

Constrained consumers: When do people consider what they have to give up in order to buy something?

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Every time consumers spend money on a purchase, they are giving up other consumption down the road. A new study in the *Journal of Consumer Research* looks at the factors that lead consumers to consider these "opportunity costs."

"Rather than viewing a decision as 'Do I buy or do I not buy?' consumers feeling constrained view the decision as 'Do I buy or do I use my [money](#) on something else instead?'" writes author Stephen Spiller (UCLA). Feeling constrained is one major factor that leads consumers to consider how purchasing something now will affect what they can purchase in the future ("opportunity costs"), according to Spiller.

To examine consumers' feelings of constraint, Spiller assigned [study participants](#) to a monthly budget group or a weekly budget group and gave them the opportunity to make 20 purchases. Those in the monthly group were given a sum of money at the beginning that they could spend throughout, whereas those in the weekly group were given a smaller amount four times throughout the study. "Compared to those in the monthly budget group, those in the weekly budget group looked at future purchase possibilities more before deciding whether or not to buy the current purchase," writes Spiller.

The author also found that people with a high propensity to plan were more likely to think about how they were going to use their money in the

future. "As a result, even when they do not face constraints, they still think about how else they might spend that money," writes Spiller.

Consumers should aim for a balanced consideration of opportunity costs, suggests Spiller. "Focusing on the foregone can enhance regret and make all options look worse in comparison. If consumers neglect their opportunity costs, breaking budgets down into smaller periods or [purchase](#) categories will increase consideration," Spiller writes. "If [consumers](#) fixate on opportunity costs too much, combining budgets into longer periods and broader categories may reduce consideration, perhaps enabling more satisfactory [consumption](#)—at least in the short run."

More information: Stephen A. Spiller. "Opportunity Cost Consideration." *Journal of Consumer Research*: December 2011. Further information: ejcr.org

Provided by University of Chicago

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