

UNIVERSIDADE FEDERAL DO PARANÁ

**THE EFFECT OF DEBT CONCENTRATION ON PREFERENCE FOR  
MATERIALS GOODS OR EXPERIENTIAL PURCHASES**

DENISE GABRIELA RODRIGUES

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2018

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**THE EFFECT OF DEBT CONCENTRATION ON PREFERENCE FOR  
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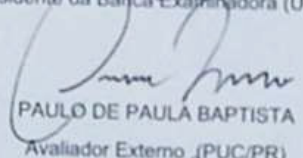
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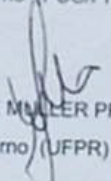
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PAULO DE PAULA BAPTISTA  
Avaliador Externo (PUC/PR)

  
PAULO HENRIQUE MÜLLER PRADO  
Avaliador Interno (UFPR)

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## ABSTRACT

**Purpose:** Prior research suggests that debt concentration affect consumer's motivation and lead to a best financial decisions. However, less is known about its relation to a presence of buying options. Specifically, on material versus experiential choices. Would consumers still managing well they accounts or change it in order to make a purchase? To address this gap, this study proposes an investigation in how debt management strategy (concentrated vs. dispersed) influence the preferences for experiential versus material goods.

**Design / Methodology / approach:** 2 experiments were conducted. The study 1 was operationalized on Mturk, and aimed to investigate if multiple concentrated bills (presented with same due dates ) versus dispersed bills (different due dates along the month) influence the preference for material purchases (vs. experiential). Participants were asked to assign a given budget into four options, deciding between purchases and debt management. The study 2, used a design and procedure similar to study 1 but were conducted in laboratory ambient.

**Results:** The results showed that due dates concentration influences consumers to repay more credit card balance. However, this concentrated effect is attenuated by time distance. And, dispersed accounts lead consumers to spend more, however not with experiences as predicted, but with goods.

**Contributions:** The results suggest that debt concentration lead the consumer to prefer material goods instead of experiences. It can help consumers to realize that sometimes external factors can influence their buying process more than purchases characteristics. Furthermore, could be helpful for consumers adopt due dates concentration strategy in order to organize better their finances.

**Originality:** The findings suggest evidence that contributes to the development of theories about how debt management influence subsequent behaviors. Also, has demonstrated a new antecedent for the purchases preferences for material (vs. experience).

**Limitations:** Since it is an experimental study, the limitation related to the external validity of these findings is known. Moreover, the operationalization of this study's did not present statistically robust results by the nature of the type of measurement. Finally, as an initial study, explanatory mechanisms for the main effects have not yet been identified.

## RESUMO

**Proposta:** Pesquisas prévias sugerem que manter os débitos concentrados influencia a motivação do consumidor e as melhores decisões sobre a gestão da dívida. No entanto, menos conhecimentos sobre sua relação em presença de opções de compra. Especificamente em escolhas de material versus experiencial, uma vez que a literatura forneceu evidências de que fatores externos podem mudar as preferências do consumidor. Os consumidores ainda gerenciariam bem suas contas ou mudariam de comportamento para realizar uma compra? Para resolver esta lacuna, este estudo propõe uma investigação sobre como a estratégia de gerenciamento de dívidas (concentrada versus dispersa) influencia as preferências por bens experienciais versus bens materiais.

**Design / Metodologia / abordagem:** foram realizados 2 estudos experienciais. O Estudo 1, operacionalizado pelo Mturk, teve como objetivo investigar se as datas de vencimento concentradas (vs. dispersas) influenciam a preferência por compras de material (vs. experiencial). E o estudo 2, realizado em ambiente laboratorial, procurou reproduzir o efeito em condições mais controladas.

**Resultados:** Os resultados mostram que as datas de vencimento das faturas concentradas influenciam a preferência por compras de material (versus experiencial), o principal achado foi que a condição concentrada e distante pagou significativamente menos as contas. E as contas dispersas levaram consumidores, gastaram mais, porém não com experiências como previsto, mas com produto.

**Contribuições:** Os resultados sugerem que a concentração da dívida leva o consumidor a preferir bens materiais em vez de experiências. Isso pode ajudar os consumidores a perceber que, por vezes, fatores externos podem influenciar seu processo de compra. Além disso, foi demonstrado que as datas de vencimento apresentadas no mesmo dia podem afetar os consumidores como efeito de concentração, porém a distância do tempo pode atenuá-lo.

**Originalidade:** os achados sugerem evidências que contribuem para o desenvolvimento de teorias sobre como o gerenciamento da dívida influencia comportamentos subsequentes. Além disso, demonstrou um novo antecedente para as preferências de compras para material (vs. experiência).

**Limitações:** uma vez que é um estudo experimental, a limitação relacionada à validade externa desses achados é conhecida. Além disso, a operacionalização deste estudo não apresentou resultados estatisticamente robustos em virtude da natureza do tipo de medida. Finalmente, devido ao caráter inicial do estudo, ainda não foram identificados mecanismos explicativos para os efeitos principais.



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## 1 INTRODUCTION

Credit cards debt is a complex problem for many consumers. The amount of debt stemmed of postponed payments is more than \$700 billion only in the US, about \$15,000 per household unable to pay their bills in full, resulting in carrying a balance which increases fast (Federal Reserve Bank of New York 2016; US Federal Reserve 2014). Despite almost half household are in trouble with credit cards repayments, according to Experian report they spend \$12,800 on discretionary purchases per year and hold more than five credit cards on average (Experian 2009; Simmons 2011). Moreover, the credit card was considered the primary cause of indebtedness of Brazilian families, with 76.8% being in debit, according to data from the Institute for Consumer Indebtedness (2017). In addition, this percentage of indebtedness is increasing, reaching 59.2 million, or about 40% of the Brazilian population is in default. The main cause is due to credit card misuse which is often related to influencing the way that consumers spend their resources (PEIC 2017).

The situation is so worrying that countries such as the United States and Canada have created laws and public policy actions to regulate the kind of information provided to clients. This rule seeks to highlight more shocking aspects of bad decisions. For example, Navarro et al. (2011) demonstrated that presenting the credit card balance in years to pay off (vs. amount left) lead consumers to pay more the debts instead of only chose minimum. And more recently, the Brazilian government has altered the credit card laws about minimum payment. Prohibiting to postpone payment frequently. Consumers, therefore, have an imposed limit greater than usual minimum payment offered for banks (Brazilian Government 2017).

Consistent with this data, the relation of debt management complexity and indebtedness of the population has been studied from different perspectives (e. g. Amar, Ariely, Ayal, Cryder, & Rick 2011; Kettle & Blanchard, 2016; Mick, D. G., Pettigrew, S., Pechmann, C. C., & Ozanne, 2012). Research has investigated how consumers make decisions in this scenario and how the result of these choices can influence their daily lives. Part of this decisions is related to the way people manage multiple accounts. This task may be not so simple. It is because consumers often stay away from normative perspectives (Stango and Zinman 2009b; Stewart 2009). Consumer's debt management generally rely on strategies

they judge helpfully to become debt free and to settle all liabilities, as well to remain financially accountable. Likewise, which has been demonstrated by literature that there are many consumer's misunderstandings of information related to this process regulation (e.g., Benartzi & Thaler 2007; Eisenstein and Hoch 2005; Stango & Zinman 2009a; Hsee 1996; Denes-Raj & Epstein 1994; Gigerenzer & Hoffrage 1995; Pacini & Epstein 1999). Besides, the characteristics of this payment system as a facility of credit often prejudice and undermining consumer self-control (Mick et al., 2012).

Recent studies in this aspect of consumer behavior have focused on understanding the strategies related to managing credit card bills and their consequences for resource allocation decisions. Such concern is relevant because this comprehension helps to shed light on how the methods of payments, income, and goals influence debt management, buying process or saving decisions (e.g. Amar, et al., 2011; Kettle & Blanchard, 2016 , Wilcox, Block, & Eisenstein, 2011).

The current structure of information availability and payment alternatives requires some skill from the user and also some degree of financial literacy is required to organize and to succeed on financial aspects. A consumer who frequently uses more than one credit card raises the management complexity of their accounts (Mick et al., 2012). In addition, credit cards have a particular dynamics with various nuances, such as near dates (better day to make the purchase and get an extra deadline), relatively easy limits, the possibility of minimum payment, installments (Almeida et al., 2007).

Not only normative issues influence in this way, but even psychological mechanisms also act in this process (Amar et al. 2011). Failures and financial management problems have been specifically investigated in the context of a credit card. This is because some of the specificities found in this scenario differentiate it from general account management (Mick et al., 2012). Thus, consumers tend to act unpredictably, and because of the difficulty of rationalizing more complex decisions, they seek heuristics or actions that intuitively seem more reasonable to them (Navarro-martinez et al., 2011).

As stated, debt management has been studied since consumers misunderstand about credit cards rules until how consumers can organize their bills.

Studies on consumer behavior have found that different ways to managing multiple accounts can affect the consumer's subsequent behavior (Durante & Laran 2016).

Even if it does not seem intuitive, such behaviors can be influenced by account management. Among these aspects, it is perceived that the consumer frequently fails in this situation. And even making efforts, such choices can disrupt the recovery of the debts. For example, when the consumer has to choose which accounts to eliminate first, there is a tendency to underestimate interest rates and prefer to pay off the lowest debt, which is justified by the fact that reducing the number of accounts is more satisfactory than paying less interest and healthier financially. Such action leads people to cultivate the false sense of progress by focusing on the reduction of accounts but in fact is increasing the debts if considered the amount of value, a phenomenon called "account aversion" (Amar et al., 2011).

Another finding is that the minimum payment reported on the credit card statements acts as an anchor to suggest how much of the bills should be paid. So, consumers tend to pay more bills that do not present this information (Navarro-martinez et al. 2011). Moreover, most of the population does not calculate well the interaction of interest with their allocations and frequently considering what it is present which leads to an inaccurate evaluation of the best way to manage multiple invoices (Eisenstein and Hoch 2007; Stango and Zinman 2009; Soll et al., 2013).

Conversely, research has highlighted the influence of one specific strategy, which is the presentation of the bills as concentrated or dispersed and its impact on consumer's future behavior (Amar et al., 2011; Kettle & Blanchard, 2016; Soll et al., 2013). By concentration of payment, it comprehends as any situation that multiple bills can be asses jointly. In these cases, the emphasis is on the total value of all bills held by the consumer. While for dispersed accounts, the bills are considered one by one, with an emphasis on each value (Kettle & Blanchard, 2016). These two perspectives have different effects on subsequent behavior as help consumers organizing personal finances (Bolton, Bloom, and Cohen 2011; Orman 2000; Ramsey 2003), choose better how to allocate debt repayments among multiple bills (Amar et al. 2011, Soll et al. 2013) and increasing motivation to get out of debts (Kettle & Blanchard, 2016).

Therefore, the concentration effect has been investigated considering the way that consumer manages or pay their bills. However, in this research, the strategies of concentration vs. dispersion will be verified by due dates (due dates concentrated on the same date vs. different due dates distributed along the month). The time distance or dates, it is frequently considered by the consumer on their decisions (Kruglanski, & Higgins, 2013; Okada & Hoch, 2004). In this way, this study also has the purpose to verify if due dates presentation can also lead a perception of debt concentration effect. This is the first research to address this issue, suggesting this new perspective about concentration strategy justified in the light of Construal Level Theory and aspects related to psychological distance.

Likewise, as discussed, literature has provided evidence of how the adoption of concentration strategies (vs. dispersion) influences the quality of the allocations that the consumer performs in their daily lives and other subsequent behaviors. However, less is known about how this relation could influence consumer's purchases preferences. To date, debt management has studied isolated, but in the context of a dilemma or an opportunity to making a purchase. Should these concentrations effects remains when consumer has the option to buy something? How consumers asses available capital when it feels tempted to buy something instead of to repay their debts. More specifically, it is argued that debt concentration leads the consumer to prefer material goods. This is consistent with the studies of Tully, Hershfield & Meyvis (2015) that the financial restriction leads consumers to prefer material goods instead of experiences.

In this sense, the main goal of the present research is to verify whether the credit card bills presentation as concentrated lead consumers to choose material purchases. In another way, the dispersed presentation, influence consumers to choose experiential purchases. It is argued that strategy of concentration repayment shifts the consumer's preferences for products because they feel more committed with debt payment, and consequently financial constrained which lead to a concern about the lasting of a purchase. On the other hand, dispersed debts can lead to experiential choices. This should occur because consumers experience the lower level of commitment with debt payment and allow itself to indulge, as licensing effect of task accomplishment (Locke, Latham, and Erez 1988).

More objectively it contributes to verify the occurrence of the effect of concentration of debt when there is the inference of time in maintaining the motivation to remove debts and if this remains in the context where there is a possibility of expenses. To advance in understandings about the motivations and strategies that effectively helps the consumer get out of debts is interesting not only to consumers and public policymakers but also to institutions engaged in brokering transactions for this purpose, by learning about how they can influence their users to get rid of debts faster.

In practice imagine the following situation; John is an ordinary consumer, who holds three credit cards. He received his credit cards bills throughout the month. Later in the month, at first week, he provisioned the resources that will be used to pay all these accounts. However, like almost half of the population, John has spent more than his income. Because of it, he ends up having to choose how much of each bill will be paid. In that way, John always remains undecided because he does not know which invoices to prioritize.

On the one hand, John can pay the bills at the beginning of the month because he knows that in this way, he guarantees the payment of the total debt of the cards, even knowing it could sacrifice future expenditures. On the other hand, if he pays the minimum and reserves the amount to spend the rest of the month, there is a risk of to spend this reserve and getting more debt. When John thinks about multiple bills dispersed throughout the month, he always looks for one way to roll his debt. The solution that John has found to break with this behavior took the bills as an amount of debt that should be eliminated and thus when taking awareness of the amount instead of each of one. Besides, to approximate the due dates from his pay day. And also maintain all bills with same due dates. In this ways, they can reserve part of his resources to repay their debts. And more, moreover, could holding accounts in this way alter their preference for products or experiences?

