Does pooling money with your partner affect how it is spent? Five studies show that couples spending from a joint (vs. a separate) bank account are more likely to buy utilitarian products, and less likely to buy hedonic products. These differences are driven by an increased need to justify spending.

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The Consumption Consequences of Couples Pooling Financial Resources

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EXTENDED ABSTRACT
No consumer decision is an island. An individual’s relationships will shape their purchase decisions in numerous ways, particularly by those closest to them: their romantic partners. While past research has acknowledged that relationship partners can shape consumption, the conditions in which partners influence consumer choice, and the mechanisms by which this occurs, are surprisingly understudied (Cavanaugh 2016; Gorlin and Dhar 2012; Simpson, Griskevicius, and Rothman 2012). Existing research has demonstrated that couple members think about their partner when making decisions for joint consumption (Lerouge and Warlop 2006; Scheibehenne, Todd, and Mata 2011). However, even when making a purchase for single consumption, couple members must still consider the feelings and judgments of their partner when deciding what to spend their money on (Simpson et al. 2012).

We argue that an important moderator of the degree to which couple members consider their partner when making a purchase is the type of account from which they spend. Specifically, we hypothesize that couple members are more likely to consider whether their partner will judge their purchase when spending from a joint (vs. separate) bank account, because they feel a greater need to justify their purchase to their partner. Importantly, we suggest that this increased need for justification will make individuals more likely to spend their money on utilitarian products (which are easier to justify) rather than hedonic products, compared to couple members who spend from a separate account. In line with this underlying mechanism, we demonstrate that in situations where the need for justification is reduced, the effect of account type on spending patterns disappears.

S1: Real Spending Behavior
We partnered with a retail bank to collect over 160,000 transaction records from 396 customers who hold a joint or separate bank account with their partner. Our results show that individuals who hold a joint (vs. separate) bank account spend less money on hedonic products ($b = -489.57, t = -2.96, CI_{95\%} [-814.31, -164.82]$). More specifically, over the course of 12 months, those with a joint account spent on average £490 less on hedonic purchases compared to those with a separate account.

We find similar results for utilitarian spending. Controlling for the same set of covariates, individuals who hold a joint (vs. separate) bank account spend more on utilitarian products ($b = 1129.25, t = 3.46, CI_{95\%} [486.84, 1771.65]$). More specifically, over the course of 12 months, joint account holders spent on average £1129 more on utilitarian purchases compared to those with a separate account. The effects remain significant when controlling for age, gender, income, and whether the person has children.

To address potential confounds, we moved to a controlled experimental setting. In studies 2-4, we recruited participants in committed romantic relationships and had them imagine that they hold a separate or joint account with their partner.

S2: Manipulating Perceptions of Separate and Joint Accounts
After the manipulation (separate vs. joint account), participants indicated their likelihood of purchasing hedonic and utilitarian products. Those with a separate account ($M = 3.13$) were more likely to purchase hedonic products than those with a joint account ($M = 2.65$)

$F(1,118) = 4.07, p = .046$, and those with a joint account ($M = 5.12$) were more likely to purchase utilitarian products than those with a separate account ($M = 4.09$) $F(1,118) = 18.50, p < .001$.

S3: Mediating Role of Need for Justification
After the manipulation (separate vs. joint account), participants made choices between the same product framed in a utilitarian or hedonic manner (e.g., clothes for work or fun). Those with a joint (vs. a separate) account showed a greater preference for utilitarian products ($F(1,118) = 5.23, p = .024$). They also experienced a greater need to justify their purchases ($M = 4.61$ vs. $M = 3.69$), $F(1,118) = 10.29, p = .002$. Using a mediation analysis, we find that this increased need for justification explains joint account holder’s preference for utilitarian over hedonic products (.23, 5.57).

S4: Moderating Role of Feeling Licensed to Indulge
After the manipulation (separate vs. joint account), participants imagined it was their birthday or an ordinary day. In the ordinary day condition (high need to justify), those with a joint account ($M = 2.96$) chose more utilitarian products than those with a separate account ($M = 1.89$), $t(204) = 4.96, p < .001$. While in the birthday condition (low need to justify), there was no difference in the number of utilitarian products chosen, $t(204) = .18, p = .86$.

S5: Field Study Using Real Product Choice
During a home football game, we recruited couple members at the student union who have access to both separate and joint bank accounts, and randomly assigned them to think about using one of these accounts (separate or joint) to make a purchase. They then indicated which one of two school-branded products they would like to purchase: a beer mug (hedonic) or a coffee mug (utilitarian). Those using their joint bank account card were more likely to choose the utilitarian product than those using their separate bank account card, $\chi^2 = 4.35, p = .037$.

Discussion
This research makes several theoretical contributions. Recent reviews suggest that despite the numerous ways in which close relationships with romantic partners shape consumption, the topic is surprisingly understudied (Cavanaugh 2016; Gorlin and Dhar 2012; Simpson et al. 2012). By examining the conditions in which couple members are more likely to consider how their partner will feel about a purchase, the current findings provide insight into this understudied area. Our work also contributes to an emerging stream of research on financial decision-making in couples. Previous work has focused on financial decisions made by couple members in tandem (Dzhogleva and Lamberton 2014; Olson and Rick 2015), or on joint consumption decisions made for both couple members to consume together (Etkin 2016). We build on this work by showing that how couples choose to manage their finances affects decisions made in the absence of their partner, and extends beyond products which both of them will consume to affect individual consumption preferences.

REFERENCES


