Special Session Summary  Navigating Between Virtues and Vices: Moderators of Decisions Involving Hedonic Versus Utilitarian Choices

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SPECIAL SESSION SUMMARY
Navigating Between Virtues and Vices: Moderators of Decisions Involving Hedonic versus Utilitarian Choices
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SESSION OVERVIEW
Everyday choices often reflect an ongoing conflict between the desire for hedonic vices on the one hand (e.g., buying a DVD player or designer jeans, watching television) and the presumably more rational need for utilitarian virtues on the other (e.g., buying an electronic organizer or vacuum cleaner, studying). Given limitations on resources, people regularly face difficult decisions to either indulge in a vice or to exercise self-control and be virtuous.

This conflict can be viewed from several different perspectives. In the traditional literature the difficulty of such tradeoffs is not directly addressed. Rather, consumer decisions are assumed to be based on stable evaluations of utility (e.g., Von Neumann and Morgenstern 1947) and conscious choices guide moment-to-moment behaviors (e.g., Deci and Ryan 1985, Mischel, Cantor and Feldman 1996). Vices and virtues are evaluated on a common utility scale and higher utility options are consciously chosen and acted upon.

One alternative stream of literature explores myopic, short-sighted behavior, in which the utility of long-term benefits is overly discounted relative to short-term desires (e.g. Ainslie 1975; Loewenstein 1996; Hoch and Loewenstein 1991). The myopic focus on short-term benefits can lead to over-consumption of hedonic vices and insufficient allocation of resources to longer-term virtues.

Another stream of research focuses on the role of guilt and self-control in decisions about hedonic and utilitarian consumption (e.g. Dhar and Wertenbroch 2003; Kivetz and Simonson 2002a, 2002b; Strahilevitz and Myers 1998). In this view, hedonic vices are difficult to justify and more painful to pay for (Prelec and Herrnstein 1991) and may induce guilt (Lascu 1991). Given the difficulty involved in such decisions, consumers may over-constrain their hedonic consumption (Kivetz 1999). Consumers who have difficulty choosing items that are perceived as indulgences may even pre-commit to luxuries in certain circumstances to avoid under-consumption due to self-control (Kivetz and Simonson 2002a).

This session explores the conditions under which people are more likely to act on their implicit desires for hedonic vices and under which they exercise greater restraint, favoring utilitarian virtues. The papers in this session raise important questions about contextual factors that may affect how the conflict between hedonic vices and utilitarian virtues is resolved. How are consumption timing decisions made for hedonic versus utilitarian options, and what is the effect of a salient cost? How do virtuous past actions affect relative preferences for hedonic versus utilitarian options? Are people more or less likely to act upon their implicit desires for vices after formulating behavioral intentions?

Taken together the papers attempt to uncover the processes which lead to choosing coveted but vice-full options in some conditions but not in others. Instead of considering these decisions in isolation, the papers in this session treat the decision process as context-dependent and often sequential, with current choices systematically connected to previous choices and behaviors. In the process of examining these issues, the papers extend beyond behavioral anomalies and provide insights into the underlying psychological mechanisms and moderators. The papers raise issues of implicit versus explicit attitudes, conscious versus non-conscious processing, and personality-based differences in the susceptibility to guilt in the context of hedonic choices. This helps provide a framework for understanding how the conflict between the desire for hedonic experiences and the tendency for self-control is managed.

“ Licensing Effect of Past Credentials on Sequential Choices’’
Uzma Khan and Ravi Dhar

Consider two people who are similar in their wealth and lifestyle preferences. Both individuals perform community service on certain weeks and not on the others. Now assume that they are both at a mall to do some personal shopping. Who is more likely to buy something self-indulgent—the person who performed community service that week or the one who did not?

Most consumer choice literature focuses on decisions among a set of alternatives, independent of the manner in which consumer arrives at this choice. Recent research suggests that consumer choices across a sequence of decisions might be connected in a systematic manner (Dhar & Novemsky 2003; Monin and Miller 2001; Dhar and Simonson 2000; Loewenstein & Prelec 1993). The current research examines how an initial choice involving a virtuous act (e.g., donating time or money to a charity) might reduce negative self-attributions associated with subsequent choices.

