

When More is Not Better: Financial Constraints Jeopardize Sustainability by Increasing Preferences for Quantity Over Quality

Zoom ID: 415 505 1056, Passcode: SNjt8U <https://us05web.zoom.us/j/4155051056?pwd=bVhNL2xHaC8rUGNXbkJMdU5tVWFDdz09>

**Yusu Wang &
Abigail B. Sussman**
The University of Chicago
Booth School of Business

SUMMARY

The Quantity – Quality Tradeoff: People often choose between a smaller number of more expensive, more durable products, and a larger number of less expensive, less durable ones

Environmental Consequences: This decision impacts the environment in addition to the individual. Smaller quantities of more durable products translate to less waste production (Sun, Bellezza, & Paharia, 2021).

Research Question: How does financial constraint influence quantity-quality tradeoff decisions?

- Those facing financial constraint may opt for quality over quantity due to elevated durability concerns (Tully, Hershfield, & Meyvis, 2015) and higher preference for exclusive products (Sharma & Alter, 2012).
- Those facing financial constraint may prefer quantity over quality because larger quantities may be perceived as providing immediate benefits that alleviate the negative affective state of shortage (current research).

H1: Financial constraints increase preferences for a larger number of less durable, more affordable (i.e., “low quality”) products vs. a smaller number of more durable, more expensive (i.e., “high quality”) products.

H2: Perceived immediate benefits of higher quantity versus higher quality mediates the effect of financial constraints on quantity-quality tradeoffs.

H3: Effect of financial constraints on quantity-quality tradeoff will be attenuated when there is a delay between receiving each product.

METHOD

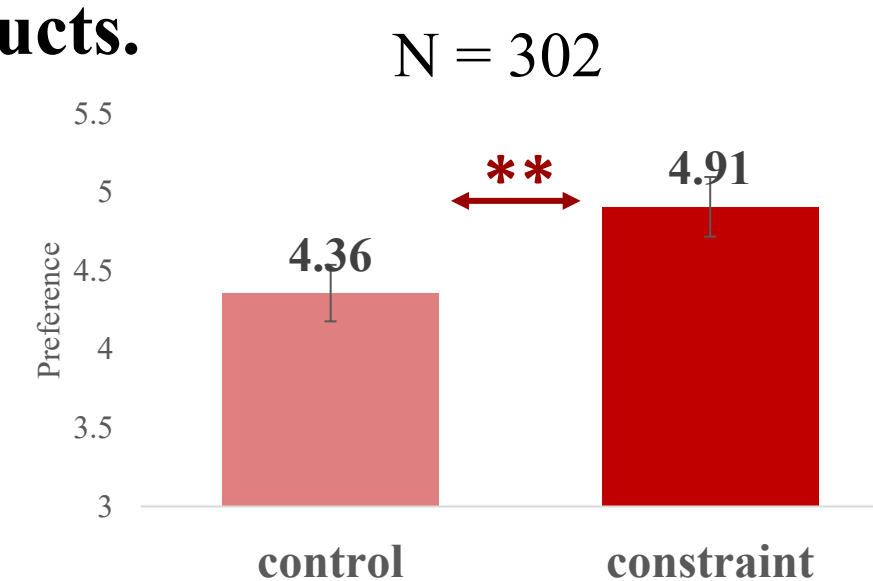
- In Exp. 1,2,4,5, participants were randomly assigned to one of two conditions (control vs. constraint) and described a situation in which they were either doing typical daily tasks (control) or their finances were scarce (constraint).
- In Exp. 3, participants imagined a scenario in which they faced budget constraints or not and made the same quantity-quality decision.
- After the manipulation, participants were shown images of two similarly priced product options that involved a tradeoff between quantity and quality.
- Differences in quality were communicated through descriptions of durability.

