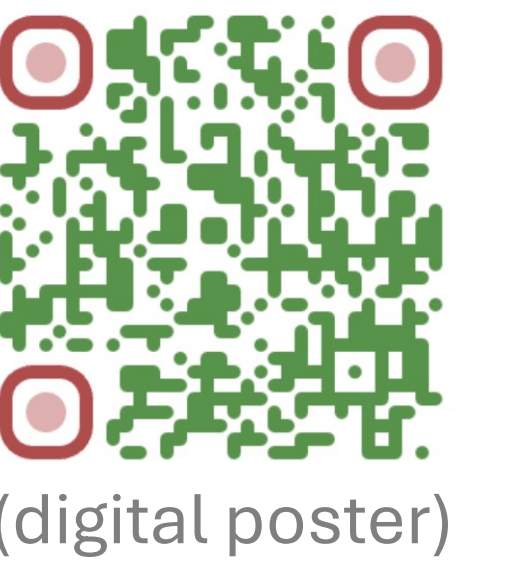


# The Strategic Use of Payment Methods to Buffer the Pain of Paying

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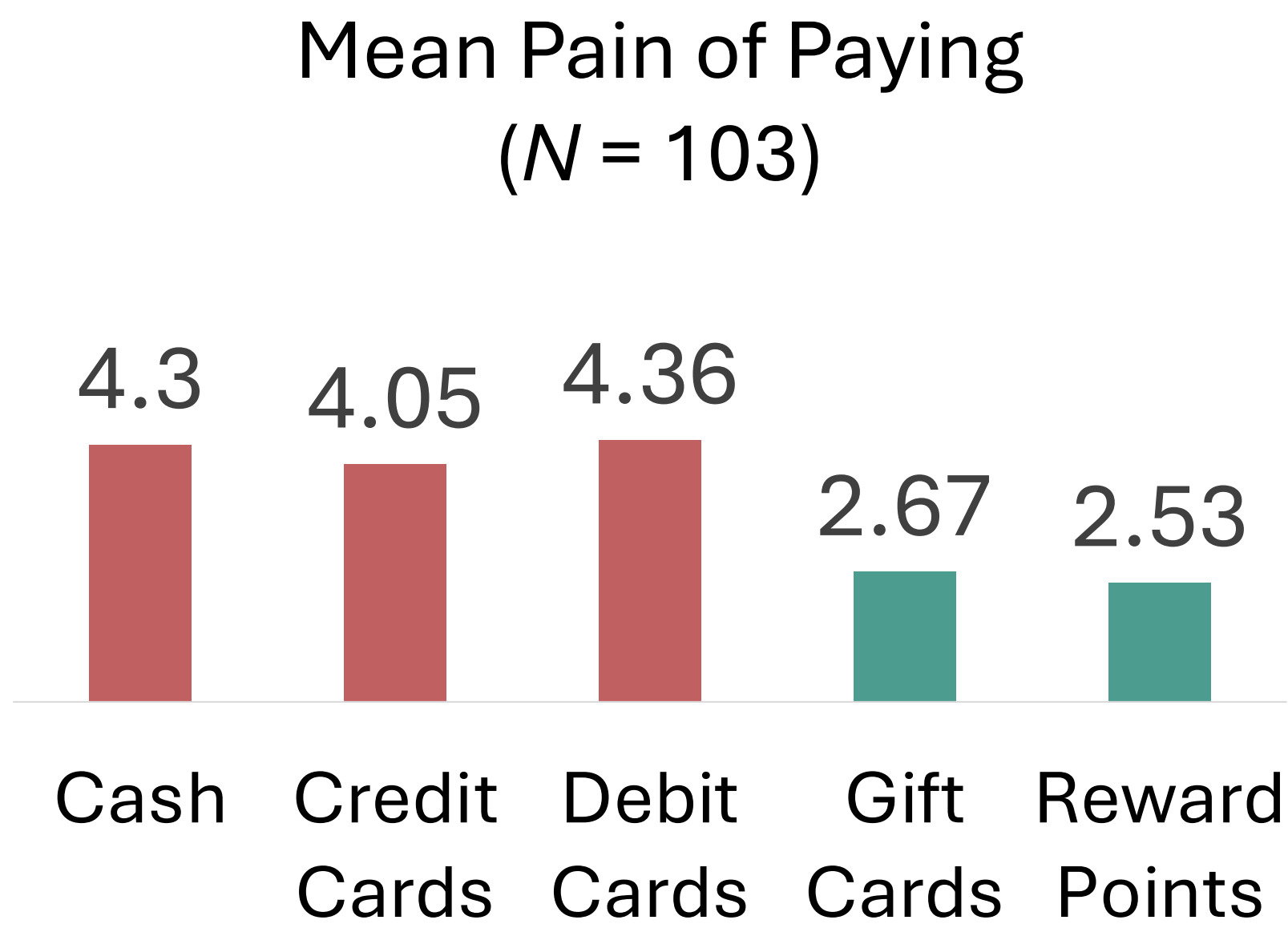


Consumers strategically choose less painful payment methods for more painful purchases (Study 1).

