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Cashless Payments, Pain of Paying and the Role of Attachment

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Cashless Payments, Pain of Paying and the Role of Attachment

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EXTENDED ABSTRACT

In three studies, we provide evidence that consumers feel lower levels of pain of paying when using mobile phones and watches as compared to credit cards. Further, the pain is moderated by the attachment consumers have with the payment tool. As attachment increases, the pain of paying increases as well.

Mobile phones have an essential role in consumers' everyday life. We rely on them for many daily tasks such as writing emails and taking photos. Interestingly, through these functions mobile phones have become repositories of memories like communications, pictures and contacts. Consequently, we are emotionally attached to them (Vincent, 2006; Thorsteinsson and Page, 2015).

A relatively new function of mobile phones is the ability to use them to make payments. Mobile payment is defined as "the use of a mobile device to initiate, authorize or confirm a financial transaction" (Au and Kauffman, 2008) and it is expected to become broadly adopted in the coming years. From the perspective of a consumer, mobile payment offers a unique experience compared to other payment methods. Namely, the presence of both personal use functions and the payment function is unique to the mobile phone, and it clearly differentiates it from traditional payment methods like credit cards, which are used predominantly during a payment transaction.

Making a payment is commonly associated with an aversive feeling known as the pain of paying. Pain of paying is "a crude but effective reminder of the sacrifice that even a minor purchase will entail" (Prelec and Loewenstein, 1998). This feeling of pain is influenced by the tool used to make a payment (Hirschman, 1979; Feinberg, 1986). In particular, the transparency of the payment method, that is how easy it is to observe oneself parting with one's money, affects the pain felt by consumers (Prelec and Simester, 2001). Less transparent means of payment like credit cards generate a lower level of pain compared to cash, which is the most transparent form of paying where the money spent is physically visible (Soman, 2003). From the perspective of transparency, mobile payments can be deemed similar to credit cards. However, major differences between mobile phones and credit cards lie in multifunctionality and emotional attachment domains.

We suggest that the multifunctionality of a mobile phone will contribute to the phone being a less transparent form of payment compared to credit cards thereby leading to less pain. We further suggest that whether and how the emotional attachment one has to her/his phone may affect pain of paying is less clear. Objects for which consumers feel a strong attachment are more difficult to part with (Kleine and Baker, 2004), and more likely to receive special care (Schultz et al., 1989) and commitment (Read, Robertson and McQuilken, 2011). Attachment can induce "feelings of self-loss when an object is lost" (Ball and Tasaki, 1992). It is thus important to identify whether emotional attachment affects pain of paying, as paying with a mobile phone makes consumers instrumentalize an object they are strongly emotionally attached to in situations that cause aversive feelings such as pain of paying.

In this article, we mainly focus on the differences between mobile phone and credit card payments. We further explore payments made by a watch as this represents another cashless payment innovation with marked differences with credit cards, and some similarities with mobile phones with respect to multifunctionality and emotional attachment to the object.

The analyses are based on three studies in which participants have been asked to respond to a scenario adopted from Raghurir and Srivastava (2008), which studied the differences in pain of paying between cash and credit cards. Following the approach used in the previous literature (Thomas, Desai and Seenivasan, 2011; Soster, Gershoff and Bearden, 2014), participants were additionally asked to indicate the pain they felt at the time of payment. Questions adopted from the scale measuring attachment proposed by Ball and Tasaki (1992) have been further used to measure participants' level of attachment to the type of payment tool indicated in the scenario.

We find that compared to credit cards, mobile payment generated a lower level of pain of paying in consumers. Additionally, we find that the level of pain of paying felt by consumers is moderated by consumers' attachment to the object they used to make the transaction. In particular, as attachment increases, the pain of paying that consumers feel increases as well. The moderating role of attachment can be observed for both mobile phones as well as watches.

The findings suggest that the use of new payment tools like mobile phones or watches could actually result in a better consumer experience as pain of paying is lower. However, consumers moderately to strongly attached to their personal objects may not benefit from this. The understanding of how personal devices will be perceived by consumers in a payment context is increasingly relevant as wearable technologies and internet of things become more commonplace.

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