSERT PRODUCT/BRAND NAME. (H)</b>					
8.4	Buying the <b>INSERT PRODUCT/BRAND NAME</b> gives me a lot of pleasure. <b>(C)</b>					
8.5	I'd be happier if I could afford to buy the <b>INSERT PRODUCT/BRAND NAME more often. (H)</b>					
8.6	The <b>INSERT PRODUCT/BRAND NAME</b> impresses people. <b>(S)</b>					
8.7	I like a lot of luxury in my life. <b>(C)</b>					
8.8	It bothers me that I can't always afford to buy the <b>INSERT PRODUCT/BRAND NAME. (H)</b>					
8.9	Some of the most important achievements in life include being able to afford <b>INSERT PRODUCT/BRAND NAME. (S)</b>					
(S) Success subscale						
(C ) Centrality						
(H) Happiness						

To determine frugality, respondents were asked to identify from the said list of 49 brands and products those items they routinely and intentionally buy in order to save money for other purposes. In relation to these products/brands, they were asked to identify the one they usually buy when they are saving money; a blank line was provided and their level of frugality with respect to this product was then determined using the 8-item frugality scale developed by Lastovicka et al. (1999). In reliability testing, Lastovicka et al. (1999) reported a Cronbach's alpha of 0.80 for their 6-point Likert scale (6 = "I strongly agree", 1 = "I strongly disagree"). To avoid confusion and maintain consistency throughout the questionnaire, a decision was made in this study to use a 5-point Likert scale; respondents were asked to rank each statement on a 5 point scale ranging from 1 = "I strongly disagree" to 5 = "I strongly agree" (Table 5). Frugality questions from Lastovicka et al. (1999) were adapted to context and product set (see upper case text in Table 5).

**Table 5:** Frugality Scale adapted from Lastovicka et al. (1999).

#	Question (Scale Item)	S.Disagre	Disagree	Neutral	Agree	S.Agree
6.1	I take care to buy the <b>INSERT BRAND/PRODUCT NAME</b> so I can save money in the long-run.					
6.2	I only replace the <b>INSERT BRAND/PRODUCT NAME</b> once it is used-up or no longer useful.					
6.3	Buying the above product/brand allows me to make better use of my money which makes me feel good.					
6.4	If I can re-use/borrow/share <b>INSERT BRAND/PRODUCT NAME</b> , then I will not buy it new.					
6.5	I believe in being careful with my money that is why I buy <b>INSERT BRAND/PRODUCT NAME</b> .					
6.6	Buying the above <b>INSERT BRAND/PRODUCT NAME</b> is part of disciplining myself to get the most from my money.					
6.7	I am willing to buy <b>INSERT BRAND/PRODUCT NAME</b> so I can save money to purchase what I want.					
6.8	I will not spend money on other similar brands/products that may be better than <b>INSERT BRAND/PRODUCT NAME</b> because I want to save money for something else.					

To evaluate whether the discretionary thrift exhibited at BOP is affected by age, education or income, respondents were asked to list basic demographic information such as age, education and monthly income (gross and disposable). A copy of the questionnaire used in the research is provided the Appendix.

#### 4.5 DATA COLLECTION

A third party was hired to administer the survey; where necessary, assistance was provided to respondents in completing the survey. Language and level of education of the target audience was carefully considered in designing the survey questionnaire. To this end, the questionnaire was pretested with a group of LSM<sup>®</sup> 1-4 individuals before it was finalised. The purpose of the pretesting was to ensure that the instructions were easy to understand and that the scales and statements were clear and unambiguous.

#### 4.6 DATA ANALYSIS

Brands and products listed by respondents in the survey with respect to frugality and materialism were arranged into 6 categories. These 6 categories (Table 6) are in line with those defined by Rimmell (2008) in her research on brand relationships at BOP. Frequency tables were then plotted and categories which featured most with respect to frugality and materialism were noted for further discussion.

**Table 6:** BOP brand categories (Rimmell, 2008).

<b>Brand Categories</b>		
Fast Moving Consumer Goods	Discount Clothing Chains	Telecommunications
Restaurant Chains	Premium Branded Clothing	Supermarket Chains

As an initial analysis of the materialism and frugality scale responses, the measured response to each construct were analysed using the basic descriptive statistics of range, median, mean and standard deviation. Similar to other research conducted with these scales (Ponchio and Aranha (2008), Jacobs and Smit (2010) and Lastovicka et al. (1999)) Cronbach's alpha tests were performed to determine reliability. In line with the research propositions, mean frugality and materialism scores of participants sampled were subjected to the ANOVA test to see if they vary in a statistically significant manner with changes to age, income level or education.

#### 4.8 LIMITATIONS OF RESEARCH DESIGN

The researcher is aware that there are various limitations that apply to this research. This study follows a descriptive design and therefore cannot explain why an event has occurred or why variables interact the way that they do. A non-probability sample is used in this study; this sample does not give a true cross-section representation of the population, and as a result, the attitudes expressed may not reflect the entire population (Blumberg et. al., 2008). Consequently, results from this study cannot be generalised to all BOP consumers. Further, frugality and materialism may be viewed as socially sensitive subjects by respondents and some may be tempted to self-report in a socially desirable manner introducing bias into the study (Lastovicka et al. (1999)). Sources of error commonly associated with survey-type research may also introduce bias to this study. These may include (Blumberg et. al., 2008):

- Leniency – This occurs when a participant is either ‘an easy rater’ or a ‘hard rater’. The extreme ratings given may distort the findings of the study.
- Central tendency – Participants may not understand the object being rated and consistently may give ‘neutral’ ratings.

Finally, the constructs used to measure frugality and materialism in other research (Lastovicka et al. (1999), Ponchio and Aranha (2008), Jacobs and Smit (2010)) have been adapted for this study. Thus, there is scope for researcher error, including possible issues of criterion and construct error.

## 5.0 RESULTS

### 5.1 INTRODUCTION

This section presents a descriptive analysis of the sample used in the study. The results of the questionnaire responses received are summarised and tested against the propositions put forward in Chapter 3 to demonstrate whether discretionary thrift exists at BOP and to determine whether it is influenced by income, age and education.

### 5.2 DEMOGRAPHICS OF RESPONDENTS

The response sample initially consisted of 162 individuals. However, only 154 respondents were found to be in the LSM<sup>®</sup> 1-4 group; this is well above the suitable sample size of 120 respondents required for this study. Of the 154 respondents, 26 did not list their monthly disposable income. Therefore, all later analysis concerning disposable income will be performed on a sample consisting of 128 respondents.