This strategy is driven by people's desire to buffer the pain of paying (Study 2).

## Pilot

Payment methods differ on how painful it is to use them.



## Study 2: Mechanism

Methods

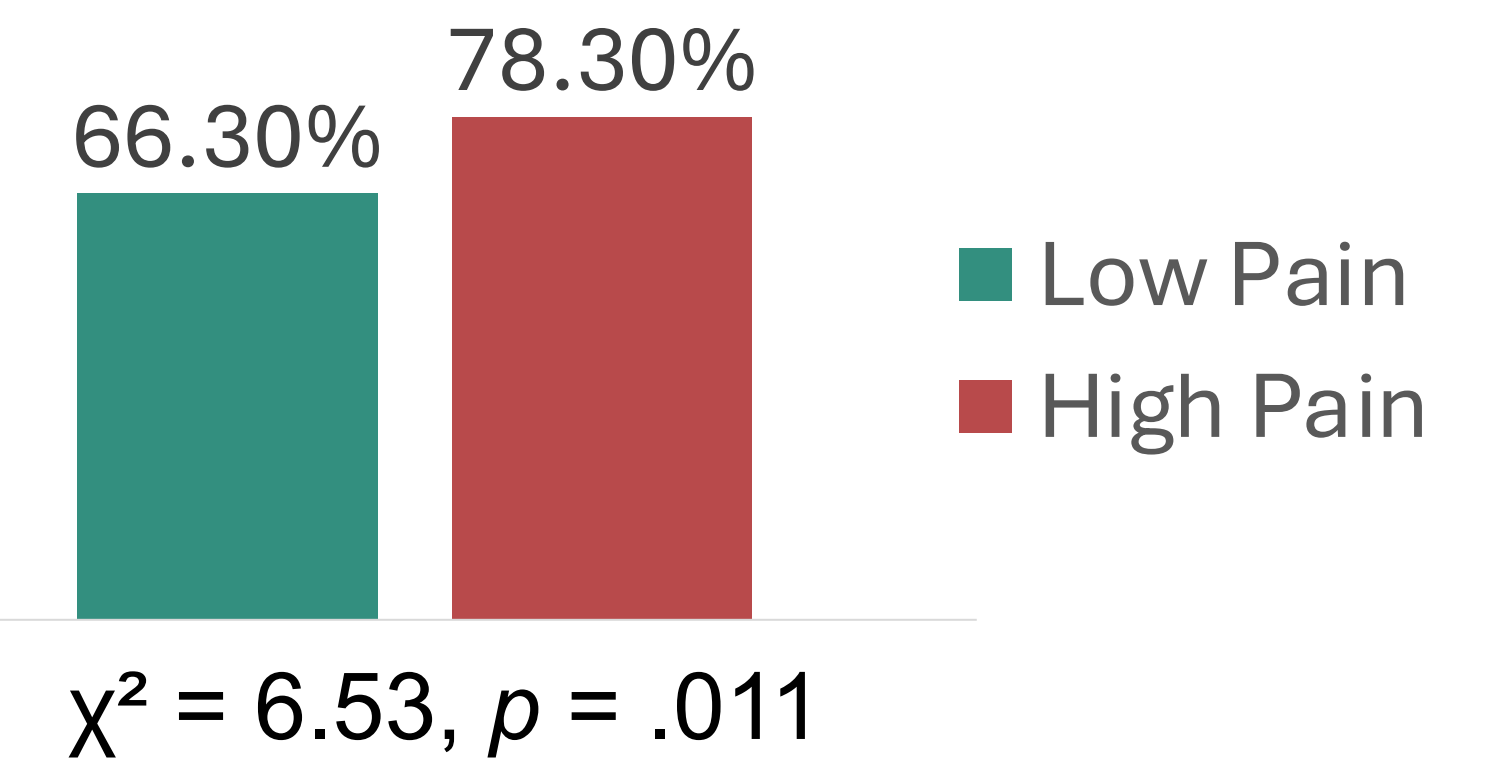


Main DV

Which payment method would you choose to pay for the coffee?

