Splurging After Reaching Your Goal: How and When does a Used (vs. Unused) Account Affect Consumption Behavior?

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TIAA Fellows Symposium 2023





\$100

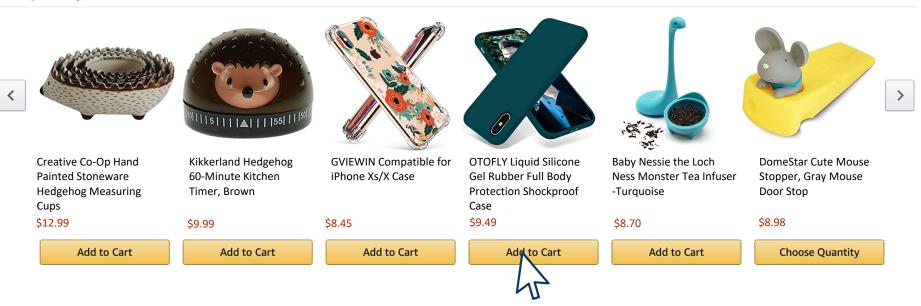




Before you checkout

Continue

Complete your cart



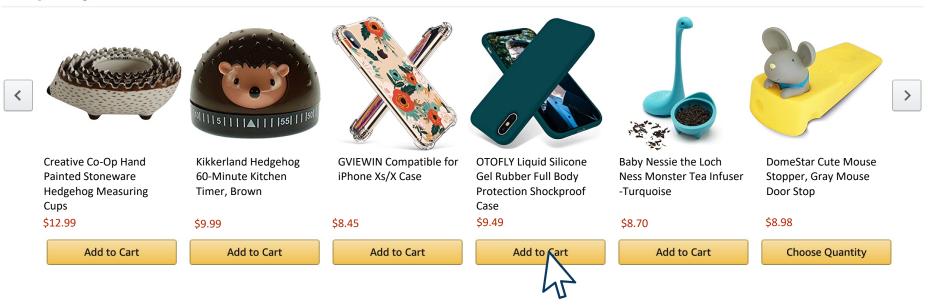


Before you checkout

\$10

Continue

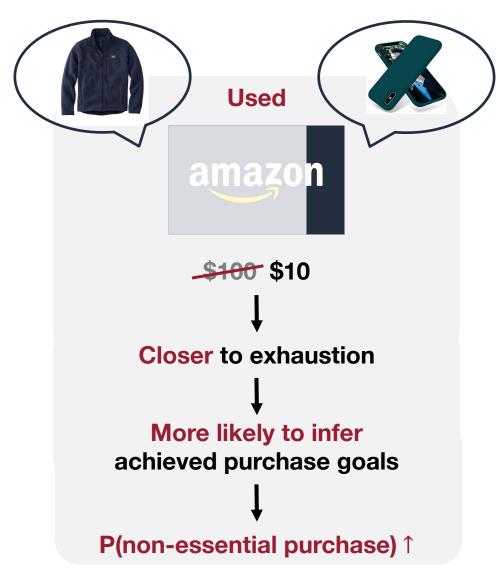
Complete your cart



RESEARCH QUESTION



How do used (vs. unused) accounts influence consumers' purchase decisions?



Relative judgment

- Reference-dependent judgment (Sharif and Oppenheimer 2016; 2021; Sherman et al. 1978; Stewart et al. 2002; Tversky and Kahneman 1981)
- Joint vs. separate evaluation (Hsee 1996; 1998; Hsee and Leclerc 1998; Hsee et al. 2013)
- Purchase goals
 - Earmarking accounts (Heath and Soll 1996; Shefrin and Thaler 1988; Sussman and O'Brien 2016; Thaler 1985, 1999)
 - Hedonic vs. utilitarian goals (Dhar and Wertenbroch 2000; Helion and Gilovich 2014)
- Switching to a different goal
 - Goal-switch after achieving one goal (Fishbach, Dhar, and Zheng 2006)
 - Switch to an indulgent goal (Dhar and Simonson 1999; Fishbach and Dhar 2005; Kivetz and Simonson 2002)

HYPOTHESIS

Consumers will be MORE LIKELY to spend their resources in the used account than in the unused account.