We illustrate the liberating effect of past actions in the context of choosing between options that are perceived as luxuries or necessities. While prior research in this area has used several labels somewhat interchangeably for the products (e.g., virtues and vices by Wertenbroch 1998, hedonic-utilitarian by Dhar and Wertenbroch 2000, luxury-necessity by Kivetz and Simonson 2002), a common assumption that underlies the distinction is that the purchase of luxury goods is associated with guilt and feelings of responsibility (Lascu 1991). Since consumers are often looking to justify their choices (Simonson 1989), these goods are at a disadvantage as they are often more difficult to justify than necessities. Generally speaking, the purchase of luxuries can be viewed as producing negative self-attribution since such consumptions are difficult to justify, induce greater guilt, and by definition, are not essential.

Three studies are conducted to demonstrate that the proportion of subjects choosing a more luxury item is higher after an unrelated charity involvement than in a control condition. An additional study is conducted to provide support for our theoretical explanation.

The first three studies use two between-subjects conditions in hypothetical choices to illustrate the proposed effect. In the control condition, subjects are asked to make a choice between two items. In the other condition, prior to making a choice between the same two items, subjects are asked to make a choice involving a virtuous act. Study 1 shows that the percentage of respondents who selected the luxury item (designer’s jeans) over a necessity (vacuum cleaner) was greater in the condition where this choice was preceded by a choice on the type of community service to perform than in the control condition. Study 2 replicates this effect with two modifications: the initial virtuous act involved donating money (as opposed to time) and the items in the target set were from the same category but involved choosing between a high quality, high price and a low
quality, low price item. The third study extends the licensing effect to a buy/no-buy situation. Previous research (e.g. Prelec and Loewenstein 1998) suggests that purchase of hedonic/luxury goods often involve a pain of payment which increases the barrier to their purchase. Consistent with our main proposition that an initial virtuous decision reduces the negative self-attribution of making a luxury purchase, we demonstrate that percentage of respondents who purchase a concert ticket is higher after they make a decision about community service in comparison to the control condition.

We argue that engaging in altruistic acts give a boost in positive self-attributions. This reduces negative self-attributions associated with luxury items and make people more likely to choose such items. As a manipulation test, we measured participants self-rating on several personality traits. We find that as compared to the control condition, participants rated themselves significantly more compassionate, sympathetic, helpful, balanced, and warm after a choice on the type of community service to perform.

Finally, in the fourth study we provide evidence for the idea that the reduction in negative self-attribution due to a virtuous act is associated with a greater purchase of luxury items. Specifically, we show that the proposed licensing effect diminishes if the virtuous task can be attributed to some external motivation. In one condition we ask participants to imagine that they perform the community service as a result of a driving violation, while in the other condition they are told to imagine that they want to perform community service. We find that more people choose the luxury option over a necessity in the later condition. In conclusion, we discuss theoretical and managerial implications of our findings and suggest directions for future research.

References

“Reconciling Impulsiveness with Self-Control: Explaining Differential Impatience toward Hedonic and Utilitarian Consumption”
Oleg Urminsky and Ran Kivetz

Consumers often face purchase-timing decisions involving tradeoffs between when a good is received or consumed and the cost paid (e.g. prices that decrease over time, costs of expedited delivery, etc.). This paper addresses the question of which conditions motivate consumers to be more or less willing to accept monetary costs to receive goods sooner.

The notion that goods are discounted over time, with lower utility when deferred than in the present, is fundamental to modern economic theory (Strotz 1956). Therefore, given finite resources and implicit or explicit costs to receive goods sooner, timing preferences for different goods are often in conflict and inter-temporal choices may be made differently for hedonic versus utilitarian goods. One stream of research, centered on the notion of hyperbolic discounting, suggests that consumers discount benefits realized immediately (“vices”) less than long-term benefits realized later (“virtues”), leading to a form of myopia in decision-making (Ainslie 1975; cf. Hoch and Loewenstein 1991). Relatedly, the notion of affect-dependent time discounting (Loewenstein 1996; Metcalfe & Mischel 1999; Mischel, Shoda and Rodriguez 1989; Vallacher 1993) suggests that goods higher in affective (i.e. hedonic) dimensions will be discounted more steeply over time than goods higher in cognitive (i.e. utilitarian) dimensions.