A few respondents in the survey answered 'yes' to the question in the LSM<sup>®</sup> questionnaire pertaining to ownership of an electric stove (Table 3). These respondents in fact own hot plates; hot plates were not considered stove equivalents and these responses were not considered in the LSM<sup>®</sup> group calculation.

The majority of respondents to this study were male (57%). This is inconsistent with the gender split of low income consumers in South Africa which is reported

as 51% female and 49% male (Jacob and Smit, 2010). The respondents were mostly above the age of 35 years old (62%) and were without a high school qualification (60%); all the respondents in the survey earned a gross monthly income less than R4000. Of the 128 respondents who volunteered their disposable income, the majority (44%) had a disposable income less than R3000 per month. The demographic composition of individuals surveyed is summarised in Table 7.

**Table 7:** Demographic composition of respondents

<b>Age</b>	<b>Frequency</b>	<b>%</b>
Between 20 and 34	59	38
Older than 35	95	62
<b>Gender</b>		
Male	88	57
Female	66	43
<b>Education</b>		
No Matric	94	61
Completed Matric	56	37
Other	4	2
<b>Gross Income</b>		
R100 – R1000	37	24
More than R1001	117	76
<b>Disposable Income</b>		
R100 to R500	33	26
R501 to R1000	39	30
More than R1001 but less than R2500	56	44

### 5.3 DATA ANALYSIS AND RELIABILITY

As an initial analysis of the frugality and materialism scale responses, each of the frugality and materialism statements were described using basic descriptive statistics of mean, variance and standard deviation (Table 8 and Table 9). Using Cronbach's alpha, the reliability coefficient for the frugality and materialism scales was calculated as 0.75 and 0.73 respectively. George and Mallery (2003) note that a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations. There is therefore strong evidence to suggest that the frugality and materialism scales used in the study have relatively high internal consistency and will produce reliable results. The last columns in Table 8 and Table 9 depict results of tests performed to determine the reliability of the scales if various statements are removed.

**Table 8:** Summary of frugality scores and reliability

#	Question (Scale Item)	Count	Min	Max	Mean	Std Dev	Variance	Alpha if item deleted
6.1	I take care to buy the INSERT BRAND/PRODUCT NAME so I can save money in the long-run.	154	3	5	4.42	0.51	0.26	0.73
6.2	I only replace the INSERT BRAND/PRODUCT NAME once it is used-up or no longer useful.	154	1	5	4.14	0.58	0.34	0.73
6.3	Buying the above product/brand allows me to make better use of my money which makes me feel good.	154	2	5	4.27	0.57	0.33	0.74
6.4	If can re-use/borrow/share INSERT BRAND/PRODUCT NAME, then I will not buy it new.	154	1	5	3.19	1.03	1.07	0.71
6.5	I believe in being careful with my money that is why I buy INSERT BRAND/PRODUCT NAME.	154	3	5	4.25	0.49	0.24	0.72
6.6	Buying the above INSERT BRAND/PRODUCT NAME is part of disciplining myself to get the most from my money.	154	3	5	4.35	0.54	0.30	0.72
6.7	I am willing to buy INSERT BRAND/PRODUCT NAME so I can save money to purchase what I want.	154	3	5	4.31	0.53	0.28	0.70
6.8	I will not spend money on other similar brands/products that may be better than INSERT BRAND/PRODUCT NAME because I want to save money for something else.	154	2	5	3.66	1.01	1.04	0.71
	<b>Average Total Frugality Score</b>				<b>32.57</b>	<b>3.33</b>		

**Table 9:** Summary of materialism scores and reliability

#	Question (Scale Item)	Count	Min	Max	Mean	Std Dev	Variance	Alpha if item deleted
8.1	I admire people who own/use the <b>INSERT PRODUCT/BRAND SELECTED FROM PREVIOUS QUESTION. (S)</b>	154	2	5	4.07	0.72	0.52	0.71
8.2	I like spending money on the <b>INSERT NAME OF PRODUCT/BRAND. (C)</b>	154	2	5	4.18	0.68	0.46	0.70
8.3	My life would be better if I was able to always purchase the <b>INSERT PRODUCT/BRAND NAME. (H)</b>	154	2		4.08	0.70	0.50	0.68
8.4	Buying the <b>INSERT PRODUCT/BRAND NAME</b> gives me a lot of pleasure. <b>(C)</b>	154	3	5	4.31	0.60	0.36	0.71
8.5	I'd be happier if I could afford to buy the <b>INSERT PRODUCT/BRAND NAME more often. (H)</b>	154	2	5	4.27	0.62	0.38	0.69
8.6	The <b>INSERT PRODUCT/BRAND NAME</b> impresses people. <b>(S)</b>	154	1	5	4.07	0.93	0.86	0.68
8.7	I like a lot of luxury in my life. <b>(C)</b>	154	1	5	3.90	1.04	1.08	0.77
8.8	It bothers me that I can't always afford to buy the <b>INSERT PRODUCT/BRAND NAME. (H)</b>	154	2	5	4.18	0.57	0.33	0.70
8.9	Some of the most important achievements in life include being able to afford <b>INSERT PRODUCT/BRAND NAME. (S)</b>	154	2	5	4.03	0.80	0.63	0.68
	<b>Average Total Materialism Score</b>				<b>37.09</b>	<b>3.87</b>		

Based on the results presented in Table 8, the following observations regarding mean frugality scores and standard deviations are made:

- All statements in the frugality scale achieved a mean score greater than 3. Respondents therefore tended to agree with the statements made and displayed strong characteristics associated with frugality when regarding certain brands/products.
- The lowest scoring statement was item 6.4. This may be because not all the products/brands in the survey can be re-used/shared/borrowed. This was important when it came to product set choice.
- Statement 6.1 had the highest mean score indicating the strong desire for low income individuals to save money when making their purchases.
- The highest standard deviation was recorded for item 6.4. Again, this may be because the products/brands identified in the survey cannot all be re-used/shared/borrowed.

- Statement 6.5 had the lowest standard deviation, suggesting that respondents consistently agreed with this statement.
- Analysis of the Cronbach's alphas in the frugality questionnaire shows that the inclusion of all 8 items improved the reliability of the survey.

