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Milwaukee

MAGAZINE

SUPER SAVERS

SHAZAM!
The penny-pinching
powers of America's
most frugal city.

BY JOANNE
CLEAYER



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THE LEAGUE OF

THE
MILWAUKEE
BARGAINER!

CAPTAIN
THRIFTY!

FRUGAL-INATOR!

EXTRAORDINARY TIGHTWADS

THE INCREDIBLE THRIFTINESS
OF AMERICA'S MOST INSANELY
FRUGAL CITY.

PENNY
PINCHER!

SPARTAN-MAN!

BY JOANNE CLEAVER
ILLUSTRATION BY PETE McDONNELL

W

hat is the sound of a penny being pinched? Step into Usinger's Famous Sausage store to find out.

The air in the Old World Third Street shop is rich with garlic, sage and smoke. The lines are long, but not because buyers are debating between Polish and brats. Nope, they are pressed up against the glass cases like new fathers at the baby nursery, demanding that the white-coated clerks bring them one tray after another of sausage seconds, ham ends and other flotsam from the cutting room.

The persnickety purchasers lean over the miscuts with

the intensity of beauty pageant judges choosing the final winners. Is a 35 percent discount enough to offset the nicked casings on these wieners? How many plate-worthy slices could be gotten from that trapezoid end of ham before the rest is chopped up for omelets? Or would it be better to choose those almost-perfect knockwurst seconds?

All this agonizing suspense for a \$3 purchase.

The seconds table at Usinger's has been a fixture since the store opened in 1880. Debra Usinger, a vice president with the family-owned Fred Usinger Inc., can't remember a time when Milwaukeeans didn't trawl the table.

Let the unknowing tourists or Door County-bound Chicagoans fill their coolers with full-priced meat from the front. True Milwaukeeans don't pay full price, but drop by weekly to see what sausage steals are on the shelves.

"It's like a treasure hunt. One week there might be a lot of bratwurst out there, but the next week, liver sausage," says Usinger, who can barely keep a straight

face as she explains the gravitational pull of the seconds table. "People have their favorite items, and they get excited."

Indeed they do. Nowhere are bargains more anticipated, savored, analyzed and anthologized than in Milwaukee. New Yorkers have their elbows-out sample sales that may offer chic for cheap. New Englanders "use it up, wear it out, make it do or do without," as the saying goes. Californians make recycling sexy.

But in Milwaukee, frugality, tightfistedness, downright cheapness is almost a way of life. Locals collect coupons, wait for a store's sales and brag to others about all the money they saved. This is Bargain Town, USA, a place unlike any other, where everyone seems to demand a good deal.

But today, in the wake of the Great Recession, the skinflint style of Milwaukeeans is suddenly seen as the nation's solution, as almost patriotic. Commentators bemoan the spendthrift ways of Americans, their credit card debt, their low rate of savings. As recently as 2005, the average national savings rate was actually minus 1 percent, according to the Organisation for Economic Co-operation & Development. By May 2009, as Americans suddenly sobered up to the ravages of the recession, the average savings rate had jumped to a remarkable 6.9 percent (though still a far cry from the 11 percent rate in Germany).

Thrift, in short, is suddenly chic in America. But it was always the rage in Milwaukee. This is the top market in the nation for clipping consumer coupons; 40 percent of households here use coupons, according to Scarborough Research. Wisconsin also ranks low in credit card debt — third-lowest among the top 50 states.

And no matter how cheap Americans get, Milwaukeeans will still be cheaper. Since January 2009, Americans increased their use of online Entertainment Publications' coupons by 27 percent — pretty impressive, but nowhere near the increase

of 51 percent in Milwaukee.

This is a city where people drive miles out of their way to save a cent on gas. Where people hate paying for parking Downtown (even though rates here are among the nation's lowest) and will walk blocks to find a free parking spot. Where customers at all-you-can-eat restaurants routinely demand to doggy-bag food home. Where people have, for generations, bragged not about how much — but how little — they paid for a luxury item.