In this case, if this person has not enough money to pay one bill, but it is possible to postpone the payment by paying the minimum required. Thus, if he desires to buy something, this could be an alternative to do so. And, therefore, this type of financing could lead consumer to prefer for material goods (vs. experience) (Tully & Eesha 2017),

The aspects that can shift consumers preferences has a large body of studies that investigate external factors which can influence the (Pine and Gilmore 1998; Carter and Gilovich 2010; Nicolao et al. 2009). But until now, how debt management interacts with purchases preferences, remains uncovered by literature. Tully and Eesha (2017), has found that the type of debt matters. Also, the authors did a field studies about discretionary buys with the credit card and demonstrated that consumers spend more amount of money with experiential purchase Yet, to date was not found studies that investigate how different presentations of due dates can shift consumer's choices and explaining mechanisms. Moreover, if this kind of flexibility common on consumer's indebtedness can lead different types of subsequent behavior.

The main hypothesis of this research is that debt concentration manipulated by due dates can shift consumer's preference for material goods, whereas dispersed bills lead consumers to prefer experiential purchases. This prediction that debt concentration can influence the consumer's preferences for material goods is consistent with prior research which has shown that concentration effect increase consumer motivation to get out of debts (Amar et al., 2011; Kettle, Trudel, Blanchard, & Haubl, 2016; Navarro-martinez et al., 2011). And consequently because of this sense of commitment with repayment, similar to financial constraint, could shift the preference for material goods as demonstrated on prior research (Carter and Gilovich 2010; Durante & Laran, 2017; Tully, Hershfield & Meyvis 2015; Tully & Eesha, 2017; Nicolao et al. 2009 Pine and Gilmore 1998).

## 1.1 RESEARCH PROBLEM

In this chapter the proposed theme for the thesis will be presented, as well as the variables of the research will be introduced. Also, the research problem, the general and specific objective will be presented and, in sequence, the theoretical and practical justifications will be reported.



### 1.1.1 SCIENTIFIC RESEARCH PROBLEM

Given the presented discussion, this research aims to respond the following scientific research problem: *To what extent debt concentration influence the preference for materials goods or experiential purchases?*

### 1.2 GENERAL AND SPECIFIC OBJECTIVES

To carry out the study based on the presented problem, the general and the specific objectives were established.

#### 1.2.1 General Objective:

To investigate how the debt concentration (vs. dispersion) can influence the preference for materials goods (vs. experiential purchases).

#### 1.2.2 Specific Objectives:

In this way, the specific objectives designed to contribute to fulfilling general goals, are:

- a. To test whether concentration strategy shifts consumer's preference for material goods.
- b. To investigate if dispersion leads to an experiential purchase.
- c. To verify if multiple bills with same due dates reproduce the same debt concentration effect.
- d. To analyze the influence of concentrated due dates on the decision to pay more the amount of debts than to make purchases on average.

### 1.3 THEORETICAL JUSTIFICATION

Studies related to consumer indebtedness have received great attention, mainly due to their strong association with welfare issues. This scope of research is interdisciplinary and encompasses from macroeconomic issues to psychological mechanisms related to the decision-making process of the consumer. More specifically, a large body of studies has contributed for comprehension of questions

related to debt management and consumers perspectives and common misunderstandings (Cheman, Amar & Soman 2008; Okada & Hoch 2008; Soman 2001a; Soman 2001b ). Conversely, literature remains with aspects that still need to be explored, either by conflicting results, lack of consensus or need for greater understanding (Mick et al., 2012).

Thus, this study gives insights about how the consumer can deal with multiple bills depending on due dates. Furthermore, it provides evidence about concentration effect on less engagement on bills repayment and also increases the preferences for a product instead of experiences. In addition helps to explore an opposite effect, inconsistent with current research: an attenuation of concentrated effect by time distance. Finally, for the studies about purchase preferences bring light to one more external factor that could interact with consumer decisions, and help to propose new factors which can influence the phenomenon like debt concentration to comprehend better the influence of credit card bills due dates and purchases preferences.

And finally, this research provides evidence to help consumers attenuate preferences that sometimes can lead a poor financial decision or overuse of credit card. Until now, no studies have been found in the literature that deals with concentration or dispersion in consumer decisions such as allocation of resources considering time inference. Studies related to consumer indebtedness have a small number of researchers mainly when considering the magnitude of the real phenomenon that worries authorities around the world. (Mick et al., 2012).

#### 1.4 PRACTICAL JUSTIFICATION

The percentage of indebted Brazilian families is increasing, reaching 59.2 million, or about 40% of the Brazilian population is in default. The main cause is due to credit card misuse which is often related to influencing the way consumers spend their resources. The relevance of studying the allocation of resources by consumers can be associated with economic and social problems associated with the indebtedness of PEIC families (2017).

In this way, this research interests diverse audiences. In addition to consumers who can acquire guidelines to help them better manage their debts,

public policy makers with such insights can guide, collect and punish institutions that use such mechanisms to hurt consumers. Finally, it should be noted that financial institutions such as banks and financial institutions can use such understandings in order to know the most efficient methods for the consumer to pay off their debts. Also can to recommend to their client's practices that facilitate adjustment of bills payment priorities and thus be able to help more actively reduce the indebtedness.

The consumer decision-making process related to the use of credit cards, as well as the management of multiple invoices still presents several aspects that need to be understood. This is a complex dynamic for the consumer. The optimal decision should be the result of an equation with many variables to be weighted, such as the minimum amounts to be paid, limit of each card, annual interest rates and revolving credits, date of closing of invoice, scores, and bonuses for use, among other aspects.

Previous research has found that consumers tend to be less judgmental when they need to evaluate attributes that they cannot fully understand (Pacini and Epstein, 1999). In addition, it is well known that, on average, consumers do not appreciate the impact of interest rates on their accounts, both for spending and for debt (Eisenstein and Hoch 2005). As a result, consumers devise strategies and seek alternatives to achieve what they believe to be the best choices, but often intuitively act out what makes bad decisions, since the intuitive decision-making system used by the consumer to rationalize such types of decisions does not have much assertiveness for this kind of problem (Tversky & Kahneman 1974).

In addition, another aspect that has an additional difficulty in this context is the presentation of the invoices, that is, if the values are taken together or separated. Thus, it has already proved that values taken in full tend to motivate the consumer to remain engaged in the goal is considered the focus of the goal's progress (Kettle & Blanchard, 2016). But no research has yet been found to investigate the impact of concentration or dispersion on other consumer decisions such as allocation of resources, as well as to consider real-life factors simulating possible implications of such processing. Moreover, studies that identify the influence of time or scenarios of inputs and outputs as a representation of the reality of what occurs in the consumer month have not yet been verified.

In light of to test these predictions, two experimental studies were conducted. The Study 1, operationalized by Mturk respondents aimed to investigate if concentrated (vs. dispersed) due dates influence the preference for material purchases (vs. experiential), the main find was that condition concentrated and distant (30<sup>th</sup>/30<sup>th</sup>) paid significantly less the bills. And study 2, conducted in laboratory ambient, seek to replicate the effect in conditions more controlled, and the results marginally significant was that consumer in dispersed condition (15<sup>th</sup>/30<sup>th</sup>), spent more, however not with experiences as predicted, but with a product. The finds and limitations are discussed and an agenda it is proposed.

The present research contributes to different kinds of literature. For debt management given insights about hoe consumer can lead multiple bills depending on due dates. And, furthermore, provide evidence about concentration effect on less engaging on bills payment and also increases the preferences for the product instead of experiences. Also, found a contradiction, an attenuation of concentration effect by time distance. Finally, for the studies about purchase preferences bring light to one more external factor that could interact with consumer decisions, and help to propose new factors which can influence the phenomenon like debt concentration to comprehend better the influence of credit card bills due dates and purchases preferences. And finally, this research provides evidence to help consumers attenuate preferences that sometimes can lead poor financial decisions by bad management of credit card bills.

## 2 THEORETICAL FRAMEWORK

In this section, the theoretical framework will be presented, which aims to address the main concepts of differences on material and experiential purchases, the characteristics of source-of-funding that influence willingness to borrowing, the character of some experiences.

### 2.1 Indebtedness and Debt Management

Research on consumer behavior has investigated how the strategies adopted by consumers can help or yet increase indebtedness. How consumers deal with multiple debts and which strategies are adopted specifically with multiple credit card bills? More specifically debt management referring to the way that consumers organize, pay and act on the debts. Also includes the strategies and lay theories about method and strategies used to deal with their multiple accounts in order to keep the financial situation organized (Benartzi and Thaler 2007; Amar et al 2011).

From a normative perspective the management of debits is relatively simple. There are some basic orientations for this procedure. Some of which that serve to exemplify would be: paying bills with the highest interest rates, in case you need to get a loan, avoid the higher rates. Lastly, spend consciously not exceeding the budget. However, consumers have some biases and that affect decision making and consequently their financial situations (Ramsey 2011). For this reason, studies have sought to understand how psychological aspects may interfere with the quality of financial decisions. What consequently defines the levels of people's indebtedness (Frederick, Loewenstein, and O'Donoghue 2002; Lee and Hogarth 1999). Therefore, there is evidence that suggests that consumers often leave normative principles by outlining other forms and strategies of their own (Benartzi and Thaler 2007; Amar et al 2011).

The problem related to this approach is that misunderstands in debt management. Consumers, in general, tend to have bad performance in some process. In this case, common examples are underestimated tax and interest, ignored decisions with difficult aspects to consider, and assess incorrectly financial tasks in general (Eisenstein and Hoch 2005; Stango and Zinman 2009a, Hsee 1996; cf. Denes-Raj and Epstein 1994; Gigerenzer and Hoffrage 1995; Pacini and Epstein 1999).

Because of this inconsistencies, research sought investigated how consumers assess their financial situation. Moreover, how it could lead a subsequent behaviors, since motivational behavior, psychological factors, and financial literacy (Bolton and Cohen 2011), available information in credit card statements (Soll, Keeney and 2013), minimum payment (Navarro-Martinez et al. 2011), and management of bills concentrated or dispersed as small or completely tasks (Jin, Xu and Zhang 2015; Gal and McShane 2012; Brown and Lahey 2015;

Amar et al. 2016), the influence of type of debt/source-of-fundings on purchase preferences (Tully & Eesha 2017).

In this way, academics, consumers, and even financial advisors frequently discuss manners to improve the management of the bills, in order not only to get out of the debts but also to keep financial health or yet help to keep temptations away. Prior research on debt management strategies has stressed a question related on keeping the bills concentrated versus dispersed and the results about these different strategies (Brown and Lahey 2015; Gal and McShane 2012; Orman 2000; Ramsey 2003).

However, the main question remains, there is the best strategy to manage multiple credit card bills? Keep it concentrated or dispersed? And more, it could influence subsequent behaviors?

## 2.2 Credit cards

Specifically, about credit cards, that is a large body of studies that investigated how threatening can credit cards be to the consumers. Means of payment play a significant role in consumer decisions. From an economic point of view money is fungible, and thus, existing payment alternatives should follow the same orientation when used to make a payment, which does not happen in practice, showing that psychological aspects interfere significantly in the consumers' decision (Soman, 2001a). Since the sixties, the impacts of different means of payment on consumer decisions have been analyzed. In his seminal paper, Hirschman (1979), questions this role and proposes the verification of what occurs in this process. Therefore, besides being a growing area, it has several aspects that still require explanations (Kettle & Blanchard, 2016, Soll et al., 2013, Soman, 2001a, 2001b).

Among the means of payment, the credit card has been studied from different perspectives. According to the findings, this means of payment demands certain financial ability to avoid errors and excesses, without counting still a strong capacity of self-control. Moreover, physically it is impossible to spend the money that one does not have. The credit card, also, evoking several irrational issues for

decision making such as heuristics and also overoptimism (Soman, Cheema & Chan, in chap 20 of Mick et al., 2012).

If, on the one hand, as a means of payment the credit card has been identified as responsible for indebtedness indexes for interacting with the expenditure situations, from the perspective of the expense generator the complexity is even greater. The invoices that credit card companies send to consumers are often considered complex. It offers a lot of technical information and flexibility in the way of making payments, but with high-interest rates, which opens the way to exacerbate the consumer debt situation, to the point of requiring public policy interventions to minimize such impacts to consumers (Soll et al., 2013).

These can lead the consumer to fail in their financial management, such as disassociation with purchases made and the act of payment, for example (Mick et al., 2012). This decoupling leads to general deliberation regarding all expenses and all payments to be made instead of a direct relationship between each purchase and its respective value. This meaning of saying that consumers are not processing how much to allocate on each purchase. In fact, in this situation, they process a generic allocation of total expenditure and total payments. As a major consequence, consumers eventually lose the general reference to buying, paying and allocating their resources. Thus, the worst effect of this is to disregard the credit card as a source of the loan, with severe rates and consequences for non-payment. The situation is even more worrying considering that consumers in the media have three credit cards. This habit of holding multiple credit cards is quite common and has been pointed out by many surveys as the main agent in the general indebtedness of the population. This is because in addition to the aspects already covered, holding multiple credit card invoices results in additional processing: the management of multiple accounts.

### 2.3 Debt Concentration Strategy

All the dynamics related to the payment of credit card bills alone already offers challenges for the consumer. However, the situation may present additional complexity when considering multiple invoices. That is one more aspect that must



be elaborated by the consumer in the time to realize the allocation of its resources, the number of bills to be analyzed.

In addition, managing accounts that are scattered (multiple accounts) or concentrated (considered as a single amount) triggers other ways for consumers to analyze. For example, when considering the dynamics of gains and losses, for investments it is always positive to carry out diversification, but for accounts this dilution of expenses can lead to more indebtedness (Kahn and Ratner, 2005).

On the prospect of progress and goal pursuit, the consumer target literature has a considerable body of knowledge that explains the consumer's decisions to keep to a goal or abandon it, which would justify the adoption of smaller account payments or dispersed in the short term and thus more easily meet long-term goals (eg, Newell and Simon 1972). From this, it has been found that accounts that are adopted globally, that is, concentrated, have more impact on the motivation of consumers to strive more to clear invoices than those who viewed the accounts in a scattered way (Kettle & Blanchard, 2016).

