

# Budget's Effect on Consumers' Willingness-to-Pay

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## Introduction

Impulsive decision-making is on the rise, especially with those between the ages of 18 and 25.<sup>1</sup> The idea behind it is our willingness to pay for things can change depending on environmental factors.<sup>2, 3, 4, 5</sup>

This study looks at a previously unexplored factor that should in theory affect willingness to pay—budget. Moreover, it also explores whether there are differences in how people attend to stimuli when they choose to buy an item vs. when they do not in the context of budget.



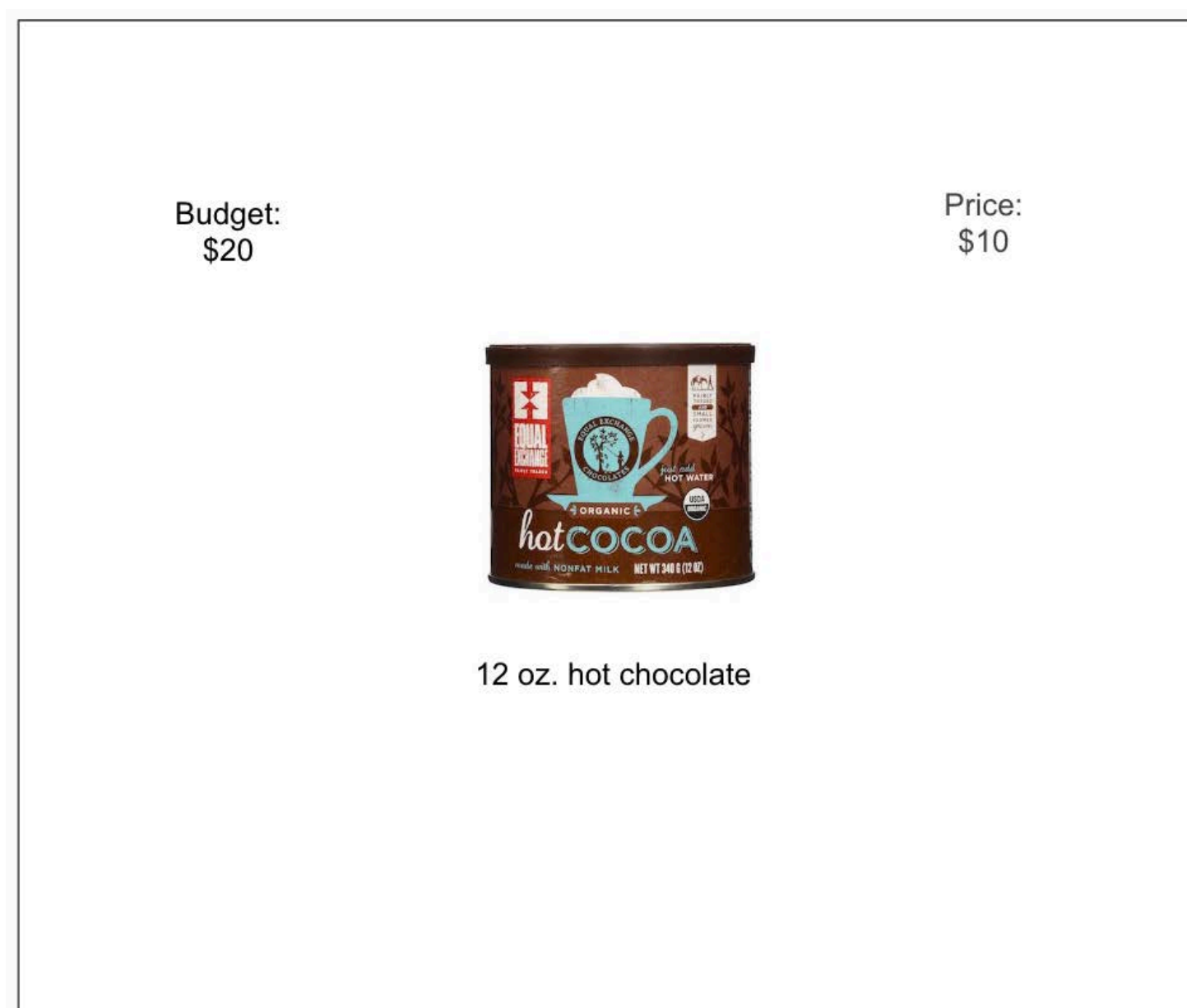
**Figure 1: Changes in Willingness to Pay.** Although one may have certain valuations of products prior to entering a store, that can change once inside.

## Methods

People age 18-25 came in after taking a first part online. They chose whether to buy items by knowing that they would experience the results of their choices.

We randomly selected one of the trials they completed, and if they chose to buy the item in that trial, they would get the item and the difference of their budget and the price of that item. If they chose not to buy the item, they would just get their budget to keep.<sup>6</sup>

We have run 35 participants so far and plan on running 80 total before completing the study.



**Figure 2: Screenshot of Trial from Second Day of Study.** Participants saw 120 of these screens, viewing each of 60 items twice.

## Results

### Budget and WTP's Positive Relationship

**Figure 3: Average Number of Items Purchased at Different Budgets.** Increased budgets resulted in more spending. (N=35)



### Slightly more Viewing of Price than Budget



**Figure 4: Breakdown of Locations of Fixations during Trials.** Participants spent the majority of their time looking at the item. 9.3 percent of fixations were in neither of these three areas. (N=35)

## Discussion

- It looks like budget is a strong predictor of people's willingness to pay, and the data raises questions about if this trend is linear, as we only looked at three different budgets—10, 20, and 40 dollars.

Still waiting on data on specific eyetracking patterns, raising questions about if ideally we can not only predict buying for passing with eyetracking data but use this data in a causal manner to help people refrain from making impulsive decisions.

## References

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