STUDY OVERVIEW

- Study 1A Credit card reward programs
- Study 1B Credit card reward programs
- Study 1C Educational checking accounts
- Study 1D Online shopping reward program (incentive-compatible)
- Study 2 Credit card reward programs
- Study 3 Gift cards
- Study 4 Credit card reward program
- Study 5 Gift cards
- Study 6 Gift cards
- Study 7 Gift cards

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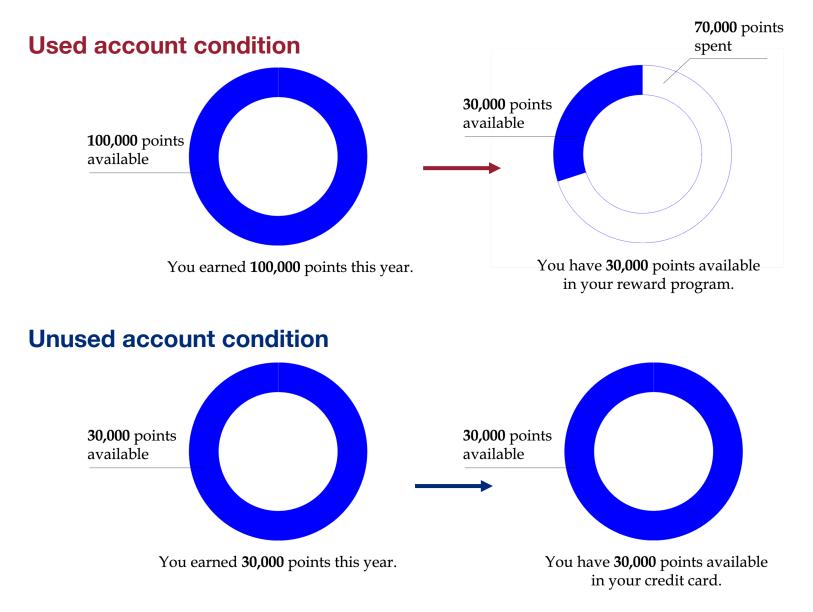
Study 1A Credit card reward points (N = 1144)

How do used (vs. unused) accounts influence consumption

behavior using credit card reward points?

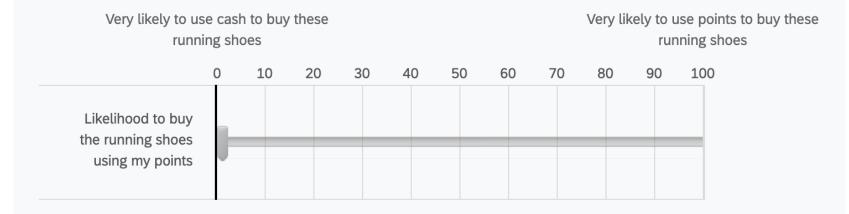


Study 1A Experimental Design

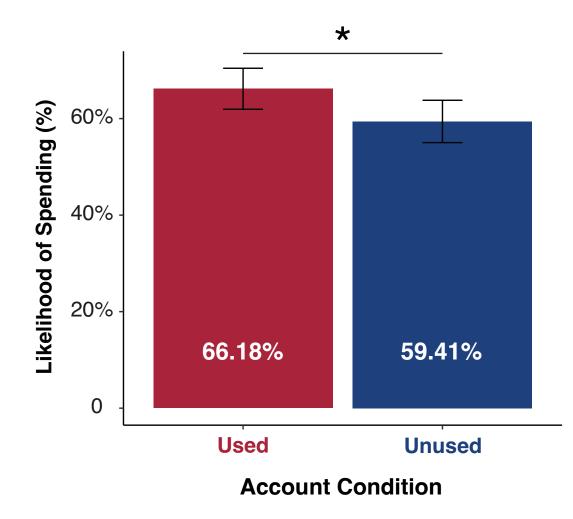


Study 1A Spending Likelihood

Would you use your points to buy these running shoes or instead use your cash and save your points for a different reward later? If you choose to use your points, you would have to use all of your points.