Dependent measure:

- Exp. 1, 3-5: Preference on 6-point scales. E.g., “Which would you prefer? (1 = Definitely one high-end DMW battery, 6 = Definitely two mid-range Foundations batteries).”
- Exp. 2: Choice

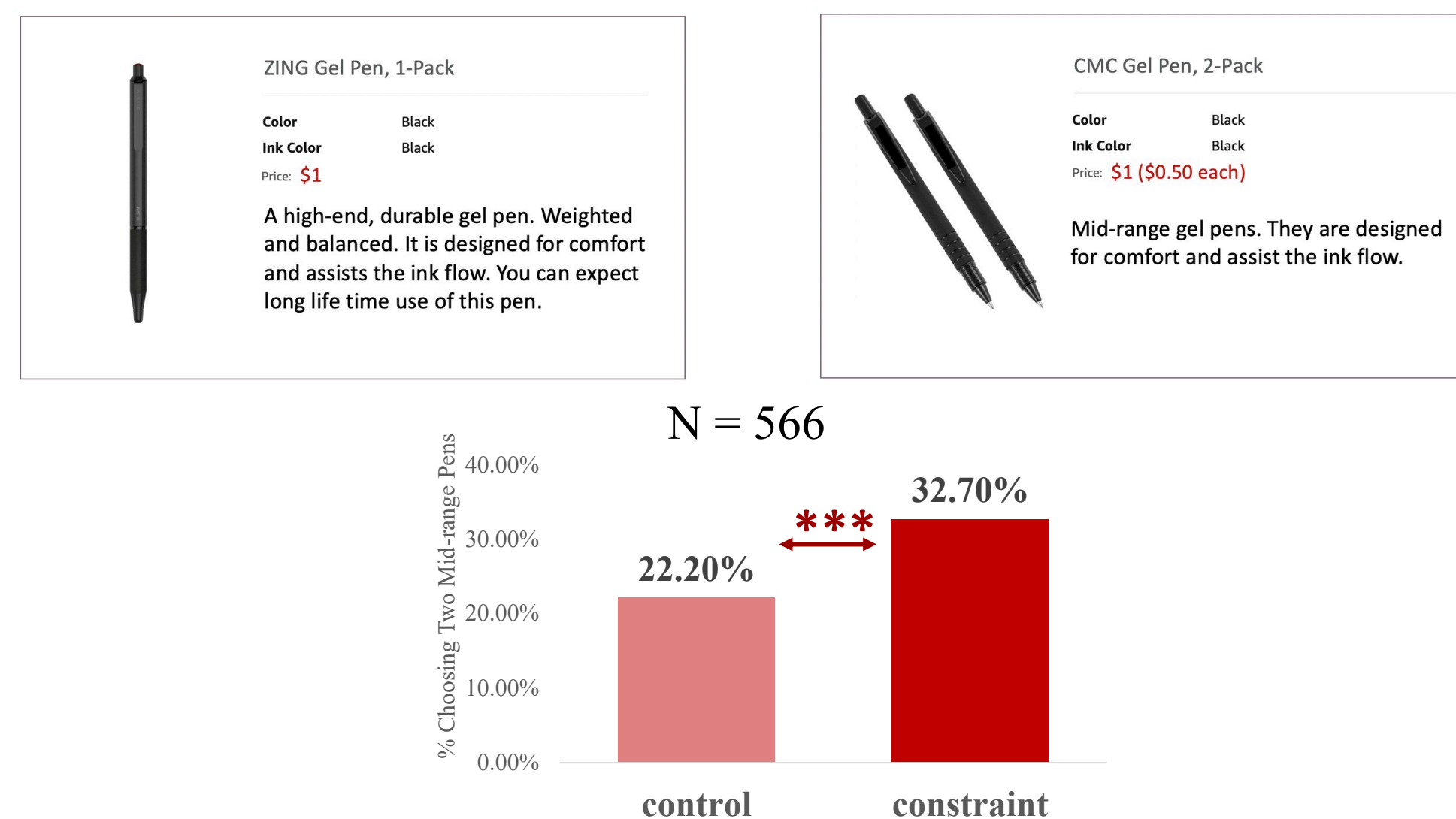
FINDINGS

Exp. 1 (Sweaters): Participants in the constraint (vs. control) condition were more likely to prefer options with a larger quantity of products.



