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Use Now, Pay Later: An Examination of the  
Influence of Advertising Financing Claims on  
Time-Related Behaviors and Perceived  
Affordability of Purchase

presented by

Patrice Marie Katrak

has been accepted towards fulfillment  
of the requirements for

Ph.D. degree in Mass Media

*Bruce M. Vanden Bergh*  
Major professor

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**USE NOW, PAY LATER: AN EXAMINATION OF THE INFLUENCE OF  
ADVERTISING FINANCING CLAIMS ON TIME-RELATED  
BEHAVIORS AND PERCEIVED AFFORDABILITY OF PURCHASE**

**By**

**Patrice Marie Katrak**

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Michigan State University  
in partial fulfillment of the requirements  
for the degree of**

**DOCTOR OF PHILOSOPHY**

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College of Communications Arts and Sciences**

**2000**

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## **ABSTRACT**

### **USE NOW, PAY LATER: AN EXAMINATION OF THE INFLUENCE OF ADVERTISING FINANCING CLAIMS ON TIME-RELATED BEHAVIORS AND PERCEIVED AFFORDABILITY OF PURCHASE**

By

Patrice Marie Katrak

The purpose of this experiment was to test the influence of a class of advertising claims that are widely used, but virtually never researched. These are familiar claims—“No Money Down! No interest! No Payment Until 2001,” “Three Easy Payments of \$24.99,” and “Only \$199 per month.” These claims are labeled financing claims and defined as statements providing information about the availability of payment options for specific products or credit in general. Such claims may motivate people to buy products they cannot afford, possibly resulting in purchase decisions with financially detrimental consequences.

Literature on affordability, time inconsistency, and time and outcome valuation points to reasons these claims may be effective. By including information about the ability to have products in the present while deferring all or part of the payment into the future, financing claims may make products seem affordable. They may induce impatience by causing consumers to adapt to the notion of owning products they may not have considered buying before due to their expense. Financing claims may motivate these changes in most consumers, but appear most likely to affect those possessing characteristics such as impatience, present-mindedness, or a tendency toward compulsive consumption.

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The experiment examined the influence of three levels of financing claims in print ads for two product types (automobiles and credit cards) on 224 student subjects' attitudes, affordability perceptions, and purchase-related behaviors. The only significant differences by treatment group involved purchase intent. However, while not significant in most cases, the pattern of responses to product-specific dependent variables indicated that the most inexpensive payment levels (lower than those currently advertised) were received most positively and those middle-level claims (most similar to the ones currently made) were received least positively. Subjects who were more impatient, present-oriented, and compulsive did not respond differently than those who lacked such qualities. There was no conclusive support showing that financing claims increase affordability perceptions or lead to consumer impatience overall or among subjects possessing a variety of individual difference characteristics. By calling attention to these claims and providing research suggestions, this research may lead to more definitive work on this important issue.

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2000

**Dedicated to**

**My Loving Parents,  
Bonnie and Bill Scheffler**

**My Beloved Husband,  
Kerfi**

**and**

**My Precious Children,  
Kade and Callahan**

Then  
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# **CHAPTER 1**

## **INTRODUCTION**

### **Problem Statement**

Questions regarding advertising's role in influencing consumer decision making have sparked debate and research. Although some contend that advertising can play a positive role in helping people make rational, efficient choices in the marketplace by providing information (Stigler 1961; Abernathy and Franke 1996), advertising has also been criticized for containing little useful information and encouraging people to waste their scarce resources buying non-necessities (Pollay 1986). It has been said by the late Canadian economics professor and comedy writer Stephen Leacock that advertising is "the science of arresting human intelligence long enough to get money from it" (Morgenstern 1992, p. 46). Rotzoll, Haefner, and Sandage (1990) present a thorough, yet concise discussion of these opposing views of the role of advertising. General questions regarding the value or role of advertising in assisting or undermining rational decision making will most likely remain unresolved because the vast differences in ads (products categories, advertising appeals, target audiences, etc.) dictate that research examine smaller sub-sets of advertising that have common elements.

One such area ripe for exploration is advertising that encourages consumers to buy products that they cannot afford to purchase outright. This type of advertising does more than encourage consumers to suspend their

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intelligence long enough to separate them from the money they currently have. It tells them to “buy” a product now and pay with money they will have in the future, thus separating them from money before they even possess it.

Some advertisements that encourage consumers to spend more than they have directly tout a particular product while others offer credit which could be used to purchase a variety of products/services. The type of product (broadly defined to include credit) influences the type of claims made. Claims stating “Buy Now! No Money Down! No Interest! No Payment for One Full Year (or until 2000)!” are a fixture of furniture, carpeting, appliance, and home-improvement ads. Rent-to-own companies make a variety of these and other products available to consumers. Exercise equipment ads, infomercials, and even cosmetic surgery and legal service advertising often contain references to payment or installment plans. Similarly, automotive advertising frequently contains information about monthly payments which correspond with a variety of low interest loans or leasing options, enabling consumers to “swing” driving new vehicles even if they cannot afford to purchase them. Indeed, over the past two decades, advertising credit has been a common tactic used in the marketing of cars (Olney 1991).

Similar claims are made by other companies offering credit. A frenzy of advertisements that could only go unnoticed by home-owners if “they’re completely unplugged from the world and lack a mailbox” is now encouraging consumers to re-mortgage their homes to consolidate their debt (perhaps a wise financial move), and get extra money (actually go deeper in debt) for a new pool, a vacation, or cash for any reason (Molvig 1999). Then there are ads for credit



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cards themselves which make claims about large credit lines, balance transfers, cash advances, very low minimum payments, and low introductory or teaser interest rates. Americans were bombarded with some four billion unsolicited direct mail offers for credit cards in 1998 alone (Cambor 1999). The products are numerous, the claims slightly different, but the message is the same—the product is within the consumer's grasp even if it is not within the consumer's means. Advertisements including claims that consumers should "buy" products even if they cannot afford to purchase them are commonplace, but our understanding of the influence of such claims is limited as virtually no research to date has addressed the issue.

### **Financing Claims**

It is the influence of claims such as these that this research seeks to address. Financing claims are defined as advertising statements that provide information about the availability of credit or payment options for a specific product or credit in general. Financing claims inform people of the opportunity to possess products without paying the complete cost of the products prior to possessing them. Such claims may make products seem more immediately affordable. These claims may encourage people to possess products as soon as they desire them and pay for the products at a later point in time, rather than saving money until they can actually buy them outright. By encouraging consumers to take the product (a gain) now and defer payment (a loss) until a later time, such claims take advantage of human nature to engage in more risk-taking behaviors when negative outcomes are delayed (a key component of the time and outcome valuation). Further, financing advertising may induce

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impatience to possess products that would otherwise be considered unaffordable. As a result of seeing these claims consumers may engage in time-inconsistent behavior in which they forgo their long-term goals to satisfy short-term desires. Ads containing financing claims seem to entice consumers with the notion of possessing products that are beyond their current means by making them appear affordable, encourage impatience in purchasing in general, and hold the potential to motivate irrational and potentially detrimental consumer decision making.

People vary widely in their orientations toward time-related decisions and spending. As Ainslie (1975) describes, many who study philosophy, economics, sociology and psychology have examined the issue of why people when presented with two choices often choose the poorer of the two. Their explanations for “maladaptive behavior” fall into the following three categories.

1. In seeming to obey impulses, people do not knowingly choose the poorer alternative but have not really learned the consequences of their behavior. Socrates said something like this. Those who hold this kind of theory prescribe education or “insight” as the cure for impulsiveness.
2. In obeying impulses, people know the consequences of their behavior but are impelled by some lower principle (the devil, repetition compulsion, classical conditioning) to act without regard for differential reward. Those who hold this kind of theory prescribe some means of exorcising the lower principle, such as abreaction or desensitization.
3. In obeying impulses, people know the consequences of their behavior, but their valuation of the consequences is innately distorted so that imminent consequences have a greater weight than remote ones. Those who hold this kind of theory prescribe devices that serve to commit future behavior to courses decided on well in advance. (pp. 463-464)

The explanations and some of the terms used to describe time-inconsistent decisions such as myopic and maladaptive behaviors as well as the behaviors

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themselves (spendthriftness, delinquency, and drug abuse) reflect the fact that many scientists look down upon those who make decisions that favor the present and neglect the future. Indeed, many consumers seem to share this view and talk openly about their frustration with their own inability to resist temptation and how it results in problems such as obesity or indebtedness. “The consensus of social scientists, and apparently of consumers themselves, is that time inconsistent preferences are not as legitimate as their more farsighted counterpart” (Hoch and Loewenstein 1991, p. 493).

However, the preference of economists and others for delaying gratification does not discount the fact that many people choose to enjoy the moment, buy impulsively, and make choices others would judge not to be in their best long-term interest, and those people are perfectly happy doing so. Many people enjoy shopping and spending, and some buy quickly or impulsively without engaging in much pre-purchase evaluation; many consumers’ practices do not conform to rational models proposed by many economists (Carsky, Dickinson and Smith 1995). Strotz (1956) believed that prioritizing the present and discounting the future is innately human.

To one who would say that to discount the future for remoteness at all seems to him foolish and irrational, I should reply that he is one who received very strong training as a child which went beyond simply teaching him the strategy of consistent planning and effected such a change in his tastes that he now finds it unnatural to discount the future on this account. Moralizing against discounting the future in this way has, of course, found its way into the prominent literature on this subject. (p. 178)

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Although Strotz expressed concerns about the potential negative impact of what he called myopic decision making, he understood the naturalness of such decisions and seemed to reject the notion that the state should take over such decisions (as some other economists of the time suggested). Although time-inconsistent choices can result in problems such as bankruptcy, they should be considered just as valid as those made by people who plan and save and live totally within their means. Our society is based on the idea of the people being sovereign.

Like impatience and time-inconsistent decisions, advertising claims that may encourage such behaviors should not be automatically condemned. The influence of such advertising claims is currently unknown. Some people may learn about low interest financing options through advertising and use them to their benefit (allow them to enjoy the present or even free up money for higher yielding investments). However, others may be motivated by “Buy now! Pay later!” claims to take on more debt than they can bear. Or, such advertising claims may have no effect at all. Such advertising needs to be examined so its impact can be better understood.

### **Purpose of the Study**

The purpose of this research is to explore the impact of advertising financing claims to determine the nature of their effects and whether they have more influence with certain consumers. Specifically, it addresses the following research questions.





1. What influence does advertising of financing claims for a specific product have on purchase intentions for products within the product category?
2. What influence does advertising of financing claims for a product have on purchase intent and other related constructs for that product in particular?
3. Are some people more influenced by financing claims than others?

This chapter identifies this purpose, provides an introduction to and a definition of financing claims, and includes a discussion of the significance of the research. Chapter 2 provides a framework for understanding the possible impact of such advertising by describing literature that may explain consumers' responses to financing claims. This review includes research focussing on advertising's influence on rational consumer decision making, literature related to consumers' time-inconsistent choices and their impatience, information about advertising's possible influence on consumer impatience and irrational decision making, theories and research related to time and outcome valuation, research on the impact of affordability perceptions, and articles that suggest individual difference characteristics which may cause people to be more readily influenced by advertising that includes financing claims. With this literature review as a basis, Chapter 3 presents hypotheses about the influence of financing claims and describes the method used for conducting a two-part experiment examining consumers' reactions to financing claims. Chapter 4 provides an extensive review of the results, and Chapter 5 presents a summary and discussion of the results as well as directions for future research.

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## Significance of the Study

Exploring the influence of advertising that contains financing claims has many benefits. Although some authors have suggested that advertising may influence consumers' time-related decision making (Strotz 1956; Hoch and Loewenstein 1991), only one has examined such advertising. Olney (1991), who wrote a book examining the extraordinary expansion in consumer durable goods in the 1920s, originally envisioned telling the story of how credit was created to market cars and other durable goods, but became convinced that this was not the case. The book included the results of a content analysis of ads in *Ladies Home Journal* from 1901 to 1941 showing that financing claims were included in ads for some products (such as electric appliances) but only rarely, and in particular only three automobile ads made any claims about financing. Although Ford offered payment plans, the following ad made it clear that Henry Ford did not approve of credit: "Despite confusion, in the minds of many, of extravagance with progress, a vast majority [of the American people] cling to the old-fashioned idea of living within their incomes. From these came and are coming the millions of Ford owners" (Olney 1991, p. 160). Overall, Olney concludes, "If manufacturers were offering credit as a means to market their products, they certainly were not making it a part of their advertising strategy!" (p. 160). This is not the case today—financing claims are a common element in advertising.

This research is the first to experimentally test the influence of financing claims. It shows how advertising financing claims can fit into our existing knowledge about related areas such as time-inconsistent preferences, consumer impatience, time and outcome valuations, consumer perceptions of affordability,

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consumer time preferences, and rational consumer decision making. In their work on time preference, Olson and Bailey (1981) described the area as one of “great practical and theoretical importance” deserving of more serious attention and examination (p. 24). Mowen (1992) and Amyx and Mowen (1995) specifically called for more research addressing the influence of individual difference factors. This examination of financing claims answers that call and provides a greater understanding of time-related behaviors and factors that influence them. Specifically, it advances our theoretical understanding by showing what role advertising (in this case financing claim advertising) plays in influencing consumers’ time-inconsistent preferences, impatience, affordability perceptions, and time and outcome valuation—something that researchers have speculated on but never researched.

This research has practical implications for advertising practitioners as well. It is beneficial to know whether the time and space spent on these “call to action” appeals that discuss low and no interest loans and the like is well spent or wasted. Mowen and Mowen (1991) suggest that such promotions may result in more sales in the short-term, but they agree with analysts that in the long-run promotions may be harmful. In the furniture industry, financing claims are also common and their effectiveness has come under question. Kaufman (2000) reported, “they [furniture merchants] made money not so much by selling sofas and chairs but by offering credit to low-income people to buy merchandise and then making a profit on the terms of the loan” (p. 1). James Oth, a buyer for Cal TV Furniture and Appliances, indicated in a recent article that retailers have created a situation where they are forced to offer zero-percent financing since everyone else is doing it and that the deals are overemphasized and have lost

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their luster (Mattioni 1996). Is this true? Are consumers receptive to financing claims that make them feel the previously thought unaffordable is within their reach? Are they oblivious to such claims perhaps since they assume that credit terms are always available? Or, are consumers disapproving, particularly if they are debt averse? It is also valuable for practitioners to know whether consumers respond most favorably to ads that tout the lowest payments or the longest deferment of payment or to shorter, yet somewhat higher payments. Despite the apparent importance of price, advertising pricing claims in general have not received much attention from researchers. Insight into questions such as these paves the way for the development of more effective advertising.

This research should also be of interest to consumer advocates who are concerned that advertising and direct mail solicitations, particularly for credit cards, are already too effective at hooking “vulnerable consumers” on easy credit and pushing them into personal bankruptcy (Faber and O’Guinn 1988; Lucas 1992). This is particularly true with respect to credit card advertising to college students. New findings show that two thirds of students carry a credit card balance—just over \$2,000 on average—and that one fifth of those have a balance exceeding \$10,000 (Mannix 1999). This combined with rising bankruptcy among the young and reports of suicide resulting from anxiety over debt led a bill to be presented in the Senate in December of 1999 (Roberts 1998; “Senate Kills Credit” 1999). Had the bill passed (it was defeated by a 59 to 38 vote), credit card companies would have been prohibited from issuing a card to those under the age of 21 without parental consent or demonstrated ability to repay. Criticism has also been directed at another industry where financing claims are common; no-equity loans are controversial because of concerns for ‘huge losses



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for lenders and devastating evictions of borrowers” (Clark 1988). The Federal Reserve Board began holding hearings in July to investigate predatory lending practices in the industry (Sorohan 2000).

Problems due to debt are disconcerting. For every dollar of income, consumers spend \$1.10 (“Credit Card Debt” 1996). Personal bankruptcies in the United States reached an all time high (1.1 million or one percent of all households) in 1996, prompting congressional hearings into the need for bankruptcy system reform (“And Deeper into Debt” 1997). Losses due to bankruptcy (\$10.4 billion in 1995 for bank cards alone) trickle down and increase costs, interest, and fees for everyone (Gutner 1996). The results of this research may dispel fears or lend legitimacy to concerns about the negative economic influence of advertising.

Although exploring the issue of the existence of vulnerable consumers or developing a profile of them is beyond the scope of this research, the findings of the study may nonetheless shed some light on this interesting issue. For example, are those who are younger, less educated, less well-off, less financially astute, more impatient, compulsive, and present-oriented more likely to be influenced by financing claims? A better understanding of the influence of financing claims on all kinds of consumers has the potential to result in a variety of benefits to advertisers, researchers, consumer advocates, consumers themselves, and possibly regulators.

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## **CHAPTER 2**

### **REVIEW OF THE LITERATURE**

#### **Consumer Decision Making**

The rational choice model is the traditional and still widely used paradigm employed to describe consumer decision making. According to such a model, consumers carefully, dispassionately gather and weigh information about product attributes, weigh costs with benefits, use decision rules, and make purchase decisions in a rational, utilitarian-like manner (Bettman 1979). Advertising's role in the process is to supply potential consumers with information, thus reducing their search time and making their purchasing decisions more efficient (Stigler 1961; Rotzoll, Haefner, and Sandage 1990).

While maintaining an appreciation for the influence of the rational choice model in adding to our understanding of many consumer purchases, one must also be aware that not all purchase decisions are consistent with the model's assumptions. Consumers are not purely rational; they are also emotional. Hirschman and Holbrook (1982) for example have described how consumption can be hedonic—involving multi-sensory, fantasy, and emotive elements—and even addictive when hedonic needs are taken to an extreme (Hirschman 1992). Advertising appeals can be emotional as well as rational. In the case of ads making financing claims, it appears that ads are designed to appeal less to the rational and more to the hedonic side of consumers.

