Does Money Buy Economic Value Or Happiness?
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We find that when money is highlighted (vs. not), consumers tend to choose more consumption units than what they are actually able to consume because money prompts consumers to think about the economic value of consumption. However, consuming more does not enhance happiness. Rather, it decreases consumers’ well-being and enjoyment.

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EXTENDED ABSTRACT
Jennifer was invited to a social baseball event organized by her company. While she was attending this baseball event, she found out that the cost of the event was $150 per person. To get the worth of the money that was paid for, Jennifer ate too much and did not feel well at the end of the event. Had she not known the price of the event, would she have eaten less and be better off?

Like Jennifer, consumers often engage in activities where the service providers charge a flat fee for their consumptions. For example, consumers have buffet dinner at a fixed price, take rides at an amusement park with a day pass, or pay a monthly fee for mobile phones. Would the salience of money impact how much they consume and how much they enjoy their consumption? This is the central question we investigate in this research. Prior work has demonstrated that the concept of money increases consumers’ consideration of what to receive in exchange for what they provide (Fiske 1991) and enhances their tendency to seek value maximization or good deals (Leclerc, Schmitt, and Dube 1995; Lee and Zhao 2014; Liu and Aaker 2008; Mitchell and Mickel 1999; Okada and Hoch 2004; Shampianier, Mazar, and Ariely 2007; Thaler 2004). As such, the salience of money leads consumers to prefer physical training programs with a longer duration over the ones with a shorter duration (Yeung and Soman 2007), or to prefer high-functionality products over high-convenience products (Lee and Zhao 2014) because they associate the longer duration or more features with greater economic value.

When being reminded of money, how would consumers react in their consumption and their consumption enjoyment? Drawing on prior research on money (Leclerc, Schmitt, and Dube 1995; Lee and Zhao 2014; Liu and Aaker 2008; Mitchell and Mickel 1999; Okada and Hoch 2004; Shampianier, Mazar, and Ariely 2007; Vohs, Mead, and Goode 2006), we propose that when consumers are exposed to money, they will increase their tendency to maximize economic value, which leads them to consume more than needed, even if doing so does not enhance (or even decrease) their happiness associated with the consumption.

We test these ideas across five studies. In Study 1A, we examined whether seeing the price of food increases hypothetical food consumption in an All-You-Can-Eat Sushi restaurant. Participants in the price condition saw the price of this restaurant ($30) and participants in the control condition were not provided with price information. Consistent with our prediction, participants in the price condition ordered significantly more than those in the control condition (M_price = 26.93 vs. M_control = 19.10; F(1, 83) = 4.50, p < .05). In Study 1B, we replicated these findings in another consumption domain—amusement park. We found that participants in the price condition chose significantly more rides than participants in the control condition (M_price = 10.66 vs. M_control = 9.10; F(1, 119) = 3.79, p = .05).

In Study 2, we tested the effect of price on real consumption. After completing a related study, participants took a snack break to consume various snacks provided in the lab. Participants in the price condition needed to pay $0.15 out of their $6.50 compensation to consume the snacks. Participants in the control condition were not asked to pay. After ordering the snacks on the menu, participants received the snacks and consumed them. We found that participants in the price condition ordered more snacks than they actually were able to consume compared with those in the control condition (M_price = 0.82 vs. M_control = 0.27; F(1, 63) = 3.26, p = .07), in order to reach the same level of happiness (M_price = 5.81 vs. M_control = 5.56; F < 1). A similar pattern was observed in Study 3 where we merely exposed participants to the price information (without needing to pay). We found that participants who were exposed to the price of gummy bears (vs. those who were not) took more gummy bears during the snack break (M_price = 9.28 vs. M_control = 7.49; F(1, 265) = 8.27, p < .05). However, consistent with previous findings, taking more gummy bears did not increase participants’ experienced happiness or enjoyment. It is important to note that in both Studies 2 and 3 many participants in the price conditions did not finish the snacks they took. Had they been required to eat all the snacks they took, they would have felt less well.

In Study 4, we encouraged participants to finish all the snacks they took and replicated the findings by using a different priming method—a sentence-descrambling task (Hansen, Kutzner, and Wanke 2013; Srull and Wyer 1979). In the money condition, sentences included a word associated with money (e.g., coins, cash). In the control condition, we substituted these words with money-unrelated words (e.g., shoes, smartphone). After completing the sentence-descrambling task, participants took a snack break in which they could consume fruit gummies. Consistently with Studies 2 and 3, participants in the money (vs. control) condition took more fruit gummies (M_money = 7.97 vs. M_control = 6.21; F(1, 63) = 4.04, p < .05). Importantly, as we strongly encouraged participants to finish the gummies they took in this study, we found that consuming more gummies (that they took) in the price condition indeed led money participants to feel less well (M_money = 4.29 vs. M_control = 5.10; F(1, 63) = 5.95, p < .05) and like the snack break less.

Across five different studies, we consistently demonstrated that priming price/money induces consumers to consume more than needed. However, consuming more does not enhance happiness. Rather, it can reduce the enjoyment of the consumption experiences. These findings contribute to literature on affective experience and the effect of money on consumer decision. While prior research has demonstrated the positive effect of money on enhancing high-level thinking (e.g., desirability, performance; Hansen et al. 2013; Lee and Zhao 2014), our research shows that money can backfire by leading to overconsumption and decreasing happiness.

REFERENCES


