Do All-Or-Nothing Reference Points Support Regular Savings?

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This study concerns the implications of Gollwitzer’s (1999) concept of implementation intentions for regular savings. A baseline and two follow-up studies required participants to form implementation intentions concerning when, how, how much, and from what source of income they would deposit savings during the next month. In particular, this study addresses whether an all-or-nothing reference point moderates the impact of implementation intentions on goal progress. It is suggested to measure goal progress through the interaction of implementation intentions with savers’ income, their savings goals and time horizons.

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them happy) to them. Based on the above mentioned reasoning, we predict that 1) high power people donate less to suffering subjects (rather than less suffering subjects) than low power people do; 2) high power people donate more to attractive subjects (rather than unattractive subjects) than low power people do. We tested these predictions in three studies.

In study 1, subjects were first shown pictures of attractive and unattractive children from Third World countries. We presented them with pictures of 4 children and asked them to freely split a sum of 30 $ to them. These 4 children varied in attractiveness (two attractive ones, two neutral ones), but were held constant in the suffering dimension. After the allocation task, the subjects were asked to rate themselves on a power scale (Smith et al., 2006). As we hypothesized, the correlation analysis showed that high power people tended to give more to attractive subjects (rather than unattractive subjects) than low power people did.

Study 2 adopted exactly the same procedure as in study 1, but this time they were asked to allocate their donation to children varying only in the suffering dimension, whereas the attractiveness dimension was held constant. Again, our hypothesis was confirmed. That is, high power people donated less to suffering subjects (rather than less suffering subjects) than low power people did.

To establish the causal link, in study 3, we manipulated power by priming subjects with either high or low power. After the priming procedure, they were asked to allocate donations either among a set of children varying only in the attractiveness dimension, or among a set of children varying only in the suffering dimension. Consistent with our hypotheses, comparing to low power people, high power people donated less to suffering children (rather than non suffering children); whereas they donated more to attractive children, rather than unattractive ones.

Overall, these results suggest that whether the perceived power leads to increased or decreased charitable contribution depends on the nature of the subjects they face. Specifically, as we have shown in the studies, high perceived power leads to more donation to attractive subjects but less donation to suffering subjects. These results resolve important controversial predictions based on power elicited resource abundance and power induced (less) perspective taking. The findings also have important implications for marketing practice of fundraising organization. For example, they should segment their potential contributors and provide different types of ads (e.g., attractive versus suffering) to maximize their charitable contributions.

References
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Do implementation intentions support regular savings? A growing number of studies have demonstrated how the formation of implementation intentions positively influences goal progress (Gollwitzer 1999; Schweiger Gallo and Gollwitzer 2007). Little has been written on the limitations of this method (e.g., Powers, Koestner, and Topicu 2005). In this working paper, we examine another case in which implementation intentions appear to moderate goal progress. We find that committed savers who use implementation intentions to attain a specified savings goal perform significantly worse than do those who did not use an implementation plan. This suggests that implementation plans may have the effect of demotivating committed individuals who seek to implement narrowly specified plans, ultimately resulting in a deterioration of performance toward the goal.

The consumer behavior literature yields a number of explanations as to why implementation intentions may moderate progress toward a savings goal. First, forming all-or-nothing types of implementation intentions set a target that must be met for the effort to be considered a success. Otherwise, it is considered a failure and may discourage subsequent goal progress. Second, people’s spending behaviors may have created counterintentional habits that are stronger than implementation intentions. Implementation intentions may not be able to interrupt this negative influence on reaching a savings goal. Third, forming an implementation plan may increase peoples’ attention toward their savings behavior. The implementation plan, specifying the target behavior, may heighten a person’s self-focused attention. This allows for self-criticism which, in turn, interferes with goal progress. Fourth, people’s self-control to act on an implementation plan may be depleted if they set too many goals or they set goals that conflict with their savings goal.

In this working paper, we study participants of a community-based savings campaign. Because the campaign encourages regular, at least monthly savings deposits, we can infer that achievement of the savings goal is considered difficult to implement by the participants.