"When people come from outside the state, they're amazed that the quality is as good as in their city, the price is lower, and the amount of food is higher for a lower price," says Tony Betzhold, manager at the Crazy Water restaurant on Milwaukee's South Side.

But what seems amazing to out-of-towners is considered normal by Milwaukeeans: They expect a good deal, they love to save money, and they are truly national experts at pinching pennies. So just how did this attitude and expertise arise?

Consider Dear Old Lady Thrift. That is the plump and smiling city of Milwaukee, which sits in complacent shabbiness on the west shore of Lake Michigan. ... On her hundredth anniversary she not only was out of debt, but had many millions in the bank." So wrote legendary journalist Richard Davis in an essay in a 1947 book, *Our Fair City*. Davis wryly portrayed Milwaukee as a tightfisted old gal who "bites even nickels to make doubly sure of their metal before she tucks them away," but when her heart is touched, "will dig into her bulging reticule and give generously."

By the 1940s, a unique style of nickel-biting frugality was apparently well-established. You might say Milwaukee began as a bargain-basement town. Author Robert Wells' 1970 history, *This is Milwaukee*, tells how the first wave of European settlers arrived here in 1836 and immediately started flipping property. They bought lots for \$1.25, then resold them to the next boatload of immigrants, who sold theirs to the next boatload, and so on. Alas, it all came to an end with the economic panic of 1837. After the slump in prices, Germans, Norwegians and others swooped in to snatch up





THRIFTY BUSINESSES

low-priced lots and the often-unfinished houses started by suddenly bankrupt owners: literally, bargain basements.

Some point to the city's Germanic heritage as the reason for its frugal style (and the currently high savings rate in the mother country would support that theory). Others point to its blue-collar culture – Wisconsin's economy has long led most states in manufacturing – where money was so hard-earned that workers were more careful how they spent it.

"These were immigrants who came over with not much," says Milwaukee historian John Gurda. "They scrimped and saved and were good stewards, and that was certainly exacerbated by the Depression. For the 60 percent of people who worked in manufacturing, who earned no more than \$2.50 an hour in modern terms, thrift was a dominant fact of life. If you wanted to have your own home, you had no choice but to save. It morphed from necessity to habit."

Growing up, Gurda recalls his father returning triumphantly from the market with armloads of radishes, 10 cents a pound, though nobody in the family liked them. He regularly stocked up on scratch-and-dent canned goods, which made meal-planning an exercise in culinary reclamation. "They were almost free," says Gurda. "He couldn't resist."

Sue Northey, senior vice president and managing director of brand planning at the ad agency Cramer-Krasselt, grew up in a thrifty family in working-class West Allis. Her father saved slivers of soap, shook them with water in a bottle, inserted a pump, and presto, homemade liquid soap. He filled the cookie jar with discounted broken cookies from the neighborhood bakery and banned the kids from digging through the jar for the biggest pieces. Her mother lined drawers with used wrapping paper.

Among her family's other favorite tactics: eating out only at places that accept Entertainment Book coupons; signing up for every available birthday discount so you can eat for free or half-price for your entire birthday week; and buying a shirt at a discount, then taking it back – with the receipt – to claim a rebate when a coupon subsequently appears.

Northey's family was predominantly German, and when visiting the paterland,

Some Milwaukee companies have super-saved their way to a market advantage. Steinhafels, the family-owned regional chain of furniture and bedding stores, was cited in *Fortune* magazine as a company that has weathered the recession through thrifty cash management.

When credit runs dry for other retailers, and they can't pay for goods they ordered, Steinhafels is there with a checkbook to take the stock off their hands – but at a cut-rate price. When a competitor suddenly goes bankrupt, Steinhafels will divert truckloads of furniture still on the highway to its own warehouses – as it did a few years ago when Midwestern retailer Wickes collapsed – by paying cash for the furniture.