Based on the results presented in Table 9, the following observations regarding mean materialism scores and standard deviations are made:

- All statements in the materialism scale achieved a mean score greater than 3. Respondents therefore tended to agree with the statements made and displayed strong characteristics associated with materialism when regarding certain brands/products.
- The lowest scoring statement was item 8.7. This was the only question on the MVS that was not directed at the selected product/brand. Examination of the variation caused by exclusion of this item shows the highest Cronbach's alpha (0.77). Therefore the scale would have been more reliable had this statement not been included. Perhaps the open-ended nature of the question made it difficult for respondents to accurately put their sentiments on a scale and they defaulted to neutral or lower ratings.
- Statement 8.4 had the highest mean score. This indicates that respondents particularly enjoy spending money on their chosen product/brand.
- The statement with the widest ranging views (highest standard deviation) was item 8.7, again perhaps due to its non-specific nature.
- Statement 8.8 had the lowest standard deviation, suggesting that respondents consistently agreed that being in a position to afford a certain brand or product brought them a strong measure of happiness.

Table 10 shows the summated mean scores for each of the MVS subscales. The subscales are aligned to Richins and Dawson’s (1992) value motivations for materialistic behaviour, namely – possession defined success, acquisition centrality and acquisition as the pursuit of happiness. Ranked from lowest to highest score, the table shows success to be the least important materialistic value for this sample. Using a t-test, it is possible to conclude that that the difference between the means of the materialism subscale scores are not significant at the 5% level. Low income consumers sampled are equally likely to view the acquisition or possession of their chosen brand/product “to judge the success of others and oneself”, “as playing a central role in their lives” or “being essential to their satisfaction and wellbeing” (Richins, 2004, p. 210).

**Table 10:** Summary of materialism subscale scores.

<b>Description</b>	<b>Count</b>	<b>Mean</b>	<b>Std. Dev.</b>
Success (S)	154	12.17	1.75
Centrality (C )	154	12.39	1.50
Happiness (H)	154	12.53	1.46

## 5.4 RESULTS TO RESEARCH QUESTIONS

### ***5.4.1 There is discretionary thrift at bottom of the income pyramid. Low income consumers exhibit frugality or materialism depending on product being considered.***

As highlighted above, the mean scores for all the statements in both the materialism and frugality scales were greater than 3 indicating that low income individuals express frugality or materialism depending on product being considered. This data is in the expected direction of discretionary thrift. In the previous chapter, it is highlighted that the survey statements used to measure frugality and materialism are similar to those used by Lastovicka et al. (1999) and Jacob and Smit (2010) and Ponchio and Aranha (2008). Table 11 compares the mean aggregated materialism scores obtained in this study to those reported by Jacob and Smit (2010) and Ponchio and Aranha (2008) amongst South Africa and Brazil's low income consumers respectively.

**Table 11:** Mean aggregated materialism scores.

Study	Mean	Std. Dev.
Nkosi (2011)	37.09	3.87
Ponchio and Aranha (2008)	23.81	7.03
Jacob and Smit (2010)	29.93	6.86

Following t-tests ( $t = 11.969$ ,  $df = 369$ ,  $p < 0.0001$  and  $t = 22.273$ ,  $df = 588$ ,  $p < 0.0001$ ), the materialism expressed in this study is significantly higher than that reported by Jacob and Smit (2010) and Ponchio and Aranha (2008). It may be that the respondents here were highly materialistic or that the adaptations

employed to the MVS (statements made specific to brand/product chosen) made it easier for respondents to rate themselves higher. These insights, although better suited to Chapter 6 are discussed here to help contextualise the results obtained. Likewise, the mean aggregated frugality scores observed in this study and those reported by Lastovicka et al. (1999) in their attempt to use frugality to understand buying behaviour are shown in Table 13. Lastovicka et al. (1999) employed a 6-point Likert scale. Colman, Norris and Preston (1997) propose a method to compare scores derived from rating scales with different numbers of response categories or alternatives. They suggest the use of linear regression equations where comprehensive raw data is available (Colman et al., 1997). However, in the absence of raw data, Colman et al. (1997) state that the most obvious and widely used method of estimation is a simple proportional transformation. This approach involves multiplying each 5-point score by the proportion 6/5 to scale it up to an equivalent 6-point score (Table 12).

**Table 12:** Frugality and consumer behaviour

Study	5-Point Score	Equivalent 6-Point Score
Nkosi (2011)	32.57±3.33	39.04±3.40
Lastovicka (1999)	-	36.00±4.00*

\*Lastovicka (1999) does not report a std. dev. for this study. A std. dev. of 4.00 was obtained in another study by the authors and it is assumed that a similar std. dev. applies.

There is a clear-cut difference between frugality observed in this study ( $t = 4.807$ ,  $df = 191$ ,  $p < 0.001$ ) and average level of frugality reported by Lastovicka

et al. (1999) in their study on consumer behaviour. Respondents in this study displayed an above average frugality with respect to certain products/brands.

The next objective therefore is to determine whether any significant relationships exist between the levels of materialism and frugality expressed by respondents. Lastovicka et al. (1999) state that frugality is always negatively correlated with materialism. Individuals who express high levels of frugality are expected to exhibit low levels of materialism regardless of circumstance. Discretionary thrift however implies that individuals can express high levels of frugality and materialism depending on the circumstance. Table 13 presents a correlation analysis testing whether respondents' levels of frugality were significantly linked to respondents' levels of materialism.

**Table 13:** Test for linear association.

<b>Variables tested</b>	<b>Co-efficient of correlation</b>	<b>Significance (two-tailed)</b>
Frugality and Materialism	0.27	0.001*

\*correlation significant at the 0.05 level

Frugality and materialism expressed by respondents is positively related at the 5% significance level. As frugality towards a certain product/brand increases, materialism expressed towards another product/brand increases. This seems intuitive; low income consumers will save money on certain items in order to pay the premium for others. There is therefore evidence of discretionary thrift from this survey. The products/brands associated with frugality in the research are listed in Table 14.