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## **Time Inconsistency**

Hoch and Loewenstein (1991) draw together these literature bases that discuss rational and emotional consumer behaviors by presenting an economic-psychological explanation of how consumers attempt to use self-control when faced with time-inconsistent choices. Time-inconsistent choices are transient alterations from long-term goals that would not have been made if they had been considered in an objective manner (Stigler and Becker 1977). The notion of time-inconstancy has been applied to help provide insight into a broad array of areas requiring self-restraint from macroeconomic matters such as savings behavior (Thaler and Shefrin 1981) to psychological concerns such as addictions of all kinds (from those that come easily to mind such as drugs and eating but also to work, over-spending, compulsive buying, and even computer hacking) (Herrnstein and Prelec 1992). Controlling time-inconsistent preferences involves the use of self-control tactics to delay gratification. However, consumers are often impatient. As a whole body of literature on impulsive buying suggests, consumers sometimes have trouble controlling their urges, particularly their urge to buy (Rook 1987).

The element of time is taken into account by economists in their explanations of decision making of all kinds including ones faced by consumers. Just as corporations use economic principles to guide them in decisions regarding capital investments, consumers can too, particularly when making purchase decisions for durable goods such as automobiles by comparing the present value of future benefits with the current costs. The purchase decision should be based on calculating the net present value; the purchase should be

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made if the present value of the benefit exceeds the cost. Such calculations take into account a discount rate—the opportunity cost of money. For example, “If the consumer already has \$10,000 (the cost of the auto) and does not need a loan, the correct discount rate is the return that could be earned by investing the money in another asset, say, a savings account or a government bond. On the other hand, if the consumer is in debt, the discount rate would be the borrowing rate that he or she is already paying” (Pindyck and Rubinfeld 1989, p. 542). According to such calculations, it is logical, even fiscally wise, to obtain financing for the vehicle if a very low rate is available (such as those advertised in financing claims for new automobiles) to free up capital for higher yielding investments. Logical consumer decision making guided by principles such as these are expected to result in decisions that are in the consumer’s long-term best interest, although risks involved in decisions cannot always be fully anticipated and accounted for.

Inherent in decisions about the future is this element of risk. “Consumer behavior involves risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant” (Bauer 1960). As originally defined by Bauer and researched by others (see Havlena and DeSarbo 1991 for a more recent review), perceived risk has the following two key components: 1) the consequences (with focus often on negative outcomes) and 2) uncertainty or the likelihood of the consequences. Concern arises when consumers lured by immediate benefits stray from logical processes of decision making and engage in risky behaviors like gambling, charging purchases, or even



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smoking where there is a likelihood of substantial long-term negative consequences. Researchers seek to understand these time-inconsistent decisions.

For centuries, social scientists have attempted to explain how time influences decisions and why people make time-inconsistent decisions—“engaging in behavior that would have been rejected if contemplated in advance and that may be regretted after the fact” (Hoch and Loewenstein 1991). Dating as far back as the 1830s, economists such as Rae, Senior, and Jervons provided detailed discussions of intertemporal choices to explain economic issues (such as allocation of wealth and capital) and primarily attributed time-inconsistent decisions to present mindedness and emotional or hedonic factors. Near the end of the nineteenth century, discussions of intertemporal choice were dominated by Bohm-Bawerk and Fisher’s descriptions of a cognitive process of tradeoffs between present and future utility where time-inconsistent decisions resulted from shortcomings in decision makers’ visions of the future. In the early part of the twentieth century, writings about time inconsistency turned away from psychological explanations and more toward graphically and mathematically depicting impatience or time preference. As the century progressed, researchers once again began to integrate psychological and economic factors to provide a more complete understanding of the causes of time-inconsistent decision making.

The most popular explanation for why people make decisions that are inconsistent with long-term goals (choosing the smaller of two alternative rewards because it is available sooner) is that of impatience. Ainslie (1975) wrote that “the question of impulsiveness is one of the oldest on record—it is, after all, the subject of the story of Adam and Eve” and countless other

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philosophical ponderings and scientific observations. Ainslie, like his predecessor Strotz (1956), explained that impatience results from discounting. Discounting means that people are “disproportionately attracted to immediately available rewards” (Hoch and Loewenstein 1991, p. 494) or that “utility experienced later is generally assumed to carry less weight than that experienced earlier” (Loewenstein 1988, p. 201). If rewards are sufficiently delayed in time people are able to make rational choices between them, but when one reward is more immediate (smoking versus good health) people are disproportionately attracted to it. Strotz (1956) discusses the humanness and commonality of overvaluing more proximate satisfaction as compared to more distant outcomes.

Such a function suggests that individuals who precommit their future actions or who naively resolve now what they “will do” in the future, commonly do not schedule the beginning of austerity until a later date. How familiar the sentence that begins, “I resolve, starting next . . .” It seems very human for a person who decides that he ought to increase his savings plan to start *next* month, after satisfying some current desires; or for one to decide to quit smoking or drinking *after* the week-end, or to say that “the next one is the last one.”

It has been customary for the United States Army to offer voluntary enlistees a furlough starting with the date of enlistment. This practice is not needed to enable a man to put his affairs in order—he can do that first and then enlist—but it does serve as an enticement to those who want the paternalism (“security”) of the army, but do not want it right now. The many schemes for instalment (his correct alternative spelling) buying (notably of used automobiles in the U.S.) which require “no down payment and nothing due for two months” are evidence of the effectiveness of enticements of this kind. Indeed, all purchases on credit can be viewed as precommitments that often (although not always) exchange future costs for present pleasure. (p.177)

Strotz continues on to indicate that he suspects that most people are “born” with a discounting function and that children are taught the “virtue” of

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frugality as part of character building. He adds that occasionally people have lapses (fail to plan appropriately and behave consistently as they have been taught) and these lapses take the form of “splurges, binges, and extravagances” (p. 178). Those who do this often are called spendthrifts and those who do not are thrifty. Refer to Loewenstein and Elster (1992) for a thorough historical review of discounting. Due to its elegance, the principle of discounting was widely embraced by researchers for explaining intertemporal decisions although it has been criticized for not providing more detailed description of how discounting occurs.

In their theoretical piece, Hoch and Loewenstein (1991) incorporate the influence of time into a model that provides more explanatory power than the discounting model. They propose that time-inconsistent preferences are due to sudden increases in desire resulting from a shift in the consumer’s reference point. In earlier work, Loewenstein (1988), wrote that the reference point reflects the fact that “rather than integrating delayed consumption with existing consumption plans it appears that people often represent future consumption plans as gains or losses or as deviations from some standard, such as a past level of consumption, or the consumption of another person or group” (p. 200). He demonstrated that in choices between immediate and delayed consumption, framing [positioning the consumption in terms of a speed-up (determined by first asking how much subjects are willing to pay, then how much more they will spend to speed up the consumption), a delay premium (what they would pay to have immediate possession minus the smallest amount they would take to accept a delay), or simply the present value of consumption at two points in time] influenced the reference point employed by subjects, and the reference point

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influenced their choice. Predictions based on a model employing a reference point differ from traditional discounting models which would be unaffected by such framing.

According to Hoch and Loewenstein's model, once the reference point has changed (and the consumer wants the product), the consumer attaches positive feelings to possessing the product, and negative feelings to not possessing the product or object in question which results in feelings of deprivation. In some cases the desire may be transient and may decrease over time as the consumer becomes involved or distracted by other activities. But, in most cases desire is not fleeting; feelings of deprivation will linger and often intensify over time. To visually depict this changing of reference points and the changes in deprivation associated with shifts in reference points, Hoch and Loewenstein (1991) use a framework borrowed from prospect theory (Kahneman and Tversky 1979).

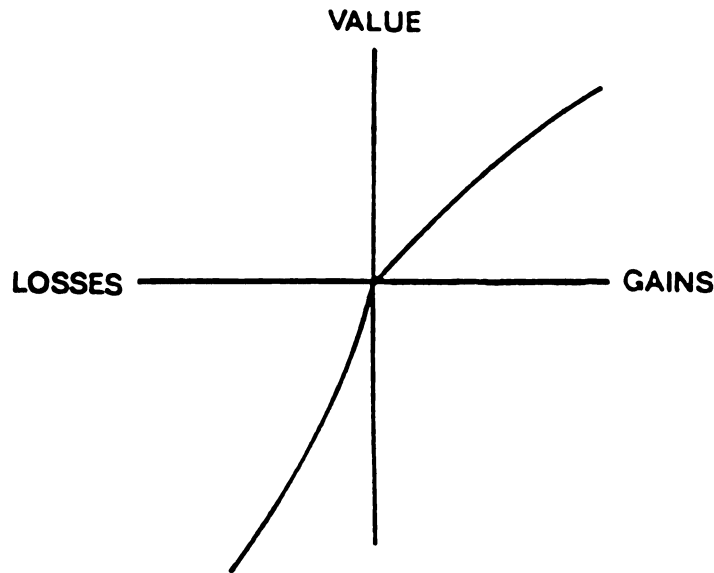
Prospect theory itself was proposed by Kahneman and Tversky (1979) as an explanation of how people make decisions under risk. According to prospect theory, values are assigned to individual losses and gains and each multiplied by a decision weight and then all are summed to form an overall value, which is used to make a decision or choice. Based on a series of hypothetical choice problems in which subjects had to choose between certain dollar amounts with various probabilities of winning, the authors proposed that "the value function is (i) defined on deviations from the reference point; (ii) generally concave for gains and convex for losses; (iii) steeper for losses than gains. The S-shaped value function is depicted in Figure 2.1.



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**Figure 2.1. A Hypothetical Value Function**

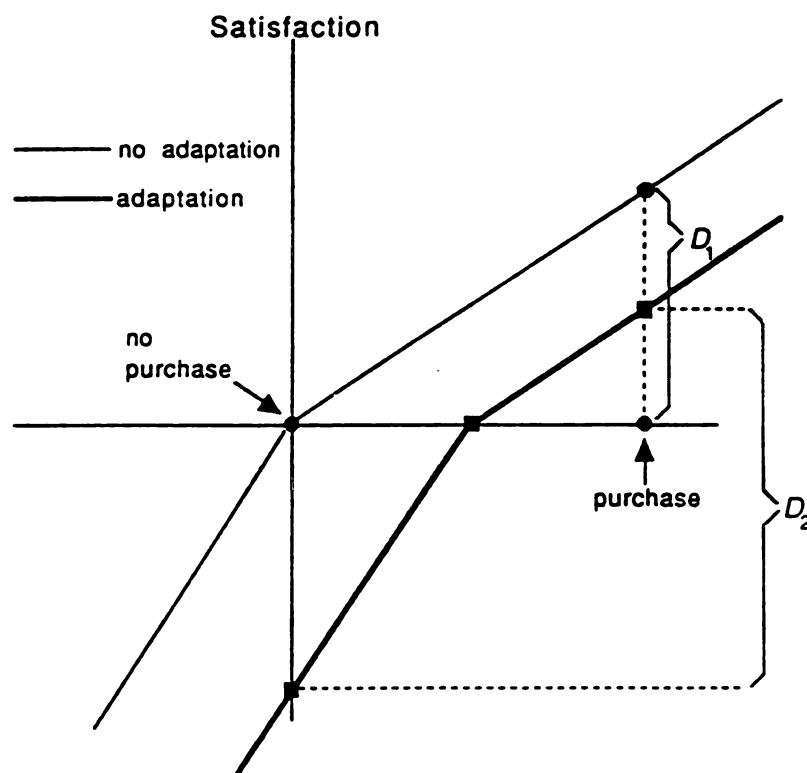


Reprinted with Permission: From "Prospect Theory: An Analysis of Decision Under Risk," by Daniel Kahneman and Amos Tversky," 1979, *Econometrica*, 47(2), p. 219, Copyrighted by The Econometric Society.

In Hoch and Loewenstein's (1991) model they use the value function to depict the influence of changing reference points on the consumer's level of satisfaction. Figure 2.2 shows the value function which represents satisfaction level as a function of purchase or nonpurchase relative to the reference point which is located where the value function intersects the x axis. The value function itself is steeper for losses than gains. The lighter line depicts a consumer who would benefit from owning a product, but who has not adapted to the idea of owning it. The line is drawn through the origin to show that nonpurchase results in zero utility and purchase would result in  $D_1$  utility. The bold line depicts the case of the consumer who had partially adapted to owning

the product (the reference point has changed). In this case the value function has moved to the right to show that the consumer is at a state between nonpurchase and purchase.  $D_2$  shows the larger amount of utility (also referred to as desire) which results for this person due to “the utility for consumption coupled with the relief ensuing from not feeling deprived” (Hoch and Loewenstein 1991, p. 495). As the value functions and the difference between  $D_2$  and  $D_1$  show, “the consumer who partially adapts has already had a taste and may dread the pain of having to forgo further tastes” (Hoch and Loewenstein 1991, p. 495).

**Figure 2.2. Adaptation and the Value of Consumption**



Reprinted with Permission: From “Time-inconsistent Preferences and Consumer Self-Control,” by Stephen J. Hoch and George F. Loewenstein, 1991, *Journal of Consumer Research*, 17 (March), p. 494, Copyrighted by the University of Chicago Press.

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In summary, the reference point shifts as the consumer mentally adapts to the notion of possessing the product prior to purchase and then the desire to purchase increases. Quickly the consumer becomes impatient to possess the product. The consumer may give in and buy the product, or may use a variety of self-control strategies in order to resist the urge to buy a product at odds with his or her long-term goals.

Such strategies take two forms: 1) desire reduction tactics such as avoidance of situations which increase desire, postponing the choice, or substitution 2) willpower-based strategies which may include precommitment, bundling of costs, assessment of economic and psychological costs (guilt and regret), or appealing to a higher authority or religious doctrine (Hoch and Loewenstein 1991). Consumers are caught in a struggle for self-control between the visceral, emotional, impulse-driven desire for gratification and the patient, logical, rational, mindful willpower-based strategies for achieving long-term goals.

### **Advertising's Role in Creating Impatience**

According to Hoch and Loewenstein (1991), physical proximity, temporal proximity, and social comparison are all factors that may cause consumers to adjust their reference points and become impatient. Advertising is described as utilizing each of these mechanisms. Advertising increases physical proximity by showing the product in use and vividly simulating the product usage experience (MacInnis and Price 1987; Wells 1987). Advertising increases temporal

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proximity by including references to toll-free numbers 24-hours a day for immediate ordering, and quick delivery. Finally, advertising increases impatience by creating social comparison since it attempts to get consumers to identify with prototypical product users (Peter and Olson 1987). Hoch and Loewenstein (1991) state that advertising not only creates impatience, but it also contains messages to counter-act willpower and desire-reduction strategies by containing claims that unbundle costs (as in the cases of credit cards focussing on low minimum monthly payments) and offer counter-arguments to allay guilt (as in the case of an ad stating that buying a Mercedes-Benz S-class car is not self-indulgent but self-preserving due to its safety record). Advertising claims contain statements that may increase impatience and combat self-control.

If advertising in general contains claims that could lead to consumer impatience as Hoch and Loewenstein suggest, then advertising with claims of a “buy now pay later” nature certainly holds the potential to make some consumers impatient to purchase products. Advertising with financing claims shows the product. Even nontangible products like credit are made tangible as in the case of sample checks for home equity loans. Further, financing ads often show prototypical product users with the product, frequently mention a direct way to order, and specifically tell consumers that they do not have to wait until they can afford the product to possess it. The advertising may create a change in consumers’ reference points (making them want a product they did not desire before), spark impatience to own the product, and further help discount consumers’ desires to use the self-control needed to make a rational choices consistent with long-term goals by suggesting that there is no reason to wait for the desired product, not even a financial one (lack of money).

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## **Time and Outcome Valuation**

Just as the literature on time-inconsistency provides insight into how consumers may be affected by financing claims, so too does the literature on time and outcome valuation. Both incorporate the concept of discounting and borrow from prospect theory. Time and outcome valuation (TOV) is the theoretical explanation proposed by Mowen and Mowen (1991) for the effects of advancing and delaying outcomes. They propose that time systematically influences how individuals assess the worth or the goodness or badness of outcomes.

Mowen and Mowen (1991) illustrate this in three dimensions in Figure 2.3. In the diagram, the x axis represents the actual value/cost of the stimulus (or decision), the y axis depicts the psychological value of the stimulus, and the third axis shows time from present to future. In the present, the value curve is the same as those for prospect theory and the model of time-inconsistency as it represents the heavier weighting of losses or negative outcomes as opposed to gains or positive outcomes. However, as time progresses, the gains and losses (to an even greater degree) are discounted so the plane flattens and approaches the x axis. At a future point, the discounted gains are valued more than the discounted losses. Visually the time and outcome valuation diagram depicts this influence of time on the value of outcomes.

