Nostalgia Weakens the Desire For Money

Jannine Lasaleta, University of Minnesota, USA
Kathleen Vohs, University of Minnesota, USA
Constantine Sedikides, University of Southampton, UK

Nostalgia’s strong presence in marketing might be driven by the fact that nostalgia lessens consumers’ desire for money. Four experiments show that nostalgic, relative to control, participants desired money less by giving more of it to others, representing coin sizes as smaller, and having a higher willingness-to-pay.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1010133/volumes/v39/NA-39

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Money Makes Money More Important

EXTENDED ABSTRACT

The strange part is, the more I made, the more I got preoccupied with money. When suddenly I didn’t have to think about money as much, I found myself starting to think increasingly about it. Money corrupts the mind.

–Daniel Vasella, CEO of Novartis

Although individual differences are undoubtedly important in affecting inter-individual variations in the importance people place on money, the importance of money may also be endogenously affected by how and how much money people receive. To the extent that there is variability in money’s importance, the standard prediction is that more money should make money less important, following the principle of diminishing marginal utility. However, we argue that more money can cause people to place greater importance on money when it is earned from labor, because the symbolic value of money implicates one’s self-esteem and is a signal of competence.

We initially tested this hypothesis by contrasting two different forms of income (labor income per hours worked versus investment income) using a nationally representative longitudinal survey that permitted us to see how changes in income affected changes in the importance people place on money. At two time periods five years apart, respondents rated the subjective importance of money (i.e., How important is having a lot of money?) on a 1 (not at all important) to 10 (extremely important) scale. We ran a first-differenced regression that removed constant individual differences and included measures of changes in the number of hours worked per week, changes in the number of household children, changes in total outstanding loans on all the property respondents owned, and changes in the total number of discretionary possessions. Consistent with the hypothesis that money that is earned from labor provides symbolic information about self-esteem and competence, changes in the amount of labor income earned per hour were positively associated with changes in the importance of money, \( \beta = 0.04, t(3067) = 2.39, p = 0.017 \). However, changes in investment income were negatively associated with changes in the importance of money, \( \beta = -0.04, t(3067) = 2.10, p = 0.036 \).

Next, we used experiments to further explore the causal association between how and how much money is received and the subsequent importance placed on money. We wanted to see if we could experimentally manipulate “income” on a small scale and obtain similar causal effects on the importance of money by developing an experimental treatment which would clearly distinguish “earned” income with its implications for self-esteem and competence, changes in the amount of labor income earned per hour were positively associated with changes in the importance of money, \( \beta = 0.04, t(3067) = 2.39, p = 0.017 \). However, changes in investment income were negatively associated with changes in the importance of money, \( \beta = -0.04, t(3067) = 2.10, p = 0.036 \).

Participants who received $10 randomly did not differ in the importance of money (\( M = 5.07, SD = 1.32 \)) from their counterparts who had received $1 randomly (\( M = 5.17, SD = 1.16 \)), \( F(1, 28) = 0.83, ns \). However, participants who received $10 because of the performance of their labor did rate the value importance of money as significantly higher (\( M = 5.50, SD = 0.84 \)) than participants who received $1 (\( M = 4.71, SD = 0.88 \)), \( F(1, 37) = 8.20, p = 0.007 \). In a follow-up experiment, we replicated the findings of this previous study on the importance of money subscale using a different experimental task with a similar amount by source of money interaction, \( F(1, 89) = 4.92, p = 0.029 \). Additionally, we found that the amount by source interaction was mediated by the more proximal construct of participant’s perceived competency (\( z = 1.81, p = 0.07 \)) than by the more global construct of self-esteem (\( z = 0.48, p = 0.63 \)).

By demonstrating that the amount as well as the source of income is a critical variable in how important money is to individuals, the present findings extend and elaborate on a decision making literature that attests to the fact that people do not experience all dollars as the same. Additionally, the fact that the acquisition of money from people’s labor caused people to value money more supports theoretical perspectives emphasizing the symbolic value of money as distinct from instrumental or individual difference accounts explaining its importance. Money is not just a medium of exchange or a store of value, but can have drug-like properties—the more you have, the more you want. Thus, money can become even more important than its economic value alone would dictate when it is a signal of one’s competency at work.