\$500 Debit Card or \$100 Gift Card

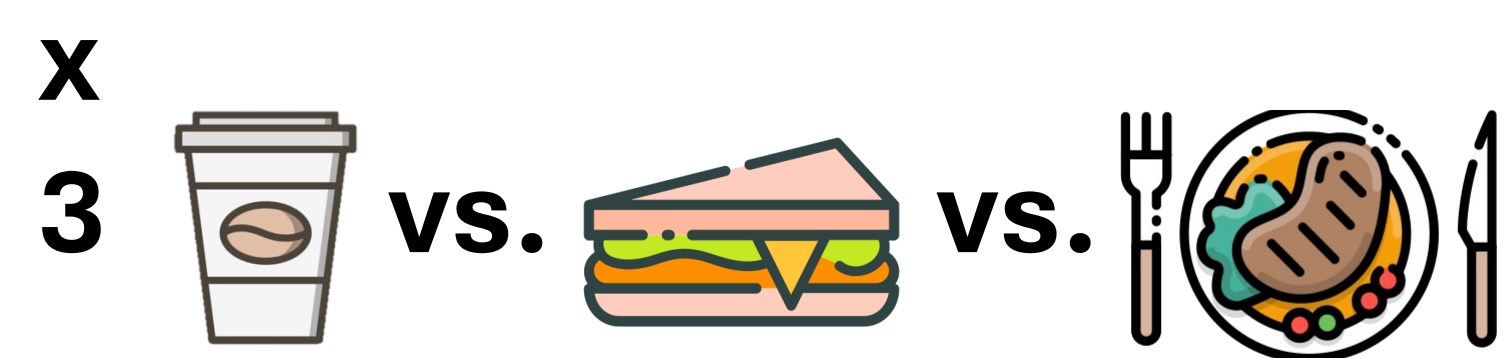
Proportion Choosing Gift Cards (N = 361)