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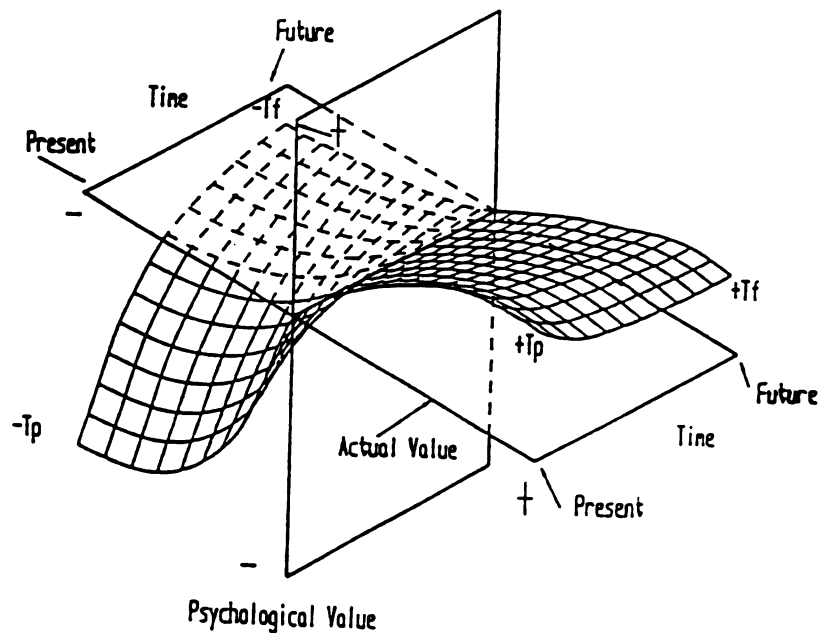
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**Figure 2.3. The Time and Outcome Valuation Model**



Reprinted with Permission: From "Time and Outcome Valuations: Implications for Marketing Decision Making," by John C. Mowen and Maryanne M. Mowen, 1991, *Journal of Marketing*, 55 (October), p. 56, Copyrighted by the American Marketing Association.

The model is based on several assumptions, some of which are depicted in Figure 2.3. The assumptions are listed below.

- A<sub>1</sub>:** The psychological reaction to outcomes is described by the decreasing marginal valuation of gains and losses.
- A<sub>2</sub>:** The net valuation of an outcome is expressed as the sum of the valuations of gains and losses associated with that outcome.
- A<sub>3</sub>:** For outcomes that occur in the present, losses are psychologically valued (i.e., weighted) relatively more heavily than gains.
- A<sub>4</sub>:** Outcomes are discounted in time with losses discounted faster than gains.
- A<sub>5</sub>:** Gains and losses may occur at different points in time.

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A<sub>6</sub>: The loss or postponement of a gain is framed as a loss. The avoidance or postponement of a loss is framed as a gain. (Mowen and Mowen 1991, pp. 55-56)

The third and forth assumptions indicate that negative outcomes occurring in the present are psychologically weighted more heavily than positive ones and that over time negative outcomes are discounted more quickly than positive outcomes. So, if losses and gains occur in the present consumers will be more cautious about taking on risk. However, if the same outcomes occur in the future, the difference in the discounting of negative and positive outcomes causes positive claims to be weighted more heavily and an optimistic attitude to prevail. Other key assumptions (that is not depicted visually by the model) are that gains and losses resulting from a decision can occur at different points in time and that framing can play a key role in the perception of an outcome.

TOV predicts increased risk-taking tendencies when outcomes are delayed. This effect was empirically supported by Mowen (1992). In two small studies employing hypothetical choice models similar to those used by Kahneman and Tversky (1979) which also included a range of time periods for attaining the losses and gains, Mowen found support for the TOV model's suggestion that when all things are equal, when outcomes are proximate risk aversion results, but when outcomes are distant risk seeking behaviors increase. While the aggregate results in the second study support this finding, individuals had a broad range of responses with a few actually inflating the value of gains over time. Mowen suggested that research explore individual differences that may account for different assessments of gains and losses over time.

Other research on time seems consistent with the basic premises of the theory, especially an article by Amyx and Mowen (1995). With TOV as a basis, the authors predicted that a person's time orientation (present or future oriented) would moderate the effectiveness of a personal selling approach that involves either delaying or advancing the payments for and receipt of a new car (negative and positive outcomes). While the predictions that a future time-oriented person would prefer delaying a gain were not supported, the authors did find that present time-oriented people compared to future time-oriented people did prefer delayed payment to immediate payment.

The TOV model helps shed light on financing claims. Specifically, financing claims fit into an element of decision phenomena Mowen and Mowen (1991) call Gain Now—Loss in the Future. They explain how sometimes situational factors cause the positive outcomes of a decision to happen quickly and the negative outcomes to occur later. When this happens, the differential discounting of gains and losses results in a powerful urge to make a decision which allows them to experience the positive outcomes even though it will result in negative future outcomes. Platt (1973) labeled this the individual trap. Mowen and Mowen (1991) suggest that such traps are exemplified by behaviors in drug addiction, air pollution, and even managerial decisions to use rebates and sales promotion by auto dealers (they may boost sales in the short-term, but in the long-term they may result in costly decreases in brand loyalty and increases in bargain hunting). Financing claims in advertising take advantage of these tendencies by separating the gain and loss in time, encouraging people to consider the immediate gain while at the same time minimizing the future loss by delaying part or all of the payment into the future. Buy now. Pay later. Take

the gain (the new furniture, clothes, stereo, pool, or car) now. Delay the loss (the payment for the furniture; the higher level of debt for financing the clothes, stereo, vacation, or pool; the ultimately higher cost for the vehicle). When applied to financing claims, TOV suggests that the often-used advertising strategy should be effective.

### **Affordability**

Financing claims may play a role in increasing the perceived affordability of products making such claims. The construct of affordability has been virtually absent from academic research examining the determinants of purchase. The theory of reasoned action by Fishbein and Ajzen (1975) has provided the primary framework for examining such behaviors. According to the theory of reasoned action, the best predictor of behavior is behavioral intent, and behavioral intent in turn is predicted by subjective norms and attitude toward the behavior. However, when the behavior in question is a purchase it stands to reason that economic factors must play a role. While meta-analysis shows that the theory of reasoned action predicts consumer intent and behaviors very well across actions (even those for which the model was not originally intended), it has been shown to be a better predictor of behaviors than goals where major obstacles to goal attainment may exist (such as lack of money for the purchase of expensive items such as vehicles) (Sheppard, Hartwick, and Warshaw 1988). When attitude and behavioral intent are combined with other factors such as prior behavior, investment, other behavioral data, and financial, economic, and

demographic variables as is often the case, prediction of purchase improves (Brady 1986; McQuarrie and Langmeyer 1987; and Koslowsky, Kluger, and Yinon 1988; Morwitz and Schmittlein 1992).

Still, affordability is a critical factor in purchase behavior that has not received adequate attention in marketing research. Notani (1997) has shown that perception of affordability affects purchase intent and actual purchase. In an experiment involving student subjects, Notani (1997) found that affordability perceptions improved the prediction of purchase intent above and beyond the commonly used variables of attitude and subjective norms for products in general (spending \$10-25 to celebrate completion of mid-terms and spending \$25-50 to celebrate Valentine's Day) and prediction of actual purchase for more expensive products (spending \$25-50 to celebrate Valentine's Day).

Notani (1997) describes affordability perceptions as "a psychological manifestation of an economic variable" (p. 528) and chose to use this variable as opposed to an objective measure of income or discretionary income. Discretionary income (total income minus essential expenditures) provides a better measure of a consumer's ability to buy than actual income. However, consumers have difficulty determining their discretionary income (Ferber 1962), essential expenses are very subjective (Katona 1980), and easy credit has made spending less dependent on actual income and more dependent on perceptions of affordability (Tobin 1972). Notani (1997) specifically addressed the influence of credit claims on perceptions of affordability in the following statement.



If perceptions of affordability can be successfully manipulated to make a product appear affordable, there is the possibility of converting a non-purchase into a purchase. In fact, instalment (Notani's correct alternative spelling) plans, and even credit cards have the effect of making products seem more affordable. The popularity of such devices shows that perceptions of affordability play an important role in facilitating purchase. (p. 543)

Perceived affordability is believed to be a better predictor of purchase than objective measures of income since the availability of credit allows consumers to buy products even when their income alone does not allow them to do so and because consumers with identical incomes may hold vastly different views of what is affordable, making them differentially prone to debt. Financing claims certainly appear to hold the potential to make products seem more affordable to consumers, thus examining the influence of these claims on perceived affordability, as well as on the more frequently measured variables of attitude and purchase intent provides a better understanding of the impact of these claims.

### **Advertising Financing Claims**

In summary, financing claims may make products seem more affordable to consumers. Specifically, they achieve this by informing consumers that it is possible to possess a product in the present, while deferring all or part of the payment into the future. Such claims take advantage of discounting principles that suggest losses are discounted more rapidly than gains over time, resulting in more risk-taking behaviors when outcomes are delayed. Financing advertising may assist in changing consumers' reference points, inducing impatience to possess the product, and even counter self-control strategies. As a result,

consumers may “buy” products by making or deferring payments over a year, a few years or even longer rather than put off purchases to future dates when the products could be paid for in full.

### **Susceptibility**

An investigation of the influence of financing claims would seem incomplete if it did not address the question of whether certain types of consumers are more likely to be influenced by such claims. Are certain people better targets for financing claims (from the perspective of the advertiser) or more susceptible to such claims (from the perspective of the consumer advocate)? Many marketing and advertising researchers have expressed concern about vulnerable, susceptible or disadvantaged populations (the young, the elderly, the under-privileged) and a few have begun to test whether factors such as age influence vulnerability (Andreasen 1993; Lee and Soberonn-Ferrer 1997). Much of the research in the area has focussed on identifying and describing vulnerable or disadvantaged populations. In an article addressing researching sensitive topics among vulnerable populations in an issue of *Journal of Public Policy and Marketing* devoted to this topic, Ronald Paul Hill wrote, “The issue of *who* belongs to a vulnerable population is illustrated aptly by authors of the articles in this issue” (1995, p. 143). It is illustrated well by examples of vulnerable populations ranging from the homeless to children to minorities to addicts to the physically challenged and others in that volume and elsewhere.

Little research however has defined vulnerability. From a legal perspective, the courts have used the term “unusually susceptible” to identify

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“small groups of consumers who have idiosyncratic reactions to products that are otherwise harmless when used by most people” and have expanded susceptible to include those with varying levels of physical competency, mental competency, and level of sophistication (Morgan, Schuler, and Stoltman 1995, p. 267). As, Ringold (1996) indicates “a definition of vulnerability is somewhat illusive” (p. 97) but, the above orientation is reflected in her writing that “vulnerability, at least in the context of commercial information, implies that the targeted groups exhibit a diminished capacity to understand the role of advertising, product effects, or both” (p. 97). She captures the concept of vulnerability best when she describes at risk groups as “more prone than others in society to marketer’s influence” (p. 90). This is similar to the definition of consumer susceptibility to salesperson’s influence which is “the proneness to be affected by the attitude, opinions, and behavior(s) of a salesperson, and to allow him/her to impact one’s shopping and buying behavior(s)” (Goff, Bellenger, and Stojack 1994). Susceptibility or vulnerability encompasses the notion of being easily influenced.

This research does not attempt the vast, controversial job of developing a comprehensive profile of the easily influenced, rather it seeks a more modest goal of determining whether people with specific characteristics (individual difference factors) are more receptive to financing advertising claims. In his work, Mowen calls attention to the importance of individual differences in understanding how time influences the assessment of losses and gains, suggests that compulsive consumption may be important to the process, and even examines the influence of time orientation on such evaluations (Mowen 1992; Amyx and Mowen 1995). At issue here is whether people who possess

individual difference factors such as these are more influenced by financing claims than those who lack such characteristics.

Receptivity to such claims may be influenced by several factors. From an economics perspective, Fisher (1961) suggested that several factors such as age, income, marital status, and personal characteristics including foresight and self-control all affected a person's rate of impatience. Older, married individuals with higher income and more foresight and self-control were less likely to be impatient. Research showing characteristics of those with no debt, mild debt, and severe debt confirms the influence of these demographic variables (Lea, Webley and Levine 1992). Other factors such as a person's attitude toward debt or use of credit may themselves be related to acceptance of financing claims (Lea, Webley and Levine 1992; Godwin 1997).

The characteristic of impatience, itself, would appear from this as well as nearly all the literature on discounting to increase susceptibility to financing claims. Impatience can be described as a restlessness or eagerness to complete things in a hurry and an intolerance for delay (Price 1982). A person who is impatient in general should be more receptive to advertising claims suggesting that there is no reason to wait.

Similarly, the preceding literature suggests a person's time preference or orientation (future or present) influences receptiveness to financing claims. Time orientation is defined as, "a multidimensional, stable, individual difference characteristic that consists of one's capacity to anticipate and see the future more clearly" (Amyx and Mowen 1995). In a personal selling context, time-

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orientation has been shown to moderate the effect of postponing or expediting payment for a car on purchase intent (i.e., present time-oriented consumers preferred delayed payments while future-oriented consumers opted for immediate payments) (Amyx and Mowen 1995).

Finally, a person's tendency toward compulsive consumption may also influence responses to financing claims. Compulsive consumers have been defined by Faber and O'Guinn (1988) as "people who are impulsively driven to consume, cannot control this behavior, and seem to buy in order to escape from other problems" (p. 99). Edwards (1992) defined compulsive consumption as "a chronic, abnormal form of shopping and spending characterized, in the extreme, by an overpowering, uncontrollable, and repetitive urge to buy, with disregard for the consequences" (p. 54). Further description of compulsive consumption is provided by d'Astous (1990).

Compulsive buying is characterized by an incontrollable urge to buy which is impelled by a psychological tension arising from internal factors and which is accompanied by a feeling of relief along with the frustration caused by the addictive nature of the behavior. The compulsive buyer's motives are not primarily linked to the possession of good and services, they find their source (self) in the very act of buying. (p. 16)

In a pilot study by Faber, O'Guinn, and Krych (1987) most respondents credited factors other than advertising with their buying urges, however the authors contend that advertising and other media encourage those with self-esteem problems to resolve them through product consumption. The authors elaborated on a type of advertising they find particularly troublesome.

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Advertising for one particular service may play an important role in compulsive consumption and credit abuse. This is advertising for bank cards. Up until recently, almost all of these ads appealed to desire for status and belief that, "you can have it all." Compulsive consumers are particularly sensitive to these appeals. (p. 135)

Even among normal consumers, compulsive buying tendencies have been found to correlate negatively with age and self-esteem, and positively with irrational credit card usage and with susceptibility to social influence (d'Astous 1990). Further in a very small study ( $N=30$ ), compulsive consumers have been found to significantly differ from normal consumers in their evaluation of advertising giving more favorable marks to ads that contained copy (consisting of no more than a phrase) focussed on social desirability/image rather than on product quality (d'Astous and Bellemare 1989). These findings provide an indication that consumers who have a greater tendency toward compulsive consumption may respond more favorably to ads containing financing claims than those who are less compulsive.

Tendency toward compulsive consumption, along with a number of individual difference variables are examined in this study to determine if these characteristics are associated with more positive responses to financing claims. By including information about the possibility of having a product in the present, while deferring all or part of the payment into the future, financing claims may make the product seem more affordable and induce impatience (allow the consumer to adapt to the notion of owning a product they may not have considered before because they were not able to purchase it outright). By taking advantage of discounting principles, such claims may lead to risk-taking behaviors such as purchases on credit. In addition to motivating consumers to

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change their reference points, financing advertising may even counter self-control strategies they employ to avoid time-inconsistent purchases. Financing claims may motivate these changes in most consumers or only in some possessing characteristics such as impatience, present-mindedness, or a tendency toward compulsive consumption.

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## **CHAPTER 3**

### **RESEARCH METHOD**

#### **Hypotheses**

The goal of this research is to examine the influence of advertising financing claims to ascertain whether these claims that encourage people to take their gains in the present and losses in the future are effective at changing consumers' reference points and making them impatient to possess products, in Hoch and Loewenstein's (1991) terminology, and at making products appear more affordable. Hoch and Loewenstein's concepts of changing reference points has not been defined or tested in previous research. However, insight can be gained into this process they describe in which the consumer begins to like and want the product (positioning it as the new reference point) and then quickly becomes impatient to possess it, by employing conventional terms of attitude toward the brand and purchase intent (which measure the liking and wanting aspects of the changing reference point) and expected timeframe of purchase (in a pretest-posttest measure to address the eagerness and impatience issue). An additional and common measure, attitude toward the ad, is included to provide a more complete picture of how the inclusion of financing claims influences consumers' feelings toward the ads. Affordability perceptions are also included as they improve prediction of purchase intent over and above attitude.

Since this is the first work to explore financing claims, the primary purpose is to determine the fundamental effectiveness (do they work or don't

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they) of some commonly used claims. Additionally, it is valuable to learn whether all claims work equally well? Are claims that defer more of the payment into the future more effective (a linear effect), or do people desire to defer payment for some optimal period of time but not beyond that (a curvilinear effect)? Finally, do all people respond the same way to these claims? Since certain financing claims may be effective with some people and not with others, those traits which might influence receptivity to financing claims (impatience, present-mindedness, and tendency toward compulsive consumption) were measured. The selection of treatments and measures was intended to aid in the design of a straightforward study free of confounds resulting from using unconventional measures while still enabling the experimental examination of a previously unexplored class of advertising claims with its most closely related theoretical underpinnings in an area of economics where experimental studies involving advertising are non-existent. Specifically, this research addresses the following hypotheses.

- Hypothesis 1:** Exposure to advertising financing claims for a specific product significantly increases consumers' intentions to make a purchase from that product category (creates an intent to buy a product that would be consistent with a change in reference points).
- Hypothesis 2:** Exposure to advertising financing claims for a specific product significantly advances the anticipated timeframe for a purchase from the product category (creates an eagerness to buy a product that would be consistent with a change in reference points).
- Hypothesis 3:** Inclusion of financing claims in advertising significantly improves consumers' attitudes toward the ad (creates a liking for the advertisement).