People were more likely to spend points in a used (vs. unused) account



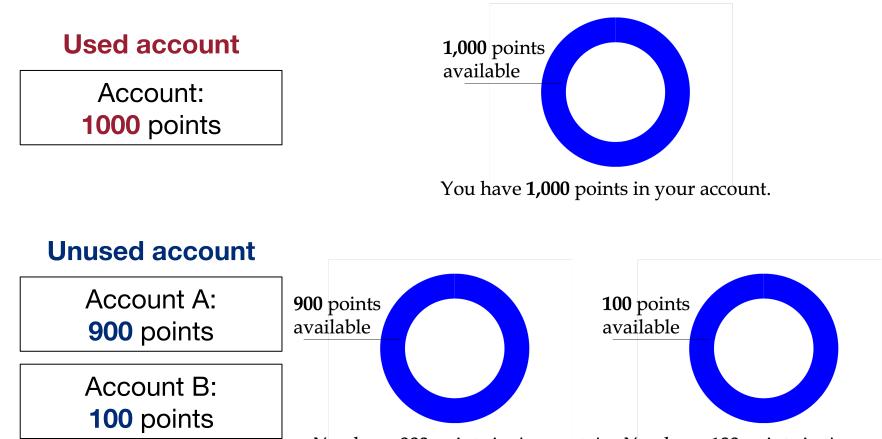


How do used (vs. unused) accounts influence consumption

behavior in the context of online shopping?



STUDY 1D EXPERIMENT DESIGN



You have 900 points in Account A. You have 100 points in Account B.

STUDY 1D ONLINE SHOPPING STAGE ONE (20 PRODUCTS; \$15~\$20)

MIRA 25 Oz Stainless Steel Vacuum Insulated Water Bottle - 24 Hours Cold, 12 Hours Hot - Leak-Proof Sports Flask - Blue Mountain

LEAK-PROOF

BPA-FREE

bottles.

worrying about spills or leaks. SWEAT-FREE EXTERIOR

18/8 STAINLESS STEEL

THE MIRA CASCADE BOTTLE

Drinks stay ice cold for 24 hours or piping hot for 12 hours due to our innovative double-wall vacuum insulation. For added insulation, bottles include a copper coating that provides a temperature shield.

Pack your bottle in your bag, backpack or travel luggage without

Don't sweat it, our condensation-free exterior prevents your bottle

Stay healthy with our BPA-Free, phthalates-free and non-toxic

Constructed from food-grade 18/8 stainless steel, our high-quality

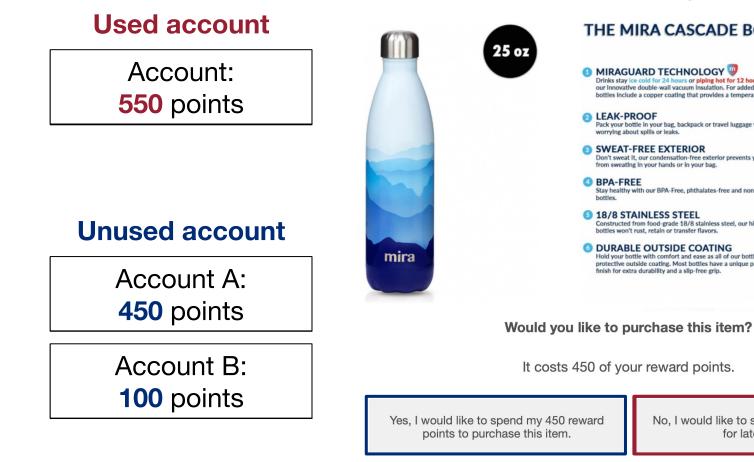
Hold your bottle with comfort and ease as all of our bottles have a protective outside coating. Most bottles have a unique powder coat

📵 MIRAGUARD TECHNOLOGY 🖤

from sweating in your hands or in your bag.