These days, Chinese furniture manufacturers are desperate for cash-paying American customers. A Steinhafels buyer stumbled across a trove of 1,000 leather-upholstered ottomans. Steinhafels took them at a very attractive price and offered them to the day-after-Thanksgiving hordes for \$9.66 each.

"We could do it because everything we buy, we pay for right away," says Gary Steinhafel, the company's president. "We look for opportunistic buys every week. Manufacturers who have excess inventory, retailers who go out of business – they'll sell us that inventory for 20 percent to 50 percent off wholesale. That's part of our strategy."

His retail customers, he says, are just as opportunistic about how they buy. "They want to know how it's made. They pull out drawers. They look at construction."

And they hate exclusions, he adds. "Sometimes we're forced to adhere to a manufacturer's requirement, but when we offer a coupon or discount, we try to make it apply to everything. They're suspicious of being tricked, that what's being offered [at a discount] is not really available." As Steinhafel has learned, never come between Milwaukee bargain-hunters and their coupons. ■

her overseas relatives' penny-pinching felt like home. But she also points out the "sweat of my brow" blue-collar mentality, an attitude that "I've worked too hard to blow my money."

There might also have been a little German-style efficiency in the city's attitude toward spending. As recounted in "Suddenly Generous," a March 1997 story in this magazine, Milwaukee was the second city in America to create a united charitable drive in 1916, but more with a mind toward efficiency. It seems that one poor family got two extra baskets of food due to an overlap among charitable organizations, prompting a unified approach to avoid such waste. Hence the original name for Milwaukee's United Way: Centralized Budget of Philanthropies.

The socialists who dominated the city's government in the 1920s and '30s were something of an oxymoron: liberals who were anything but free-spending. They were extraordinarily efficient and debt-averse: In the midst of the Depression, Milwaukee was perhaps the only city in America with a surplus.

Whatever the reasons for it, an ethnic

style or economic compulsion, the pursuit of frugality has become a self-perpetuating cycle. These days, Milwaukeeans are cheap because ... well, they're cheap. It's a habit, a point of pride, and perhaps more than anything, a competition to see who can out-bargain the other.

Kit Yarrow has seen Milwaukee frugality from the perspective of both a resident and expatriate, insider and outsider. She grew up in the Midwest and spent her teen years here, but she's lived most of her adult life in San Francisco and still shocks friends there by doggy-bagging leftovers. "Midwestern values imply that it's smart and wholesome – that's how I feel about my cheapness," she says. "I'm not wasteful, and I appreciate what I have."

She has friends who buy the latest clothes and wear them for a season. "That just feels wrong to a Milwaukee girl," says Yarrow. "It seems greedy and bloated."

On the other hand, she has seen the greedy side of Milwaukee's thriftiness.

In her teens, she waited at the now-defunct John Ernst Café, where a pair of Sunday evening regulars were known as "the packers" – not because of their loyalty to the football team, but because they'd sweep the table clean of butter, rolls, crudités and sugar packs, and leave with their purses bulging.

Yarrow encountered an entirely different mentality when she transferred from UW-Milwaukee to Georgia State University. "I remember like it was yesterday. I met a couple of girls, and one of them was talking about a friend and being vicious about whether she wore a brand name. That, I didn't remember seeing in Milwaukee. It was a huge contrast," she says.

Now, as a professor of consumer psychology at Golden Gate University, Yarrow recognizes the underlying dynamic shared by the two incidents: a kind of consumer one-upsmanship. The Milwaukee obsession with frugality is, she thinks, just another version of the brand snobbery she witnessed in Atlanta. "It's still ranking yourself against others in a social hierarchy using shopping as a means," she says. "It's just putting generic at the top of the list instead of a designer brand. It's socially reinforced behavior."

The mentality seems to extend throughout the classes in Milwaukee. Much of upper-class America is known for conspicuous consumption. "Milwaukee," says Northey, "is all about conspicuous frugality."