In this sense, prior research has been dedicated to understanding how such strategies adopted by the indebted consumers or even multiple-credit card holders can actually help in the management of the finances or influence on subsequent behaviors. Similarly, one of those beliefs that have been explored by academics it is related with the presentation of the multiple bills. Has been verifying whether multiple bills presented grouped or in a situation like in a concentrated way can influence positively in debt management than dispersed Brown and Lahey 2015; Gal and McShane 2012; Orman 2000; Ramsey 2003).

. For example, a person who manages all their credit cards bills at the same moment, considering the amount of the debt feels more motivated to get out of the debt than a person who chose to pay partially, or in a dispersed way. This phenomenon related with assuming the focal goal or little steps has been investigated in many others context, and it is a mechanism with a large body of studies, that recently has been applied to this bills context (explained later). Studies suggest that debt concentration versus dispersed affect subsequent behaviors. Kettle at al. (2016) carried out a field study analyzing invoices and realized that effectively in the daily life consumers engage more when adopting strategies of concentration of debits founds in this way, that concentrated debts strategies lead consumers to more engagement and be motivated to quit their debts more quickly

when their focus is to get the complete debt done. They also found that dispersed accounts instead, could influence the consumer to be fewer attempts to amount of the debt, being more demotivated to repay their debts. Also, even the goal pursuit stating that small tasks are leading a more achievement (Locke, Latham, and Erez 1988), in this case, consumers who focus in paying the debts in a concentrated way, feels more likely to get out of debt. Amar et al. (2016), proposed an "Accounting aversion", a result of choosing to eliminate accounts instead of reducing the most costly debt, an example of how consumers prefer to complete tasks on quantity instead of process values.

Although a great numbers in researchers focus on antecedents and consequences of the way that consumers manage their debts and more specifically, the effect of concentration vs. dispersion, less is known about its influences in subsequent purchases behavior. Or further, if the decision management strategy can lead to shifting the preference for material vs. experiential purchases.

Many authors, financial advisors, and academics discuss how is the best way to maintain the bills in other to get out of the debts or even not get indebted. In order to achieve this financial healthy, literature has investigated strategies to help consumers. One of this strategies refers to the way that consumers choose to pay their many bills, or better saying how they decided to keep it, in a concentrated way, consider to pay all the bills together or bill after bill, along of the month.

These different strategies are related to goals management. Consumers use different ways to a planner, implement, and keep their goals (Pettigrew, S., Pechmann, C. C., & Ozanne, 2012). The theory on task completion defines several unfolding as discuss forward.

## 2.4 Goal Pursuit

A large scope of literature related to goal pursuit has sought to understand the reasons that lead people to be successful or not. Basically, those studies show that there are strategies that help the individual to become more committed to the goals. On the other hand, in some situations, even consciously striving, there are breaks. Research shows that consumers asses the distance and difficult degree of goal and this define their commitment (Locke, Latham, and Erez 1988). The main

statement of this studies affirms that consumers engagement strongly depends on which stage of the goal it is focused. When consumers focus on progress, or what they already achieved this lead to keep motivation. However, the focus on what remains incomplete lead to abandoned the goal (Bagozzi, Richard & Dholakia 1999); Fishbach and Dhar 2005; Fishbach, Dhar, and Zhang 2006; Huang and Zhang 2011; Kivetz et al. 2006; Koo and Fishbach 2012; Louro, Pieters, and Zeelenberg 2007).

The debt management implies to deal with multiple accounts, in this way, they can be assessed individually or jointly. As detailed before, present work is investigating how the extent that keeps bills concentrated or dispersed influence subsequent behavior. In this perspective, under the light of discrete goals, it is argued that as well in other situations which analyze global assumptions, to assess many accounts together can be assumed as discrete goals that have to be achieved. Better saying, multiple bills can be taken by consumers as multiple goals.

Consumers can have many perspectives about their objectives. A large body of studies has stressed how different strategies can lead to complete or abandoned a goal. Goal pursuit theory states that depending on the focus on focal goal versus what was already accomplished x what still needs to be done it is enough to shift the motivation about complete the goal.

Also, this perspective can be applied to the management of multiple accounts to be paid, as argued, consumers assume this situation like discrete goals, what lead them to implement strategies that can help they to figure out how they can complete the complete task (pay all the bills).

As stated by theories about completion tasks the focus on main goal or part of it matters. And because of it, it is different for consumers keep their bills grouped vs. dispersed. It is assumed on this work that consumers assume each bill as a discrete subgoal, and because of that, the management should influence the subsequent behavior, this view it is consistent with literature has demonstrated (Amar et al. 2011; Brown and Lahey 2015; Gal and McShane 2012)

Research has highlighted the influence that the presentation of accounts as concentrated or dispersed on the consumer's subsequent behavior (Amar et al., 2011; Kettle & Blanchard, 2016). By concentration of payment, the emphasis is on

the total value of all outstanding bills held by the consumer. While for dispersed invoices, the emphasis is usually on each value.

In this work, the strategies of concentration vs. dispersion will be verified on the time horizon, by due dates (i.e., due dates concentrated on a date vs. dates spread over a month).

## 2.2 EXPERIENTIAL VS. MATERIAL PURCHASES

The main question is why distinguish experiential from material goods is important? Many studies have associated classic trade-off with relevant consequences for consumer well-being (Carter and Gilovich 2010; Dunn et al. 2011; Nicolao et al. 2009; Van Boven 2005; Van Boven and Gilovich 2003; Rosenzweig and Gilovich 2012). Consumers can make these distinctions with great facility, and also reacting about it (Pine and Gilmore 1998; Van Boven and Gilovich 2003). Furthermore, studies have found that the seek for material goods over experiences affects personal and social well-being (Fromm 2013). And finally, more recent work suggests that consumers feel that experiences lead to a more enduring sense of happiness than material goods (Dunn et al., 2011, Dunn and Norton 2013).

The differentiation between material goods and experiential purchase can be defined as a continuum. The distinction between material goods and experimental purchase can be defined as a continuum. Even though for some specific situations this classification may be more difficult, studies determine that consumers understand such a distinction (Easterlin 1995; Van Boven and Gilovich 2003; Pine and Gilmore 1999; Scitovsky 1976).

On the one hand, experiences are not tangible; they have a deadline to finish, they cannot be transported, although it is considered living gain, something like life experience. On the other hand, material goods it almost the opposite, tangible, retained over the time, can be transferred from one place to another (Nicolao et al. 2009; Tully & Eesha 2017).

The aspects related about how consumer classifying the purchase based on its perspectives about tangibility and operationalization of the purchase are already established in the literature (Pine and Gilmore 1998; Carter and Gilovich 2010;

Nicolao et al. 2009). Thus, differences in experiential versus purchases choices (e.g., Van Boven and Gilovich 2003; Carter and Gilovich 2010;).

Research on purchases choices (e.g., Pine and Gilmore 1998; Carter and Gilovich 2010; Nicolao et al. 2009), suggests that the nature of purchase could be just one of the reasons that influence consumer's choices on material goods versus experiential purchases. Likewise, the preference for one or another can change; for example, external factors could change consumer's preferences for material or experiential choices (Durante and Laran, 2016; Tully and Eesha, 2017). Specifically, purchases on experiential versus material preferences on financial restriction context leads consumers to a limited budget to seek lasting resources by choosing material goods even for discretionary purchases (Tully, Hershfield & Meyvis 2015) et al., 2015). Also, a subjacent behavior is the influence from kind of purchase in borrowing behavior (Tully and Eesha, 2017).

Based on this discussion, it is argued that debt concentration influence the preference for material goods. It should occur because debt concentration increases motivation to repay accounts by engaging consumers. That commitment, similarly to financial constrained lead consumers to prefer materials goods (vs. experience). Moreover, when consumers have dispersed debts, this lead consumer a prefer experiences. This could happen because payment of one bill can lead a desire to indulge, and commonly, consumers self-indulge more with experiences. Conversely, the main hypothesis of this study is:

H1(a): Concentrated (vs. dispersed) due dates lead consumer to choose material goods (vs. experiences)

In this way, as proposed to comprehend better the phenomenon, in this research is investigated whether due dates presentation of accounts (same day vs. different days) can replicate the concentration effect.

### 3 EXPERIMENTAL PROCEDURES

In this section will be detailed the experimental procedures adopted in order to achieve the objectives of the present work to verify if debt concentration can influence the preference for experiential or material purchases. Two experimental studies were conducted as detailed.

#### 3.1 Study 1

The purpose of study 1, was to test the predictions that consumers can shift their preferences for products or experience influenced by the way that they manage the payment of their credit cards bills.

In this way, this study aimed to test if when consumers have to manage two accounts that with same due date (vs. different dates) while have an opportunity to buy an offer with limited resources, the preference for the product will be greater than for experience. And also examine the evidence about concentration effect in different moments close to the present or distant in the future, and verify if it could intensify or attenuate the effect. In this way, the study 1 was designed to test whether keep the bills in the same due date can influence the consumers to spend less on average, however, indicate the greater preference for material purchases.

##### 3.1.1 Participants and design

Participants in this study were a total of 229 respondents recruited by Mechanical Turk who completed the survey in exchange for financial compensation, 54,6% female and an average age of 37 years old ( $M_{age} = 37$ ,  $SD = 12.76$ ). Thirty-five participants failed on attention checks for do not answer correctly the due dates they have seen on the research in an open-ended question or were not able to distinguish the nature of the purchase (detailed later). Thus, they were excluded resulting in a final sample of 194 participants. The study followed a single-factor with three dimensions (concentrated and close – 15<sup>th</sup>/15<sup>th</sup>, dispersed – 15<sup>th</sup>/30<sup>th</sup>,

concentrated and distant 30<sup>th</sup>/30<sup>th</sup>), between-subjects design. The sample distribution is presented in Table 1.

TABLE 1 - SAMPLE DISTRIBUTION (STUDY 1)

Condition	Frequency	%
15 <sup>th</sup> / 15 <sup>th</sup>	60	30.9
15 <sup>th</sup> / 30 <sup>th</sup>	72	37.1
30 <sup>th</sup> / 30 <sup>th</sup>	62	32.0
Total:	194	100%

Source: The Experiment 1 data (2018)

### 3.1.2 Procedures

Participants were recruited by Mechanical Turk from Amazon and received by e-mail the research link with a brief explanation and instructions. At the first screen, they received general information about research, including about university and the researchers. The research started asking respondents to imagine that at the moment they are managing their credit card bills, they received an interesting e-mail with two offers that they could buy if want. Then, on next screen they assess two ads: one from a concert (experiential) and another from a cell phone (material good), the sequence was randomized, and images were based on ads available on the internet and on previous studies on material and experiential purchases (e.g., Tully & Eesha, 2017).

They were asked to read these ads carefully and after checking a box bellow the images (to make sure that they read it). At next step, all respondents received the information that they have a budget of U\$ 700.00 to use for pay the bills and also take the offers if them want, so they have to demonstrate how much they would pay/spend in one of each option. As participants were randomly assigned to one of the three conditions, they received the credit card bills with due dates corresponding condition (concentrated and close – 15<sup>th</sup>/15<sup>th</sup>, dispersed – 15<sup>th</sup>/30<sup>th</sup>, concentrated and distant 30<sup>th</sup>/30<sup>th</sup>).

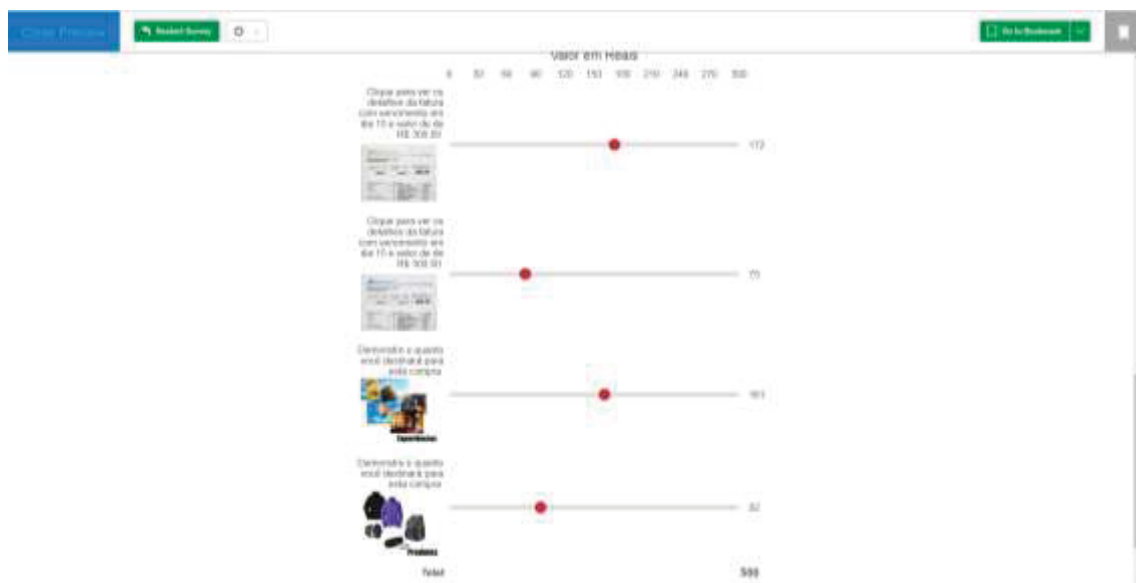
However, each credit card balance was US\$ 400.00 (total U\$S 800.00), and offers has no informed price in order to measure willing to spend in one of each.



This resource limitation it is important to investigate if the decisions to pay the bill or buy something are competing. Present works affirm that when consumers are in financial restriction, they have more flexibility to make a decision (Tully & Eesha, 2017).

Were used images simulating credit card statements from unknown brands showing all the basic information. These simulations were used on previous researchers about credit card assessment and payment decisions (Navarro-martinez et al., 2011; Soll, Keeney, & Larrick, 2013). All bills images and different due dates were randomized. The bills images were equal, changing only the due dates between conditions and colors within conditions to reinforce that they are different bills, form different institutions.

