Time is Money? How a Scarcity Mindset Shifts How Consumers Trade off Time and Money Savings.

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Objective: This research investigates how experiencing resource scarcity (Cannon, Goldsmith, & Roux 2019) affects individuals’ ability to evaluate resources and make decisions. In the first two studies, we examined the effect of monetary scarcity on economic decisions. In the following two studies, we investigated how experiencing a scarcity of money, as compared to a scarcity of time, impacts allocation trade-offs between these resources.

H1 (Studies 1 & 2): Participants experiencing money scarcity will undervalue their time more than those in a control condition in order to save (even a relatively small amount of) money on a purchase.

H2 (Studies 3 & 4): Time (vs. money) will be more undervalued by participants experiencing scarcity (vs. control), regardless of the type of scarcity (time vs. money) they are experiencing.

Study 1
IV: Episodic recall task adapted from Roux, Goldsmith & Bonezzi (2015) to manipulate money scarcity.
DV: Purchase decision of a low vs. high-price jacket. Participants were presented with 14 dichotomous choices, each offering the opportunity between paying the full price or drive a fixed amount of time (i.e., 20 minutes) to another store for an increasing discount, ranging from $5 to $70 (in $5 increments).

Results
- NO effect of price
- Main effect of scarcity ($\chi^2 = 15.28, p < .001$
- Main effect of discount levels ($\chi^2 = 902.4, p < .001$)
- Two-way interaction between scarcity and discount levels ($\chi^2 = 30.33, p < .001$
- NO effect of income ($p = .22$

Participants in the scarcity condition were willing to drive for a discount sooner than those in the control condition.

Study 2
IV: Episodic recall task adapted from Roux, Goldsmith & Bonezzi (2015) to manipulate money scarcity.
DV: Participants were presented with 12 dichotomous choices to purchase a jacket, each offering the opportunity between paying the full price or get a fixed discount (i.e., $35) by driving a decreasing amount of time to a different store, ranging from 60 minutes to 5 minutes (in 5 minutes intervals).

Results
- Main effect of condition ($\chi^2 = 4.49, p < .05$)
- Main effect of driving time ($\chi^2 = 216.6, p < .001$)
- Two way interaction between condition and driving time ($\chi^2 = 31.34, p < .001$)
- NO effect of income ($p = .72$

Participants experiencing scarcity were slightly less likely to drive to another store for a discount when driving time was high, but increasingly more likely to do so as the driving time decreased.

Studies 3 & 4
IV: Episodic recall task adapted from Roux, Goldsmith & Bonezzi (2015) to manipulate money and time scarcity.
DV: Two types of scenarios, each with two different versions (adapted from Becker, DeGroot & Marschak, 1964) to elicit a tradeoff between money and time in a series of binary choices.

Examples of scenarios:
- Scenario 1: You are at a store to buy a jacket. The price is $100. You have $100 to spend. Could you wait an additional 10 minutes to get 10% off the price?
- Scenario 2: You are at a store to buy a jacket. The price is $100. You have $100 to spend. Could you wait an additional 10 minutes to get 10% off the price?

Results
- Main effect of scenario type ($\chi^2 = 249.95, p < .001$)
- Main effect of choice repetition ($\chi^2 = 239.61, p < .001$)
- Interaction between scenario type and choice repetition ($\chi^2 = 208.86, p < .001$)
- Interaction between scenario type and scarcity ($\chi^2 = 10.18, p < .01$)
- Three-way interaction between condition, choice repetition and scenario type ($\chi^2 = 5.63, p < .05$)
- NO effect of income ($p = .66$

Participants experiencing scarcity were less willing to spend money to save time as the amount of money required increased.

Main results
- Participants in the money scarcity (vs. control) condition were more likely to commit their time to save on a purchase.
- Participants in the money scarcity (vs. control) condition were progressively more likely to drive to the second store as the driving time decreased.
- People perceived money as more valuable than time.
- Participants’ level of income or objective levels of resources did not impact the results.

References