- Hypothesis 4:** Inclusion of financing claims in advertising significantly improves consumers' attitudes toward the advertised product (creates a liking for the product that would be consistent with a change in reference points).
- Hypothesis 5:** Inclusion of financing claims in advertising significantly increases consumers' intentions to purchase the advertised product (creates an desire for or intent to buy the product that would be consistent with a change in reference points).
- Hypothesis 6:** Inclusion of financing claims in advertising significantly increases consumers' affordability perceptions of the product (makes the product appear to the potential consumer to be more affordable).
- Hypothesis 7:** Inclusion of financing claims in advertising significantly advances consumers' expected time of purchase of the advertised product (creates an eagerness or impatience to possess the product).
- Hypothesis 8:** Inclusion of financing claims in advertising significantly affects consumers' anticipated method of payment for the advertised product (creates greater likelihood of deferring payment).
- Hypothesis 9:** The advertised level of the financing claim (the expense of payments with their respective lengths of credit period) significantly affects attitude and purchase-related variables.
- Hypothesis 10:** Some consumers are more influenced by financing claims than others.
- A)** Impatient people are significantly more likely to be influenced by advertising that includes financing claims than patient people.
  - B)** Present-minded people are significantly more likely to be influenced by advertising that includes financing claims than future-minded people.
  - C)** People with a greater tendency toward compulsive consumption are significantly more likely to be influenced by advertising that includes financing claims than consumers with a lower tendency toward compulsive consumption.



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- D) Other individual difference variables (such as age, gender, race, education, income, financial knowledge, and attitude toward credit) significantly affect responsiveness to financing claims.

## **Method**

### **RESEARCH DESIGN**

The influence of advertising financing claims was examined using an experimental design that included a pretest and a posttest of two variables for each product class as well as repeated measures. A pretest-posttest element was included in the design for two key variables (timeframe of and purchase intent for the product categories in general) so that changes or shifts due to ad exposure could be determined. Two common classes of financing claims were examined in an effort to provide a better understanding of the influence of various financing claims; three levels of financing claims were used for each class to assess the influence of varying financing lengths. Figure 3.1 depicts the experimental design. Each subject completed a pretest measure of purchase intent (which included a timeframe) for both product categories, was exposed to one of three levels of a treatment ad (for example, a moderate strength automotive ad), answered several questions related to the dependent variables including a repetition of the purchase intent questions, was exposed to the control ad for the other type of claims being examined (credit card control ad), answered several questions related to the dependent measures, and finally answered individual difference and demographic questions and completed a

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O<sub>2</sub>

O<sub>3</sub>

O<sub>4</sub>

X<sub>2</sub>-a

X<sub>6</sub>-b

X<sub>4</sub>

X<sub>5</sub>

Notation

**Figure 3.1. Experimental Design**

Part 1						
R	O <sub>1</sub>	Xa <sub>1</sub>	O <sub>2</sub>	Xb <sub>4</sub>	O <sub>3</sub>	O <sub>4</sub>
R	O <sub>1</sub>	Xa <sub>2</sub>	O <sub>2</sub>	Xb <sub>4</sub>	O <sub>3</sub>	O <sub>4</sub>
R	O <sub>1</sub>	Xa <sub>3</sub>	O <sub>2</sub>	Xb <sub>4</sub>	O <sub>3</sub>	O <sub>4</sub>
Part 2						
R	O <sub>1</sub>	Xb <sub>1</sub>	O <sub>3</sub>	Xa <sub>4</sub>	O <sub>2</sub>	O <sub>4</sub>
R	O <sub>1</sub>	Xb <sub>2</sub>	O <sub>3</sub>	Xa <sub>4</sub>	O <sub>2</sub>	O <sub>4</sub>
R	O <sub>1</sub>	Xb <sub>3</sub>	O <sub>3</sub>	Xa <sub>4</sub>	O <sub>2</sub>	O <sub>4</sub>

Where:

- O<sub>1</sub>      Pretest measure of purchase and timeframe measures for automobiles and credit cards
- O<sub>2</sub>      Repeated measures of the dependent variables for the automobile claims
- O<sub>3</sub>      Repeated measures of the dependent variables for the credit card claims
- O<sub>4</sub>      Posttest measures of individual difference and demographic variables as well as a manipulation check
- Xa<sub>1</sub>-a<sub>3</sub>    Three levels of treatments for the automobile financing claims
- Xb<sub>1</sub>-b<sub>3</sub>    Three levels of treatments for the credit card financing claims
- Xa<sub>4</sub>      The control advertisement for the automobile financing claims
- Xb<sub>4</sub>      The control advertisement for the credit card financing claims

Notational system in Figure 3.1 adapted from Campbell and Stanley (1963).

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manipulation check. The order of presentation of the control and treatment ads was randomized and the subjects were randomly assigned to conditions.

The nature of laboratory experiments and particular features of the design employed place limitations upon this study. Laboratory experiments have many advantages including the ability to control many factors which threaten internal validity as well as facilitation of research in a timely and cost-effective manner. Unfortunately, external validity can be limited by the artificial nature of the conditions and because subjects are often not representative of the population in general (Campbell and Stanley 1963). A design including pretest-posttest and repeated measures was chosen as it allowed for measurement of shifts (changes in reference points which are central to this research) and enabled a larger sample (by allowing one group to control for the other), however the use of pretest-posttest and repeated measures increases the likelihood of problems including testing effects, interaction effects between the treatments and measurements (both which may increase sensitization) as well as fatigue (Campbell and Stanley 1963). These threats were minimized by attempting to make the ads as realistic as possible, limiting the number of pretest questions (to only include product category purchase intent) and when possible limiting the number and length of posttest measures. These limitations included, this experimental design should still effectively address the proposed hypotheses.

## **TREATMENTS**

As stated in the introduction, numerous types of products make financing claims that are similar, yet slightly different in nature. Two common classes of

financing claims, one involving a specific product and another involving credit which can be used to buy an array of products and services, were examined to provide a better understanding of how financing claims in general influence consumer decision making. These classes of claims along with the products which frequently make the claims are described below.

First, there are special low or no interest payment plans for products. Many products (particularly those advertised through infomercials such as exercise equipment) make claims informing consumers of the possibility of purchasing products in installments over time. This unbundling of price makes the product affordable to consumers who do not have the cash to purchase the product, although they often end up paying an overall higher price for the product than if they had purchased the product outright. Such claims may also induce consumers into buying more than they can really afford. Automobiles, the most widely owned US asset (with 85+% of households owning one or more), frequently contain financing claims of this nature (Aizcorbe and Starr-McCluer 1997). Indeed, low interest loans and leasing deals are used to make increasingly expensive vehicles more affordable (Serafin and Johnson 1995). Since automobiles are such a commonly owned and heavily advertised product for which financing claims are frequently made, claims containing information about low interest loans for an automobile were examined in the first part of the experiment.

Second, there are credit claims themselves which offer low interest rates and low minimum payments for transfers, cash advances and purchases. These are the financing claims made in advertising for credit cards. Credit card

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advertising has come under increasing criticism in recent years for using effective advertising practices to hook vulnerable and basically responsible consumers on easy credit leading them deep into debt and even bankruptcy (Lucas 1992; Stark 1997). According to Akin Toffey, VP of marketing for AT&T Universal Card Services: "An argument can be made that the entire industry can be faulted for providing flexible credit to those who cannot handle it. And an argument can be made that people try to live up to the grandiose lifestyles portrayed in credit card ads when they financially cannot" (Lucas 1992, p. 32). Some have complained that the same industry that has dumped 100 million credit cards on the public in the past six years is now scaling back rebate programs, devastating debtors with penalty interest rates of 28%, and punishing those who pay their balances in full with yearly fees (Lucas 1992, Stark 1997). Credit card reforms (including a bill calling for better disclosure of credit card terms on the outside of envelopes and in television and radio ads) have even been introduced into Congress (Lucas 1992, Stark 1997). Due to the criticism of credit card advertising and its common use of financing claims, credit card advertising which includes statements about low minimum payments was the focus of the second part of the experiment.

Three treatment ads were created for each of the above categories of financing claims described above, as were two corresponding control ads (which lack financing claims, but were virtually the same in all other respects). As financing claims vary with some offering deferral of payment or credit for only a short time and others credit over a longer period, a range of claims were examined. Over the past decade, the trend has been for consumers to take on credit for longer periods (with 48-month auto loans recently losing their

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popularity to 60-month loans and 4 and 5% minimum payments for credit cards being replaced by what was once considered very low 2% payments) (Haynes 1998-1999). Accordingly, a range of claims that includes an extension of credit beyond what was common at the time of the administration of the experiment was included to determine if consumers would be even more receptive to more extreme ads which offer credit over longer time periods.

Level of financing claim extremity was varied by creating three levels of claims: Mild or the most expensive payments [offering credit over a shorter period of time than is normally used (48 months for auto financing, 3% minimum payments for credit cards)], moderate or mid-level payments [offering credit at a level and over a period of time that is typically offered and utilized by consumers (60 months for auto financing, 2% minimum payments for credit cards)], strong or the least expensive payment [offering credit for a period that is longer than normally provided (84-months for auto financing, 1% minimum payments for credit cards)]. Payments were kept as realistic as possible, using the same calculation techniques and pricing as in the industry. Each subject was exposed to two print ads. A treatment ad from one type of financing claims (automobile loan claims for example) was paired with a control ad for the other type of financing claim (credit card financing claims).

Print ads rather than broadcast ads were used as print is a common medium for industries making financing claims in general, with home furnishings and mortgage companies doing the majority of their advertising in print (Competitive Media Reporting 1996, Management Foresight 1997). Print is popular with the industries making the financing claims to be analyzed in this

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research as well. The big three automotive companies (General Motors, Daimler Chrysler, and Ford) represented three of the top five rankings in 10 media advertising spending (with 30% or more of their spending going toward print media) (Competitive Media Reporting 1996). Further, the automotive local dealers associations were leaders in spending on newspaper advertising, holding three of the top five positions and six of the top 15, with most spending greater than 80% of their advertising dollars in newspapers. Finally, while the major credit card companies spend the majority of their 10 media advertising dollars on broadcast versus print medium, a considerable part of their marketing dollars is spent on direct mail as our mailboxes will attest (Competitive Media Reporting 1996, Cambor 1997). Thus, print advertisements were used to examine the influence of financing claims due to the frequent use of print advertising by companies making these claims, and because it is easier and more cost efficient to work with print advertisements.

The print ads used were realistic-looking, four-color, full-page ads with the key experimental claims integrated into the ad in a natural manner. Accordingly, images in this dissertation are presented in color. The color ads in appear in Appendix B. Products already on the market were selected to enable the creation of realistic ads. A Cavalier Z24 was used for the auto ad because General Motors has specifically marketed Chevrolet and this particular vehicle to college campuses and because the customer demographics for this model most closely match a college population, the intended experimental subjects (*1998 Chevrolet Car Product Guide* 1997, Halliday 1997, and Weinstein 1988). CapitalOne Visa was selected for the credit card ads primarily because an introductory or basic rather than a gold or platinum card was desired, CapitalOne

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was not as widely held as many cards (so students would be less likely to already hold it), and because of the practical need for a card with clear graphics that would scan and reproduce well.

## **SAMPLE SELECTION**

The personal, sensitive nature of the topic of financing and related areas such as personal debt were important considerations in selecting the sample. High rates of refusal to answer questions on sensitive subjects (particularly over the telephone) have been documented; this presents a problem because the validity of the data depends on the respondents' willingness to comply with the request to be interviewed and to supply full and accurate data to the interviewer (Hornick, Zaig and Shadmon 1991). The same concerns held for this study as well. Personal assurances of the purely academic nature of the research (versus marketing/sales) and of anonymity were desired as it was believed they would result in easier recruitment of subjects and more complete and honest answers. Stronger assurance of confidentiality have been shown to improve response to questions regarding sensitive subjects (Singer, Von Thurn, and Miller 1995). For this reason, the experiment was administered to a purposive sample of students at a major mid-western university where cooperation and participation in the study could be more easily attained. Industry literature and the nature of the products to be examined indicated that a college student population was appropriate for examining these claims.

Many articles (from the popular press to industry magazines to academic papers) have discussed the ethics and commonality of credit card companies

targeting college students (Penner 1982; “American Express” 1989; Schwartz 1989; Stewart 1989; Duffy 1990; Himmelfarb 1992; Lucas 1992; Kutner 1993; Kara, Kaynak, and Kucukemiroglu 1994; McEldowney 1994; O’Connell 1994; Murdy and Rush 1995; Susswein 1995; Frances 1996; Curlo and Strudler 1997, Edgar 1998).

Specifically, Lucas (1992) reported that consumerists have criticized credit card issuers for targeting vulnerable college students and lowering their credit standards to capture the potentially lucrative, loyal market who currently has no credit history and little current income; “the ripeness of the college market which has \$35 billion in annual disposable income, is evidenced by the fact that 30% of college freshmen and 75% of seniors have a credit card, according to MasterCard data” (Lucas 1992 p. 34). Susswein (1995) indicated that, “most of the nation’s major credit card issuers are aggressively marketing unsecured credit to students (in their own name) through advertising, direct mail promotions and on-campus recruitment, with giveaways” and strategies to make credit appear more affordable with fliers touting minimum payments as low as 2-3% (compared to normal rates of 4-5% at that time) which “put more [money] in your budget” (pp. 21 and 22). Susswein also reported that the marketing efforts seem to be paying off since MasterCard estimates that the number of students using their credit card has increased at 20% per year, and that 1994 industry estimates indicated that credit card issuers earn \$16.5 million a year on student cardholders, with over \$10 million of that coming from interest income. Unfortunately, Susswein also reported that credit counselors have seen a 10% increase in college-aged people seeking their services. Since college students



are the target of credit card companies, it was believed they would be appropriate subjects for this study.

Likewise, college students are often singled out by automakers in campaigns to convince them to buy their first new car. Ford, General Motors and Daimler Chrysler all have cash-incentive buying programs for college graduates which they advertise in college newspapers and other media, by direct mail, on the Web, and through campus special events (Halliday 1997). Toyota recently introduced a Tempo Direct Marketing award-winning incentive program which is believed to have resulted in the sale of 21,178 vehicles in 26 weeks to college students and recent graduates (35 times the goal) (Halliday 1997; “Toyota Campaign” 1997). And for more than a decade Honda has used campus publications to reach college students who are likely to buy a Honda (80% of all Honda Civic CRX buyers are under 25 and have attended college) (Weinstein 1998). “Many students aren’t waiting till they graduate to buy cars. Full-time college students in the US are buying more new vehicles than they used to, according to JD Powers & Associates” (Halliday 1997, p. 34). Such students accounted for 2.27% of all sales in 1995 (Halliday 1997). Automakers believe that college students are at a point in their lives where they are developing habits and brand loyalty (Weinstein 1988); “By the time people reach age 23, they know what kind of car they want to buy” (Halliday 1997). A sample of college students was used to provide insight into whether financing claims influence their purchase-related behaviors including payment for products such as vehicles.

Gaining the cooperation of a random sample of adults for questions about such personal and sensitive issues as their finances would have been difficult. Nonprobability sampling techniques are acceptable particularly when the goal of the research is to investigate the various relationships among variables (Wimmer and Dominick 1987). This selection technique (purposive sampling) should improve the internal validity of this study of a sensitive subject.

## **INDEPENDENT VARIABLES**

In addition to the two types of financing claims (each having three levels) which served as the treatments, several independent variables were measured. See Table 3.1 for a list of independent variables and a list of variable names used in the correlation table in Appendix C. The construct of impatience level was measured using Spence, Helmreich and Pred's (1987) scale consisting of five questions with five-point scale between two anchors (i.e., When you have to wait in line such as at a restaurant, the movies, or the post office, how do you usually feel? Accept calmly to feel very impatient and refuse to stay long). Although its alphas of .67 for men and .63 for women are only in the marginally acceptable range, the items in the scale appeared to have face validity, the scale is the only measure of the construct mentioned in the literature, and frequent references to it never mention its relative low alphas.

A related construct, time preference (future and present mindedness), was measured using the 7-item 5-point scale employed by Amyx and Mowen (1995) which was developed to explore the moderating affect of time orientation on salesmanship claims about time of payment and purchase intent; the scale was

preferable to other time orientation scales for this research since it has a slightly higher alpha than most others at .66 and because it was designed to tap present and future mindedness regarding consumption behaviors whereas many other scales focus on the past or on areas of the multidimensional concept of time orientation that are unrelated to this research. While scales with higher alphas are desirable, the low alphas for the above scales reflect that research in these areas is in its infancy; alphas of greater than .60 are considered acceptable for introductory work in an area (Nunnally 1967). These somewhat low alphas are perhaps a less critical concern for this experiment as the scales are addressing a secondary rather than primary research question.

Compulsive consumption tendency was initially measured using Faber and O'Guinn's (1992) 7-item 5-point scale anchored by very often to never. In Faber's research, it yielded an impressive alpha of .95.

Other variables were measured as well. A four-factor credit card consumption scale was included to provide insight into credit card attitudes and use. Ericson and Cole (1998) obtained acceptable reliabilities; the reported alphas were as follows: .82 for the spend factor, .78 for usage, .81 for control, and .71 for attitude. A question used by Ericson and Cole (1998) to classify users as convenience or finance users was also included. A general question about attitude toward debt and an index used to assess attitudes toward borrowing money for specific purposes (car, educational expenses, living expenses, vacation, fur coat/jewelry) was used by Godwin (1997) to measure attitude toward debt in 1983 and again in 1989 and was included in this study.