## Study 1: Main Effect

Methods

2 Low pain vs. High pain

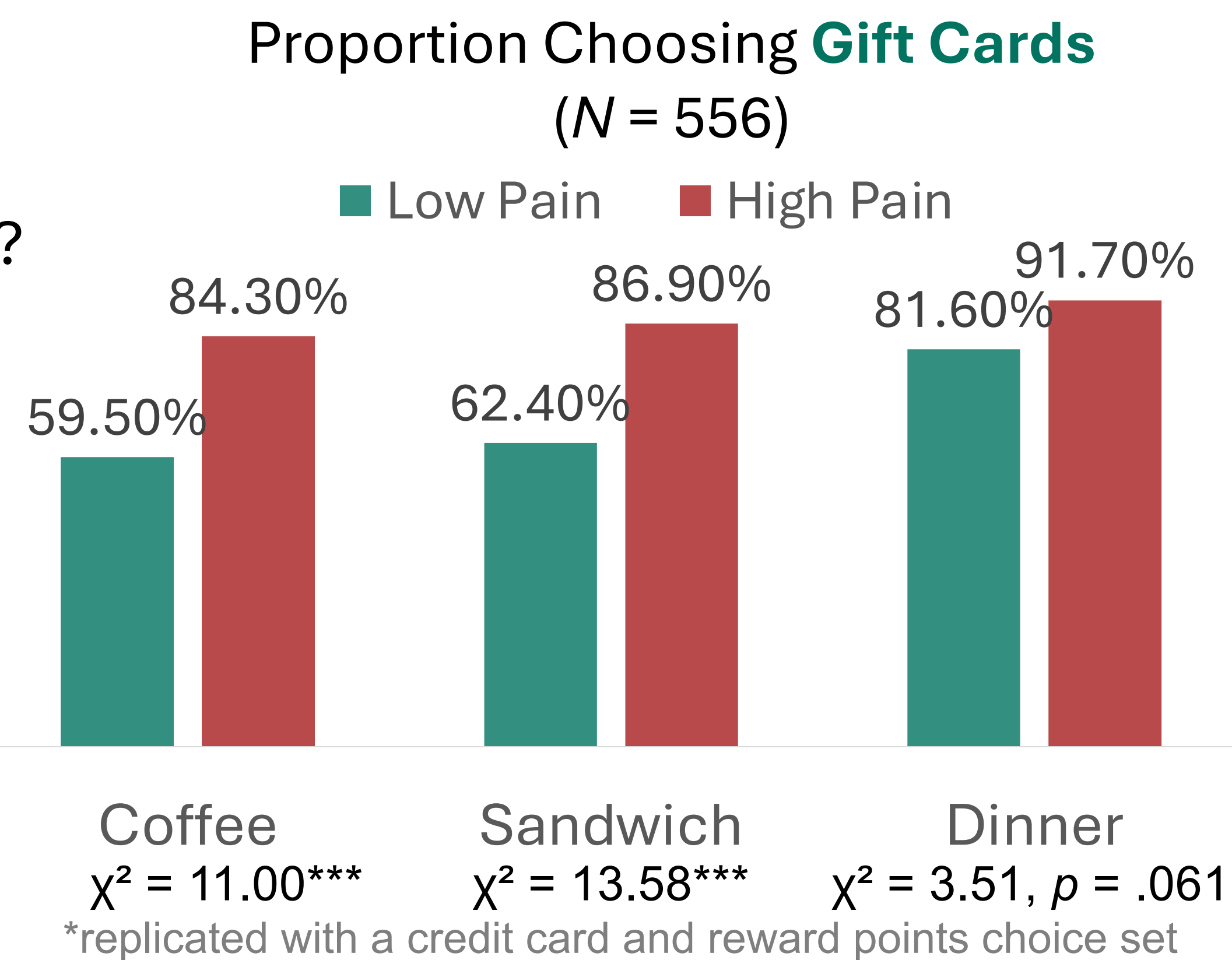


Example Scenario: "Imagine that you typically pay \$7.50/\$3 when you buy coffee. Today, you are buying a coffee from a food truck. The price for a coffee from this food truck is \$7.45."

Main DV

Which payment method would you choose to pay for the coffee?

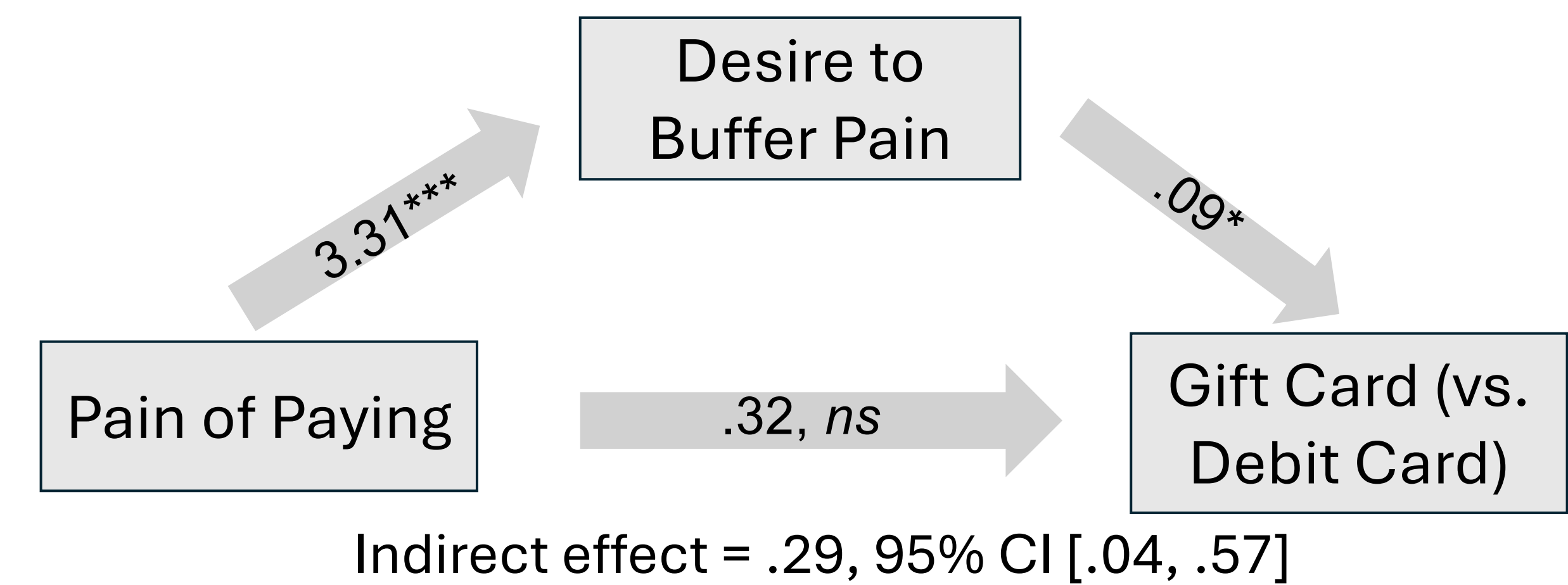
\$500 Debit Card or \$100 Gift Card



Desire to Buffer Pain:  $\alpha = .93$

To what extent did you: (1 – 11)

- Want to avoid feeling distressed about buying the coffee?
- Feel a need to feel better about spending money on the coffee?
- Want to find a way to feel less upset about paying for the coffee?



## Contribution

- We find people prefer to use less painful payment methods (e.g., gift cards or reward points) for particularly painful purchases.
- This work introduces the idea that consumers strategically use payment methods to buffer the pain of paying.
- These patterns provide a possible reason why consumers hoard gift cards and points.