To measure the dependent variable, the respondent has to assign the amount of money according to they were decided do pay or to buy between to four options by indicating how much they going to spend on each (from US\$ 0.00 to US\$ 400.00), dragging the bars. The four options (bill 1, bill 2, product and experience) was showed at the same time, with presentation sequence randomized, asking they to drag, as demonstrated in figure 1A. The script followed on the study is available on appendix A1.



**Figure 1A – Experiment Screen**  
Source: The Author 2018

The data collection was fully operational by the online platform Qualtrics, which allows managing all the referred processes of randomization and control of screens seen by the respondents, as well the response duration time, among other data related to the research response process. After dependent variable, the allocation of resources, participants answered the questions related to additional analyses and possible explaining mechanisms.

In order to verify the stimuli comprehension and respondents attention on this study was also performed a manipulation check. First, was checked the participants' self-perception about the difference between experience and material goods. They were asked to classify the offers they have seen (cell phone and concert as a material good or experience on their opinion.), by rating with a 3 points-scale (1 = definitely product; 3 = definitely experience). The second check aims to verify if the respondents perceive differences between the conditions, distinguishing due dates concentrated from dispersed and also the time distance. For that purpose, we ask at the end of the form, with a question with three items about how they perceive the accounts by the due dates as concentrated or dispersed. Were used a 5 points Likert scale (1 = strongly disagree; 5 = strongly agree). To verify the differences between concentrated conditions was asked in an open-ended question which were the due dates they have seen at the study. And finally, demographic data were collected.

### 3.1.3 Results

At this section will be detailed the findings of study 1 and initial findings of about the tests of hypothesis H1a e H1b, as well the manipulations checks.

#### 3.1.3.1 Manipulation Check

The present topic detailed manipulations check related manipulation of independent variable due dates and respondents perception of differences between material goods and experience. Thirty-five people in total failed on these two types of checks are thus excluded from the analysis (detailed later).

#### 3.1.3.1.1. Perceived Difference about Due Dates Presentation

To check the stimuli and the attention of respondents in this study was verified if the manipulation of independent variable were well assessed. Twenty-seven cases were excluded because participants were not able to respond which was the due dates they have seen on the research with an open-ended question and this was considered essential to respond all the questions correctly.

The three items question about participants perception of concentration or dispersion of the bills by the due dates manipulations were reduced in one indicator using factorial analyses ( $\alpha = 0.54$ ). There was an inverse item that was recodify.

As expected, there were significant differences between concentrated and dispersed conditions. The One-Way ANOVA test was significant  $F(2,191) = 4.863$ ,  $p = .009$ . The concentrated close condition "30th/30th consider it as concentrated (M concentrated = 3.18, SD = .45), participant from "15<sup>th</sup>/30<sup>th</sup>" condition, judge it dispersed (M disperse = 2.91, SD = .54), and concentrated and close condition "15<sup>th</sup>/15<sup>th</sup>" did not show statically differences (M concentrated = 3.07, SD = .48). This difference was presented by Tukey HSD post hoc test, and all are significant at the 0,05 level. This suggests that respondents see as a distinct way the bills.

Then, to verify whether the two concentrated conditions can be distinguished, answers to the open-ended question were analyzed. There was not any significant effect and has no interaction with the results. The Levene test of homogeneity of Variances did not present a significant result, suggesting that this differences did not come from the sample.

In this way, the findings suggested that depending on the experimental condition; respondents were able to assessed bills at the same day as concentrated and at different dates as dispersed.

### 3.1.3.1.2. Perceived Difference about Product X Experience

Eight participants were not able to rate the cell phone or concert offer as material goods or experience correctly. Since the comprehension about these two items is essential for the phenomenon investigated in this study, they were thus excluded from the analysis.

### 3.1.3.2. Control Variables

A series of variables were measured as the control to verify if there was any interference in the results. It was thus tested, perceived indebtedness for manipulations, consideration of interest during the decision-making, the degree to which the respondent considered his financial condition, the number of credit cards that the person uses, socioeconomic situation, age, self-efficacy as a personality trait. In addition, other operational controls such as differences between collection groups (classes, courses, and states), realism, the degree of difficulty and involvement in the research were tested. However, none of these variables has influenced the results.

### 3.2.3.4 Main Effects

As the main objective of the present work is to investigate whether there is a main effect of resources management on purchases preferences, we measured all the allocation done by the respondents in order to analyze better the phenomenon. For that reason, it was necessary to verify the findings by steps, since prior research have studied debt management or purchases preferences isolated. In addition, as this work aimed to explore a phenomenon were measured and analyzed specifically all the allocations options. So, in this section will be detailed each dependent variables measured. The Levene test was significant, which suggests that the sample were not homogenous, however considering the main purpose of this study and since the early stage of this studies, this was considered a limitation of the studies but not a reason to completely avoid it.

At the table 1, are demonstrated all the dependent variables that are measured and main findings.

TABLE 1 - DEPENDENT VARIABLES MEASUREMENT (STUDY 1)

DV	F	sig	N	Condition	Mean	Sd
Total Payment (two bills)	(2,191) 36.297	p = .000	60	15 <sup>th</sup> / 15 <sup>th</sup>	529,1333	167,32
			72	15 <sup>th</sup> / 30 <sup>th</sup>	548,8194	164,27
			62	30 <sup>th</sup> / 30 <sup>th</sup>	262,6613	<sup>a</sup> 286,15
Total Buy (prod.+ exp.)	(2,191) 0.253	p = 0.777	60	15 <sup>th</sup> / 15 <sup>th</sup>	170,8667	167,32
			72	15 <sup>th</sup> / 30 <sup>th</sup>	151,1806	164,27
			62	30 <sup>th</sup> / 30 <sup>th</sup>	437,9677	150,15
Spent in Product	(2,191).238	p = 0.789	60	15 <sup>th</sup> / 15 <sup>th</sup>	68,8833	89,84
			72	15 <sup>th</sup> / 30 <sup>th</sup>	68,8333	105,84
			62	30 <sup>th</sup> / 30 <sup>th</sup>	58,8548	83,20
Spent in Experience	(2,191).684	p = 0.506	60	15 <sup>th</sup> / 15 <sup>th</sup>	101,9833	113,63
			72	15 <sup>th</sup> / 30 <sup>th</sup>	82,3472	98,70
			62	30 <sup>th</sup> / 30 <sup>th</sup>	98,1129	97,74
Payment - first bill	(2,191).880	p = 0.416	60	15 <sup>th</sup> / 15 <sup>th</sup>	267,8667	94,85
			72	15 <sup>th</sup> / 30 <sup>th</sup>	253,3611	85,67
			62	30 <sup>th</sup> / 30 <sup>th</sup>	272,8387	86,37
Payment - second bill	(2,191) 2.386	p = 0.095	60	15 <sup>th</sup> / 15 <sup>th</sup>	261,2667	98,41
			72	15 <sup>th</sup> / 30 <sup>th</sup>	295,4583	102,45
			62	30 <sup>th</sup> / 30 <sup>th</sup>	270,1935	78,35

a Different subscript indicate differences between groups at the level of  $p < .05$

Source: The Experiment 1 data (2018)

### 3.1.3.4 The influence of Due Dates presentation on payment

There was the significant main effect on the decision to pay off the two bills showed in a One-Way ANOVA  $F(2,191) = 36.297$ ,  $p = .000$ . Post hoc test Tukey HSD indicated the group differences, such that participants in the concentrated and distant condition "30<sup>th</sup>/30<sup>th</sup>" (M payment = US\$ 262.66, SD = US\$286.15) were significantly less likely to pay the both bills than were participants in the concentrated and close "15<sup>th</sup>/15<sup>th</sup>" (M payment = US\$ 259.13, SD = US\$ 167.32), or dispersed condition "15<sup>th</sup>/30<sup>th</sup>" (M payment = US\$ 548.31, SD = 164.27), Moreover, the other mesures: Individual Balance of Bills Payment , First Bill Payment , Second Bill Payment , there was no significant main effect, as well as

The influence of Due Dates presentation on buy decision in general and for Experiential (vs. material).

### 3.2.3.6 Discussion

The main hypothesis was not confirmed in this study, but as described, this field of research is in the early stages and aims to explore mapping the phenomenon. Even the scope of study of this context is still largely unexplained. Despite has no main effect of due dates on purchases preferences, the payment measured as control show that the debt concentration effect can be attenuated by time distance. Thus, the findings of this first study suggest evidence and paths that can be explored in order to identify explanatory mechanisms and to explore more the trends suggested by the analyzes. Therefore, the hypothesis H2 was corroborated, as for extending that concentration effect was attenuated. The finds demonstrated that due dates concentrated but distant, influenced respondents to pay less the two bills.

Objectively, it can be observed that the experimental condition that received two bills “30<sup>th</sup>/30<sup>th</sup>”, presented lower average payment of credit card bills, which may suggest that even in concentration condition, the temporal distance from respondent could lead an effect attenuation, it could be explained by Construal Level Theory (Fishbach & Dhar, 2005; Tanner, Carlson, Tanner, & Carlson, 2014; Zhang, Huang, & Broniarczyk, 2010) .

In addition, this was the first study to operationalize the debt concentration by manipulating the due dates of the accounts and the result of the manipulation was significant, suggesting then that the concentration of debts can be perceived by the consumer not only by the act of paying the total sum of accounts, or pay multiple accounts at the same time, but also, when considering that they expire together.

Another point to be carefully considered is that if this result is contradictory with current literature, which states that debt concentration increases the motivation to pay off all debts. Another important consideration is that to date; studies have not investigated resource management on debt concentration combined with the possibility of spending.

In order to seek for more evidences we conduct another study in laboratory under more controlled conditions.

### 3.2 Study 2

The study 2 aims to replicate the concentrated x dispersed effect in a more controlled ambient, operationalized similarly, but at this time with self-select desired purchases. To seek more evidence about this phenomenon, and conduct more preliminaries hypothesis tests. In this way, this study has the purpose of extending comprehension about how consumers deliberate about bills payment when they have an option to buy something they want.

Also as Study 1, at this experiment were expected that respondents in concentration condition “15<sup>th</sup>/15<sup>th</sup>” feel more indebted and because of that, they pay more the bills at the dispersed condition. Even having the option to make a purchase, is expected that consumers be more engaged in payment, as explained before.

#### 3.2.1 Participants and design

Participants in this study were 194 undergraduate students from social sciences at two public universities from two Brazilian's states, Minas Gerais and Paraná. They participated in charge of a gift card drawn from respondents who completed all questions to thank for participation. The sample was 54% female and the age average 23 years old (M age = 23.3, SD = 5.4).

The study followed a single-factor with three dimensions (concentrated and close – “15<sup>th</sup>/15<sup>th</sup>”, dispersed – “15<sup>th</sup>/30<sup>th</sup>”, concentrated and distant “30<sup>th</sup>/30<sup>th</sup>”), between-subjects design. The sample distribution is presented in Table 2.

TABLE 2 - SAMPLE DISTRIBUTION (STUDY 1)

Condition	Frequency	%
15 <sup>th</sup> / 15 <sup>th</sup>	53	29.1
15 <sup>th</sup> / 30 <sup>th</sup>	63	24.6



30 <sup>th</sup> / 30 <sup>th</sup>	66	36.3
Total:	182	100%

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Source: The Experiment 2 data (2018)

### 3.2.2 Procedures

Participants were invited to the classroom and who agree were forwarded to the laboratory and oriented to be in silence and pay attention to the instructions on pc screen before starting to respond. This study operationalization was quite similar to Study 1. However, at this time, it is in a more controlled ambient. At the first task, all the participants were asked to describe two purchases that they really want to with an average price on R\$ 300.00 (about US\$ 70.00) and have thought about it in the last months but it did not buy it yet because it is a discretionary purchase (Tully & Eesha, 2017). After the description, they were asked to self-encode the purchases with a 4 points scale (1 = "definitively a product"; 4 = "definitively an experience"). The decision to ask them to think in buys first was based on need to creating more involving a desire in respondents and control the bias of personal preferences or attractiveness of the ads offered (Tully, Hershfield & Meyvis 2015) .

After that, all conditions provided same information that they have to manage an amount of R\$ 500,00 (about US\$ 150.00), in order to pay the bills and also make the purchases they have just described, Then, And at the same screen but randomly assigned to one of the three conditions they have to drag the sliders bars to demonstrating how much they want to designate one of each option. The credit card balance of each bill was R\$ 300.00 (total R\$ 600.00/ US\$ 200.00) and minimum payment R\$ 100.00/ US\$ 50.00. Since they have to think about purchases at the same amount, this task will need respondent to choose which options worth more. All images and values were randomized, the bill was equal, changing only the Due dates between conditions and colors within conditions to reinforce that they are different bills, form different institutions. And the fields designated for their purchases, have an image discriminating that they have to show how much they were going to spend on each. That was also randomized based on previous studies on material and experiential purchases (Tully & Eesha, 2017).

The data collection was fully operational by the online platform Qualtrics, as same as study 1. The characteristics of the bills were based on ads available on the internet and previous works. The script followed on the study is available on appendix A1.

And to measure the dependent variable, the respondent has to allocate the amount of money according to they are decided to pay or to buy between to four options by indicating how much they were going to spend on each. The answer was operationalized by slide bars, showing at the same time, with presentation sequence randomized, asking they to drag to US\$ 0.00 from US\$ 400.00 on each option, as demonstrated in figure 1E. But the sum was constant, which means that it was impossible to designate more money than the mentioned budget.

After dependent variable, allocation resources was measured the control variables. Participants answer the questions related to additional analyses and possible explaining mechanisms.

As at the study 1, the stimuli and respondents attention on this study was checked. Was checked both participants' self-perception about the difference between experience and material goods and about differences between the conditions, distinguishing due dates concentrated from dispersed. The verification of the perception of due dates bill status and differences between conditions was verified with three items about how much they agree that the bills are concentrated/dispersed. They respond with a 5 points Likert scale (1= strongly disagree; 5 = strongly agree)

In an aim to test this hypothesis were used images simulating credit card statements from unknown brands showing all the basic information, as usual, the operationalization was very similar to Study 1.