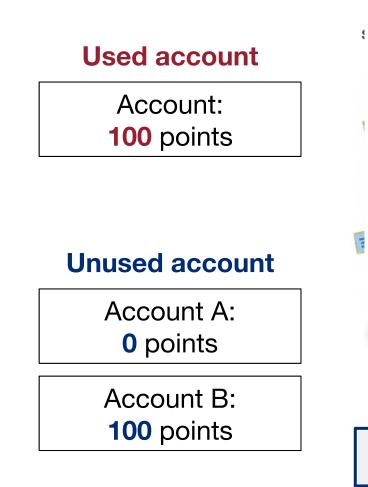
bottles won't rust, retain or transfer flavors. O DURABLE OUTSIDE COATING

finish for extra durability and a slip-free grip.



No, I would like to save my reward points for later items.

STUDY 1D ONLINE SHOPPING STAGE ONE (20 PRODUCTS; \$15~\$20)



Fred WINE MONKEY Sock Monkey Bottle Caddy



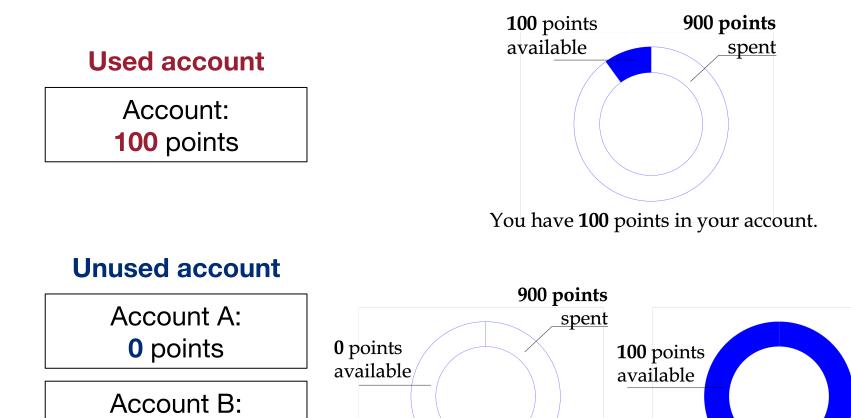
Would you like to purchase this item?

It costs 450 of your reward points.

Yes, I would like to spend my 450 reward points to purchase this item.

No, I would like to save my reward points for later items.

STUDY 1D EXPERIMENT DESIGN



100 points

You have **0** points in Account A. You have **100** points in Account B.

STUDY 1D ONLINE SHOPPING STAGE TWO (6 PRODUCTS; ~\$2)

YumEarth Gluten Free Gummy Bears, Assorted Flavors, 2.5 Oz Bag - Allergy Kate Aspen Sweet Honey & Fresh Flower Scented Honeycomb Soap Baby Shower Favor, Mommy to Bee Dixon No. 2 Yellow Pencils, Wood-Cased, Black Core, 12-Count





Would you like to purchase this item?

It costs 100 of your reward points.

Yes, I would like to spend my 100 reward points to purchase this item.

No, I would like to save my reward points for later items.