**Table 3.1. Independent Variables and Variables Names**

<b>Independent Variables</b>	<b>Variable Names</b>
<b>Financing Claims in Auto Ads</b>	
\$183/mo. auto treatment	DUM183
\$246/mo. auto treatment	DUM246
\$317/mo. auto treatment	DUM317
Auto control	DUMACON
<b>Financing Claims in Credit Card Ads</b>	
\$50/mo. credit card treatment	DUM50
\$100/mo. credit card treatment	DUM100
\$151/mo. credit card treatment	DUM151
Credit card control	DUMCCON
<b>Individual Difference Characteristics</b>	
Impatience	IMPATNCE
Time orientation	TIME
Compulsive consumption	COMPUL
<b>Credit Card Attitudes/Use</b>	
Credit card attitude	CCATT
Credit card control	CCCONTRL
Credit card spending	CCSPEND
Credit card usage	CCUSE
Pay credit cards in full	CCFULL
Pay more than minimum but less than full on credit cards	CCMUCH
Pay minimum payment only on credit card balances	CCMIN
No credit card balance to pay	NOBALNCE
Approval of borrowing	BORROW
Number of credit cards	CARDS
<b>Financial Knowledge</b>	
Dollars off in estimate of auto interest payment amount	ADOLLOFF
Years off in estimate of length of auto payment	AYRSOFF
Dollars off in estimate of credit card interest payment	VDOLLOFF
Years off in estimate of length of credit card payment	VYRSOFF
<b>Class Standing</b>	
Freshman level student	FRESHMAN
Sophomore level student	SOPHMORE
Junior level student	JUNIOR
Senior level student	SENIOR

<b>Employment Status</b>	
Employed all year	EMPFULL
Employed part of year only	EMPPART
Not employed	NOTEMP
<b>Financial Background and Experience</b>	
Personal income	MYINCOME
Parental income	PINCOME
Percentage of parental financial support	PSUPPORT
Taken out an educational loan	LOANEDUC
Bought a vehicle	BUYCAR
<b>Demographics</b>	
Age	AGE
Gender	GENDER

Financial knowledge questions tailored to each of the content areas (automotive loans and credit card interest) were included to assess each subject's understanding of the monetary impact of purchase (i.e., additional years and money to pay off amount borrowed). Additional questions were asked about the number of credit cards a person has, whether the subject has financed a car, or bought any product or service on credit. Finally, the following demographic variables were included in the questionnaire: age, gender, ethnic background, marital status, major, class standing, employment, personal income, parental income, and percent of parental financial support.

## **DEPENDENT VARIABLES**

Table 3.2 lists the dependent variables used in this study. The following dependent measures were employed in the experiments: purchase intent and timeframe of purchase for a product in the product category, namely a new automobile or new credit card (pretest and posttest of these measures); and

posttest only measures (to avoid sensitization to claims) for attitude toward the ad; attitude toward the advertised product; purchase intent for the advertised product; expected timeframe of purchase for the advertised product; anticipated method of payment for the advertised product; and affordability perceptions for the advertised product. The scale used to measure attitude toward the ad was previously used by Yi (1990) with an alpha coefficient of .85; it has four 7-point bipolar items with anchors good-bad, interesting-uninteresting, like-dislike, and irritating-not irritating. Muehling, Laczniak, and Stoltman's (1991) scale was used to measure attitude toward the product. It has three 7-point bipolar items with anchors good-bad, favorable-unfavorable, and negative-positive, and they attained an alpha of .93 with the scale. Purchase intent for the advertised product was measured using the scale employed by Yi (1990) which had three 7-point bipolar items anchored by likely-unlikely, possible-impossible, probable-improbable; the alpha was .89. The same scale was used to assess intent to buy a product from the product category in a pretest and posttest. Finally, to assess whether the ad made the subject more eager or impatient to purchase a product within the product category, the subject was asked on the pretest and posttest to indicate the timeframe in which they intended to purchase from the product category for a range of times (0-6 months, 7-12 months, 13-24 months, >24 months, never) (Morwitz and Schmittlein 1992). The same scale was used to assess eagerness to purchase the advertised product on the posttest.

Anticipated method of payment was also measured for the advertised product specifically. With respect to the automotive claims, the multiple choice question included options with leasing and financing over selected periods of time or paying the total cost up-front. In the case of credit cards, the question

asked how balances on the card resulting from purchases would be paid and offered options ranging from less than minimum payment to paid off in full. Subjects wrote the reasons for their payment method selections.

**Table 3.2. Dependent Variables and Variable Names**

<b>Dependent Variables</b>	<b>Variable Names</b>
<b>Auto</b>	
Pretest auto purchase intent (general)	PREAPS
Pretest timeframe of auto purchase (general)	PREAP
Attitude toward the auto ad	AADA
Attitude toward the Cavalier Z24	ATTZ
Purchase intent for the Cavalier Z24	PIZS
Timeframe of purchase for the Cavalier Z24	PIZ
Perceived affordability of the Cavalier Z24	AFFZ
Intended method of payment for the Cavalier Z24	HOWPAYA
Posttest auto purchase intent (general)	PIAS
Posttest timeframe of auto purchase (general)	PIA
Pre-post difference in auto purchase intent (general)	DIFAPIS
Pre-post difference in timeframe of auto purchase (general)	DIFAPI
<b>Credit Card</b>	
Pretest credit card acquisition intent (general)	PRECPIS
Pretest timeframe of credit card acquisition (general)	PRECPI
Attitude toward the credit card ad	AADCO
Attitude toward the CapitalOne card	ATTV
Acquisition intent for the CapitalOne card	PIVS
Timeframe of acquisition for the CapitalOne card	PIV
Perceived affordability of the CapitalOne card	AFFV
Intended method of payment for the CapitalOne purchases	HOWPAYC
Posttest credit card acquisition intent (general)	PICCS
Posttest timeframe of credit card acquisition (general)	PICC
Pre-post difference in credit card acquisition intent (general)	DIFCPIS
Pre-post difference in timeframe of credit card acquisition (general)	DIFCPI

Affordability was measured by an adaptation of Notani's (1997) three items "if I wanted to I would easily afford to (buy a Cavalier Z24 or obtain and use a CapitalOne Visa card), "For me to (buy a Cavalier Z24 or obtain and use a CapitalOne Visa card) is" and "My personal income permits me to easily (buy a Cavalier Z24 or obtain and use a CapitalOne Visa card)" with 7-point scales anchored by "likely/unlikely," "easy/difficult," and "strongly agree/strongly disagree." Alphas of .86 and .80 were attained in his study. Following the collection of data for all other dependent and independent variables, a manipulation check was conducted to ensure that the subjects exposed to the financing claims actually took notice of them.

### **Pretest**

Prior to the collection of the data, a full-scale pretest of the experiment was carried out with 31 students in an attempt to identify any potential problems with the treatment ads (such as insufficient differences in the claims), the control ads, the scales and questions, and the procedures involved in the administration of the experiments. Analysis of the pretest results pointed to three areas of concern. First, the reliability of Faber and O'Guinn's (1992) compulsive consumption scale was unacceptable (alpha .54) and considerably lower than had been previously reported (.95). Some of the seven items in the scale were negatively correlated. Deleting items did not considerably improve the reliability. Careful examination of the items themselves indicated that a few of the items could have been problematic for student subjects (questions regarding writing checks and making minimum payments on credit cards) due to their limited financial experience. Second, analysis revealed no significant



differences among the credit card conditions and only a few significant/near significant differences for the automobile ads (purchase intent, timeframe of purchase, and affordability of the Cavalier). In some cases the closeness of responses across the treatment groups indicated that the manipulation of the levels of financing claims may not have been working as intended. Third, in the questions designed to assess financial knowledge about the claims made in the ads, there appeared to be a response bias toward the most expensive interest amounts and the longest payment period options.

To address these concerns, a second pretest was conducted with 29 students. To ensure the low, medium, and high financing manipulations were set at appropriate levels, the products and financing conditions were described and subjects were asked to write in a dollar amount for “easy to pay,” “manageable,” and “more than I could afford.” The pretest also contained two compulsive consumption scales. The Faber and O’Guinn scale was re-tested to ensure the previous results were not spurious. The pretest also included eleven items from Valence, d’Astous and Fortier’s Compulsive Buying Scale (1988; d’Astous 1990) which had been used to investigate compulsive consumption in a “normal” population and yielded acceptable alphas (.88 and .84 respectively). Finally, to avoid response bias the financial knowledge questions were reworded to change them from true/false to fill in the blank.

Analysis of results indicated that changes were appropriate. While the range of responses to what was easy, manageable, and difficult to pay for both the Cavalier and CapitalOne Visa ads overlapped, the measures of central tendency pointed toward the selection of new levels of financing with greater

difference between the levels and an overall increase in the credit card payments and decrease in automotive payments. Adjustments were made to the credit balance and auto price to attain levels of payments closer to those suggested through the second pretest while still keeping as close as possible to real-world prices and calculations of payments. Refer to Tables 3.3 and 3.4 for a breakdown of payments used in the first pretest, those attained in the second pretest, and the final payment levels utilized in collection of data for the experiment.

**Table 3.3. Automobile Payment Levels**

	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Range</b>	<b>Original Pretest Levels</b>	<b>Target Levels</b>	<b>Final Levels</b>
Easy	\$179.14	\$180	\$200	\$80-300	\$250	\$175	\$183
Manageable	\$251.38	\$250	\$250	\$110-500	\$288	\$250	\$246
More	\$413.14	\$301*	\$300	\$170-1,000	\$348	\$325	\$317

\*only one subject answered \$301 which was the 50<sup>th</sup> percentile point, but many subjects provided answers at the preceding and following values (\$300 and \$350)

**Table 3.4. Credit Card Payment Levels**

	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Range</b>	<b>Original Pretest Levels</b>	<b>Target Levels</b>	<b>Final Levels</b>
Easy	\$61.90	\$50	\$50	\$5-200	\$25.21	\$50	\$50.41
Manageable	\$129.48	\$75*	\$50	\$25-500	\$50.41	\$100	\$100.83
More	\$276.90	\$150	\$100	\$50-2,500	\$75.62	\$150	\$151.24

\*only one subject answered \$75 which was the 50<sup>th</sup> percentile point, but several subjects provided answers at the following value (\$100)

As for the compulsive consumption scales, the Faber and O'Guinn scale (1992) again yielded an extremely low alpha (.50) while the Valence, d'Astous and Fortier (1988) scale produced an alpha of .91 and showed a wide range of responses. In the final experimental booklet, the Faber and O'Guinn scale was replaced by the Valence, d'Astous and Fortier scale. With regard to the financial knowledge questions, the fill in the blank style of question appeared to work well. Almost all subjects wrote in answers, the results were comparable in accuracy to the previously used format for the auto case and improved for the credit card case, and the estimates appeared to be true reflections of the subjects' beliefs versus response bias. Accordingly, the fill in the blank style questions were used to assess question-specific financial knowledge. Based on the pretesting, appropriate adjustments were made to correct identified areas of concern prior to the collection of data

### **Experiment Administration Procedures and Sample Size**

The data was collected through a self-administered experimental booklet. Subjects were given the experimental booklets, informed that their consent was voluntary (in accordance with policies of the University Committee on Research Involving Human Subjects), told that the research was for academic purposes only, assured of their anonymity, instructed in how to answer certain question types (for example, semantic differential questions), asked to complete the booklet (included as Appendix A; final ads are included as Appendix B), and informed to return the booklets face down to a box (to help provide further assurances of anonymity).

The experiment was administered in classroom settings to a total of 232 students at a large mid-western university. Subjects were randomly assigned to one of six treatment conditions through the randomized order of experimental packet distribution. Eight booklets were excluded due to extensive incompleteness of responses provided by students and in a few cases apparent attempts by the students to thwart the research. With those subjects removed, the total number of subjects was 224, with 37 students each in the least and most expensive payment conditions for the auto, 38 in the middle auto condition, 37 subjects each in the least expensive and the middle credit card conditions, and 38 in the most expensive credit card payment condition.

### **Data Analysis**

Prior to analyzing the data to address the hypotheses, univariate and comparative analyses were conducted to examine abnormalities in the data (such as limited variance, co-variance, differences in standard deviations, and skewness) that may affect the study. The data were plotted and examined for outliers and non-linear relationships.

In some cases potential problems were identified. Most notably, for timeframe of purchase questions for the Cavalier and CapitalOne visa, most subjects did not intend to buy at all so there was a lack of variance on this measure; descriptive counts and tables rather than statistical tests had to be used to describe these variables as well as a few others that had small cell sizes. The *SPSS Guide to Data Analysis* states that the chi-square test should not be used “if more than 20% of the cells have expected values less than 5 or if the expected

value of any cell is less than 1" (Norusis 1988, p. 244). Additionally, five of the variables (age, personal income, and dollars off in estimates of auto interest payments, as well as dollars and number of years off in estimates for credit card payments) were skewed and contained extreme outliers (two for age, three for personal income, and one each for the other variables) which were excluded from analyses of the means and other statistical tests involving those variables. Even with the removal of the most extreme outliers, in some cases the variables remained skewed (particularly those estimates about the amount of interest paid on credit card debt and auto loans). However, although data should be distributed normally, ANOVA is sufficiently robust to withstand the degree of abnormality in these variables (Norusis 1988; Fotiu 2000). In fact, the SPSS data analysis guide specifically states, "In practice, analysis of variance gives good results even if the normality assumption doesn't quite hold" (Norusis 1988, p. 263.)

Tests were also run to ensure that the randomized distribution of experimental booklets resulted in treatment groups free of sample bias. ANOVAS were run with 15 of the key independent variables to ensure that the groups were equalized in those characteristics. Analysis for the initial six groups (one for each experimental condition) revealed no significant differences between the groups. This was again the case for credit cards when the conditions were condensed to four conditions (three treatment and one control group) which were used to analyze the hypotheses; there were no significant differences. However, for the four auto conditions (three treatment and one control group) ANOVA showed that the groups were not equal for one variable, credit card attitudes [ $F(3, 207) = 3.048, p = .03$ ]; all post-hoc tests showed significant

differences between least expensive and the middle treatment condition (which had a mean of 14.97 compared to 11.89 for the least expensive, 12.94 for the most expensive, and 13.31 for the control). Aside from this variable, randomization was effective at equalizing the groups (Kerlinger 1986).

Additionally, reliability tests of the scales were assessed and are reported in Chapter 4. Frequencies and measures of central tendency were used to describe the subjects and their answers to the questions related to the dependent and independent variables. Finally, the hypotheses were addressed. Hypothesis 1 was examined by using one way analysis of variance (and *t*-tests as the means of the treatment groups were similar to each other and different from the control) to compare the differences between the pretest and posttest scored in the treatment and control groups. Hypothesis 2 was examined through cross-tabs. Hypotheses 3-6 were addressed by using analysis of variance to determine whether there were significant differences between the treatment groups and the control group for attitude toward the ad, attitude toward the product, purchase intent for the specific product, and affordability of the advertised product. Hypotheses 7 and 8 regarding the intended timeframe of purchase and preferred method of payment are addressed using cross-tabs and chi-square when cell sizes are sufficient. Hypothesis 9 specifically addressing the influence of the various levels is addressed by presenting the previously reported analysis in a summary table to make trends more apparent. Hypotheses 10 A-D are addressed through the use of MANOVA.

## **CHAPTER 4**

### **RESULTS**

This chapter describes the results of two main types of analyses. First, descriptive statistics are presented for responses contained in the experimental booklet including the manipulation checks, the dependent variables, and the independent variables (including a subject profile). Second, the bulk of the chapter consists of results which address the ten hypotheses regarding the overall influence of financing claims on attitudes, affordability perceptions, and intended purchase-related behaviors for the products and how people with different characteristics respond to such claims.

#### **Manipulation Checks**

For both the auto and the credit card cases, two types of manipulation checks were conducted. One was to ensure that the subjects saw the manipulation of the financing claim. The other one was to determine whether it was perceived to be at the intended level of ease of payment.

#### **AUTO ADS**

Subjects noticed the key auto financing manipulations. Most (78.7%) of the subjects in the treatment condition appropriately recalled seeing financing claims in the ad while significantly fewer (38.9%) in the control condition

reported seeing the claims although they were not present [ $\chi^2 (1, N = 216) = 35.33, p < .001$ ]. Subjects were also asked about other items so as not to draw attention solely to financing claims. Subjects in the control group had significantly higher recall of the price of the vehicle than the subjects in the treatment condition (94.4% to 72.2%) which is not surprising since the price was more prominently displayed in the control [ $\chi^2 (1, N = 216) = 19.20, p < .001$ ]. Finally, with regard to remembering a piece of information that appeared in neither ad (a dealer name) there was no significant difference [ $\chi^2 (1, N = 216) = .473, p > .05$ ]. Overall, subjects in the treatment groups took notice of the key claim.

The second part of the manipulation check confirmed that the levels of treatments were perceived differently. Chi-square tests reveal significant differences between the levels of treatment, although they were not clear-cut [ $\chi^2 (6, N = 213) = 12.91, p < .05$ ]. Table 4.1 shows subjects in the most inexpensive treatment level (\$183/mo.) considered the car as easiest to pay for with 21.6% rating the car as easy to pay for, 48.6% as a manageable amount, and 29.7% as more difficult to pay for. The control group more than the other two treatment groups rated the car as easy to pay for. The middle treatment group (\$246/mo.) came in next in terms of ease of payment. Lastly, those in the most expensive treatment group (\$317/mo.) rated the ad as most expensive with 9.1% saying it was easy to pay for, 27.3% manageable, and the majority 63.6% indicating it was difficult to pay for.



**Table 4.1. Auto Ads Manipulation Check: Ease of Payment by Levels of Financing**

<b>Auto Ad</b>	<b>Easy to Pay</b>	<b>A Manageable Amount</b>	<b>More than You Could Afford</b>
\$183/mo.	8	18	11
*	(21.6%)	(48.6%)	(29.7%)
\$246/mo.	3	21	13
**	(8.1%)	(56.8%)	(35.1%)
\$318/mo.	3	9	21
*	(9.1%)	(27.3%)	(63.6%)
**			
***			
Control	19	46	41
***	(17.9%)	(43.4%)	(38.7%)

\* treatments that were significantly different from each other

The ratings of ease of payment are ordinal in nature and so computing overall means is not strictly appropriate, but the means give a simplified picture that is consistent with the cross-tabulation. The means are 2.08 for the \$183/mo. group, 2.21 for the control, 2.27 for the \$246/mo. group, and 2.55 for the \$317/mo. group.