### 3.2.3 Results

At this section will be detailed the findings of experiment 1 and initial results of hypothesis H1a e H1b, as well the manipulations checks related an independent variable due dates and respondents perception of differences between material goods and experience.

### 3.2.3.1 Manipulation Check

#### 3.2.3.1.1. Perceived Difference about Product X Experience

Eleven respondents have failed on rating their self-selected desired buy. They do to differ correctly one from another (i.e., codify that the experience and product description as the same category), and for that reason were excluded.

#### 3.2.3.1.2. Perceived Difference between Due Dates

Respondents that were able to respond which was de due dates they have seen on the research with an open-ended question are thus excluded from the analysis. The verification of the perception of due dates concentration and differences between conditions was verified with 3 items about how much they agree that the bills are concentrated / dispersed. They respond with a 5 points Likert scale (1= strongly disagree; 5 = strongly agree), then the items were grouped in one new indicator using factorial analyses ( $\alpha = 0.728$ ). There was an inverse item that was recodify.

Next step was conducting the One-Way ANOVA test. As expected, it demonstrated that the independent variable was distinguished between conditions  $F(2,178) = 59.535$ ,  $p = .000$ . The Levene test of homogeneity of Variances did not present a significantly result, suggesting that this differences did not come from the sample. The statistically significance of this differences were demonstrated by Tukey HSD post hoc tests. The respondents consider the "15<sup>th</sup>/30<sup>th</sup>" condition as different from the others and disperse by the due dates ( $M_{\text{dispersed}} = 3.45$ ;  $SD = 0.88$ ) and as concentrated, the "15<sup>th</sup> /15<sup>th</sup>" ( $M_{\text{concentrated}} = 1.93$ ;  $SD = 0.70$ ), and "30<sup>th</sup>/30<sup>th</sup>" ( $M_{\text{concentrated}} = 2.17$ ;  $SD = 0.84$ ).

Although the conditions concentrated and dispersed could be distinguished, the "15<sup>th</sup> /15<sup>th</sup> " and "30<sup>th</sup>/30<sup>th</sup> " has no significant difference. Tukey HSD post hoc tests were  $p = .272$  for these two groups. So to verify if the respondents consider it

as different and pay attention to due dates were asked in an open-ended question which was the two bills they have seen in the study. The results were that 23% of respondents were not precisely on answers but after verification was concluded that it did not interact with the results.

This result suggests that respondents see the bills in distinct ways into three conditions.

#### 3.2.3.2. Control Variables

A series of variables were measured as the control to verify if there was any interference in the results. It was thus tested, perceived indebtedness for manipulations, consideration of interest during the decision-making, the degree to which the respondent considered his financial condition, the number of credit cards that the person uses, socioeconomic situation, age, self-efficacy as a personality trait. Also, other operational controls such as differences between collection groups (classes, courses, and states), realism, the degree of difficulty and involvement in the research were tested. However, none of these variables has influenced the results.

#### 3.2.3.4 Main Effects

As explained, the debt concentration effect has not been demonstrated yet on prior research influence the buying process, for that reason, it was necessary to verify the findings by steps. In this way were measured in a distinct way. Was analyzed how much was paid in each of options (payment only of the first bill, only of the second bill, both, amount spent only in products, only in experience and spent in both). The payments were measured as a control but were necessary to precisely measure the main interest variables of the study: purchases choices. Specifically, because prior work has studied debt management or purchases preferences isolated, this operationalization has to be carefully designed. Also, as this work aims to explore a phenomenon were measured and analyzed each one of the allocations options.

In this sense, were testing whether the bills payment and purchase preferences were influenced by the presentation of due dates. This was tested by

One-Way ANOVA, that shows a significant effect of dates, suggesting participants could be rationalized in different ways depending on the experiential condition they received.

As in the first study, the Levene test remains significantly. However in this study was possible to identify and confront the different groups, but there's no interacting effect comes from this which indicate heterogeneity. Therefore, as detailed before, on the way of seeking evidence that could explain better this phenomenon was decided to maintain the study analyses as possible tendencies to be investigated in future studies.

So, in this section will be detailed each dependent variables measured, at table 4, are demonstrated all the dependent variables that are measured and main findings of Study 2.

TABLE 4 - DEPENDENT VARIABLES MEASUREMENT (STUDY 2)

DV	F	sig	N	Condition	Mean	Sd
Total Payment	(2,179) 2.835	p = 0.61	53	15 <sup>th</sup> / 15 <sup>th</sup>	446,3396	<sup>a</sup> 83,45
			63	15 <sup>th</sup> / 30 <sup>th</sup>	402,1429	111,50
			66	30 <sup>th</sup> / 30 <sup>th</sup>	414,6212	105,31
Total Buy	(2,179)2.835	p = 0.61	53	15 <sup>th</sup> / 15 <sup>th</sup>	53,6604	<sup>a</sup> 83,45
			63	15 <sup>th</sup> / 30 <sup>th</sup>	97,8571	111,50
			66	30 <sup>th</sup> / 30 <sup>th</sup>	85,3788	105,31
Spent in Product	(2,179)2.956	p = 0.55	53	15 <sup>th</sup> / 15 <sup>th</sup>	20,1321	<sup>a</sup> 37,31
			63	15 <sup>th</sup> / 30 <sup>th</sup>	44,4921	67,16
			66	30 <sup>th</sup> / 30 <sup>th</sup>	29,5758	53,10

			53	15 <sup>th</sup> / 15 <sup>th</sup>	33,5283	53,57
Spent in Experience	(2,179)1.515	p = 0.223	63	15 <sup>th</sup> / 30 <sup>th</sup>	53,3651	76,93
			66	30 <sup>th</sup> / 30 <sup>th</sup>	55,803	86,05
<hr/>						
			53	15 <sup>th</sup> / 15 <sup>th</sup>	205,962 <sub>3</sub>	55,31
Payment of first bill	(2,179)5.605	p = 0.004	63	15 <sup>th</sup> / 30 <sup>th</sup>	242,492 <sub>1</sub>	<sup>a</sup> 76,47
			66	30 <sup>th</sup> / 30 <sup>th</sup>	205,575 <sub>8</sub>	75,08
<hr/>						
			53	15 <sup>th</sup> / 15 <sup>th</sup>	240,377 <sub>4</sub>	59,59
Payment of second bill	(2,179)20.384	p = 0.000	63	15 <sup>th</sup> / 30 <sup>th</sup>	159,650 <sub>8</sub>	73,57
			66	30 <sup>th</sup> / 30 <sup>th</sup>	209,045 <sub>5</sub>	71,48

a Different subscripts indicates differences between groups at the level of  $p < .05$

Source: The Experiment 2 data (2018)

### 3.2.3.4.1 The influence of Due Dates presentation on payment

#### 3.2.3.4.1.1 Payment of Two Bills Balance

There was a marginally significant main effect on decision to pay off the two bills  $F(2,179) = 2,835$ ,  $p = .061$ , suggesting that participants in the concentrated and close condition “15<sup>th</sup> / 15<sup>th</sup>” were more likely to pay more the bills ( $M_{\text{payment}} = \text{R\$ } 446.33$ ,  $SD = \text{R\$ } 83.45$ ), than participants in the concentrated and distant condition “30<sup>th</sup> / 30<sup>th</sup>” ( $M_{\text{payment}} = \text{R\$ } 414.62$ ,  $SD = \text{US\$ } 105.31$ ) or dispersed condition “15<sup>th</sup> / 30<sup>th</sup>” ( $M_{\text{payment}} = \text{R\$ } 402.14$ ,  $SD = \text{US\$ } 111.50$ ) such Tukey HSD post hoc show means differences confirmation. In addition, the others variables measured as

control, has significant effect for First Bill Payment ,  $F(2,179) = 5.605$ ,  $p = .004$  and Second Bill Payment  $F(2,179) = 20.384$ ,  $p = .000$ . The figure 2 illustrate the results.

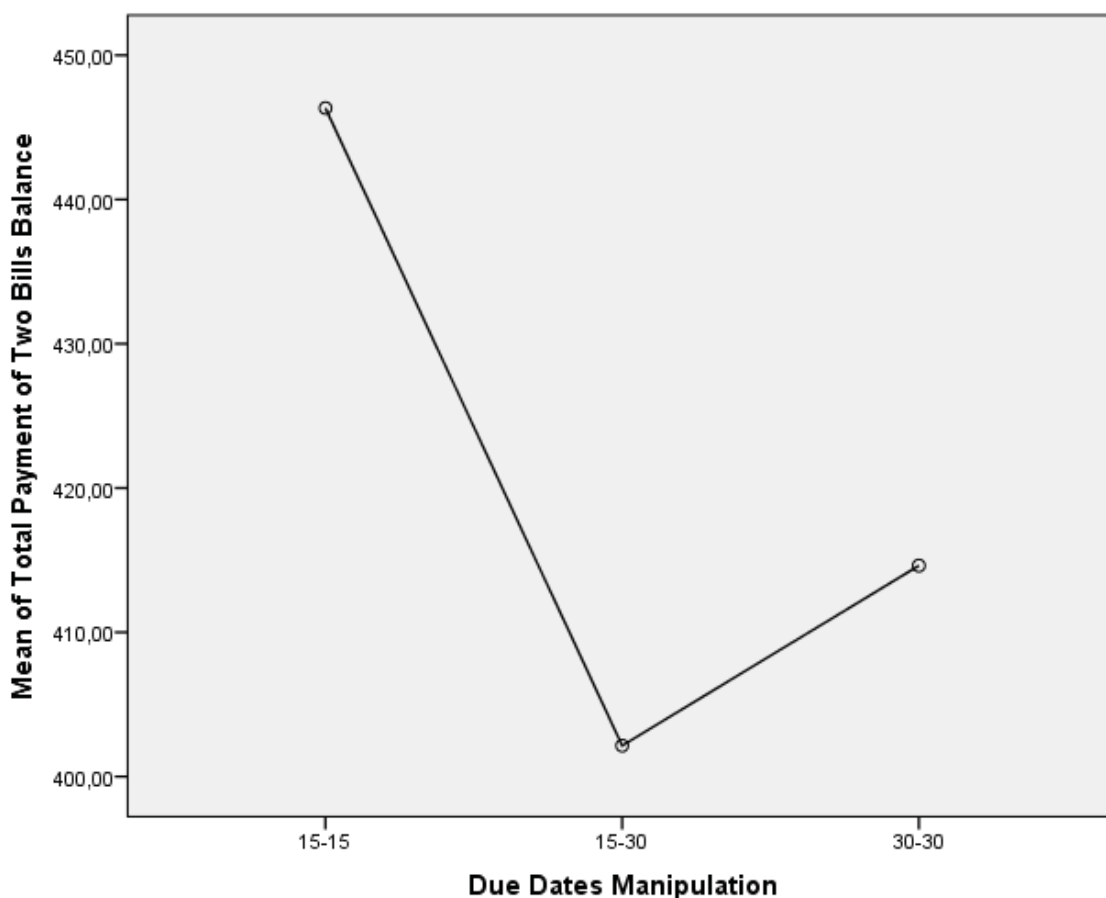


Figure 2 – Payment of Two Bills Balance  
Source: The Author 2018

### 3.2.3.5.2 Material Purchase

The main effect of due dates presentation on decision to buy a product was marginally significant  $F(2,179) = 2,956$ ,  $p = .055$  at One Way ANOVA test, an Tukey HSD post hoc tests suggesting that participants in the concentrated and close condition “15<sup>th</sup> /15<sup>th</sup>” were more likely to buy a product  $M_{\text{payment}} = \text{R\$ } 20.12$ ,  $SD = \text{R\$ } 37,31$ , than participants in the concentrated and distant condition “30<sup>th</sup>/30<sup>th</sup>” ( $M$

payment = R\$ 29.57, SD = R\$53.10) or dispersed condition “15<sup>th</sup>/30<sup>th</sup>” ( $M_{\text{payment}} = \text{R\$ } 44.49$ , SD = R\$ 67.16)

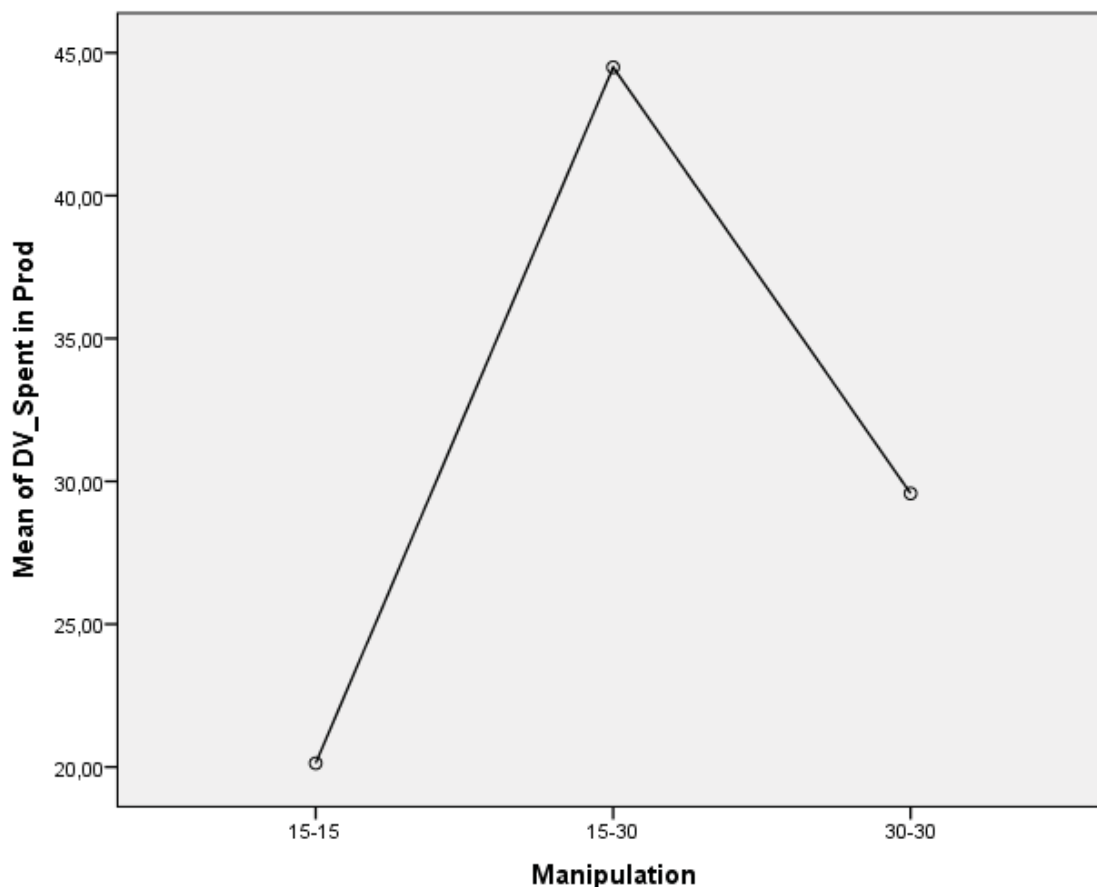


Figure 2 – Preference for *Material Purchase*  
Source: The Author 2018

### 3.2.3.7 Discussion

In this study, it was replicated that the respondents identify the accounts concentrated by the presentation of the same payment due dates.

