

WHAT'S IN YOUR WALLET?

Separating the Influence of Budget and Numeric Priming on Willingness to Pay

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Introduction

There have been many studies in the field of behavioral economics that have looked at influences of impulsive decision-making—store environment, personality, and availability of a credit card are just some examples. We ran an exploratory study looking at another possible contribution to impulsive decision-making—budget.

Design

H1: EXPLORATORY STUDY

- Participants will be significantly more willing to pay for consumer goods at higher budgets
- Eye-tracking patterns will predict when budget is most likely to influence decisions

We want to control for the possibility simply viewing a large number on the computer screen might lead to more purchasing rather than participants associating that larger number with budget. This leads to our control study.



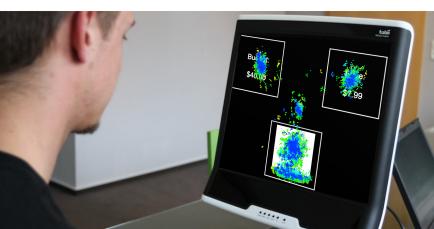
H2: CONTROL STUDY

- Participants will buy slightly more often when they see a larger number (numeric prime) on the screen, but not enough to account for budget's influence

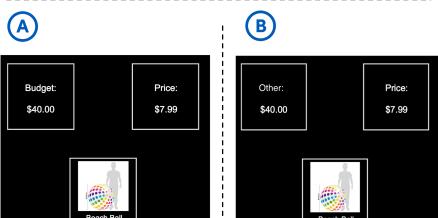
Methods

Participants completed 120 purchasing trials in-person a week after an online screening. For incentive-compatibility, we informed participants we would randomly select one trial from either the online or in-person part and give a payout based on that decision:

- For exploratory study [See Figure A], budgets were either \$10, \$20, or \$40
- Identical set-up for control study [See Figure B], except the label "Other" instead of "Budget" on the screen
- N=71 in exploratory study, N=60 in control study



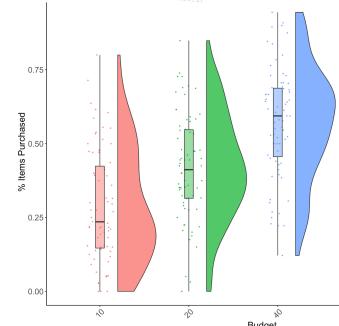
(A)



% Items Bought by Condition

	Budget	Numeric Prime
\$10	28.6	38.0
\$20	41.1**	39.9
\$40	57.2**	42.0

*p<.05 ** p<.001

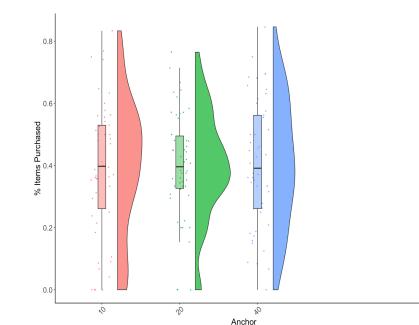


% PURCHASES IN EXPLORATORY STUDY

Results

We observed large effect sizes in the exploratory condition—participants were more than twice as likely to purchase when viewing a \$40 budget vs. a \$10 budget.

Our follow-up control indicates that numeric priming had negligible effects on how many items consumers purchased.



% PURCHASES IN CONTROL STUDY

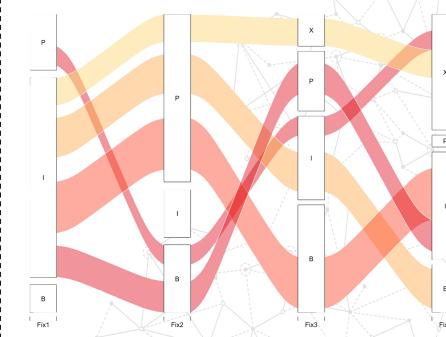
These results are not significant, though there are 10 more participants to run based on our *a priori* power analysis

Conclusion

The larger the budget, the more likely one will make an impulsive choice. Priming effects in the control study were not significant, strengthening the budget results. Pending a confirmatory story, a few takeaways:

- Budget's Potential:** Just as increasing budget increased impulsivity, decreasing budgets pushed purchasing below average. Allocating less for spending might mean more careful purchasing decisions
- Numeric Priming:** Implicit anchors do not appear to be impactful, shedding light on a recent debate
- Eye Tracking:** When viewing budget on the screen, looking at it second correlated most with impulsivity

Future Analysis



References

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