Another stream of research, however, focuses on the role of guilt and self-control in decisions about hedonic and utilitarian consumption (e.g. Dhar and Wertebroch 2000; Kivetz and Simonson 2002a, 2002b; Prelec and Herrnstein 1991; Strahilevitz and Myers 1998; Thaler 1980). This research suggests that goods that provide the highest pleasure (i.e. desired hedonic items) inspire the most guilt (Lascu 1991) and, conversely, spending on utilitarian goods may be easier to justify and less painful (Kivetz 1999; Prelec and Loewenstein 1998). Indeed, consumers have been shown to utilize self-control mechanisms to resist the temptation of hedonic items or vices (e.g. Wertenbroch, 1998). In fact, research on mental accounting (e.g., Thaler 1985; Thaler and Johnson 1990) and mental budgeting (e.g., Heath and Soll 1996) suggests that consumers may not spend enough on hedonic items perceived as indulgent. Further, Kivetz and Simonson (2002a) argue that, for many consumers, a tendency to be overly far-sighted (“hyperopic”) can lead to chronic underconsumption of hedonic luxuries. Such consumers are shown to employ deliberate self-control tactics, such as irreversible pre-commitments to hedonic consumption and experiences in low guilt situations.

This paper integrates both streams of research in the context of purchase-timing decisions for hedonic and utilitarian goods and provides a conceptual framework for when myopic, non-myopic, or even hyperopic choices are made. We argue that, while all goods are generally preferred sooner (cf. Loewenstein 1987; Loewenstein and Prelec 1993), there is a natural impulse to disproportionately desire hedonic goods earlier compared to more utilitarian goods. Thus, the baseline desire to expedite will be stronger for hedonic goods than utilitarian goods. Consumers’ decisions, however, are typically not only affected by the desire to expedite hedonic goods, but also moderated by a higher-order process. Specifically, when choices involve salient costs and guilt-inducing hedonic luxuries, justifiability is assessed. When justifiability is perceived to be low, self-control behaviors are often triggered. The sensitivity of individuals to “luxury guilt” varies, and for those with high levels of such guilt, the self-control effect may be strong enough to lead to hyperopic choices (i.e. increased delay of hedonic consumption relative to utilitarian consumption of lower value).
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These hypotheses were investigated in a series of studies using different goods and consumption activities as well as various delay mechanisms. Consumers were asked to make everyday choices involving a cost associated with more immediate consumption or ownership (e.g., deciding whether or not to wait for a cheaper price in the future, in a time period when prices were known to be falling). We found, in between subjects tests, that consumers delayed purchases of hedonic items (e.g. a DVD player) more than those of utilitarian items (e.g. a Palm Pilot organizer) that were equally or less desired. This finding is at odds with affective discounting, which indicates that hedonic goods should be discounted more steeply and customers should therefore place a greater value on receiving such items immediately, compared to otherwise equivalent utilitarian items.

We argue that the greater willingness to wait for hedonic goods is due to the exercise of self-control, particularly among consumers who tend to feel guilty about indulging themselves in the present and spending money on hedonic luxuries (i.e. high “luxury guilt” individuals). In fact, we find substantially more willingness to wait for the hedonic good among those with high luxury guilt (based on an individual difference scale) than among those with low luxury guilt. In contrast, we find no difference of luxury guilt, or even a small reverse effect, for the utilitarian goods. Thus, consistent with the notion that tempting items can give rise to self-control behavior in the presence of a monetary tradeoff, consumers with high luxury guilt defer hedonic goods but do not defer utilitarian goods, relative to consumers with low luxury guilt.