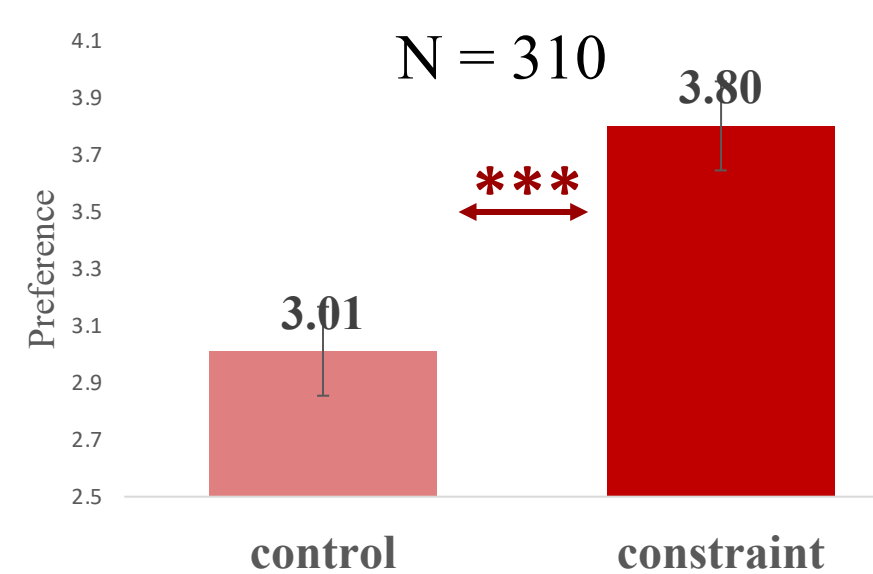
Exp. 2 (Pens): Incentive compatible design.

Every participant was endowed with \$1 for making a purchase. Ten purchases were realized.



Exp. 3 (Batteries): Budget constraints produce the same effect as feeling financially constrained.

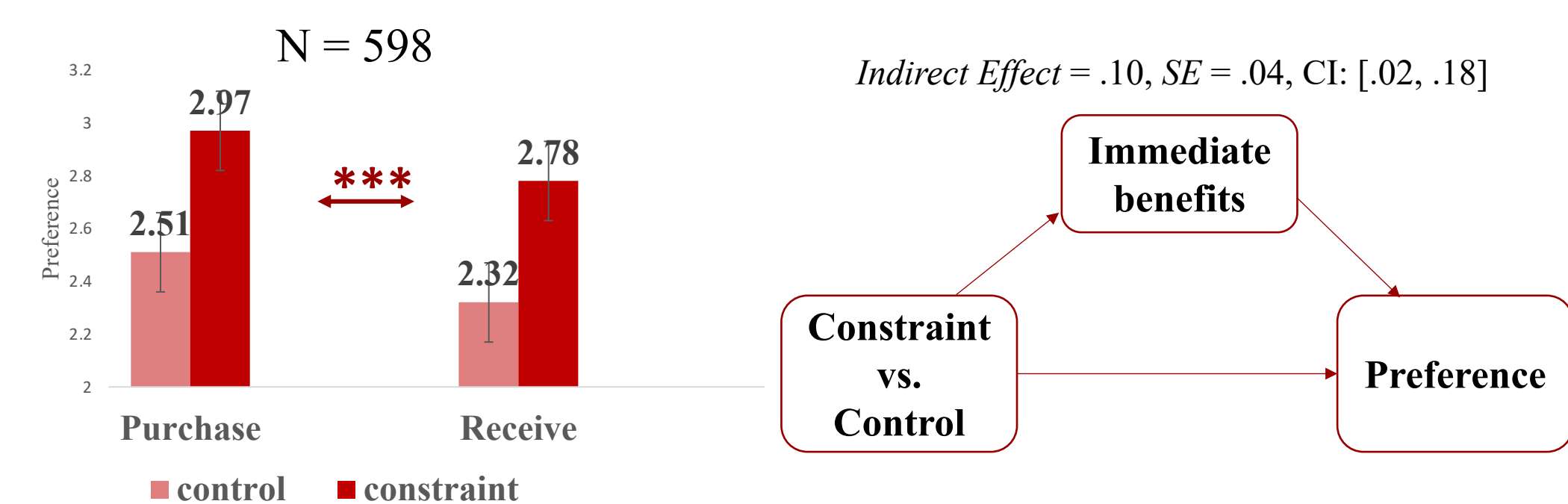
We specified that the light bulb could only be used on one specific lamp (and thus multiple light bulb could not be used simultaneously).