**Table 14:** Product or brand bought when saving money.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Trinco	3	1.9	1.9	1.9
Joko	1	.6	.6	2.6
Freshpak Rooibos	1	.6	.6	3.2
Frisco	2	1.3	1.3	4.5
Omo	1	.6	.6	5.2
Surf	1	.6	.6	5.8
Sunlight	6	3.9	3.9	9.7
Dove	2	1.3	1.3	11.0
Lux	1	.6	.6	11.7
Drink o pop	2	1.3	1.3	13.0
Kellogg's	1	.6	.6	13.6
Morvite	6	3.9	3.9	17.5
Mabela	2	1.3	1.3	18.8
Iw isa	17	11.0	11.0	29.9
White Star	12	7.8	7.8	37.7
Pride	10	6.5	6.5	44.2
Tastic	6	3.9	3.9	48.1
All Star	2	1.3	1.3	49.4
Soviet	1	.6	.6	50.0
Mageu	1	.6	.6	50.6
Vaseline	1	.6	.6	51.3
Woolw orths	2	1.3	1.3	52.6
Mr Price	3	1.9	1.9	54.5
PEP	8	5.2	5.2	59.7
Boxer Superstore	5	3.2	3.2	63.0
Luck Star	12	7.8	7.8	70.8
KFC	3	1.9	1.9	72.7
Chicken Licken	1	.6	.6	73.4
Selati Brow n Sugar	12	7.8	7.8	81.2
Rainbow Chicken	1	.6	.6	81.8
Sunbake Bread	8	5.2	5.2	87.0
Inkomazi	8	5.2	5.2	92.2
Dickies	2	1.3	1.3	93.5
Shoprite	10	6.5	6.5	100.0
Total	154	100.0	100.0	

There are 34 products/brands in total. To ascertain whether the selection of these items was purely random, a chi-square goodness of fit test was performed. This test compared the observed choices to those expected based on the proportion of brands/products in the different groups (Table 15). The results of the Chi-square test are shown in Table 16; they show that the product/brand distribution observed differs significantly ( $p < 0.0001$ ) from that expected if the selection was random. Therefore, the most frequently identified products with respect to frugality in the survey belong to the fast moving consumer goods group.

**Table 15:** Observed versus expected selections of product/brand groups.

Category	Observed (%)	Expected (%)	Residual
Fast Moving Consumer Goods	76	68	8
Restaurant Chains	7	4	-3
Premium Branded Clothing	3	15	-12
Discount Clothing Chains	3	6	-3
Supermarket Chains	11	7	4

\*Telecommunications is not shown as it was not selected by respondents.

**Table 16:** Chi-Square test for frugality product/brand groups.

	<b>Category</b>
Chi-Square	16.577
Df	4
Asymp. Sig.	.002

The products/brands most associated with materialism are listed in Table 17. There are 28 products/brands in total. Again, a chi-square goodness of fit test was performed to compare the observed choices and to those expected if the selections were purely random (Table 18). The results of the chi-square test are shown in Table 19. These results show that the product/brand distribution observed differs significantly ( $p = 0.002$ ) from that expected if the selection was random. Therefore, the most frequently identified products in the survey with respect to materialism belong to the premium branded clothing group.

**Table 17:** Products/brands bought using money intentionally saved from other purchases.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ricoffy	1	.6	.6	.6
	Freshpak Rooibos	2	1.3	1.3	1.9
	Nike	17	11.0	11.0	13.0
	Adidas	8	5.2	5.2	18.2
	Pumas	10	6.5	6.5	24.7
	Dove	1	.6	.6	25.3
	Lux	1	.6	.6	26.0
	Kellogg's	2	1.3	1.3	27.3
	Iwisa	2	1.3	1.3	28.6
	Tastic	9	5.8	5.8	34.4
	All Star	6	3.9	3.9	38.3
	Soviet	4	2.6	2.6	40.9
	Levis	9	5.8	5.8	46.8
	Heineken	14	9.1	9.1	55.8
	Black Label	6	3.9	3.9	59.7
	Mageu	1	.6	.6	60.4
	Pond's	4	2.6	2.6	63.0
	Woolworths	9	5.8	5.8	68.8
	Mr Price	1	.6	.6	69.5
	Nando's	4	2.6	2.6	72.1
	KFC	8	5.2	5.2	77.3
	Chicken Licken	5	3.2	3.2	80.5
	Selati Brown Sugar	1	.6	.6	81.2
	Baby Soft Toilet Paper	5	3.2	3.2	84.4
	Vodacom Airtime	8	5.2	5.2	89.6
	MTN Airtime	8	5.2	5.2	94.8
	Rainbow Chicken	3	1.9	1.9	96.8
	Shoprite	5	3.2	3.2	100.0
	Total	154	100.0	100.0	

**Table 18:** Observed versus expected selections of product/brand groups.

Category	Observed (%)	Expected (%)	Residual
1. Fast Moving Consumer Goods	33	66	-33
2. Restaurant Chains	2	4	-2
3. Premium Branded Clothing	35	14	21
4. Discount Clothing Chains	11	6	5
5. Telecommunications	10	6	4
6. Supermarket Chains	9	6	3

**Table 19:** Chi-Square test for frugality product/brand groups.

	Category
Chi-Square	62.28
Df	5
Asymp. Sig.	.00

**Conclusion to proposition:** *Proposition supported. There are indications of discretionary thrift in the sample surveyed. Low income consumers seem to exhibit frugality or materialism depending on product being considered.*

**5.4.2 Materialism and frugality (discretionary thrift) may be affected by an individual's income level (gross income and/or disposable income) at the bottom of the pyramid.**

Mean levels of frugality (Table 20 and Table 22) across different gross and disposable income levels were compared using ANOVA testing. The survey questionnaire had 6 gross income groups (see Appendix). However, these were compressed to two gross income categories, 'R100 to R1000 per month' and 'more than R1001 per month' to ensure compliance with the central limit theory. For disposable income, three categories, namely 'R100 to R500 per month', 'R501 to R1000 per month' and 'more than R1001 per month but less than R2500' were identified.

In terms of frugality, ANOVA testing showed that at a 5% significance level, there was a statistically significant difference in mean levels of frugality with varying gross and disposable income (Table 21 and Table 23).

**Table 20:** Mean levels of frugality with gross income.

Respondent's gross income	Mean	N	Std. Deviation
R100 to R1000	31.54	37	3.05
More than R1001	32.90	117	3.36
Total	32.57	154	3.33

**Table 21:** ANOVA – Differences in mean levels of frugality with gross income.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	51.76	1	51.76	4.79	.030
Within Groups	1643.96	152	10.82		
Total	1695.71	153			

**Table 22:** Mean levels of frugality with disposable income.

Respondent's disposable income	Mean	N	Std. Deviation
R100 to R500	30.40	33	1.68
R501 to R1000	31.85	39	2.29
more than R1001	33.18	56	2.78
Total	32.05	128	2.63

**Table 23:** ANOVA – Differences in mean levels of frugality with disposable income.

(I) Respondent's disposable income	(J) Respondent's disposable income	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
R100 to R500	R501 to R1000	-1.45 <sup>*</sup>	.56	.03	-2.82	-.08
	more than R1001	-2.78 <sup>*</sup>	.52	.00	-4.06	-1.51
R501 to R1000	R100 to R500	1.45 <sup>*</sup>	.56	.03	.08	2.82
	more than R1001	-1.33 <sup>*</sup>	.50	.03	-2.54	-.12
more than R1001	R100 to R500	2.78 <sup>*</sup>	.52	.00	1.51	4.06
	R501 to R1000	1.33 <sup>*</sup>	.50	.03	.12	2.54

\*. The mean difference is significant at the 0.05 level.