Used account

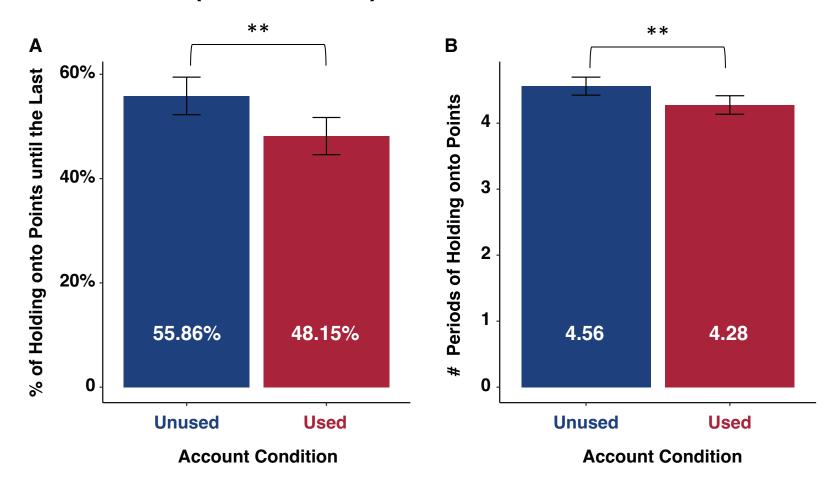
Account: **100** points

Unused account

Account A: **0** points

Account B: **100** points

Participants spent their remaining 100 points faster in the used (vs. unused) account condition.



WE REPLICATE THE EFFECT OF A USED (VS. UNUSED) ACCOUNT

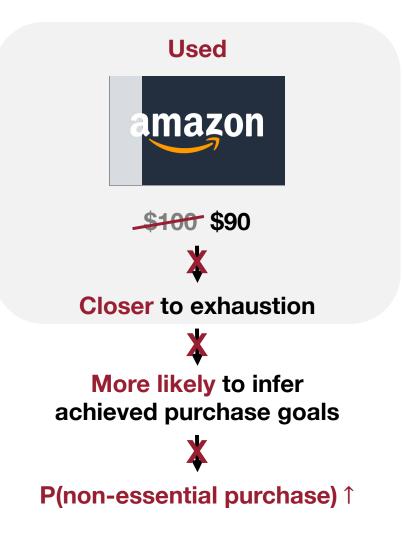


Study 1C

Educational Checking Accounts



Moderation by the absolute amount remaining





Study 3 Gift cards

Will the effect of a used (vs. unused) account on spending likelihood be moderated by the proportion of the account remaining?



Study 3 (N = 1128) – Experimental Design

Used \$8	Unused \$8	Used \$16	Unused \$16	Used \$24	Unused \$24
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Study 3 (N = 1128) – Experimental Design

Used \$8 Unused \$8	Used \$16	Unused \$16	Used \$24	Unused \$24
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Suppose you get one \$40 gift card to a clothing store from one of your friends.



Last month you spent \$24 of this gift card at the same clothing store.



Study 3 (N = 1128) – Experimental Design

Used \$8	Unused \$8	Used \$16	Unused \$16	Used \$24	Unused \$24
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Suppose you get one \$16 gift card to a clothing store from one of your friends.

Last month you spent \$24 at the same clothing store.



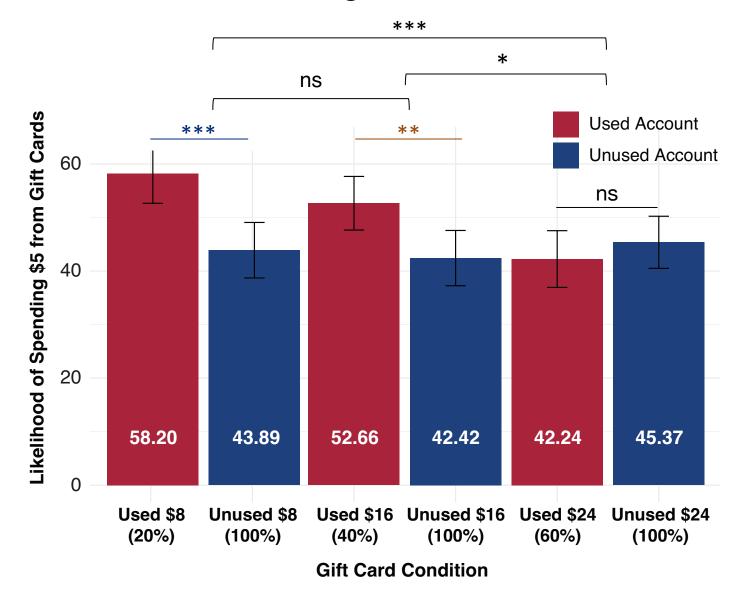
Study 3 Spending Likelihood

As you are checking out, you see that the clothing retailer is selling some tasty drinks (e.g., smoothie, latte). All of the drinks cost \$5 and you can use your gift card to pay for it.