"It's competitive sport-shopping, with the prize being the lowest price, not the value or scarcity of the product," Yarrow observes. "Somehow or another, people need to win."

Beth Nicols, executive director of the Downtown Business Improvement District, relates how the sport was played at holiday dinners at her grandmother's house: "The typical conversation starts, 'I went to Boston Store and I had my 20-percent-off coupon, and I bought this on the sale rack.' Then it quickly becomes a never-ending game of bargain-hunting 'top this.' 'Well, I did all that and brought in a Goodwill donation for an additional discount. ... So in the end, Boston Store paid me for \$2 for this

pink blouse. I win!"

John Olsen, who created the Web site milwaukeeconsumer.com, is a native Milwaukeean who plays the bargain game himself. "You can get stuff for free, or close to free, if you combine double coupons with stuff that's on sale," he gushes. Then there are rummage sales, he adds, or buying used stuff. "This summer I bought my kids a swingset that the original owners paid \$3,000 for, and I paid \$450. It was a real hassle to move it. I had to take the whole thing apart and some of the bolts broke off." But now he's got it working. "And my kids have a nice swingset."

If chasing cheap is the quintessential Milwaukee game, Monika Bachhuber is a champion player. "I'm not sure why Milwaukeeans are frugal, but I know I am," she says.

The East Side resident came from German-Americans on both sides. "Even when my dad had ALS and trouble walking, he'd stalk the garbage trucks" – looking for castoffs of value.

Bachhuber trawls her neighborhood picking up "perfectly good" quilts and furniture thrown away by UWM students, which she cleans up and donates to charities. She recalls an old boyfriend who "split the plies" – turning one roll of two-ply toilet paper into two by taking the plies apart. Bachhuber does that one better, stuffing thick wads of restaurant napkins into her purse, then peeling them apart for a passable pile of tissue.

Theresa Lorbiecki is a kindred spirit. Her Northwest Side ranch house is decorated with icons of thrift. She treasures a signed Jackson Beardsy lithograph she found just two years ago at a thrift store for only \$1.99. And her red cotton sweater? "Goodwill!" she crows, spreading her arms wide. As for the shelf above her kitchen sink, where two flowering plants rest, the

shelf is actually as-

sembled from an old computer keyboard tray resting on four wooden tea boxes. It's certainly unique, and heck, it's free.

"I have something for you," she confides. From behind an overstuffed chair she pulls out a tan plastic ... something. Is it the top to a table? The tray to a baby's highchair? Neither. The platter-sized disc is a lazy Susan, a kitchen cabinet piece that once twirled canned goods.

"Can you use it?" she asks. "My friend got it for \$1, but it didn't fit her cabinet. I can't use it, but somebody can." Every bargain will find its home.

Her all-time favorite craft is origami. "You take a scrap of paper and fold it, and you have something beautiful. For nothing."

Lorbiecki's early childhood home was a three-room flat above a Milwaukee drugstore, with only a half-bath for the family of five. It was the depths of the Depression. Her mother would bring out a single stick of gum and tear it in half as a treat.

Lorbiecki is famous among her friends for cutting open toothpaste tubes to scrape the last two brushes' worth of paste. "You know it's in there," she says. "You just have

BETTER TO FACE
A NOOSE THAN
A MILWAUKEE
BARGAIN-HUNTER
THWARTED.



JOANNE CLEAVER DISCUSSES MILWAUKEE'S FRUGAL NATURE ON WUWM'S "LAKE EFFECT." JAN. 12 AT 10 A.M. AND AGAIN AT 11 P.M.

to get it out."

Coupons, she believes, are a false economy — a waste of time and gas. Free is the Holy Grail. "Free is like, beating the man!" she exclaims.

These days, she finds cheap at the local dollar stores. "Rye crisp crackers," she says, waving a box like a flag at a parade. "\$2.89 at Pick'n Save, and at the dollar store, only \$1 a box. I could have bought three! I told my friends, check the dollar store before you go marketing."