Mean levels of materialism with gross income and disposable income are shown in Table 24 and Table 26. There was however no statistically significant difference in the mean levels of materialism across gross (Table 26) and disposable income groups (Table 27).

**Table 24:** Mean levels of materialism with gross income.

Respondent's gross income	Mean	N	Std. Deviation
R100 to R1000	36.24	37	3.06
More than R1001	37.36	117	4.06
Total	37.09	154	3.87

**Table 25:** ANOVA – Differences in mean levels of materialism with gross income.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	34.99	1	34.99	2.36	.13
Within Groups	2251.73	152	14.81		
Total	2286.73	153			

**Table 26:** Mean levels of materialism with disposable income.

Respondents disposable income	Mean	N	Std. Deviation
R100 to R500	36.27	33	3.56
R501 to R1000	37.41	39	3.63
more than R1001	37.91	56	3.45
Total	37.34	128	3.57

**Table 27:** ANOVA – Differences in mean levels of materialism with disposable income.

(I) Respondent's disposable income	(J) Respondent's disposable income	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
R100 to R500	R501 to R1000	-1.14	.84	.53	-3.16	.89
	more than R1001	-1.64	.77	.11	-3.52	.24
R501 to R1000	R100 to R500	1.14	.84	.53	-.89	3.16
	more than R1001	-.50	.74	1.00	-2.29	1.29
more than R1001	R100 to R500	1.64	.77	.11	-.24	3.52
	R501 to R1000	.50	.74	1.00	-1.29	2.29

**Conclusion to proposition:** *Proposition not supported with respect to materialism. Proposition supported with respect to frugality – frugality amongst low income consumers surveyed appears to be affected by income levels.*

**5.4.3 Materialism and frugality may be affected by an individual's age at the bottom of the pyramid.**

The survey questionnaire included 3 age categories, namely 'between 20 and 34', 'between 35 and 49' and 'over 50' (see Appendix). There were 59 respondents in the 'between 20 and 34' category, 69 respondents in the 'between 35 and 49' category and 26 respondents in the 'over 50' category. The means obtained with respect to frugality and materialism are displayed in Table 28 and Table 30. At the 5% significance level, there was no statistically

significant difference in mean levels of frugality and materialism with varying age groups (Table 29 and Table 31).

**Table 28:** Mean levels of frugality with age

Respondent's Age	Mean	Std. Deviation
Between 20 and 34	32.37	2.72
Between 35 and 49	31.62	2.58
Over 50	32.40	2.46
Total	32.03	2.62

**Table 29:** ANOVA – Differences in mean levels of frugality with age.

(I) Respondent's Age	(J) Respondent's Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Between 20 and 34	Between 35 and 49	.75	.51	.43	-.49	1.98
	Over 50	-.035	.69	1.00	-1.72	1.65
Between 35 and 49	Between 20 and 34	-.75	.51	.43	-1.98	.49
	Over 50	-.78	.68	.76	-2.43	.87
Over 50	Between 20 and 34	.03	.69	1.00	-1.65	1.72
	Between 35 and 49	.78	.68	.76	-.87	2.43

**Table 30:** Mean levels of materialism with age.

Respondent's Age	Mean	Std. Deviation
Between 20 and 34	37.24	3.53
Between 35 and 49	36.91	3.78
Over 50	38.55	2.72
Total	37.30	3.55

**Table 31:** ANOVA – Differences in mean levels of materialism with age.

(I) Respondent's Age	(J) Respondent's Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Between 20 and 34	Between 35 and 49	.33	.69	1.00	-1.34	1.99
	Over 50	-1.31	.94	.50	-3.58	.97
Between 35 and 49	Between 20 and 34	-.33	.69	1.00	-1.99	1.34
	Over 50	-1.64	.92	.23	-3.86	.59
Over 50	Between 20 and 34	1.31	.94	.50	-.97	3.58
	Between 35 and 49	1.64	.92	.23	-.59	3.86

**Conclusion to proposition:** Proposition that frugality and materialism may be affected by an individual's age at the bottom of the pyramid is not supported by this survey.

**5.4.4 Materialism and frugality may be affected by an individual's level of education at the bottom of the pyramid.**

The 4 education categories in the survey questionnaire ('I did not finish matric', 'I finished matric', 'I have a post matric qualification' and 'other') did not all meet the central limit theory. The 'I have a post matric qualification' and 'other' categories yielded 15 and 4 respondents respectively. Data from the 'I have a post matric qualification' category was combined with that from the 'I finished matric' group. Data from the 'other' category was discarded. The means obtained with respect to frugality and materialism are displayed in Table 32 and Table 34. At the 5% significance level, there was no statistically significant difference in mean levels of frugality and materialism with education (Table 33 and Table 35).

**Table 32:** Mean levels of frugality with education.

Respondent's Education	Mean	N	Std. Deviation
I did not finish matric	32.43	92	3.06
I finished matric	32.77	58	3.71
Total	32.57	150	3.33

**Table 33:** ANOVA – Differences in mean levels of frugality with education.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.23	1	4.27	.38	.54
Within Groups	1691.45	152	11.13		
Total	1695.71	153			

**Table 34:** Mean levels of materialism with education.

Respondent's Education	Mean	N	Std. Deviation
I did not finish matric	36.98	92	3.51
I finished matric	37.26	58	4.37
Total	37.09	150	3.87

**Table 35:** ANOVA – Differences in mean levels of materialism with education.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.90	1	2.90	.19	.66
Within Groups	2283.83	152	15.03		
Total	2286.73	153			

**Conclusion to proposition:** Proposition that frugality and materialism may be affected by the measured levels of education at the bottom of the pyramid is not supported by this survey.

## 5.5 CONCLUSION OF RESULTS

The results show some evidence of discretionary thrift at BOP. Low income consumers express frugality and materialism depending on the product/brand being considered. The extent of frugality observed is affected by income (gross income and disposable income). Materialism however, is not correlated with income. As for the other demographic variables considered, there was no statistically significant relationship between respondent's frugality and materialism with age or measured level of education.