The suggested concentrated-versus-dispersed effect can be considered consistent with that presented in the previous study since in the first study a significant difference was found in the 30<sup>th</sup>/30<sup>th</sup> group against to the 15<sup>th</sup>/30<sup>th</sup> and at present study; the 15<sup>th</sup>/30<sup>th</sup> group suggests that may be significantly different from the other two conditions.

In addition, a possible result found in this study is different from the previous study, however, they are not opposites but complementary. Condition 15<sup>th</sup>/30<sup>th</sup> had a marginal result suggesting a tendency to make more purchases of products, and



condition 15<sup>th</sup>/15<sup>th</sup> engaged in paying bills more, what occurs in the previous study is that condition 30<sup>th</sup>/30<sup>th</sup> is the one with significant differences, showing that respondents pay less.

Finally, condition 15<sup>th</sup>/30<sup>th</sup> provides evidence that a product-choice trend is consistent with the literature stating that dispersed accounts engage the consumer less in the action of getting out of the debt. Although the hypothesis is that this condition would lead to the preference for experience, in a general context, the literature states that the feeling of financial constraint may lead consumers to opt for material goods. This is because in this case, consumers tend to prioritize the longevity of the purchase.

#### 4. General Discussion

The studies 1 and 2 presented results that partially corroborate the proposed hypotheses. The debt concentration can shifts the consumer preference for material goods purchases. Likewise, dispersed condition lead consumers to be less willing to repay their debts and make purchases.

The debt concentration effect on payment decisions demonstrated is already established by prior research (Amar et al 2016; Kettle & Blanchard 2016) Studies on this scenario confirmed by the present results shows that concentration of bills is helpful to keep consumer spending less. Although the repayment decision has been measured just as a control, it is part of the finds, because confirm current finds at this theory on this area. Conversely, were find that the concentration effect can be attenuated by time distance, as explained by CLT, that psychological distance influence consumers decisions, specifically economic decisions.

Therefore, for another's conditions with have no spendings on purchases, can be also for the same approach considering that the consumers invests better. These results are also congruent for dispersed condition. On present research was find that dispersed lead consumer to pay less the bills or feel more able to make a purchase, even without enough money to repay the balance.

There was a consistent find of concentration effect perceived by due dates that were replicated on two studies confirming, therefore, the hypothesis H1b. Likewise, the bills payment measure as control presented results congruent with the literature on debt management. The conditions with same due dates repay more credit card balances than dispersed due date conditions.

In study 1, the prediction about purchases preferences was not confirmed. It can be explained by the nature of context related to a debt management which lead consumers try to avoid discretionary purchases (Tully, Hershfield & Meyvis 2015). Despite has no main effect of due dates on purchases preferences, the payment measured as control show that the debt concentration effect can be attenuated by time distance. Even the concentrated and close condition (15<sup>th</sup>/15<sup>th</sup>) did not presented effect on payment, the result of concentrated and distant was relevant, presenting an opposite result.

Because of the nature of the decision examined in this work, it is necessary to analyze in light of Construal Level Theory (CLT) which state that psychological distance can shift the consumer decision. The Construal Level Theory proposes that there is a mental representation corresponding to the distance psychological distance from the individual about another individual, object or event (Trope e Liberman 2003,2010). Moreover, the In a complementary way, the psychological distance is defined as the subjective perception how far the individual is from the future question about its present state (Liberman and Trope 2007, 2014). In addition, such perception of people's distance from objects, events or other persons may occur through several cognitive processes, resulting in different forms of dimensionality of this space, and can be treated by hypothetical (uncertain vs. certain), social (you vs. me, them vs. us), spatial (there vs. here) and temporal distance (today vs. future), as investigated in the present study. This occurs because individuals try to infer all the information about a given issue to which they feel distant. Therefore they use imagination to fill the lack of knowledge and fill the intangible or incomplete portion of details for their conclusions.

Thus, the impossibility of using one's senses to evaluate an event, person or object close to the person in the present, leads to constructing images of approximations based on his repertoire and partial interpretations (Ledgerwood, Trope, and Liberman 2008; Trope and Liberman 2010).

These different levels can also change as there is greater availability of information from the abstract to the concrete (Ledgerwood, Trope, and Liberman 2008).

The study showed a contrary result to that proposed in the literature and it is argued that CLT should interact with the decision process, since the due dates were presented to respondents with different time distances. This prediction is based on an argument which suggests that for general and specifically financial planning, the construct level influences payment decisions. Regarding engagement and goals, previous research has demonstrated that the more concrete the visualization of a goal, the greater is the chance of consumer achieve it. For example, if a person thinks of 'slimming down fast,' the information regarding this goal is abstract. On the other hand, if someone defines that they want to lose one kilo within two weeks, the goal becomes clearer, need to be taken (Kruglanski, & Higgins, 2013). SUGesting that

More specifically, according this theory a consumer thinks of paying their credit card bills at the end of the month, it is more abstract than paying the bill in full today, or eliminating an account today and partially paying another instead of dividing the resources equally. Still, in this process, the consumer can be uncertain as to the possibility of being able to pay the accounts that present themselves distant even for fear of spending the money.

This association of theories is justified because keeping the due dates on the same day or even close to the day of salary is a strategy commonly cited by people as useful to help pay bills better and is directly linked to this construction of reality. Such an association is consistent with the brief discussion presented, where studies have shown that concentration influences consumers to become more engaged in paying their bills. It is stressed in this study that the mechanisms that work in this scenario are associated with a goal approach, which in turn is strongly influenced by the CLT. Mainly by the goal pursuit approach, the division of large goals into sub-goals, and focus (commitment x progress). All of these approaches consider at some level issues related to the level of abstraction about the process of reaching the goal, as affirmed in CLT research and achievement of goals (Kruglanski, & Higgins, 2013).

Conversely, these finds are consistent when analyzed under the CLT. As argued, the psychological distance (time, place, hypothetical) of people, events or objects change the type of decision depending on the abstraction level considered high or low. That is, accounts closer to respondents denote a more concrete scenario. On the other hand, distant accounts influence consumers to be less engaged in full payment of bills. In this sense, the high construal-level caused by time distance leads consumers to allocate less resource to the payment of these accounts, even when concentrated. We find, therefore, that concentration effect has conditions to occurs, as demonstrated that bills with due dates more distant, even concentrated lead them to pay less their debts.

Study 2 partially confirmed the hypothesis H1a, that concentration strategy shifts consumer's preference for material goods whereas dispersion leads to an experiential purchase. The results demonstrated that dispersed bills lead consumers to pay less the bills on average (measured as control), predicted by debt management (Amar et al 2016; Kettle & Blanchard 2016). Consequently, consumers feel more able to make purchases, representing in this case an abandonment of goal, as stated by goal pursuit theory (Locke, Latham, and Erez 1988).

However, there is an inconsistent result. This body of research also demonstrated that extend the people feel that the tasks are accomplished, they tend to indulge. This licensing often occurs with experiences instead of material goods (Kivetz & Simonson 2002; Van Boven 2005). Instead, the finds demonstrated that on dispersed context there is a tendency to make more purchases, but of material goods. The preference for material good on dispersed condition demonstrated is consistent with current literature. Despite the main hypothesis were partially reject (the prediction was that debt concentration lead to material goods purchases while dispersed lead to experiential purchases), in a wide approach, studies has shown limitations of resources cause this effect ( e.g. Tully, Hershfield & Meyvis 2015; Tully & Eesha, 2017).

Furthermore, due to early stages of this research were testing many aspects not demonstrated yet in the literature. Because of this, this research focus remained

directed to the phenomenon more than to the explaining mechanisms. And that's why, it is believed that the results, even if not robust from the statistical point of view, can be taken as evidence and trends related to consumer behaviors, which could be explored on future researches.

The condition concentrated close 15<sup>th</sup>/15<sup>th</sup> presented a consistent effect on repayment, but in this study were not significant on purchases. Despite these results did not confirm the hypothesis. it is congruent with indebtedness literature, which states that concentration helps to organize the accounts. Furthermore, it is important to reinforce that showed scenario has not enough to repay completely the bills. But the others conditions that did not present significantly result, could be verified in a situation with more bills. As early stage of this research were used only two.

Other aspect to be considered is related to products and experiences used on experiments. All situations were designed based on prior studies, as demonstrated. However, the attractiveness of the buy or currently situation and preferences of respondents could interfere. To attenuate this possibility all the conditions and participants were randomly assigned and this characteristics can be consider distributed on conditions.

Finally, the two studies were conduct in different countries, for that reason is considered that economics characteristics could lead respondents to consider some peculiar aspects in order to make the decision. For example, pay day, interest rates, installments can make consumer more flexible and consequently less willing to pay the all the credit card balance.

## 5 FINAL CONSIDERATIONS

In the present study is purposed that debt concentration strategy it is study considering purchases options. In order to fulfill this objective was proposed to test these predictions, with two experimental studies. In Study 1, investigate if concentrated (vs. dispersed) due dates influence the preference for material purchases (vs. experiential), the main find was that condition concentrated and distant (30<sup>th</sup>/30<sup>th</sup>) paid significantly less the bills. And Study 2, partially replicate a

consistent effect in conditions more controlled, and the results marginally significant was that consumer in dispersed condition (15<sup>th</sup>/30<sup>th</sup>), spent more, however not with experiences as predicted, but with material goods. The finds and limitations are discussed and an agenda it is proposed.

And finally, this research provides evidence to help consumers attenuate preferences that sometimes can lead poor financial decisions by bad management of credit card bills.

## 5.1 Theoretical Contributions

Recent research has emphasized the importance to examine and comprehend better the reasons why consumer easily gets indebted. This effort has been reinforced and encouraged because of many implications, First, for consumers well-being and economy, second because this field of study, compared to others in consumer behavior have a reduced number of researches (Mick et al., 2012). In this way, this research aimed to associate theories that remains with gaps uncovered or have no consensus about some aspects of consumer behavior.

Thus, present research contributes in different ways. For debt management literature there are some insights provided, as to identify that consumer deal with multiple bills based on due dates, as demonstrated considering as concentrated or dispersed. Until now, the concentration effect was only investigated by number of accounts or the amount of repayment. However, despite of the proposition of a new consumer perspective about debt concentration, were also found a contradiction: an attenuation of concentrated effect by time distance. This provides new characteristics and conditional process for this effect occurs, suggesting other point of view by Construal Level Theory approach.

Specifically, for credit cards literature presented a new perspective about debt repayment and allocation decisions. Demonstrated that consumers consider the credit card payment flexibility to leave bills unpaid when money it is not enough to quit the accounts.

Furthermore, suggest more external factors which can shifts purchases preferences for product instead of experiences. To date, less is known about how debts management can influence this relation. Moreover, this two sides, “debt management” and “purchases preferences” has been explored individually on prior researches. In this way, one of the contributions it is to verify resources allocations considering at the same time, repayment and buying process.

## 5.2 Practical Contributions

The consumer well-being is strongly associated to financial health, specifically because of credit cards issue ( Mick et al., 2012). In addition, purchases preferences like material goods or experiential are related to happiness (Nicolao et al 2009). For that reason, mainly, this classic trade-off deserves attention. Consumer frequently made some mistakes while taking decisions, and comprehend this phenomenon is helpful. This research helps the consumer to comprehend that some purchases could be influenced by debt management. Furthermore, the repayment decisions including their motivation about getting out debts, it is related to this. It is helpful to increase a conscientious consume and better practices to deal with debts. This study investigates a very practical issue, due dates, in this sense can help with a simple solution for a complex problem.

This research also helps institutions like banks to comprehend better their consumer. The borrowing behavior and aspects that influence consumers to pay more quickly the debts or alternatives that can help to do so.

Finally, for the studies about purchase preferences bring light to one more external factor that could interact with consumer decisions, and help to propose new factors which can influence the phenomenon like debt concentration to comprehend better the influence of credit card bills due dates and purchases preferences.

## 5.3 Study Limitations

This study has some limitations. The first one is related to the nature of the research. As it is the first time that this main effect is being proposed, the operationalization of the same one demanded much effort and attention the instrumental questions. Part of the results had not so robust statistical data, this can be attributed to the nature of the measure that incurs difficulty in analyzing the results due to the very high standard deviation and still large amount of degrees of freedom. It is even believed that this study provides evidence and trends that can be explored, even though they have not presented significant results by virtue of these instrumental issues.

About the statements, the number of bills in this study were reduced because of the early stage, but it could be tested with grater quantity in order to verify if the effect will intensify represent better the perception the bills as a discrete goals.