Chi-square tests comparing individual levels against each other confirmed significant differences between the following levels:

- The most inexpensive treatment level (\$183/mo.) and the most expensive treatment (\$318/mo.) [ $\chi^2 (2, N = 70) = 8.20, p < .05$ ]
- The medium treatment (\$246/mo.) and the most expensive [ $\chi^2 (2, N = 70) = 6.48, p < .05$ ]
- The control group and the most expensive treatment group [ $\chi^2 (2, N = 139) = 6.41, p < .05$ ]

However, there was not a significant difference between the least expensive and the medium level [ $\chi^2(2, N = 74) = 2.67, p > .05$ ], the medium level and the control [ $\chi^2(2, N = 143) = 2.85, p > .05$ ], and the least expensive and the control [ $\chi^2(2, N = 143) = .97, p > .05$ ]. Overall, the manipulation check confirmed that the levels were being perceived somewhat as intended, but not entirely so.

## CREDIT CARD ADS

Just as for the auto treatments, the credit card manipulations were checked. Again, subjects noticed the key manipulations. A full 90% of the subjects in the treatment conditions in comparison to only 35% in the control recalled seeing minimum payment information in the ad [ $\chi^2(1, N = 212) = 56.47, p < .001$ ]. There was no difference between the control and treatment on recall of credit limit information (which appeared in each ad) [ $\chi^2(1, N = 212) = .22, p > .05$ ] and cash back information (which did not appear in either) [ $\chi^2(1, N = 210) = .08, p > .05$ ]; 68% of treatment and 66% of control recalled credit limit information and 10.5% and 9.3% inaccurately recalled seeing rebate or cash back information. Subjects in the treatment conditions clearly noticed the financing claims.

However, even though the treatment levels were based on students' assessments of what was easy to pay, manageable, and more difficult to pay for, the treatment levels did not produce the expected effect. The manipulation check showed there were no significant differences between any of the levels [ $\chi^2(6, N = 210) = 4.17, p > .05$ ]. Overall, subjects rated obtaining and using the advertised credit card as quite easy with 36.2% saying it would be easy to pay

for, 50.0% saying it would be a manageable amount, and only 13.8% indicating it more difficult to pay for. As shown in Table 4.2, though the differences were not significant, the most inexpensive payment condition (\$50/mo.) was considered slightly less expensive than the rest with only 5.9% ranking it as more than they could afford, compared to 13.6% for the middle treatment (\$100/mo.), 15.5% for the control, and 16.7% for the most expensive payment (\$151/mo.).

**Table 4.2. Credit Card Ads Manipulation Check: Ease of Payment by Levels of Financing**

<b>Credit Card Ad</b>	<b>Easy to Pay</b>	<b>A Manageable Amount</b>	<b>More than You Could Afford</b>
\$50.41/mo.	16 (47.1%)	16 (47.1%)	2 (5.9%)
\$100.83/mo.	14 (37.8%)	18 (48.6%)	5 (13.5%)
\$151.24/mo.	10 (27.8%)	20 (55.6%)	6 (16.7%)
Control	36 (35.0%)	51 (49.5%)	16 (15.5%)

Again, while it is not strictly proper to add ordinal data, the means show the subjects' ranking of the treatments on ease of payment and the closeness of the levels. The means are as follows: 1.59 for \$50/mo., 1.76 for \$100/mo., 1.81 for the control and 1.89 for \$151/mo.

### **Scale Reliabilities**

Overall, scale reliabilities were as good or better than anticipated. The reliabilities obtained in this study are reported in Table 4.3, along with

reliabilities reported in previous research and described in Chapter 3. All scales included all the items as shown in the experimental booklet, except two. For the seven-item time orientation scale, one item regarding the use of express mail was dropped as the scale reliability was higher without it. Likewise, one item (fear of being perceived of as irrational) was removed from the 11-item compulsive consumption scale.

**Table 4.3. Scale Reliabilities**

<b>Scales</b>	<b>Obtained Reliability</b>	<b>Previously Reported Reliability</b>
Pretest Auto Purchase Intent	.9609	.89
Pretest Credit Card Acquisition Intent	.9578	.89
Attitude Toward the Cavalier Z24 Ad	.8727	.85
Attitude Toward the Cavalier Z24	.9189	.93
Purchase Intent for the Cavalier Z24	.8967	.89
Affordability of the Cavalier Z24	.8726	.86
Posttest Auto Purchase Intent	.9651	.89
Attitude Toward the CapitalOne Visa Ad	.9067	.85
Attitude Toward the CapitalOne Visa	.9486	.93
Acquisition Intent for the CapitalOne Visa	.8962	.89
Affordability of the CapitalOne Visa	.8429	.86
Posttest Acquisition Intent for Credit Cards	.9629	.89
Time Orientation	.7938	.66
Compulsive Consumption	.8869	.88
Impatience	.7177	.67 (men) .63 (women)
Credit Card Usage	.7648	.78
Credit Card Spending	.8025	.82
Credit Card Control	.7962	.71
Credit Card Attitude	.7507	.71

## **Descriptive Statistics**

### **AUTO DEPENDENT VARIABLES**

Table 4.4, Descriptive Statistics for Auto Dependent Variables, shows the mean purchase intent was 15.63 on a scale of 3 to 21. Many subjects (29.4%) rated their purchase intent at the highest level (21). However, when asked about the timeframe of their purchase, the majority of the subjects (59.4%) indicated that they intended to buy an automobile but not within the next 24 months. Only 5.5% indicated they would buy within 6 months, 7.8% in 7 to 12 months, 16.4% in 13 to 24 months, and 11.9% did not plan to buy an automobile at all.

Turning to posttest measures, attitudes toward the ad (mean 18.83) and the Cavalier Z24 (mean 15.48) were fairly positive. Purchase intent measures for the Cavalier were very low, with a mean of 7.65 on a scale of 3 to 21. In response to the timeframe for purchase of the Cavalier question, 92.4% indicated that they did not intent to buy a Cavalier Z24 at any time. Perceived affordability of the Cavalier Z24 was somewhat low with a mean of 9.22 on a scale ranging from 3 to 21. Posttest purchase intent for auto in general improved slightly to 16.36 as did timeframe of purchase measures. Payment method for purchase of the Cavalier was mixed; 10.8% would buy outright, 8.1% procure a 1-year lease, 26.1% procure a 2-year lease, 15.8% procure a 3-year lease, 24.8% procure a 48-month loan, 9.9% procure a 60-month loan, and 4.5% procure a 82-month loan.

**Table 4.4. Descriptive Statistics for Auto Dependent Variables**

<b>Variable</b>	<b>Mean</b>	<b>Mode</b>	<b>Range</b>	<b>Standard Deviation</b>
Pretest Auto Purchase Intent [3 (low) to 21 (high)]	15.63	21	3 to 21	5.48
Attitude toward the Cavalier Ad [4 (-) to 28 (+)]	18.83	16	4 to 24	5.23
Attitude toward the Cavalier Z24 [3 (-) to 21 (+)]	15.48	18	3 to 21	3.75
Purchase Intent for the Cavalier [3 (low) to 21 (high)]	7.65	3	3 to 21	4.64
Affordability of the Cavalier [3 (low) to 21 (high)]	9.22	8	3 to 21	5.48
Posttest Auto Purchase Intent [3 (low) to 21 (high)]	16.36	21	3 to 21	5.40

## **CREDIT CARD DEPENDENT VARIABLES**

In Table 4.5, Descriptive Statistics for Credit Card Dependent Variables, the mean pretest acquisition intent for a credit card was 14.48 on a scale from a low of 3 to a high of 21 (with 24.1% rating acquisition rate at 21). Pretest expected timeframe for credit card acquisition was spread across the board with 16% intending to get a card in 6 months, 14.2% in 7 to 12 months, 18.3% in 13 to 24 months, 27.9% in greater than 24 months, and 23.7% not at all.

In posttest measures, attitude toward the ad (mean 17.55) and attitude toward CapitalOne (mean 13.04) were moderate. Acquisition intent for CapitalOne was very negative with a mean of 7.75. Additionally, when asked to estimate timeframe of CapitalOne acquisition, 82.6% indicated that they did not intend to get a CapitalOne card. The card was perceived to be fairly affordable,

although not overwhelmingly so (mean 14.67). Posttest timeframe of acquisition measures for a credit card in general became slightly more negative (with 2 to 3% point drops in intent to obtain during the earlier timeframes and increases in the latest timeframe and not obtain categories). However, the actual acquisition intent scale mean was slightly more positive as Table 4.5 shows. The expected method of payment for purchases made with a CapitalOne card were as follows: 56.7% would pay balance off in full, 32.6% would pay less than the full and more than the minimum, 10.3% would pay the minimum, and .4% would pay less than the minimum.

**Table 4.5. Descriptive Statistics for Credit Card Dependent Variables**

<b>Variable</b>	<b>Mean</b>	<b>Mode</b>	<b>Range</b>	<b>Standard Deviation</b>
Pretest Credit Card Acquisition Intent [3 (low) to 21 (high)]	14.48	21	3 to 21	6.24
Attitude toward the CapitalOne Ad [4 (-) to 28 (+)]	17.55	16	4 to 28	5.78
Attitude toward CapitalOne [3 (-) to 21 (+)]	13.04	12	3 to 21	4.72
Acquisition Intent for CapitalOne [3 (low) to 21 (high)]	7.75	3	3 to 21	4.61
Affordability of CapitalOne [3 (low) to 21 (high)]	14.67	21	3 to 21	5.19
Posttest Credit Card Acquisition Intent [3 (low) to 21 (high)]	14.87	21	3 to 21	6.36

## **REASONS FOR PAYMENT METHOD SELECTION**

Subjects were asked to write in their reasons for making their payment selection for both the auto and the credit card cases. The primary reason for

soliciting information about the reasons for payment selection was to determine whether subjects might be using credit offers to free up money for higher-yielding investments (i.e., selecting an 84-month loan so that they could invest capital not spent on the auto purchase). In no case did a subject indicate that this was the case. However, analysis of the reasons for payment provides insight.

The most common reason for selecting a payment method for the Cavalier was financial constraints. This reason was provided by 9.4% of subjects. Additional reasons included the following: Allows for a change if desired by 8.0%, so I can get a new car every year/few years by 7.6%, family influence by 6.7%, like leasing by 5.8%, to pay it off sooner by 5.4%, more affordable monthly payment by 5.4%, lack money to buy outright by 4.9%, don't like leasing by 4.9%, and income matches this payment by 4.9%.

Financial reasons (such as financial constraints or payment matching income) were the most common, accounting for 36.2% of reasons cited. Reasons related to timing (i.e., so I can get a new car every year, to pay it off sooner, good time to have car, car falls apart after this time) and preference (i.e., prefer to own, like leasing, don't like leasing, done it before and liked it) were also common, accounting for 28.0% and 27.1% respectively. Social influence (by family and peers) was the least common reason, accounting for only 8.7% of the reasons provided. As Table 4.6 shows, for those buying outright, the majority named a financial reason for payment method. For those who chose a lease, timing reasons were most common, with many also naming a financial reason or a preference. Finally, for those choosing a loan, financial reasons were the most common followed by preferences. Reasons did not vary much across the three



lease periods, but among the loan periods financial reasons became more common as the length of the loan increased. Specifically, for the 48-month loan 32.1% named financial reasons compared to 54.5% for the 60-month loan, and 100.0% for the 84-month loan.

**Table 4.6. Auto Payment Method by Reason for Payment**

<b>Payment Method</b>	<b>Financial</b>	<b>Timing</b>	<b>Preference</b>	<b>Social Influence</b>	<b>Total</b>
Buy outright	17 73.9%	2 8.7%	0 0.0%	4 17.4%	23
Lease	23 20.7%	47 42.3%	28 25.2%	13 11.7%	111
Loan	39 45.9%	11 12.9%	33 38.8%	2 2.4%	85

In the case of credit cards, the most common explanation provided for selecting a payment method for purchases made with a CapitalOne card was avoiding payment for interest by 21.9% of those giving a reason for their decision. The next most common answer, by 17.4% of subjects, was to avoid debt/spending money they do not have. Other common responses were tight budget/financial constraints by 8.5%, build credit history by 6.7%, less to worry about/keep track of by 6.7%, don't have money to pay in full by 5.8%, and pay more than minimum to keep debt from building up by 5.8%.

Explanations provided fit into the following categories: Credit savvy (i.e., avoiding interest/penalty charges and keeping debt from building) by 32.7%, credit adverse (i.e., do not like to owe money and credit cards were evil) by 21.4%, financial by 20.9%, convenience by 12.7%, build credit line/history by

10.0%, and parental influence by 2.3%. As Table 4.7 shows, the most common reasons for payment for those planning to pay for Capital One charges in full was credit savvy, closely followed by credit adverse, and then convenience. Those planning to pay more than the minimum, but less than in full were split their reasons evenly between credit savvy and financial. For those planning to make the minimum payment only, financial reasons were by far the most common reason, followed distantly by convenience, and with only one person indicating credit savvy and none citing a credit adverse reason. Only one subject planned to pay less than the minimum payment, and that person cited a financial reason (financial constraints) as the reason.

**Table 4.7. Credit Card Payment Method by Reason for Payment**

<b>Payment Method</b>	<b>Credit Savvy</b>	<b>Credit Adverse</b>	<b>Financial</b>	<b>Convenience</b>	<b>Build Credit</b>	<b>Parental Influence</b>	<b>Total</b>
Full	46 36.5%	41 32.5%	3 2.4%	22 17.5%	10 7.9%	4 3.2%	126
More than Min.	25 35.2%	6 8.5%	25 35.2%	3 4.2%	11 15.5%	1 1.4%	71
Minimum	1 4.5%	0 0.0%	17 77.3%	3 13.6%	1 4.5%	0 0.0%	22
Less than Min.	0 0.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	1

## **INSTALLMENT PLANS**

When asked whether they felt buying things on an installment plan was good, good in some ways and bad in others, or bad, the majority (83.0%) felt that

buying things on installments was good in some ways and bad in others. When asked to specifically approve or disapprove of buying five items on installments, most subjects felt that it was okay to use installments to buy two (29.4%) or three (45.1%) items. Not surprisingly, most subjects approved of borrowing money for educational purposes (96.6%), living expenses (75.4%), and buying an auto (78.9%), but not for buying a fur/jewelry (3.6%) or taking a vacation (20.3%).

## **CREDIT CARD ATTITUDES AND USE**

Subjects were asked several questions about their use of and feelings toward credit cards. Subjects had a mean of 1.92 credit cards. Specifically, 27.8% did not have a credit card, 39.0% had one card, 13.8% two cards, 8.1% had three, and the remaining 12.7% had anywhere from 4 to 18 cards. Ten subjects reported having 10 or more credit cards. When subjects were asked how they pay for purchases made on their credit cards, 32.6% reported paying in full (convenience rather than finance users), 27.7% some but not all in full, 7.1% the minimum payment, 4.9% have credit cards but do not use them, and 26.3% do not have a credit card. The slight difference in those reporting not to have a credit card on these questions may be due to some previously having a card and reporting about their payments based on past use.

Additionally, subjects responded to a four-factor credit card consumption scale. With regard to attitude toward credit cards, subjects showed they had moderate attitudes toward credit cards with a mean score of 13.29 on a scale ranging from 3 (dislike credit cards) to 21 (like credit cards). When asked whether credit cards help them maintain financial control, subjects also

responded toward the middle of the range with a mean score of 12.97 on the scale from 3 (hurt control) to 21 (help control). The same pattern held true for questions regarding whether subjects spent more when they used credit cards. The mean was 19.46 on a scale ranging from 5 (spend more with credit cards) to 35 (do not spend more). Subjects responded to questions about their use of credit cards, with a mean of 16.86 indicating that most did not use their cards such that they maxed out their credit limit [3 (exhaust limit) to 21 (do not exhaust limit)]. Table 4.8 presents the descriptive information for these scales as well as the following individual difference scales.

## **INDIVIDUAL DIFFERENCE VARIABLES**

For the three main scales addressing individual differences (time orientation, compulsive consumption and impatience), the distribution of responses was spread fairly normally across the scale range with the mean responses being toward the middle of the scales. The mean score for time orientation was 17.23, indicating that most subjects rated themselves somewhere between present-minded and future-minded. For impatience, the mean score was 14.29. Again on average subjects rated themselves to be neither very impatient nor very patient. The same pattern held true for the compulsive consumption scale, with the mean score being 28.10 on a scale ranging from 10 for not compulsive to 50 for the highest degree of compulsive consumption.

It should also be noted that compulsive consumption and time orientation were highly correlated with each other ( $r = .690, p > .01$ ). Additionally, impatience was positively correlated with compulsive consumption ( $r = .253, p > .01$ ) and not related to time orientation. As expected these variables tended to be

related to each other. These correlations along with those for all variables in the experiment are listed in the correlation table in Appendix C.

**Table 4.8. Descriptive Statistics for Individual Difference Scales**

<b>Variable</b>	<b>Mean</b>	<b>Mode</b>	<b>Range</b>	<b>Standard Deviation</b>
Credit Card Attitude [3 (dislike credit cards) to 21 (like credit cards)]	13.29	17	3 to 21	4.44
Credit Card Control [3 (hurt control) to 18 (help control)]	12.97	12	3 to 21	4.36
Credit Card Spending from [5 (spend more with credit cards) to 30 (do not spend more)]	19.46	19	5 to 35	7.66.
Credit Card Use [3 (exhaust limit) to 21 (do not exhaust limit)]	16.86	21	3 to 21	4.33
Impatience [5 (patient) to 25 (impatient)]	14.29	16	5 to 25	3.58
Time Orientation [6 (future-minded) to 30 (present-minded)]	17.23	17	6 to 30	5.20
Compulsive Consumption [10 (not compulsive) to 50 (compulsive)]	28.10	31	11 to 50	8.83

## **FINANCIAL KNOWLEDGE**

Subjects were asked two questions regarding their financial knowledge about the financing conditions in the ads they were exposed to. One was about the amount of interest and the other was about time period to pay off debt.