## 6.0 DISCUSSION OF RESULTS

### 6.1 INTRODUCTION

The results in Chapter 5 have addressed the propositions put forward in the research. To tease out important insights, the results are discussed here with reference to the literature in Chapter 2. Using the format of the research propositions in Chapter 3, the literature is either confirmed or alternative views proposed with respect to frugality and materialism amongst low income consumers.

### 6.2 DISCUSSION OF RESULTS FROM RESEARCH PROPOSITIONS

***6.2.1 There is discretionary thrift at bottom of the income pyramid. Low income consumers exhibit frugality or materialism depending on product being considered.***

As discussed in Chapter 2, discretionary thrift, the behaviour of exhibiting frugality and materialism depending on occasion or product being considered, is described as a first world phenomenon. Given that Flatters and Willmott (2009) and Garette and Karnani (2010) deem frugal practices amongst the poor as necessary to ensure survival, this proposition looked to investigate whether, akin to affluent consumers, there are certain products which low income consumers intentionally purchase in an attempt to save money (behaviour associated with frugality) to pay the required premium on others (behaviour associated with materialism).

The statistical tests carried out on materialism and frugality constructs in Chapter 5 seem to indicate that the respondents sampled displayed characteristics associated with frugality *and* materialism depending on the product considered. Contrary to observations by Rose et al. (2010) and Lastovicka et al. (1999) who state that the frugal tend not to have materialistic leanings, the materialism and frugality scores obtained in this research indicate a statistically significant, positive relationship. The expression of frugality, it seems, may have some multi-dimensional facets. Richins and Dawson (1992) argue that multi-dimensional constructs are more situational and evolve with time. As borne out of the survey, the respondents appear to express above average frugality with regards to particular brands/products and relatively high levels of materialism with others. If frugality was truly unidimensional as defined by Lastovicka et al. (1999), and by implication unchanging regardless of circumstance, one would have expected a negative correlation with materialism. Table 36 overleaf shows the top 3 products/brands (in terms of percentage occurrence) that respondents associated with frugality in the survey. It is interesting to note that these brands/products are fast moving consumer goods with low functional and status risk. Hamilton and Catterall (2008) report that low income individuals counter feelings of alienation from consumer culture by embracing actions that primarily reduce financial disadvantage; this often includes the use of brands in unexpected and creative ways (Hamilton and Catterall, 2008). Saving money on maize meal, tinned fish and brown sugar is a creative way of meeting needs at relatively low cost.

**Table 36:** Brands most associated with frugality.

Brand category	Brand	Percent occurrence	Frequency
Fast moving consumer goods		11	17
Fast moving consumer goods		8	12
Fast moving consumer goods		7	10

Maize meal is a fairly homogenous product, with little differentiation from brand to brand, reducing status risk. Indeed, D’Haese and van Huylenbroeck (2005) state that maize meal is the staple food of the poor and in rural areas, represents a large proportion of household expenditure. In times of prosperity, low income consumers often purchase more expensive substitutes such as rice (D’Haese and van Huylenbroeck, 2005). It should be of little surprise therefore that the poor in urban settings also turn to maize meal when saving money. Iwisa, Pride and White Star are well established maize meal brands. Lucky Star Pilchards is yet another brand with low functional and status risk that can be used as a substitute for meat. Selati Brown Sugar, which is cheaper than conventional white sugar or sweeteners, is also a logical choice for consumers eager to save money without compromising performance. Literature reviewed

on the internal motivations of people who exhibit frugal behaviour states that these individuals are less likely to be driven by self enhancement or self-promotion values (Pepper et al., 2009); they are less materialistic, less subject to interpersonal influence, and more oriented toward long-term outcomes (Rose et al., 2010). Table 37 shows the top 3 brands associated with materialism in the survey. These are all premium brands with high social visibility and hint to respondents' desire for self-promotion. Analysis conducted on Richins (1994) MVS and its subscale shows that respondents expressed relatively high levels of materialism and were equally motivated by acquisition centrality, acquisition as the pursuit of happiness and possession defined success. Jacob and Smit (2010) offer compelling perspective on why materialism may form an important part of a low income individual's outlook. When a lack of money is seen as the root cause of unhappiness in one's household, it is quite conceivable that being able to afford and possess certain aspiration brands/products would play a major role in life (Jacob and Smit, 2004). Consequently, the respondents view the possession or acquisition of these socially visible goods as an important part of their lives, a source of happiness and as a sign of social status. This is remarkable given that these very same individuals also produced fairly high frugality scores, lending credence to the thesis that frugality and materialism may be fluid, changing depending on circumstance.

**Table 37:** Brands most associated with materialism.

Brand category	Brand	Percent occurrence
Branded clothing		11
Fast moving consumer goods		9
Branded clothing		7

It may be argued that social and self enhancement factors may not be the only motivating factors behind the observed product/brand selection. What of functional risk? Although this cannot be ruled out, it is quite unlikely; the prominence of brands with high social visibility (Nike and Puma are popular premium brands; Heineken is a premium beer frequently consumed in social settings) indicates elements of status signalling (Saren, 2007) and potentially compensatory consumption (van Kempen, 2004). If functional risk was indeed the primary motivator behind the selection of materialism items, other less socially visible premium brands such as Kellogg's, Freshpack Rooibos Tea or Baby Soft Toilet paper would have enjoyed higher selection frequencies.

In conclusion, low income consumers surveyed seem to display behaviour associated with discretionary thrift. They opt to pay as little as possible on fast moving goods with low functional and status risk in order to ensure that

sufficient funds are available for the purchase of socially visible premium brands/products.

***6.2.2 Frugality and materialism may be affected by an individual's income level (gross income and/or disposable income) at the bottom of the pyramid.***

Van Kempen (2004) argues that the poor have the opportunity to distinguish themselves from poorer groups by consuming aspiration productions. Manzi (2007) reports that individuals with a new freedom to acquire compare their material possessions to those in their social networks that are more prosperous with the aim to “catch up to” or surpass them. Using gross income and disposable income as a proxy for “ability to acquire”, this proposition looked to test whether materialism and frugality expressed by low income consumers is heightened by an increasing ability to acquire.