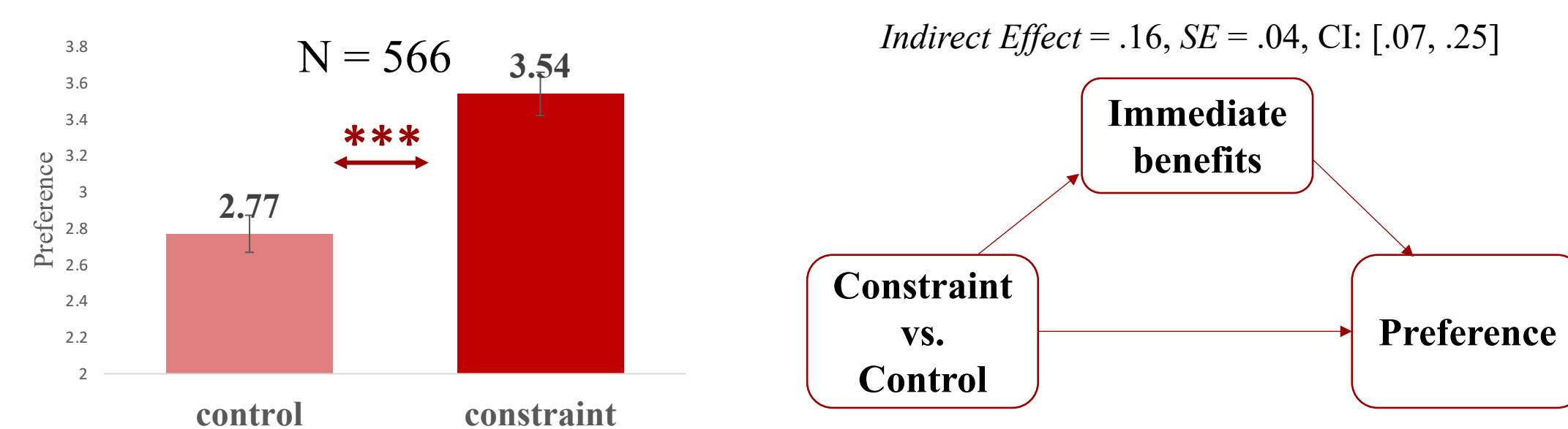
Exp. 4 (Batteries): The effect is mediated by the perceived immediate benefit of higher quantity versus higher quality.

Effect not driven by a tendency of constrained consumers to spend less per product.

- The obtaining method (purchase vs. receive) does not influence participants’ preference.
- Constrained participants perceive larger quantities as providing more immediate benefits than do higher quality.



Exp. 5 (Light bulbs): Alternative explanation: Constrained participants anticipating using a larger quantity of products immediately.



Future Exp. (Batteries): Add a condition in which there is a temporal delay in the delivery of multiple batteries.

Expect to see an interaction between constraint condition (control vs. constraint) and temporal delay (yes vs. no).

REFERENCE

- Sharma, E., & Alter, A. L. (2012). Financial deprivation prompts consumers to seek scarce goods. *Journal of Consumer Research*, 39(3), 545-560.
- Sun, J. J., Bellezza, S., & Paharia, N. (2021). Buy Less, Buy Luxury: Understanding and Overcoming Product Durability Neglect for Sustainable Consumption. *Journal of Marketing*, 85(3), 28-43.
- Tully, S. M., Hershfield, H. E., & Meyvis, T. (2015). Seeking lasting enjoyment with limited money: Financial constraints increase preference for material goods over experiences. *Journal of Consumer Research*, 42(1), 59-75.

Please Direct Your Comments and Questions Regarding this Project to: yusuwang@chicagobooth.edu