Aren't those crackers a little too close to their sell-by date for comfort?

Please. "They're rye crisp," says Lorbiecki. "How can they go stale?"

In a bargain-loving land like Milwaukee, nothing sells like all-you-can-eat. Fish fries, brunches and buffets, anything that offers as much food as you can possibly consume. But some patrons want more. They also want all they can pack into a doggy bag.

Many all-you-can-eat places actually post signs to warn their patrons, signs you might only find in Milwaukee: *No doggy bags allowed*. Yes, that's the officially declared policy at Golden Mast Inn, Johnny Manhattan's, The Copper Dock, Changes and Slim McGinn's, to name a few.

Lisa Marks is a restaurant manager and a member of the family that owns the Golden Mast Inn on Okauchee Lake. She's had her moments of embarrassment enforcing the no-doggy-bag rule. "I'm waiting on these people and, of course, I am the one who got the crazy customer," she recalls. The customer wanted her plate of leftovers wrapped, and Marks politely noted the no-doggy-bag policy. "Lo and behold, I go back to the table, and a woman is stuffing food into Ziploc bags in her purse. I was beet red, and I just tried to remove everything I could from the table. The staff thought it was hilarious."

Nancy Manhattan, owner of Johnny Manhattan's, gets calls from customers with a unique request. "I've had people call in who want the all-you-can-eat special to go," she says. "How would you determine what that would be?"

At Changes, \$10.50 buys all-you-can-eat "broasted" chicken. It's a deal, but not quite good enough for some. "One woman ate five pieces and ordered three more

breasts," owner Linda Kilcollins says. "We gave them to her, and then she's wrapping them up in her napkin and putting them in her purse to take home. They think we aren't going to see them."

Restaurant managers are quick to note that 99 percent of customers are understanding of restaurant policy. But they do love an all-you-can-eat deal.

Jim Baade knew that cheap drinks would be a menu mainstay when he and his partner opened two Downtown bars — Duke's on Water and Scooter's Pub — as well as Rascals on the East Side. Happy hours featuring \$1 drinks "are the base," he says. In California and Florida, he notes, happy hour prices are far higher. But Baade says his bartenders don't mind because regulars throw down \$1 tips for the \$1 drinks.

The Milwaukee style of pricing still amazes New Orleans native Tim Farley, who moved here after Hurricane Katrina and now runs the Palomino Bar. "In New Orleans, we never had specials, ever. It wasn't necessary. Here, every single bar has to have a special."

Beth Nicols' job is to inspire Milwaukeeans to spend money Downtown. She recognizes that her family's thrifty values and her professional goals tend to collide. "We need to provide options so people can transition from this mentality," she bubbles with eternal optimism.

"That's why so much of our marketing revolves around 'free,'" she says. Downtown events won't draw a crowd unless they're free. People will stand in line to get into an event that's free, then stand in line again at the one booth that offers half-price beer.

"Free" is a four-letter word to longtime Milwaukee adman Don Ellingsen, who has run Ellingsen Brady Advertising since 1975 and collaborates with Nicols to market Downtown events. He knows the Milwaukee mentality well. Members of his family are obsessed with collecting stray bobblehead dolls after Brewers promotions. Other relatives drive miles to the gas station with the lowest prices.

"Milwaukeeans like to get what they're paying for, but a little bit more," he says.

"If you're filling up a glass of wine in a restaurant anywhere in the country, you'll get two-thirds full. Milwaukeeans will tap on it and say, 'fill it to the top.' They want to make sure they're not getting ripped off."

Ellingsen caved in to the bargain mentality long ago. Thus was born the \$1 Jingle Bus, free hot cocoa, free cookies and \$1 parking, all to draw Milwaukeeans Downtown for the Holiday Lights Festival. In Lake County, Ill., people pay \$10 a car to drive the Christmas lights fantastic. Suckers.