Additional experimental conditions demonstrate that reducing luxury guilt eliminates the tendency to delay purchases of hedonic compared to utilitarian goods. In these conditions, the choice options were the same, but a guilt-reducing manipulation was introduced (e.g. consumers chose when to use a gift certificate they had won in a raffle to buy a DVD player or a Palm Pilot). Across different studies, when such manipulations were employed, the difference in the timing of hedonic and utilitarian purchases was eliminated or even reversed, with consumers waiting longer for the utilitarian good than the hedonic good. Furthermore, in the alternative conditions designed to reduce the impact of guilt or when the tradeoff is non-monetary in nature (e.g. an extended warranty) and guilt is not induced, we found that consumers with low and high “luxury guilt” made similar choices and the pattern of differential timing for hedonic purchases—based on luxury guilt was eliminated.

The studies generalize these findings to other delay mechanisms (e.g., paying for expedited shipping; delayed availability of equivalent lower priced goods), different types of hedonic “vices” and utilitarian “virtues” (e.g., circus vs. planetarium tickets, office supplies vs. music CDs, even the same good framed as hedonic or utilitarian) and other guilt-reducing manipulations (bundled charity donations). Additional studies test boundary conditions of the effects, underlying mechanisms and alternative explanations.

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“License to Sin: The Liberating Role of Reporting Expectations”

Gavan J. Fitzsimons, Joseph Nunes and Patti Williams

Asking consumers to respond to questions has long been known to lead to biased responses, and more recently, to lead to changes in the behavior being asked about. Asking intention questions leads to increases in behavior if the behavior is desirable, and decreases if the behavior is undesirable (Morwitz, Johnson and
Schmittlein 1993; Sherman 1980) asking satisfaction questions can similarly lead to changes in behavior (Dhalokia and Morwitz 2002). Simply notifying consumers in advance that they will later be asked to evaluate their satisfaction with a product or service substantially changes the consumer’s experience (Ofir and Simonson 2001). In a recent study, Williams, Fitzsimons and Block (in press) found a curious anomaly however: when they asked respondents to report likelihood of performing a socially undesirable activity it actually led to an increase in the behavior. The current paper argues that this result may be much more robust than would be expected in a particular domain—that of vice behaviors.

Vice behaviors have an unusual property that most other behaviors do not—while the consumer may on one level wish they did not smoke, drink etc., on another level they clearly desire to engage in the behavior. In our research we examine behaviors in this category in which the consumer holds a conscious, explicit attitude towards the behavior that is in opposition to a non-conscious, implicit attitude. In a series of three studies we show that asking consumers to report their expectations about how often they will perform the behavior leads to significantly greater performance of the behaviors (than if they had not been asked their expectations). The reporting of expectations appears to serve as a liberating influence and permit the consumer to indulge his or her implicit desires more frequently than would otherwise be the case.

In a first study, half of a group of students were asked to estimate how many classes they would miss at the beginning of a semester. Actual classroom attendance was taken at every class. In this context, students reported a desire not to miss many classes, although they appeared realistic (none predicted that they would miss “0” classes). For the control group not asked to make a prediction, the average number of classes missed was 2.95. Those asked to predict how many classes they would miss estimated 2.98, suggesting they were very well calibrated on how many classes they would typically miss. Interestingly, this group ended up missing 3.78 classes, substantially greater than the control group (p<.01). Predicting (even accurately predicting) the number of classes they would miss appeared to “allow” the respondents to miss more classes than they otherwise would.

In a second study, we attempt to provide a means of defense to respondents so that the act of predicting performance of a “guilty pleasure” won’t lead to increases in the behavior. For two behaviors (drinking more than two alcoholic beverages in a sitting, and watching television instead of studying) participants were asked to predict frequency of the behavior. As in study 1, making a prediction appeared to serve a liberating role. Alcohol consumption rose as a function of making a prediction (both number of days alcohol was consumed, and maximum consumed in a sitting), as did the number of times they watched television instead of studying (3.93 times versus a control rate of 2.61, p<.01). However, when respondents were given defensive tools that heightened their explicit attitudes that drinking and wasting time watching television were to be avoided, they were able to eliminate the increase in the behavior caused by the act of prediction. Both tools tested increased the salience of the explicit goal to avoid the sinful behavior—implementation intentions (Gollwitzer et al 2001) and a pre-committed self-reward—and thus counteracted the question-driven activation of the implicit desire to indulge.

References