Not at all likely Very likely 20 30 50 60 70 80 0 10 40 90 100 Likelihood to buy the tasty drink now with gift card

How likely would you be to buy a tasty drink now with your gift card?

Proportion of Account Remaining Moderates the Used Account Effect

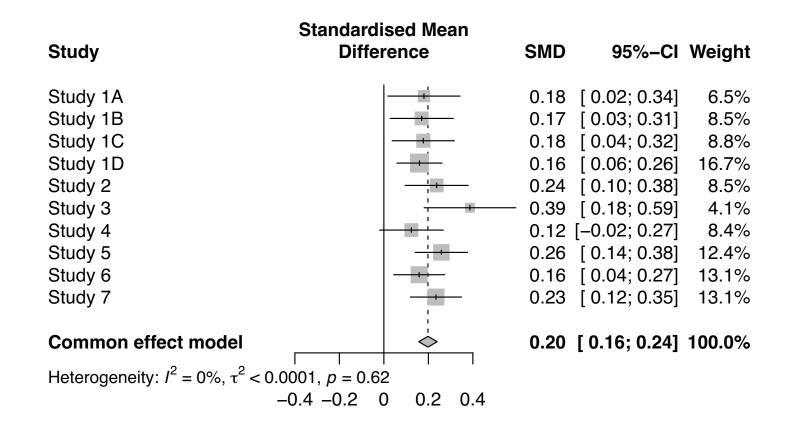


SUMMARY



SUMMARY

Consumers are more likely to spend resources in a used account than in an unused account, as they perceive a used account as closer to exhaustion and infer that account has achieved its purchase goal.



Marketing Implications

• The display of credit card use may affect consumers' spending

Citi Double Cash® Card-1156				
	Current Balance 🥐	Available Credit (?)		
	\$1,466.09	\$1,361.91	Credit Limit \$3,000.00	
	View Balance Breakdown			
	Statement closing May 23, 2023			

Card Details

Account Summary

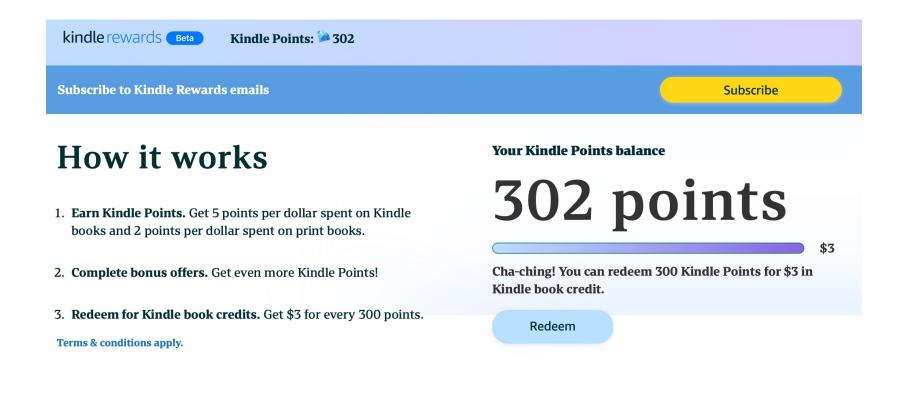
Current balance:	\$3,155.01
Total credit available:	\$7,538.61
Cash credit line	
available:	\$200.00

Total credit line:	\$10,800.00
Cash credit line:	\$200.00
Amount over total credit	
line:	\$0.00



Marketing Implications

• The reward points display may affect consumers' spending



THANK YOU!

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