With regard to automobile financing, subjects were asked to estimate the amount of interest only to be paid on a standard 60-month loan with 0.9% interest (a low rate that was prevalent at the time of data collection) for a \$15,000 vehicle. The mean response was \$3,229.13. This is significantly more than the actual interest amount of \$345. The answers ranged from a low of \$13.50 to a high of \$35,000 (an extreme outlier excluded from the calculation of the mean). The most common response was \$1,350 by 12.5% of subjects, followed by \$1,500 by 6.4%, and \$150 by 5.7%. Eighteen responses were \$10,000 or more. With regard to the time to pay off a 60-month loan, surprising only 54.8% correctly reported that a 60-month loan takes 5 years to pay off. When subjects were wrong in their time estimates, they were evenly split between under and over estimates. Scores ranged from 0.25 years to 25 years. Many subjects skipped these questions; 22.3% did not report an answer on the interest portion and 21.0% left the years portion blank. The questions were toward the end of the experimental book (which was longer than the booklet the questions were pretested in) and fatigue may have been a factor.

For the credit card financing question, subjects were asked to estimate how much they would pay in interest and how long it would take before they paid off the \$5,000 balance in the ad with 9.9% annual interest and a typical monthly payment of 2%. Interest would add up to \$2,994 and it would take 16 ½ years to pay off. Due to some high estimates (there exists no ceiling on the top end as opposed to the bottom), the mean estimate for interest paid was \$5,396.77 with answers ranging from \$0 to \$495,000 (an extreme outlier which was excluded from calculation of the mean). The most common answer was \$500 (for 11.6% of respondents). Roughly two thirds (65.2%) reported less than the

actual amount, 2.3% were accurate with \$3,000, and the remainder overshot (some by a very long margin). The mean number of years to pay off the loan was 8.56 years, with answers ranging from .25 to 100 (an extreme outlier which was excluded in the calculation of the mean). Many subjects left these questions, which followed the auto financing questions, blank (41.1% for the interest and 39.7% for the years).

## **FINANCIAL EXPERIENCE**

Most subjects were fairly limited in their financial experience. When subjects were asked about their experience with loans, financing, and debt, the area subjects had the most experience with was educational loans; 37.9% had taken out an educational loan. About one fourth (26.9%) reported having bought a car, but only 11.6% indicated they had taken out a loan while another 16.0% said that they leased. With regard to other matters related to loans and buying things on time, 8.2% reported financing furniture/carpeting, 1.4% renting to own furniture/carpeting, and only 1.8% buying a house. More subjects (16.4%) reported making payments for other things (such as computers, organizational dues, and stereo and exercise equipment). However, this also includes about one third of the respondents who wrote in auto or credit card payments here as well. Additionally, 3.7% reported having taken out some other type of loan (computer or motorcycle). Very few reported problems with debt; 1.8% sought advice/assistance in getting out of debt, 1.4% took out a loan to consolidate debt, and zero reported declaring bankruptcy.

## **SUBJECT PROFILE**

Table 4.9 summarizes demographic information about the sample. Specifically, the mean age of subjects was 19.89 (when two older students were excluded). Females (59.3%) outnumbered males (40.7%). Nearly all subjects were single (95.5%). Most (84.2%) were Caucasian. In terms of education level, 96% of subjects indicated they had completed some college (but held no degree), 1.8% reported having Associates degrees, and 2.2% reported already having a Bachelors (although a few may have been prematurely reporting the degree they were working toward as already earned). Subjects were fairly well distributed in terms of class standing; 32.6% were freshman, 18.8% were sophomores, 29.1% were juniors, and 18.8% were seniors, .4% were graduate students (one subject), and .4% did not report class standing. Roughly one quarter of the subjects indicated that their major was advertising. Other common majors were telecommunication, packaging, and no preference.

Nearly 90% of students reported that they were employed, with about 42% each working all year or in the summers only. Nearly three fourths of the students reported their annual personal income to be below \$10,000. However, it appears that the majority of students come from fairly well off families as the most commonly reported parental income was above \$100,000 (for 26.8% of the students) and the majority of those reporting indicating that their parents' income exceeded \$80,000. The mean percentage of financial support provided to students by their parents was 67.1%, with scores ranging from 0 to 100% as listed in Table 4.9.



**Table 4.9. Subject Profile**

<b>Variable</b>	<b>Percent (N=224)</b>	<b>Frequency</b>	<b>Variable</b>	<b>Percent (N=224)</b>	<b>Frequency</b>
<b>Age</b>			<b>Race</b>		
17	.9%	2	African	5.4%	12
18	23.2%	52	Asian	5.8%	13
19	17.4%	39	Caucasian	83.0%	186
20	20.1%	45	Hispanic	3.1%	7
21	16.1%	36	Other	1.3%	3
22	6.7%	15	Missing	1.3%	3
23	3.1%	7			
24 and up	4.4%	9			
Missing	8.5%	19			
<b>Gender</b>			<b>Marital Status</b>		
Female	57.1%	128	Single	95.5%	214
Male	39.3%	88	Married	1.8%	4
Missing	3.6%	8	Missing	2.7%	6
<b>Class Standing</b>			<b>Major</b>		
Freshman	32.6%	73	Advertising	26.8%	60
Sophomore	18.8%	42	Telecom.	13.8%	31
Junior	29.0%	65	Packaging	11.2%	25
Senior	18.8%	42	No Preference	10.7%	24
Graduate Student	.4%	1	Others	32.7%	68
Missing	.4%	1	Missing	7.1%	16
<b>Parental Support</b>			<b>Employed</b>		
100%	25.4%	57	All Year	42.9%	96
90%	9.8%	22	School Year Only	2.7%	6
80%	7.6%	17	Summer Only	42.0%	94
75%	5.8%	13	Not Employed	7.1%	16
50%	11.6%	26	Missing	5.4%	12
0%	9.8%	22			
All others	26.9%	60			
Missing	3.1%	7			
<b>Personal Income</b>			<b>Parents' Income</b>		
\$0 - \$10,000	72.3%	162	\$0 - \$10,000	3.1%	7
\$10,001- \$20,000	8.5%	19	\$10,001- \$20,000	1.8%	4
\$20,001-\$30,000	1.8%	4	\$20,001-\$30,000	4.0%	9
\$30,001- \$40,000	4.5%	10	\$30,001- \$40,000	7.1%	16
\$40,001-\$50,000	1.8%	4	\$40,001-\$50,000	8.0%	18
\$50,001- \$60,000	.4%	1	\$50,001- \$60,000	4.5%	10
\$60,001-\$70,000	.4%	1	\$60,001-\$70,000	7.1%	16
\$70,001- \$80,000	.9%	2	\$70,001- \$80,000	9.4%	21
\$80,001-\$90,000	0.0%	0	\$80,001-\$90,000	8.5%	19
\$90,001- \$100,000	.4%	1	\$90,001- \$100,000	11.6%	26
Above \$100,000	.9%	2	Above \$100,000	26.8%	60
Missing	8.0%	18	Missing	8.0%	18

## **Hypotheses**

### **PRETEST-POSTTEST CHANGE IN PURCHASE INTENT FOR A PRODUCT IN GENERAL**

- H1. Exposure to advertising financing claims for a specific product significantly increases consumers' intention to make a purchase from that product category (creates an intent to buy a product that would be consistent with a change in reference points).**

#### **Auto**

Overall, 95 of the 218 subjects (43.6%) had no change in purchase intent after exposure to the Cavalier ad. Of those who changed their opinion, 77 had an increase in purchase intent and 46 had a decrease. By treatment level, 35.1% of those in the least expensive condition, 45.9% of those in the middle condition, 40.0% of those in the most expensive condition, and 46.8% of those in the control indicted no change.

Table 4.10 shows the number of subjects in each condition who changed their purchase intent rating and the total number of points change within each condition. When only looking at the number of subjects with positive verses negative change (not the net amount) the control group and the least expensive group had a two to one positive to negative change compared to near equal split in the medium and most expensive payment groups. However, when the amount of positive/negative change is considered, only the control group and the moderate level condition had considerable better positives than negatives.

**Table 4.10. Pre-Post Change in Auto Purchase Intent (Number of Changes and Net Point Change)**

<b>Treatment Group</b>	<b>Positive Change</b>	<b>No Change</b>	<b>Negative Change</b>
<b>\$183/mo.</b>	16 (61 points)	13	8 (57 points)
<b>\$246/mo.</b>	9 (53 points)	17	9 (29 points)
<b>\$317/mo.</b>	11 (33 points)	14	11 (26 points)
<b>Control</b>	40 (210 points)	51	18 (80 points)
<b>Total</b>	77 (357 points)	95	46 (192 points)

However, as seen in Table 4.12, ANOVA revealed no significant difference between the treatments. Since the treatment levels are somewhat similar to each other (with mean changes of .11, .65, and .20 for the most inexpensive through the most expensive conditions) and lower than the control (mean change of 1.12), the treatments were grouped and a *t*-test was run. The higher the number for mean change, the more purchase intent increased after ad exposure. The *t*-test indicated there was no significant difference between the two groups [ $t(216) = -1.31, p > .05$ ]. Exposure to financing claims did not increase purchase intent for autos in general.

**Table 4.11. Mean Pre-Post Change in Auto Purchase Intent**

<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>
.11	.65	.20	1.12

**Table 4.12. ANOVA—Pre-Post Change in Auto Purchase Intent by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>F Probability</b>
Between Groups	40.882	3	13.627	.672	.570
Within Groups	4341.050	214	20.285		
Total	4381.931	217			

### **Credit Card**

Overall, 91 of the 215 subjects (42.3%) had no change in acquisition intent after exposure to the CapitalOne Visa ad. Of those who changed their opinion, 76 had an increase in acquisition intent and 48 had a decrease. By treatment level, 47.2% of those in the least expensive condition, 37.1% of those in the middle condition, 22.2% of those in the most expensive condition, and 49.1% of those in the control indicated no change.

Table 4.13 shows the number of subjects in each condition who changed their acquisition intent rating and the total number of points change within each condition. When only looking at the number of subjects who changed their acquisition intent rating, the least expensive group had the greatest positive versus negative change with 84.2% of those changing opinions being in a positive direction compared to 63.6% for the middle condition, 64.3% for the most expensive condition, and 50.0% for the control. When the amount of positive/negative change is considered, only the control group had greater negative change than positive, whereas the financing treatment groups all had considerably more positive change.

**Table 4.13. Pre-Post Change in Credit Card Acquisition Intent (Number of Changes and Net Point Change)**

<b>Treatment Group</b>	<b>Positive Change</b>	<b>No Change</b>	<b>Negative Change</b>
<b>\$50/mo.</b>	16 (61 points)	17	3 (16 points)
<b>\$100/mo.</b>	14 (77 points)	13	8 (27 points)
<b>\$151/mo.</b>	18 (104 points)	8	10 (60 points)
<b>Control</b>	28 (105 points)	53	27 (147 points)
<b>Total</b>	77 (347 points)	95	46 (250 points)

Tables 4.14 and 4.15 present the mean amount of change for each condition and show that the ANOVA approached significance. There was an increase in acquisition intent in the treatment conditions (with mean change in the groups ranging from 1.22 to 1.42) and a decrease in acquisition intent in the control group (mean change of -.39). Of the post hoc tests, only LSD revealed significant or near significant differences between the groups—all being between the control and the treatment groups (Control and Least Expensive: Mean Difference -1.64,  $p = .07$ ; Control and Medium Treatment: Mean Difference -1.82,  $p = .05$ ; Control and Most Expensive Mean: Difference -1.61,  $p = .08$ ).

**Table 4.14. Mean Pre-Post Change in Credit Card Acquisition Intent**

<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>
1.25	1.42	1.22	-.39

**Table 4.15. ANOVA—Pre-Post Change in Credit Card Acquisition Intent by Treatment Group**

Source of Variance	Sum of Squares	<i>df</i>	Mean Square	<i>F</i>	<i>F</i> Probability
Between Groups	154.027	3	51.342	2.275	.081
Within Groups	4761.210	211	22.565		
Total	4915.237	214			

As the mean change was so close in the treatment conditions, they were grouped and a *t*-test was run. The *t*-test confirmed the difference between the two groups (Table 4.16). Exposure to financing claims for a specific product significantly increased subjects' intention to make a purchase from that product category for credit cards.

**Table 4.16. *t*-test for Pre-Post Change in Credit Card Acquisition Intent**

Treatments	Mean	Mean Difference	<i>t</i>	<i>df</i>	Sig. (2-tailed)
Combined Treatment Groups	1.2991	-1.6880	4.2948	213	.010
Control Group	-.3889				

## **PRETEST-POSTTEST CHANGE IN TIMEFRAME OF PURCHASE FOR A PRODUCT IN GENERAL**

**H2. Exposure to advertising financing claims for a specific product significantly advances the anticipated timeframe for purchase from the product category (creates an eagerness to buy a product that would be consistent with a change in reference points).**

## Auto

The majority of subjects in all conditions (83.1%) did not change their anticipated time of auto purchase. When subjects did change their minds they were almost equally divided between advancing and delaying auto purchase, except in the most expensive payment condition (\$317/mo.) where 5 delayed, 1 advanced, and 29 remained the same. Although relying on chi-square results would be inappropriate due to the high number of cells with small cell sizes, it is apparent that the obtained counts are very close to the expected. There appears to be no real difference in change of timeframe for purchase by treatment group. Financing claims do not advance the timeframe of purchase for autos in general.

**Table 4.17. Pre-Post Change in Timeframe of Auto Purchase by Treatment Group**

<b>Timeframe of Auto Purchase</b>	<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>	<b>Total</b>
<b>Accelerated</b>					
Count	2	2	1	11	16
Expected Count	2.7	2.7	2.6	8.0	16
% within Auto Ads	5.4%	5.4%	2.9%	10.0%	7.3%
<b>Unchanged</b>					
Count	31	33	29	89	182
Expected Count	30.7	30.7	29.1	91.4	182
% within Auto Ads	<b>83.8%</b>	<b>89.2%</b>	<b>82.9%</b>	<b>80.9%</b>	83.1%
<b>Delayed</b>					
Count	4	2	5	10	21
Expected Count	3.5	3.5	3.4	10.5	21
% within Auto Ads	10.8%	5.4%	14.3%	9.1%	9.6%
<b>Total</b>					
Count	37	37	35	110	219

## Credit Card

The majority of subjects in all conditions (71.1%) did not change their anticipated time of acquisition of a credit card. Of those who did change their timeframe, 21 advanced their anticipated acquisition time and 41 delayed it. In each of the conditions, those delaying were slightly greater in number than those advancing. As fewer than 20% of the cells have less than five cases, chi-square analysis is acceptable (Norusis1988). The chi-square results [ $\chi^2$  (6,  $N = 219$ ) = .82,  $p > .05$ ] and examination of the obtained counts (shown in Table 4.18) indicate there is no significant difference in change of timeframe for credit card acquisition by treatment group. Financing claims do not advance timeframe of purchase for credit cards in general.

**Table 4.18. Pre-Post Change in Timeframe of Credit Card Acquisition by Treatment Group**

<b>Timeframe of Credit Card Acquisition</b>	<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>	<b>Total</b>
Accelerated					
Count	2	3	5	11	21
Expected Count	3.5	3.5	3.5	10.5	21
% within Credit Card Ads	5.4%	8.3%	13.5%	10.1%	9.6%
Unchanged					
Count	29	28	24	76	157
Expected Count	26.5	25.87	26.5	78.1	157
% within Credit Card Ads	78.4%	77.8%	64.9%	69.7%	71.7%
Delayed					
Count	6	5	8	22	41
Expected Count	6.9	6.7	6.9	20.5	41
% within Credit Card Ads	16.2%	13.9%	21.6%	20.2%	18.7%
Total					
Count	37	36	37	109	219



## ATTITUDE TOWARD THE AD

- H3. Inclusion of financing claims in advertising significantly improves consumers' attitudes toward the ad (creates a liking for the advertisement).**

### Auto

The means for attitude toward the Cavalier Z24 ad are very similar in all conditions. On a scale of 4 (dislike) to 28 (like), the means in all conditions were close to 19. The means and ANOVA results (Tables 4.19 and 4.20) do not support the above hypotheses that inclusion of financing claims improves attitude toward the ad.

**Table 4.19. Mean Attitude toward the Cavalier Z24 Ad**

<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>
19.57	18.42	19.00	18.66

**Table 4.20. ANOVA—Attitude toward the Cavalier Z24 Ad by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b><i>df</i></b>	<b>Mean Square</b>	<b><i>F</i></b>	<b><i>F</i> Probability</b>
Between Groups	30.758	3	10.253	.371	.774
Within Groups	4341.050	214	20.285		
Total	4381.931	217			

## Credit Card

The means for attitude toward the CapitalOne Visa ad are also very similar across all treatment groups. On a scale of 4 (dislike) to 28 (like), the means in all conditions were close to 17. The means and ANOVA results (Tables 4.21 and 4.22) do not support the above hypothesis that inclusion of financing claims improves attitude toward the ad.

**Table 4.21. Mean Attitude toward the CapitalOne Visa Ad**

<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>
17.86	17.62	16.39	17.83

**Table 4.22. ANOVA—Attitude toward the CapitalOne Visa Ad by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>F Probability</b>
Between Groups	63.016	3	21.005	.626	.599
Within Groups	7311.835	218	33.541		
Total	7374.851	221			

## ATTITUDE TOWARD THE ADVERTISED PRODUCT

- H4. Inclusion of financing claims in advertising significantly improves consumers' attitudes toward the advertised product (creates a liking for the product that would be consistent with a change in reference points).**

## Auto

The means for attitude toward the Cavalier Z24 are very similar across all conditions. On a scale of 4 (dislike) to 28 (like) the means in all conditions were in the range of 15 to 16. ANOVA confirms that there were no significant differences across the groups. The means and ANOVA results (Tables 4.23 and 4.24) do not support the hypothesis that inclusion of financing claims improves attitude toward the Cavalier Z24.