Nostalgia Weakens the Desire for Money

EXTENDED ABSTRACT

Nostalgia is commonplace in marketing, and nostalgic themes have been particularly pervasive during recent times of economic crisis. In 2009, PepsiCo launched nostalgic versions of their popular sodas, Pepsi-Cola and Mountain Dew. The so-called throwback beverages, based on original formulas and packaging, were meant to evoke sentiments of the 1960s and 1970s (Elliot 2009). Similarly, General Mills introduced retro packaging for their Big 5 cereals (Trix, Lucky Charms, Cheerios, Cinnamon Toast Crunch, and Honey Nut Cheerios) to induce a wistfulness of the past.

Despite nostalgia’s pervasiveness in marketing, little is known about how nostalgia might affect spending in general—beyond spending for nostalgic products themselves. In this article, we test how nostalgia motivates consumption. We tested whether nostalgia’s ability to give people a sense of social support would decrease the desire of money. In this research, we bridge two literatures: one demonstrating that nostalgia increases perceptions of social support (Wildschut et al. 2006) and another suggesting that social support and money are oppositional forces (Heyman and Ariely 2004). We reasoned that, when people perceive they are backed by ample social support, they will find money less desirable than it would be otherwise. This reasoning comes from the idea that both money and social support enable people to get what they need from society, such as shelter, security, nourishment, and companionship (Fiske 1994; Heyman and Ariely 2004). Once a person has enough of either money or social support, she will feel that her needs are met and therefore will crave the other less. That is, if consumers be-
lieve that they can satisfy their wants and needs through social support, then their motivation for money will weaken. Four experiments tested whether the psychological state of nostalgia, due to its ability to foster a sense of social connectedness, would weaken the desire for money.

Experiment 1 induced nostalgia using copy on print advertisements. In the nostalgia condition, participants viewed advertisements that focused on nostalgic memories from one’s past, whereas in the control condition participants viewed advertisements that focused on making new memories. Our operationalization of desire for money was the behavior of giving away money in a pooled investment game (Fehr and Gachter 2000). Participants had the opportunity to contribute their money to a common pool. We found that participants in the nostalgia condition gave up more of their money to the common pool than participants in the control condition.

Experiment 2 tested desire for money using the dictator game (Guth et al. 1982). This involves a one-shot exchange, in which a participant decides unilaterally how much money (if any) to give to another player with the rest of the money remaining with the participant. First, however, we used an autobiographical narrative task to differentially elicit feelings of nostalgia. Some participants wrote about a time they felt nostalgic (defined as) “a sentimental longing for a personally experienced past.” Participants in the control condition were instructed to write about an ordinary event from their past. Then participants played the dictator game, in which they could give away money to others. It was found that participants in the nostalgic event condition gave significantly more money to the responder than those in the ordinary event condition.

Experiment 3 measured desire for money using a perceptual task – size of coins drawn. Bruner and Goodman (1947) interpreted the fact that poor children drew larger coins than wealthier children as greater motivation to have money. Participants in the nostalgia condition wrote about a nostalgic event, whereas participants in the control condition wrote about the route they took home from high school. Then ps drew on a piece of paper the size of a 50-cent piece and $1 coin. We measured the diameter of the coins, and as predicted, participants in the nostalgic event condition gave significantly more money to the responder than those in the ordinary event condition.

Experiment 4 measured willingness to pay as the indicator of desire for money. This study returned to the advertising copy method of eliciting nostalgia (or not) in our participants. After viewing an advertisement that cued perusal childhood memories (nostalgia condition) or an advertisement that cued the idea of making new memories (control condition), they perused pictures of 24 products and were instructed to indicate their willingness to pay for each. As expected, willingness to pay among participants in the nostalgic memory condition was higher than in the control condition.

The present research tested the hypothesis that nostalgia reduces the desire for money. Prior research hinted at the idea that money and social connectedness are opposing motivational forces. Our research used this insight to test whether nostalgia would lead people to behave as if they had little motivation toward money. Four experiments supported this claim, by showing that in interpersonal and intrapersonal contexts, including spending money on products or giving it to others, people in a nostalgic mood desire money less than they would otherwise.

REFERENCES