The gross income categories from the survey (see Appendix) were severely truncated for compliance with the central limit theory thus introducing potential for type 2 error. Further, it was found that disposable income amounts for the LSM 1-4 sample were extremely close to each other which could also contribute to type 2 error. On reviewing the results in *Section 5.4.2* there is a small but significant increase in the levels of frugality expressed with respect to certain products/brand as gross income and disposable income increases. A likely explanation for this is that as gross income and disposable income levels increase, savings attained from frugal practises, when combined with income in-hand, may give low income consumers the ability to afford aspiration goods

or allow access to credit for the purchase of said goods. Indeed, Jacob and Smit (2010) report a positive, significant relationship between gross income and level of indebtedness. Intuitively then, it is expected that an increase in income should also lead to an increase materialism. However, Van Kempen (2004) states that there is a threshold level of income below which individuals can hardly afford to spend resources on symbolic products; here, the incentive for frugality may be survival. This could be the reason why there was an increase in frugality aimed at saving money for material pursuits with increasing gross and disposable income above R1000 per month and R500 per month respectively.

There was an increase in materialism with increasing gross and disposable income. This increase however, was not significant at the 5% level. Again, the variance in levels of income of respondents in the survey may have been too small to allow appreciable differentiation in materialism. Ponchio and Arahna (2008) and Jacob and Smit (2010) encountered a similar phenomenon in their research into materialism amongst the poor. The level of materialism observed by these researchers was however significantly lower as reported in Chapter 5.

In summary, respondents' frugality with respect to certain brands/ products seems to increase with increasing gross and disposable income. Materialism expressed, though relatively high compared to other studies, does not appear to be affected by increasing levels of gross and disposable income.

### ***6.2.3 Materialism and frugality may be affected by an individual's age at the bottom of the pyramid.***

The literature reviewed (Van Kempen (2007), Ponchio and Aranha (2008), Rimmell (2008)) indicates that materialism decreases with age and frugality increases with age. In these studies, older consumers, specifically those over the age of 50 consistently showed frugal tendencies and little interest materialistic pursuits. Salm (2010) reports that consumption choice, in terms of brands/products purchased, is heavily influenced by age; Van Kempen, (2007) states that older consumers hardly partake in socially visible consumption.

This proposition aimed to examine whether the expression of materialism and frugality with respect to particular brand or product was similarly influenced by age. The results presented in *Section 5.4.3* show that age had no significant impact on the frugality and materialism expressed towards certain brands/products. This inconsistency with previous studies may be due to the nature of the sample. Compared to other research, the sample here had far fewer respondents in the 'over 50 category' (26 out of 154 individuals). This may have compromised the statistical comparisons with 'younger' age groups (possible violation of the central limit theory) introducing type 2 error. Perhaps, given that the materialism observed had strong social influences, a larger proportion of 'over 50' respondents would have produced results in line with literature.

#### ***6.2.4 Materialism and frugality may be affected by an individual's level of education at the bottom of the pyramid.***

This proposition sought to investigate whether, as postulated by Van Kempen (2004), the education level of low income consumers influences the importance that he or she places on aspiration brands. In line with the compensatory consumption hypothesis described by Subrahmanyam and Gomez-Arias (2008), Van Kempen (2004) found that respondents with a high school education showed higher levels of materialism (willingness to pay a premium) for aspiration goods than their more educated counterparts. Similarly, it was expected in this study that the inkling to save money on certain products (frugality) in order to purchase aspiration goods would increase with decreasing levels of education. The respondents to the survey formed two broad categories, namely people who had completed high school and obtained further qualifications and those that had not attended school or had some schooling but did not complete high school.

There was no statistically significant difference in the willingness to save for material goods (frugality) and willingness to acquire material goods (materialism) across the measured education levels. Both groups were equally willing to save for and spend on material goods. It should be noted however that this research has a limited distribution of education categories to allow the researcher to state with any authority how education may impact materialism and frugality. Categories such as 'no education', 'some primary', 'primary', 'some high school', 'high school' and so on would have to be considered in order to draw a more informed conclusion. What is clear however, is that the

urge for compensatory consumption, whether exacerbated by relative deprivation or not, is felt at the education levels examined here. Jacob and Smit (2010, p.27) state that the transition from apartheid to democracy, and the resulting, often rapid, social mobility of black individuals has led to increased spending and fostered a desire to satisfy “acquisition fantasies” in people still striving to improve their economic situations. It appears that those, like the respondents in this survey that are unable to fully partake in the consumption culture do exhibit a strong propensity for socially visible goods.

## 7.0 CONCLUSION

The purpose of this research was to investigate the concept of discretionary thrift amongst low income consumers in an emerging market setting characterised by high social mobility. Flatters and Willmott (2009) identified discretionary thrift as an advancing trend amongst affluent developed nation consumers. These consumers temper their spending habits depending on product or occasion; there are certain products for which consumers are willing to pay a premium (behaviour associated with materialism) and there are others that consumers are looking to save money on (behaviour associated with frugality). Thrift of low income consumers, especially in emerging markets, is not considered discretionary; rather, it is portrayed as 'necessary' for survival.

There is sufficient evidence from this research to support the proposition that there is discretionary thrift amongst the low income consumers surveyed. The statistical tests carried out on materialism and frugality constructs seem to indicate that respondents displayed characteristics associated with frugality *and* materialism depending on the product considered. Low income consumers were found to save money by paying as little as possible for fast moving consumer goods with low functional and status risk. Frugality expressed with respect to these products was found to be above average as defined by Lastovicka et al. (1999). The goods most frequently associated with materialism were found to be premium socially visible brands of clothing and fast moving consumer goods. The materialism expressed with respect to these products was significantly higher than that measured by Jacob and Smit (2010) and Ponchio and Aranha (2008) in other low income communities.

The existence of discretionary thrift lends support to the thesis that frugality may not be unidimensional, and by implication, unchanging regardless of time or circumstance. Individuals may choose to express frugality depending on product being considered. Other observations reported in academic literature that those who express frugality are not materialistic and are less subject to interpersonal influence (Pepper et al. (2009), Rose et al. (2010), Lastovicka et al. (1999)) do not seem to apply to the respondents to this survey. This may be because South Africa is characterised by high social mobility and the above observations were recorded in static developed world societies. Alternatively it could be an indication of the general lack of understanding of the poor or of the concept of frugality.

The research presented here also sought to provide insights into factors that may accentuate the expression of frugality and materialism towards a particular product/brand amongst low income consumers. There is insufficient evidence to support the proposition that age and measured level of education have an effect on the level of materialism and frugality expressed with respect to a certain brand or product. There is insufficient evidence to support the proposition that level of income, gross or disposable, has an effect on the level of materialism expressed with respect to a certain brand or product. There is however sufficient evidence to support the proposition that level of income, gross or disposable, has an effect on the level of frugality expressed with respect to a certain brand or product.

