Marketing Colloquia

2014 – 2015

Stephen Spiller
Assistant Professor of Marketing
UCLA, Anderson

Thursday, September 18, 2014
Where: *741 JMHH*
When: *3:00 PM* to 4:20 PM

The Perceived Value of Money Depends on Irrelevant Uses

ABSTRACT: The economic value of a sum of money—where "money" includes limited-use resources such as gift cards, airline miles, and other mediums of exchange—is a function of the best consumption that it permits on the margin. We find that consumers' perceived value of money deviates from this normative benchmark. In four studies, using choice and willingness-to-pay measures of value, we find that the perceived value of money not only depends on the best alternative but also on the set of alternatives that money can buy. Increasing the salience of the best alternative increases the value of money, but this effect is attenuated when the salience of the entire set increases as well. Even when all uses are salient and consumers have specified what they will use their money to buy, the value of money still varies with the value of unchosen alternatives, resulting in money that is valued less than the consumption it can buy.

Wharton
UNIVERSITY *of* PENNSYLVANIA

MARKETING
DEPARTMENT