In this way, the trade of between offer o opportunity to buy something is present in this research. Maybe consumers' background, preferences or prices anchor can interact with their preferences. Conversely, the economy characteristics of the country, as conducted studies in Brazil and USA, references for interesting rates could interact with results of study 1 and study 2.

#### 5.4 Future Researches

For future research it is suggested to seek the replication of the main results in more precise studies with more robust results from the statistical point of view. In addition, it can be verified which explanatory mechanisms act in this context, as well as alternative explanations for the hypotheses that do not show corroborated.

There are also other mechanisms that can interact with these results that are worth checking, such as the degree of interchangeability of purchases made in studies, as well as purchases attributes. Personality traits that could influence such decisions as well as self-control and self-efficacy, and also self-conscious emotions such as regret. It can be verified if there is influence vies of optimism or financial literacy,



These effects can also be verified in other contexts with other types of accounts besides the credit card, and finally a field study or physical simulation can be performed in the laboratory testing, therefore, different scenarios.

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## APPENDIX A1 – STUDY 1 SCRIPT

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### **“ Welcome to the research study!**

The following information is provided to you as part of the university’s program for ensuring that academic research is conducted in a safe and ethical manner. Please read this consent document carefully before you decide to participate in this study.

#### **Purpose of the research study:**

This survey is related to your purchase preferences.

#### **What you will be asked to do in the study:**

You will be answering questions pertaining to your behavior as a consumer.

#### **Time required:**

The study will last about 5 to 8 minutes.

#### **Risks:**

We do not anticipate any risks associated with your participation.

#### **Confidentiality:**

Your identity will be kept confidential as required by law. Your name will be separated from your data, and all data will be reported in aggregate form (e.g., averages). Your name or code will not be used in any report.

#### **Whom to contact if you have questions about the study:**

Denise Gabriela Rodrigues. Business Department. Federal University of Parana. 632, Lothario Meissner Ave. Curitiba – PR – Brazil – 80.240.210

#### **Whom to contact about your rights in the study:**

Graduate Program in Business. Business Department. Federal University of Parana. 632, Lothario Meissner Ave. Curitiba – PR – Brazil – 80.240.210 “

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“ We’re interested in your opinion about financial management and purchases. Just try to respond sincerely with your perceptions about each question that will be presented to you.

Please press the continue button.”

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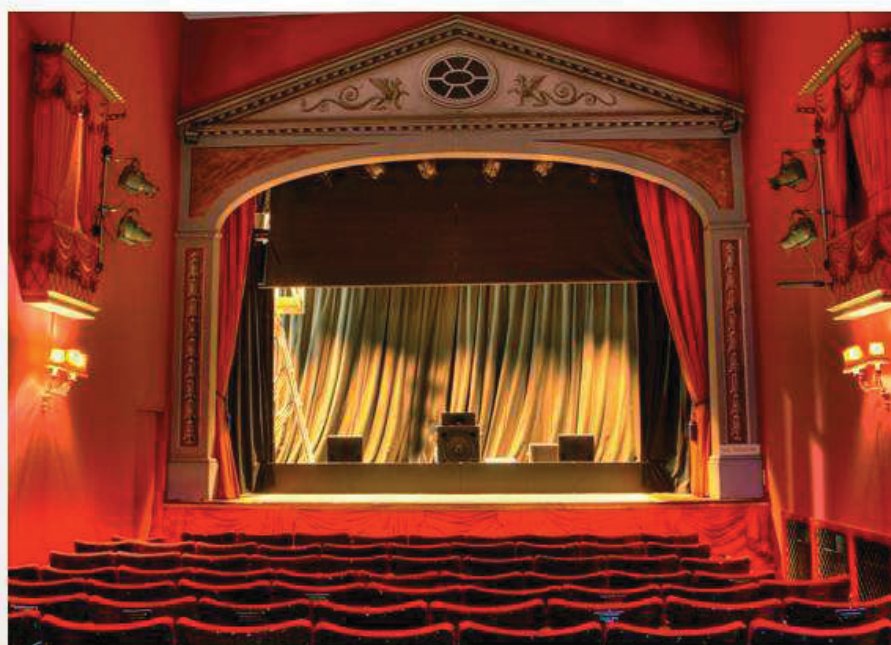
Please imagine that today you are thinking about how you are going to pay your two credit card bills and you've received the following e-mail offers.

---

**Please carefully read the ads below and check the boxes when you're done.**




## **AMAZING CONCERT AND PRESENTATION**




**OFFER!**

Order all the cell phones with customization!!



All the cell phones and accessories customized.

+



Now, consider the following situation:

Today is the 15th and you have the amount of U\$ 700.00 to pay both your credit card bills and also get the e-mail offers.

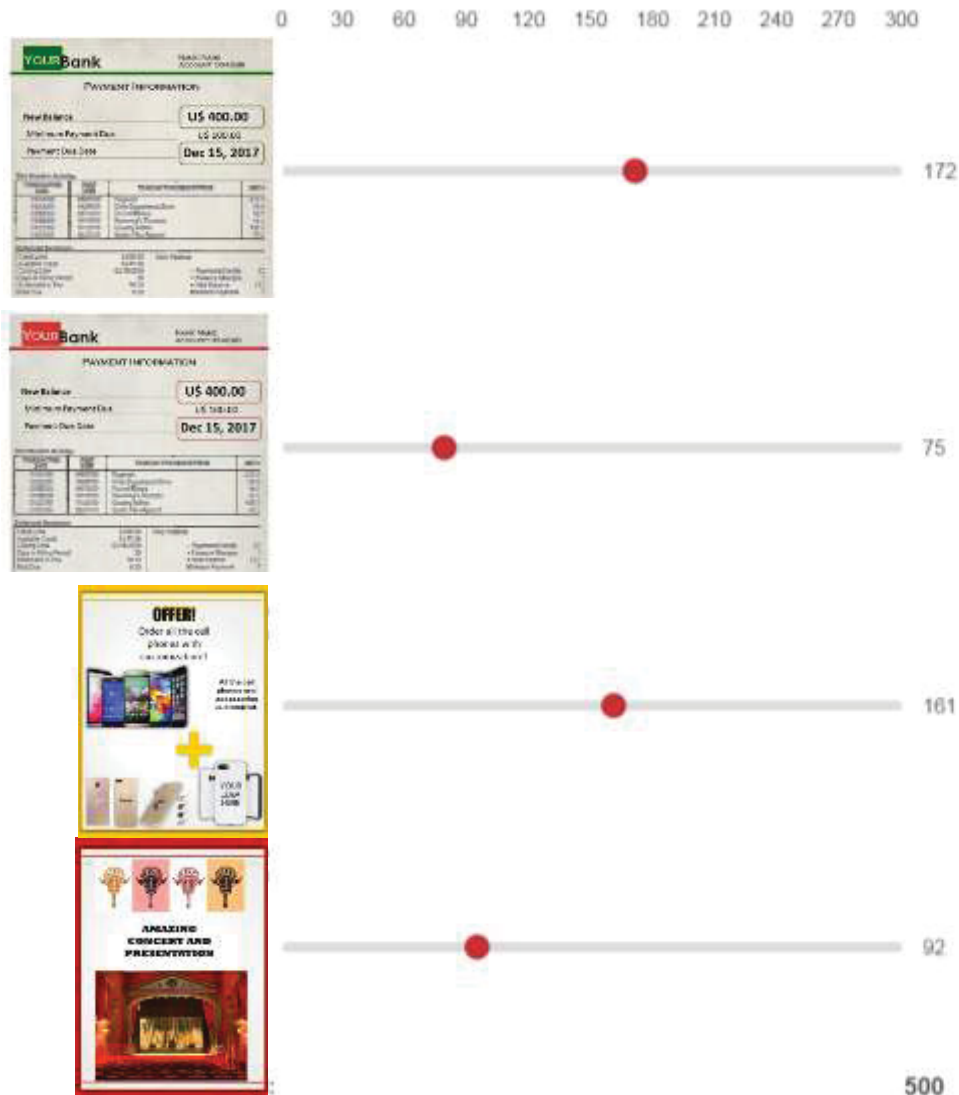
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Today is the 15<sup>th</sup>



Credit Card Bill 1	Credit Card Bill 2	Concert	Cell Phone
Due Date: 15th	Due Date: 15th	Available Today!	Available Today!

Please, drag the sliders below and choose how much money you would allocate on each option.



**YOUR**Bank

NAME: NAME  
ACCOUNT: 0542-98

## CREDIT CARD STATEMENT

ACCOUNT NUMBER 1234-567-890	NAME Jane Doe	STATEMENT DATE 01/15/09	PAYMENT DUE DATE 02/01/09
CREDIT LIMIT \$5,000.00	CREDIT AVAILABLE \$3,477.08	NEW BALANCE \$1,522.02	MINIMUM PAYMENT \$76.10

### This Month's Activity

TRANSACTION DATE	POST DATE	TRANSACTION DESCRIPTION	AMOUNT
01/01/09	01/01/09	Payment	-250.5
01/05/09	01/05/09	Red Department Store	88.0
01/10/09	01/10/09	Record Mart	18.0
01/18/09	01/18/09	Santony's Pizzeria	15.5
01/23/09	01/23/09	Country Airline	100.0
01/25/09	01/27/09	Sports Plus Apparel	-77.2

### Statement Summary

Credit Limit	\$5,000.00	Daily Balance	
Available Credit	\$3,477.08		
Closing Date	02/15/2009	- Payments/Credits	32
Days in Billing Period	30	+ Finance Charges	1
Scheduled to Pay	76.10	+ New Balance	152
Past Due	0.00	Minimum Payment	7



**YOUR Bank**NAME: NAME  
ACCOUNT: 0542-98**CREDIT CARD STATEMENT**

ACCOUNT NUMBER 1234-567-890	NAME Jane Doe	STATEMENT DATE 01/01/09	PAYMENT DUE DATE 02/06/09
CREDIT LIMIT \$5,000.00	CREDIT AVAILABLE \$3,477.08	NEW BALANCE \$1,522.00	MINIMUM PAYMENT \$76.10

**This Month's Activity**

TRANSACTION DATE	POST DATE	TRANSACTION DESCRIPTION	AMOUNT
01/01/09	01/01/09	Payment	-150.0
01/03/09	01/03/09	Reds Department Store	88.0
01/05/09	01/05/09	Record Mania	16.0
01/08/09	01/08/09	Savenny's Pizzeria	15.5
01/20/09	01/20/09	Country Airline	100.0
01/25/09	01/27/09	Sports Plus Apparel	-77.2

**Statement Summary**

Credit Limit	5,000.00	Daily Balance	
Available Credit	3,477.08		
Closing Date	02/16/2009	- Payments/Credits	32
Days in Billing Period	30	+ Finance Charges	1
Scheduled to Pay	76.10	+ New Balance	1,522
Post Due	0.00	Minimum Payment	7

Now, please answer the following questions.

---

Interchang Please, rate the **Cell Phone** offer.

	1 (0)	2 (1)	3 (2)	4 (3)	
Irreplaceable (1)	-	-	-	-	Replaceble
Unique (2)	-	-	-	-	Ordinary
Common (3)	-	-	-	-	Rare

Interchang Please, rate the **Concert** offer.

	1 (0)	2 (1)	3 (2)	4 (3)	
Irreplaceable (1)	-	-	-	-	Replaceble
Unique (2)	-	-	-	-	Ordinary
Common (3)	-	-	-	-	Rare

Which situation would make you feel more regret?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Taking the <b>Cell Phone</b> offer (1)	-	-	-	-	-	-	Missing the opportunity to take the <b>Cell Phone</b> offer



Which situation would make you feel more regretted?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Taking the <b>Concert</b> offer (1)	-	-	-	-	-	-	Missing the opportunity to take the <b>Concert</b> offer

In which situation would the feeling of regret be stronger?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Buying the Concert Ticket (1)	-	-	-	-	-	-	Not buying the Concert Ticket
Buying the Cell Phone (2)	-	-	-	-	-	-	Not Buying the Cell Phone
Paying all credit card balance (3)	-	-	-	-	-	-	Missing a great offer
Taking an great offer (4)	-	-	-	-	-	-	Leaving credit card balance behind

Considering the scenario of this study, please answer the following questions:

	Extremely urgent (1)	Slightly urgent (2)	Moderately urgent (3)	Not very Urgent (4)	Not at all Urgent (5)
How much would you feel urgency to pay the bills (1)	-	-	-	-	-
	Extremely important (1)	Slightly important (2)	Moderately important (3)	Not Very Important (4)	Not at all Important (5)
How much would you feel that it is important to pay the bills on totally (1)	-	-	-	-	-
.					
	Extremely Constrained (1)	Slightly Constrained (2)	Moderately Constrained (3)	Not Very Constrained (4)	Not at all Constrained (5)
How much would you feel financial constrained (1)	-	-	-	-	-

-----

How would you describe...

	Very indebted (1)	Slightly indebted (2)	Moderately (3)	Not Very indebted (4)	Not very indebted at all (5)
this financial situation (1)	-	-	-	-	-
a person with similar financial situation (2)	-	-	-	-	-
To not have enough money to completely pay the balance (3)	-	-	-	-	-
a person who use the money to buy instead of pay the bill (4)	-	-	-	-	-

Have you considered which of the two purchases would last longer?

	1 (0)	2 (1)	3 (2)	4 (3)	
Not at all (1)	-	-	-	-	Very much

If you could only buy one of this two offers which would be?

- Concert (1)
- Cell Phone (2)

Why?

---

Please, indicate how the offers compared on price:

- experience is cheaper (1)
- they are similar in price (2)
- material good is cheaper (3)

How much a **Concert** (like presented) cost an average?

---

How much would you be willing to pay for a **Concert** like that?

---

How much a **Cell Phone** (like presented) cost an average?

---

How much would you be willing to pay for a **Cell Phone** like that?

---

Cost aside, how desirable would this **Concert** be to your average friends?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

---

How much would they enjoy it?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

Cost aside, how desirable would this **Cell Phone** be to your average friends?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

How much would they enjoy it?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

Which bill did you pay more?

Why?

How many credit cards do you hold?

How difficult was it to understand what was asked?

