

Time isn't money: Study finds that we spend the resources differently

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Economists usually treat time like money – as another scarce resource that people spend to achieve certain ends. Money is used to pay for things like furniture and plane tickets; time is spent assembling the do-it-yourself bookshelf or searching for cheap flights on the Internet. But despite the old adage that time is money, the two are far from psychologically equivalent, reveals a study from the April issue of the *Journal of Consumer Research* – particularly when it comes to consumer spending decisions.

In a series of experiments, Ritesh Saini (George Mason University) and Ashwani Monga (University of Texas, San Antonio) demonstrate that a qualitatively different form of decision making gains prominence when consumers work with time instead of money. Specifically, consumers thinking about expenditure of time are more likely to rely on heuristics: intuitive, quick judgments based more on prior experience than on analysis of the information presented.

For example, one experiment had participants consider the purchase of a used car. They were told that a search on a used-car website had yielded 80 cars meeting their criteria but that viewing each accident record would take either \$1 or 5 minutes of time. They were then asked how many records they would like to view, with a catch: the researchers used classic experimental “anchoring” techniques to manipulate the answers.

Participants were asked whether they would view “up to 2” or “up to 40” records, before indicating the specific number of records they would

view. The use of an anchor, for those thinking in terms of time expenditure, turned out to have a significant impact.

When the anchor value was high in the time condition, consumers chose to view an average of 23.7 accident reports, versus 9.1 when the anchor value was low. The number of records consumers in the money condition chose to view was statistically the same, irrespective of whether the anchor value was high or low.

“People face difficulties in accounting for time because they do not routinely transact in time as they do in money,” explain the researchers. “Although people in some professions (e.g., lawyers) do keenly monitor their time expenditures, most other people are not trained to do so.”

Furthermore, by measuring response times—the time taken by participants to arrive at decisions—the researchers find supporting evidence for the idea that quick and easy heuristics are used more in time than in money.

“These results suggest that businesses need to be aware that decisions regarding products and services might be made differently if consumers spend their time rather than money,” Saini and Monga explain. “Unlike money which is unambiguous—a dollar is a dollar in all circumstances—the value of time changes from one situation to another.”

Source: University of Chicago

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