## 7.1 FUTURE RESEARCH

The following areas could form the basis of future research:

The effects of income, gross and disposable, and education on materialism and frugality in this study are not exhaustive. Research could be conducted with a wider sample variance in income. Similarly, a sample of comprising of individuals with 'no education', 'some primary', 'primary', 'some high school', 'high school', 'some tertiary', 'tertiary' and 'post graduate' education could be obtained and their materialism and frugality pertaining to certain products measured.

One intriguing debate in materialism studies, and in consumer research, is the role that culture plays in influencing behaviour. Research could be conducted to ascertain whether people within a particular LSM<sup>®</sup> band but from different cultural backgrounds (for example black and white South Africans) express frugality and materialism in the same way and whether they exhibit similar product set choices with respect to discretionary thrift.

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## APPENDIX



**SPENDING AND SAVING BEHAVIOUR**

**Consent Section**

I am doing research on saving and spending behaviour of people in low income communities. To this end, you are asked to respond to a number of questions on how you feel about spending and saving money on certain products or brands. You will also be asked questions on your living standards and your income. Your responses will help the researcher better understand consumer behaviour in low income communities. The questionnaire should take no more than 30 minutes of your time. Your participation is voluntary, and you can refuse to take part in the survey without penalty. The information you provide will be kept confidential. Please be as honest and accurate as possible. By completing the survey, you indicate that you are voluntarily participating in this study. If you have any concerns, please contact me or my supervisor.

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**Demographic Information**

**0) Age:**

Between 20 and 34  
Between 35 and 49  
Over 50


**1) Gender**

Male:  
Female:


**2) Income**

From R100 to R1000  
From R1001 to R2000  
From R2001 to R3000  
From R3001 to R4000  
From R4001 to R5000  
More than R5000


**3) Education**

I did not finish matric  
I finished matric  
I have a post matric qualification  
Other (specify)


SAARF LSM measure criteria		
Attribute/Question	Yes	No
Have hot running water in home		
Have PC Desktop/Laptop		
Have motor vehicle in household		
Have vacuum cleaner/polisher in house		
Have electric stove in household		
Have microwave in household		
Have flush toilet in or outside the house		

**Thrift**  
5) I buy the following brands/products when I want to save money for something else. (Please indicate with an 'X')

 5.1	 5.8	 5.15	 5.22	 5.29	 5.36	 5.43
 5.2	 5.9	 5.16	 5.23	 5.30	 5.37	 5.44
 5.3	 5.10	 5.17	 5.24	 5.31	 5.38	 5.45
 5.4	 5.11	 5.18	 5.25	 5.32	 5.39	 5.46
 5.5	 5.12	 5.19	 5.26	 5.33	 5.40	 5.47
 5.6	 5.13	 5.20	 5.27	 5.34	 5.41	 5.48
 5.7	 5.14	 5.21	 5.28	 5.35	 5.42	 5.49

In relation to the products/brands listed above, please think of the one you usually buy when you are saving money

Which one is it (WRITE NAME)? \_\_\_\_\_

Now thinking of that product, I am going to ask you a few questions about it

Frugality Scale adapted from Lastovicka et al. (1999)

#	Question (Scale Item)	S.Disagre	Disagree	Neutral	Agree	S.Agree
6.1	I take care to buy the INSERT BRAND/PRODUCT NAME so I can save money in the long-run.					
6.2	I only replace the INSERT BRAND/PRODUCT NAME once it is used-up or no longer useful.					
6.3	Buying the above product/brand allows me to make better use of my money which makes me feel good.					
6.4	If I can re-use/borrow/share INSERT BRAND/PRODUCT NAME, then I will not buy it new.					
6.5	I believe in being careful with my money that is why I buy INSERT BRAND/PRODUCT NAME.					
6.6	Buying the above INSERT BRAND/PRODUCT NAME is part of disciplining myself to get the most from my money.					
6.7	I am willing to buy INSERT BRAND/PRODUCT NAME so I can save money to purchase what I want.					
6.8	I will not spend money on other similar brands/products that may be better than INSERT BRAND/PRODUCT NAME because I want to save money for something else.					

**Materialism**

7) I save money so that I can afford these brands or products: (Please indicate with an 'X')

 7.1	 7.8	 7.15	 7.22	 7.29	 7.36	 7.43
 7.2	 7.9	 7.16	 7.23	 7.30	 7.37	 7.44
 7.3	 7.10	 7.17	 7.24	 7.31	 7.38	 7.45
 7.4	 7.11	 7.18	 7.25	 7.32	 7.39	 7.46
 7.5	 7.12	 7.19	 7.26	 7.33	 7.40	 7.47
 7.6	 7.13	 7.20	 7.27	 7.34	 7.41	 7.48
 7.7	 7.14	 7.21	 7.28	 7.35	 7.42	 7.49



In relation to the products/brands listed above, please think of the one you value the most

Which one is it (WRITE NAME)? \_\_\_\_\_

Now thinking of that product, I am going to ask you a few questions about it

Material Value Scale adapted from Ponchio and Aranha (2008), Jacobs and Smit (2010)

#	Question (Scale Item)	S.Disagree	Disagree	Neutral	Agree	S.Agree
8.1	I admire people who own/use the <b>INSERT PRODUCT/BRAND SELECTED FROM PREVIOUS QUESTION. (S)</b>					
8.2	I like spending money on the <b>INSERT NAME OF PRODUCT/BRAND. (C)</b>					
8.3	My life would be better if I was able to always purchase the <b>INSERT PRODUCT/BRAND NAME. (H)</b>					
8.4	Buying the <b>INSERT PRODUCT/BRAND NAME</b> gives me a lot of pleasure. <b>(C)</b>					
8.5	I'd be happier if I could afford to buy the <b>INSERT PRODUCT/BRAND NAME more often. (H)</b>					
8.6	The <b>INSERT PRODUCT/BRAND NAME</b> impresses people. <b>(S)</b>					
8.7	I like a lot of luxury in my life. <b>(C)</b>					
8.8	It bothers me that I can't always afford to buy the <b>INSERT PRODUCT/BRAND NAME. (H)</b>					
8.9	Some of the most important achievements in life include being able to afford <b>INSERT PRODUCT/BRAND NAME. (S)</b>					
(S) Success subscale						
(C) Centrality						
(H) Happiness						