Once given free events, Milwaukeeans expect such deals in perpetuity, Ellingsen says. "It's like they're owed it. Like they're entitled to something extra." He helps out at Jazz in the Park, the free summer concert series. "We'll have a special on beer one week, and the next week, people act as though if you don't have that same special, you're trying to rip them off. And if you run out..." he makes a slicing motion. Better to face a noose than a Milwaukee bargain-hunter thwarted.

Some local businesses have devised the perfect approach for this unique market. In 1996, entrepreneur Leo Schmidt figured his concept of selling building supply leftovers at rock-bottom prices would be a natural here.

Home Owners Bargain Outlet (HOB) now has two stores in southeastern Wisconsin and five in Illinois. That allows operations vice president Jerry Jurewicz to compare Milwaukeeans with their profligate neighbors to the south.

When HOB first opened its West Allis store, the receiving area, where new shipments arrived, quickly became a draw. "People would go directly to the new shipments and start ripping the boxes open," says Jurewicz. "They wanted to make sure they didn't miss a deal. And to get the deal before anybody else."

Chicago customers like coupons.

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They'll present a coupon at checkout. But Milwaukeeans are far more organized. "They all get in line, the whole family, the husband, the wife, the son, the daughter, each with the minimum sales to claim the maximum value of those coupons," says Jurewicz. "It's a thrill. They'll say, 'I saved \$80 today!'"

It doesn't even have to be a coupon for Milwaukeeans to get excited. If it simply looks like a coupon, customers will clip it out and bring it along. Sometimes, HOBOSale flyers highlight an item in a black-bordered box. That would be a box comprised of solid black lines – not with dotted lines, and not with tiny scissors inviting customers to clip it out.

No matter, HOBOS employees say. That black box looks so much like a coupon that Milwaukee shoppers cut it out and bring it in anyway. Just in case there's an extra discount they might be missing.

In 1991, Gene Schulist started School-Pak, which provides conveniently packaged school supplies to school districts so parents needn't devote time, gas and bother on their kids' school needs. "We thought, there has to be a better way to do this, rather than

going through all this stress," says Schulist. He and his wife started the company with \$500 at their kitchen table.

Today, it's a Milwaukee success story – except in Milwaukee. Around the country, School-Pak found a ready market. But in most of the metro area, other than Mequon and Brookfield, School-Pak gets no respect. Mothers would rather trudge from store to store to hunt down everything rather than fork over an extra \$10 for the convenience of a School-Pak set of supplies.

"It's a cultural thing of people brought up in Milwaukee, that if they drive three miles to save a dime, they'll do that," says Schulist. In other cities, consumers like School-Pak because it saves them time. "But here, people value their money more than their time."

Time is no object for those Lakefront Brewery customers who have repeatedly taken its tour. The Brewery has structured its daily tours to take advantage of the Milwaukee mania for coupons. For \$6, you get a tour of the brewery, free beer and a coupon – for another mug of beer.

The guides actually work this into their patter. "We make jokes on the tour – you get a coupon! It's Milwaukee! There's a

coupon!" says Chris Ranson, a retired elementary school principal who handles the tours.

The tour price also includes a free commemorative mug. Some locals have toured so often – 15 times is not uncommon, says Ranson – that they have a cupboard crowded with free mugs. So Lakefront now offers a choice: a free mug or a coupon for \$2 off other souvenir merchandise.

Milwaukeeans don't see this as a big deal, says Ranson. "But when we get people from out of state, they always comment, 'I can't believe what a deal this is!' They're amazed. And the people from Milwaukee are like, 'Well, yeah! We should have deals here!'"

Not that Ranson herself doesn't play the thrift game. She's a Milwaukee-style super saver who isn't too proud to pick up pennies wherever she finds them and toss them into her penny jar at home. "I take great joy in that," she says. "It's fun." And all those pennies do add up. Recently, Ranson cashed in \$200 and bought a new digital camera. ■

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