Using the notion of 'accounting periods' for time as well as money

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Consumers account for their time differently than they track their money, according to a new study in the *Journal of Consumer Research*.

"Imagine finding a free ticket to an outdoor concert after spending hours searching for it on the Internet," write authors Robin L. Soster, Ashwani Monga, and William O. Bearden (all University of South Carolina). "Just before the show tonight, you find out about a thunderstorm warning. Will you go?" According to the authors, you're more likely to go if you spent those hours today rather than yesterday. But if you spent money on the ticket, when you spent it doesn't matter.

"We introduce the notion that costs and benefits can occur either in the same 'accounting period' (day, season, etc.) or in different periods, and propose that accounting periods influence the tracking of temporal, but not monetary costs," the authors write.

In three experiments the authors examined accounting periods with students in a laboratory, consumers from an online panel, and movie theater patrons. In the movie study, 400 patrons spent either time (filling out a 7-minute survey) or money ($3) during the summer. In return, they received a movie ticket they could use either later in the summer (same accounting period) or in the fall season (different accounting period). "The season mattered when people had spent time—they were more likely to return to watch a movie when they had a summer ticket rather than a fall ticket," the authors write. "The season did not matter when people had spent money—movie attendance for the two seasons was similar."

These results are important for marketers trying to understand how consumers think about money and time. In the minds of consumers, the authors explain, "Today's expired time cannot be recouped by tomorrow's time and today's spare time cannot be added to tomorrow's time."

On the other hand, if someone spends too much money one day she can maintain a desired state of wealth by spending less the next. "As such, people are likely to keep an account of monetary costs, not only during the accounting period in which they are incurred, but also in subsequent periods."

More information: Robin L. Soster, Ashwani Monga, and William O. Bearden. "Tracking Costs of Time and Money: How Accounting Periods Affect Mental Accounting." Journal of Consumer Research: December 2010.

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