- Extremely difficult (1)
- Somewhat difficult (2)
- Neither easy (3)
- nor difficult (4)
- Somewhat easy (5)
- Extremely easy (6)

How much did you feel involved in responding to this questions?

- Not at all involved (1)
- Slightly involved (2)
- Moderately involved (3)
- Very involved (4)
- Extremely involved (5)

Check Which were the due dates of the bills that did you see in this study?

Please, demonstrate how much do you agree with the statements

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
By the due dates I consider these accounts assembled. (1)	-	-	-	-	-
As presented I perceive this bills as grouped. (2)	-	-	-	-	-
By the due dates I understand that these bills are distributed along of the month. (3)	-	-	-	-	-

Please, rate the offers presented as material good or an experience

	Concert			
	1 (0)	2 (1)		
material good (1)	-	-	-	experience

Please, rate the offers presented as material good or an experience

	Cell Phone			
	1 (0)	2 (1)		
material good (1)	-	-	-	experience

About yourself

Your gender

- Male (1)
- Female (2)

Your age \_\_\_\_\_

Your ethnicity

- White (1)
- Black or African American (2)
- American Indian or Alaska Native (3)
- Asian (4)
- Native Hawaiian or Pacific Islander (5)
- Other (6)

Your income (year)

- Less than \$10,000 (1)
- \$10,000 - \$19,999 (2)
- \$20,000 - \$29,999 (3)
- \$30,000 - \$39,999 (4)
- \$40,000 - \$49,999 (5)
- \$50,000 - \$59,999 (6)
- \$60,000 - \$69,999 (7)
- \$70,000 - \$79,999 (8)
- \$80,000 - \$89,999 (9)
- \$90,000 - \$99,999 (10)
- \$100,000 - \$149,999 (11)
- More than \$150,000 (12)

Your employment status

- Employed full time (1)
- Employed part time (2)
- Unemployed looking for work (3)
- Unemployed not looking for work (4)
- Retired (5)
- Student (6)
- Disabled (7)

Please make note of the following 8-digit code. It is unique code generated by the system. You will input it through Mechanical Turk to indicate your completion of the study.

Then click "Next" on the bottom of the page to submit your answers.  
You will not receive credit unless you click "Next".

DGR\${rand://int/10000:99999}

---

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You will be answering questions pertaining to your behavior as a consumer.

**Time required:**

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**Risks:**

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**Confidentiality:**

Your identity will be kept confidential as required by law. Your name will be separated from your data, and all data will be reported in aggregate form (e.g., averages). Your name or code will not be used in any report.

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**Whom to contact about your rights in the study:**

Graduate Program in Business. Business Department. Federal University of Parana. 632, Lothario Meissner Ave. Curitiba – PR – Brazil – 80.240.210 “

---

“ We’re interested in your opinion about financial management and purchases. Just try to respond sincerely with your perceptions about each question that will be presented to you.

Please press the continue button.”

---





## Produtos

“Please, imagine one purchase of material good that you are thinking to do, and described it. Material purchase is tangible and you can keep it with you. (i.e, watch, jacket, bag)



## Experiência

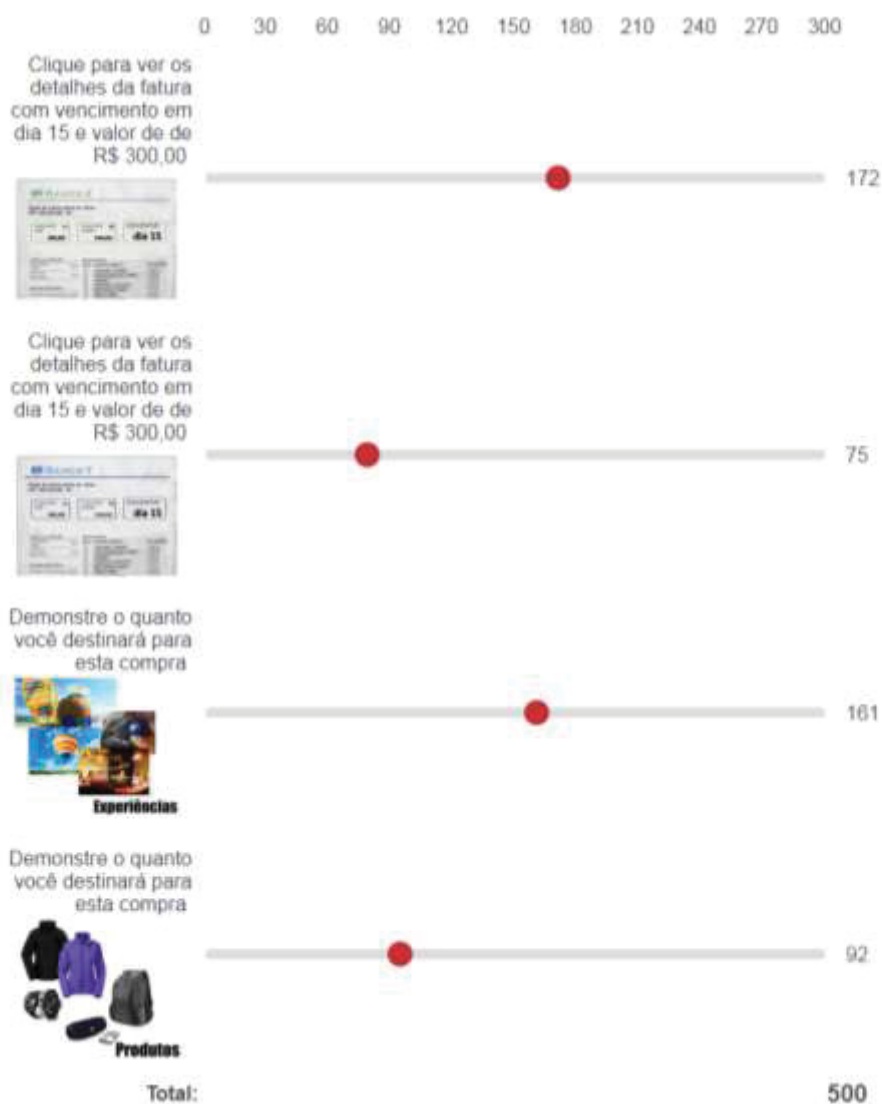
“Please, imagine one purchase of one experience that you are thinking to do, and described it. Experiential purchase is intangible and you can only leave the situation, not keep it with you. (i.e, movie theater, special dinner, concert)

Now, please consider the following situation:

Today is the 15<sup>th</sup> and you have the amount of R\$ 500.00 to pay both your credit card bills and also make the purchases. Please, pay attention to due dates.



Please, drag the sliders below and choose how much money you would allocate on each option.



**BANCO X**

Titular da Conta: Nome do Titular  
CPF: 000.000.000 - 00

pagamento total R\$ **300,00**

pagamento mínimo R\$ **100,00**

vencimento **dia 15**

Saldo de crédito		Movimentações		
	VALOR	DATA	ESTABELECIMENTO	VALOR EM R\$
Saldo inicial	100,00	15	Banco X - Crédito	1.000,00
Saldo atual	100,00	20	Banco X - Débito	1.000,00
Saldo atual	100,00	25	Banco X - Crédito	1.000,00
Saldo atual	100,00	30	Banco X - Débito	1.000,00
Saldo atual	100,00	31	Banco X - Crédito	1.000,00
Saldo atual	100,00	31	Banco X - Débito	1.000,00
Saldo atual	100,00	31	Banco X - Crédito	1.000,00
Saldo atual	100,00	31	Banco X - Débito	1.000,00

**BANCO Y**

Titular da Conta: Nome do Titular  
CPF: 000.000.000 - 00

pagamento total R\$ **300,00**

pagamento mínimo R\$ **100,00**

vencimento **dia 15**

Saldo de crédito		Movimentações		
	VALOR	DATA	ESTABELECIMENTO	VALOR EM R\$
Saldo inicial	100,00	15	Banco Y - Crédito	1.000,00
Saldo atual	100,00	20	Banco Y - Débito	1.000,00
Saldo atual	100,00	25	Banco Y - Crédito	1.000,00
Saldo atual	100,00	30	Banco Y - Débito	1.000,00
Saldo atual	100,00	31	Banco Y - Crédito	1.000,00
Saldo atual	100,00	31	Banco Y - Débito	1.000,00
Saldo atual	100,00	31	Banco Y - Crédito	1.000,00
Saldo atual	100,00	31	Banco Y - Débito	1.000,00

Now, please answer the following questions.

Interchang Please, rate the **Cell Phone** offer.

	1 (0)	2 (1)	3 (2)	4 (3)	
Irreplaceable (1)	-	-	-	-	Replaceable
Unique (2)	-	-	-	-	Ordinary
Common (3)	-	-	-	-	Rare

Interchang Please, rate the **Concert** offer.

	1 (0)	2 (1)	3 (2)	4 (3)	
Irreplaceable (1)	-	-	-	-	Replaceable
Unique (2)	-	-	-	-	Ordinary
Common (3)	-	-	-	-	Rare

Which situation would make you feel more regret?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Taking the <b>Cell Phone</b> offer (1)	-	-	-	-	-	-	Missing the opportunity to take the <b>Cell Phone</b> offer

Which situation would make you feel more regretted?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Taking the <b>Concert</b> offer (1)	-	-	-	-	-	-	Missing the opportunity to take the <b>Concert</b> offer

In which situation would the feeling of regret be stronger?

	1 (0)	2 (1)	3 (2)	4 (3)	5 (4)	6 (5)	
Buying the Concert Ticket (1)	-	-	-	-	-	-	Not buying the Concert Ticket
Buying the Cell Phone (2)	-	-	-	-	-	-	Not Buying the Cell Phone
Paying all credit card balance (3)	-	-	-	-	-	-	Missing a great offer
Taking an great offer (4)	-	-	-	-	-	-	Leaving credit card balance behind

Considering the scenario of this study, please answer the following questions:

	Extremely urgent (1)	Slightly urgent (2)	Moderately urgent (3)	Not very Urgent (4)	Not at all Urgent (5)
How much would you feel urgency to pay the bills (1)	-	-	-	-	-
	Extremely important (1)	Slightly important (2)	Moderately important (3)	Not Very Important (4)	Not at all Important (5)
How much would you feel that it is important to pay the bills on totally (1)	-	-	-	-	-
.					
	Extremely Constrained (1)	Slightly Constrained (2)	Moderately Constrained (3)	Not Very Constrained (4)	Not at all Constrained (5)
How much would you feel financial constrained (1)	-	-	-	-	-

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How would you describe...

	Very indebted (1)	Slightly indebted (2)	Moderately (3)	Not Very indebted (4)	Not very indebted at all (5)
this financial situation (1)	-	-	-	-	-
a person with similar financial situation (2)	-	-	-	-	-
To not have enough money to completely pay the balance (3)	-	-	-	-	-
a person who use the money to buy instead of pay the bill (4)	-	-	-	-	-

Have you considered which of the two purchases would last longer?

	1 (0)	2 (1)	3 (2)	4 (3)	
Not at all (1)	-	-	-	-	Very much

If you could only buy one of this two offers which would be?

- Concert (1)
- Cell Phone (2)

Why?

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Please, indicate how the offers compared on price:

- experience is cheaper (1)
- they are similar in price (2)
- material good is cheaper (3)

How much a **Concert** (like presented) cost an average?

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How much would you be willing to pay for a **Concert** like that?

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How much a **Cell Phone** (like presented) cost an average?

---

How much would you be willing to pay for a **Cell Phone** like that?

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Cost aside, how desirable would this **Concert** be to your average friends?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

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How much would they enjoy it?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

Cost aside, how desirable would this **Cell Phone** be to your average friends?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

How much would they enjoy it?

	1 (0)	2 (1)	3 (2)	4 (3)	
Very little (1)	-	-	-	-	Extremely

Which bill did you pay more?

Why?

How many credit cards do you hold?

How difficult was it to understand what was asked?

- Extremely difficult (1)
- Somewhat difficult (2)
- Neither easy (3)
- nor difficult (4)
- Somewhat easy (5)
- Extremely easy (6)

How much did you feel involved in responding to this questions?

- Not at all involved (1)
- Slightly involved (2)
- Moderately involved (3)
- Very involved (4)
- Extremely involved (5)

Check Which were the due dates of the bills that did you see in this study?

Please, demonstrate how much do you agree with the statements

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
By the due dates I consider these accounts assembled. (1)	-	-	-	-	-
As presented I perceive this bills as grouped. (2)	-	-	-	-	-
By the due dates I understand that these bills are distributed along of the month. (3)	-	-	-	-	-

Please, rate the offers presented as material good or an experience

	Concert			
	1 (0)	2 (1)		
material good (1)	-	-	-	experience

Please, rate the offers presented as material good or an experience

	Cell Phone			
	1 (0)	2 (1)		
material good (1)	-	-	-	experience

About yourself

Your gender

- Male (1)
- Female (2)

Your age \_\_\_\_\_

Your ethnicity

- White (1)
- Black or African American (2)
- American Indian or Alaska Native (3)
- Asian (4)
- Native Hawaiian or Pacific Islander (5)
- Other (6)

Your income (year)

- Less than \$10,000 (1)
- \$10,000 - \$19,999 (2)
- \$20,000 - \$29,999 (3)
- \$30,000 - \$39,999 (4)
- \$40,000 - \$49,999 (5)
- \$50,000 - \$59,999 (6)
- \$60,000 - \$69,999 (7)
- \$70,000 - \$79,999 (8)
- \$80,000 - \$89,999 (9)
- \$90,000 - \$99,999 (10)
- \$100,000 - \$149,999 (11)
- More than \$150,000 (12)

Your employment status

- Employed full time (1)
- Employed part time (2)
- Unemployed looking for work (3)
- Unemployed not looking for work (4)
- Retired (5)
- Student (6)
- Disabled (7)

Please make note of the following 8-digit code. It is unique code generated by the system. You will input it through Mechanical Turk to indicate your completion of the study.

Then click "Next" on the bottom of the page to submit your answers.  
You will not receive credit unless you click "Next".

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