**Table 4.23. Mean Attitude toward the Cavalier Z24**

<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>
16.41	15.08	15.95	15.16

**Table 4.24. ANOVA—Attitude toward the Cavalier Z24 by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>F Probability</b>
Between Groups	57.247	3	19.082	1.360	.256
Within Groups	3086.681	220	14.030		
Total	3143.929	223			

## Credit Card

The means for attitude toward CapitalOne Visa are fairly similar across the treatment groups, ranging from 12 to nearly 14. The scale itself ranges from 4 (dislike) to 28 (like). The ANOVA results revealed no significant differences across the groups. The means and ANOVA results (Table 4.25 and 4.26) do not

support the hypothesis that inclusion of financing claims improves attitude toward CapitalOne Visa.

**Table 4.25. Mean Attitude toward CapitalOne Visa**

<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>
13.89	11.97	12.66	13.23

**Table 4.26. ANOVA—Attitude toward the CapitalOne Visa Ad by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>F Probability</b>
Between Groups	78.657	3	26.219	1.179	.318
Within Groups	4891.057	220	22.232		
Total	4969.714	223			

## **PURCHASE INTENTIONS FOR THE ADVERTISED PRODUCT**

**H5. Inclusion of financing claims in advertising significantly increases consumers' intentions to purchase the advertised product (creates a desire for or intent to buy the product that would be consistent with a change in reference points).**

### **Auto**

The means for purchase intent for the Cavalier Z24 are somewhat different across the treatment groups. On a scale of 3 (not likely to purchase) to 21 (likely to purchase) the means ranged from a low of just below 7 in the control group to just above 9 in the most inexpensive treatment group (Table

4.27). Interestingly, purchase intent in the most expensive condition was nearly as high as in the least expensive. The ANOVA results (Table 4.28) shows that the means are indeed different. The means and ANOVA results support the hypothesis that inclusion of financing claims increases purchase intent for the specific product, namely the Cavalier Z24. Post hoc analysis confirmed significant differences between the least expensive condition and the control as well as the most expensive condition and the control (LSD mean differences 2.19,  $p = .013$  and mean difference  $-1.78$ ,  $p = .042$  respectively). Financing claims (at the least and most expensive levels) were associated with increased purchase intent for the Cavalier.

**Table 4.27. Mean Purchase Intent for the Cavalier Z24 by Treatment Group**

<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>
9.03	7.76	8.62	6.84

**Table 4.28. ANOVA—Purchase Intent for the Cavalier Z24 by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b><i>df</i></b>	<b>Mean Square</b>	<b><i>F</i></b>	<b><i>F</i> Probability</b>
Between Groups	178.787	3	59.596	2.836	.039
Within Groups	4601.625	219	21.012		
Total	4780.413	222			

### **Credit Card**

The means for acquisition intent for the CapitalOne Visa card also appear somewhat different, ranging from 6.76 in the middle treatment condition to 8.78 in the least expensive treatment condition (Table 4.29). The scale itself ranges

from 3 (unlikely to acquire) to 21 (likely to acquire). However, ANOVA reveals no significant difference between the groups (Table 4.30). The hypothesis that inclusion of financing claims increases acquisition intent was not true for the CapitalOne Visa card.

**Table 4.29. Mean Acquisition Intent for the CapitalOne Visa**

\$50/mo.	\$100/mo.	\$151/mo.	Control
8.78	6.76	7.18	7.92

**Table 4.30. ANOVA—Acquisition Intent for CapitalOne Visa by Treatment Group**

Source of Variance	Sum of Squares	<i>df</i>	Mean Square	<i>F</i>	<i>F</i> Probability
Between Groups	91.427	3	30.476	1.441	.232
Within Groups	4653.068	220	21.150		
Total	4744.496	223			

## **AFFORDABILITY PERCEPTIONS FOR THE ADVERTISED PRODUCT**

**H6. Inclusion of financing claims in advertising significantly increases consumers' affordability perception of the product (makes the product appear to the potential consumer to be more affordable).**

### **Auto**

The means for affordability of the Cavalier Z24 vary slightly from a low of 8.32 for the most expensive condition to a high of 9.82 for the control

(Table 4.31). They all tend to fall near the low end of the affordability scale which ranges from 3 (not affordable) to 21 (affordable). The ANOVA results shown in Table 4.32 indicate that means do not vary significantly from each other. These results do not support the hypothesis that inclusion of financing claims increases affordability perceptions of the Cavalier Z24.

**Table 4.31. Mean Perceived Affordability of the Cavalier Z24**

<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>
8.84	8.71	8.32	9.82

**Table 4.32. ANOVA—Perceived Affordability of the Cavalier Z24 by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>F Probability</b>
Between Groups	85.460	3	28.487	.949	.418
Within Groups	6601.379	220	30.006		
Total	6686.839	223			

### **Credit Card**

The means for perceived affordability of the CapitalOne Visa card also appear somewhat different, ranging from 13.16 in the middle treatment condition to 15.57 in the least expensive treatment condition (Table 4.33). The scale itself ranges from 3 (not affordable) to 21 (affordable). However, while the ANOVA results are closer to significance than for many of the other dependent variables, they still fail to reveal significant differences between the groups (Table 4.34).

The hypothesis that financing claims increase affordability perceptions for the CapitalOne Visa card cannot be supported.

**Table 4.33. Mean Perceived Affordability for the CapitalOne Visa**

<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>
15.57	13.16	14.26	15.00

**Table 4.34. ANOVA—Perceived Affordability for the CapitalOne Visa Ad by Treatment Group**

<b>Source of Variance</b>	<b>Sum of Squares</b>	<b><i>df</i></b>	<b>Mean Square</b>	<b><i>F</i></b>	<b><i>F</i> Probability</b>
Between Groups	132.412	3	44.137	1.652	.178
Within Groups	5877.477	220	26.716		
Total	6009.88	223			

## **ANTICIPATED TIMEFRAME FOR PURCHASE OF THE ADVERTISED PRODUCT**

**H7. Inclusion of financing claims in advertising significantly advances consumers' expected time of purchase of the advertised product (creates an eagerness or impatience to possess the product).**

### **Auto**

Overall, very few of the subjects (17 or 7.6%) indicated that they had any intention to purchase the Cavalier Z24. Of those intending to purchase, the majority (11) expected to purchase sometime, but not within 24 months. Four of those subjects were in the middle treatment condition, three were in the most expensive, and two each were in the least expensive condition and the control.



Two subjects (one each from the least expensive treatment and the control) expected to purchase in 13 to 24 months. Three subjects (two in the least expensive group and one in the control) planned to purchase in 7 to 12 months. Finally, one subject (in the control) planned to purchase within 6 months.

There were so few subjects who intended to purchase a Cavalier that even when the timeframes are condensed into purchase and no purchase there are too many cells with small sizes to run chi-square analysis. However, in Table 4.36 the obtained responses can be compared to those that would be expected in order to show that the response is roughly the same across conditions. Intent to purchase is very slightly higher in the least expensive treatment condition, followed by the middle, the most expensive, and finally, it is the lowest in the control. However, the differences are so small that even had a larger sample been taken, it is unlikely that the hypothesis regarding financing claims advancing timeframe of purchase would have been supported. The claims do not appear to affect timeframe of purchase.

**Table 4.35. Timeframe of Purchase of the Cavalier Z24 by Treatment Group**

<b>Timeframe of Auto Purchase</b>	<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>	<b>Total</b>
<b>Purchasing</b>					
Count	5	4	3	5	17
Expected Count	2.8	2.9	2.8	8.5	17
% within Auto Ads	13.5%	10.5%	8.1%	4.5%	7.6%
<b>Not Purchasing</b>					
Count	32	34	34	106	206
Expected Count	34.2	35.1	34.2	102.5	206
% within Auto Ads	86.5%	89.5%	91.9%	95.5%	92.4%
<b>Total</b>					
Count	37	38	37	111	223

## **Credit Card**

Slightly more subjects (39 in all or 17.4%) intended to acquire CapitalOne Visa than buy a Cavalier. Table 4.36 presents that distribution of responses to the timeframe of acquisition of a CapitalOne card across the treatment groups. As the table shows, 24 subjects intended to obtain a card sometime beyond 24 months and 9 intended to obtain one within 6 months. Another four subjects intended to obtain a CapitalOne card within 7 to 12 months and two subjects in 13 to 24 months. So many cells were empty or extremely small that no pattern of response by treatment group was apparent.

Since many cells had low cell counts the timeframes were combined to form two groups, those intending to acquire a CapitalOne card (labeled Acquisition All Combined) and those intending not to obtain one. Those people in the most inexpensive treatment condition had the lowest overall acquisition intent (10.8%), followed by the control (17.0%), the most expensive treatment (21.1%), and the middle condition (21.6%). As the expected cell size was over five in all the cells, it was valid to run a chi-square test. The chi-square analysis revealed that there were no differences in purchase intent by treatment group [ $\chi^2(3, N = 224) = 1.9, p > .05$ ]. Overall, there is no support for the hypothesis that financing claims advanced the timeframe of purchase for the CapitalOne Visa card.

**Table 4.36. Timeframe of CapitalOne Acquisition by Treatment Group**

<b>Timeframe of Credit Card Acquisition</b>	<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>	<b>Total</b>
Acquire within 6 months					
Count	2	1	1	5	9
Expected Count	1.5	1.5	1.5	4.5	9.0
% within Credit Card Ads	5.4%	2.7%	2.7%	4.5%	4.0%
Acquire within 7-12 months					
Count	0	1	1	2	4
Expected Count	.7	.7	.7	2.0	4.0
% within Credit Card Ads	0%	2.7%	2.6%	1.8%	1.8%
Acquire within 13-24 months					
Count	0	0	0	2	2
Expected Count	.3	.3	.3	1.0	2.0
% within Credit Card Ads	0%	0%	0%	1.8%	.9%
Acquire beyond 24 months					
Count	2	6	6	10	24
Expected Count	4.0	4.0	4.0	12.0	24.0
% within Credit Card Ads	5.4%	16.2%	15.8%	8.9%	10.7%
Acquisition (all combined)					
Count	4	8	8	19	39
Expected Count	6.4	6.4	6.4	19.5	39.0
% within Credit Card Ads	10.8%	21.6%	21.1%	17.0%	17.4%
Not Acquire					
Count	33	29	30	93	185
Expected Count	30.6	30.6	31.4	92.5	185.0
% within Credit Card Ads	89.2%	78.4%	78.9%	92.5%	82.6%
Total					
Count	37	37	38	112	224

## **ANTICIPATED METHOD OF PAYMENT FOR THE ADVERTISED PRODUCT**

**H8. Inclusion of financing claims in advertising significantly affects consumers' anticipated method of payment for the advertised product (creates greater likelihood of deferring payment).**

## Auto

Table 4.37 presents the distribution of responses to the method of payment question. Examination of responses reveals few differences by treatment group. Overall, leasing accounted for 50.0% of the chosen payment methods, taking out a loan 39.2%, and buying outright 10.8%. It was expected that those in financing treatment conditions, particularly those in the least expensive treatment group who were exposed to the longest loan period, may be more likely to select longer loan or even longer lease periods, rather than buying the car outright. The percentage of subjects choosing to buy the car outright was constant across

**Table 4.37. Payment Method for Cavalier by Treatment Group**

<b>Method of Payment</b>	<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$318/mo.</b>	<b>Control</b>	<b>Total</b>
<b>1-Year Lease</b>	2	4	3	9	18
	5.4%	10.5%	8.1%	8.2%	8.1%
<b>2-Year Lease</b>	11	9	11	27	58
	29.7%	23.7%	29.7%	24.5%	26.1%
<b>3-Year Lease</b>	8	3	1	23	35
	21.6%	7.9%	2.7%	20.9%	15.8%
<b>48-Month Loan</b>	8	11	12	24	55
	21.6%	28.9%	32.4%	21.8%	24.8%
<b>60-Month Loan</b>	3	2	5	12	22
	8.1%	5.3%	13.5%	10.9%	9.9%
<b>82-Month Loan</b>	1	4	1	4	10
	2.7%	10.5%	2.7%	3.6%	4.5%
<b>Buy Outright</b>	4	5	4	11	24
	10.8%	13.2%	10.8%	10.0%	10.8%
<b>Total</b>	<b>37</b>	<b>38</b>	<b>37</b>	<b>110</b>	<b>222</b>

conditions. Few people in any condition chose the longest loan period. The greatest differences by treatment group appeared in the 3-year lease option; 21.8% of the control group subjects and 21.6% of those in the least expensive condition selected a 3-year lease versus only 7.9% in the middle condition and 2.7% of those in the most expensive condition. Those last two groups opted more for loan options. Overall, it is unlikely that financing claims influenced method of payment for the Cavalier as there are few differences between groups.

### **Credit Card**

As shown in Table 4.38, responses to the payment method for purchases made with the CapitalOne Visa card do not seem to vary much by treatment group. The most expensive treatment condition did have a slightly higher percentage of subjects choosing to pay the minimum payment only. However, these differences appear to be very slight. Overall, financing claims did not influence the method of payment.

**Table 4.38. Payment Method for CapitalOne Purchases by Treatment Group**

<b>Method of Payment</b>	<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>	<b>Total</b>
<b>Pay Balance Off in Full</b>	21	22	17	67	127
	56.8%	59.5%	44.7%	59.8%	56.7%
<b>Pay Less than Full Balance, but More than the Minimum</b>	14	12	15	32	73
	37.8%	32.4%	39.5%	28.6%	32.6%
<b>Pay Minimum Payment</b>	12	2	6	12	23
	10.7%	5.4%	15.8%	10.7%	10.3%
<b>Pay Less than the Minimum Payment</b>	1	0	0	1	1
	.9%	0.0%	0.0%	.4%	.4%
<b>Total</b>	37	37	38	112	222

## **LEVEL OF FINANCING CLAIM**

**H9. The advertised level of the financing claim (the expense of payments with their respective lengths of credit period) significantly affects attitude and purchase-related variables.**

Overall, the impact of financing claims in general and the specific levels of the claims did not have much significant impact on the dependent variables as is apparent from the preceding results which provided breakdowns by treatment group (level of claim) in order to give an indication of the influence of financing versus no financing claims. Here, the focus is on providing an examination of the specific influence of the levels of the financing treatments.

### **Auto**

An examination of the means for the main dependent variables (Table 4.39) reveals some trends by treatment level. Specifically, those in the least expensive treatment level rated highest on ease of payment in the manipulation check (as described in Table 4.1), attitude toward the ad, attitude toward the Z24, purchase intent for the Z24, and timeframe of Cavalier purchase (although not for affordability and pre-post difference in purchase intent) for an auto in general. The most inexpensive level was fairly consistently received as the best. Ironically, those in the most expensive condition often gave higher ratings than the moderate level or the control for product specific questions. However, while there is some indication of a pattern of response by treatment group, the effect of the levels was only significant in the case of one dependent variable, purchase intent for the Cavalier Z24.

**Table 4.39. Auto Ads—Dependent Variables by Level of Financing Claim**

<b>Variable</b>	<b>\$183/mo.</b>	<b>\$246/mo.</b>	<b>\$317/mo.</b>	<b>Control</b>	<b>F</b>	<b>F Probability</b>
Attitude toward the ad (3-21)	19.57	18.42	19.00	18.66	.371	.774
Attitude toward the Cavalier Z24 (4-28)	16.41	15.08	15.95	15.48	1.360	.256
Purchase Intent for the Cavalier Z24 (3-21)	9.03 *	7.76	8.62 **	6.8 **	2.836	.039
Affordability of the Cavalier Z24 (3-21)	8.84	8.71	8.32	9.82	.949	.418
Posttest Purchase Intent for Auto (General) (3-21)	15.11	17.24	16.08	16.57	.552	.648
Change in Purchase Intent for any Auto	.11	.65	.20	1.12	.672	.570

\* levels significantly different from each other

### **Credit Card**

In the case of credit cards, there was not even a significant difference between the treatment levels on ratings of how easy the credit card was to pay for (the manipulation check). On that question (as is shown in Table 4.2), the most inexpensive condition was rated the easiest to pay (although not significantly so). Additionally, on many of the dependent variables (attitude toward the ad, attitude toward CapitalOne, purchase intent for CapitalOne, and affordability of CapitalOne), the least expensive condition received the most

favorable ratings. However, in only one case, was there a significant impact of the financing claims (for all treatment levels combined versus the control) on a dependent variable (increasing intent to acquire a credit card). The middle financing condition often rated the poorest for the CapitalOne specific dependent variables. There is some indication that the level of financing claims influenced (although not significantly so) responses to the dependent variables.

**Table 4.40. Credit Card Ads—Dependent Variables by Level of Financing Claim**

<b>Variable</b>	<b>\$50/mo.</b>	<b>\$100/mo.</b>	<b>\$151/mo.</b>	<b>Control</b>	<b>F</b>	<b>F Probability</b>
Attitude toward the ad (3-21)	17.86	17.62	16.39	17.83	.626	.599
Attitude toward the CapitalOne Visa (4-28)	13.89	11.97	12.66	13.23	1.179	.318
Acquisition Intent For the CapitalOne Visa (3-21)	8.78	6.76	7.14	7.92	1.441	.232
Affordability of the CapitalOne Visa (3-21)	15.57	13.16	14.26	15.00	1.652	.178
Posttest Acquisition of Credit Card (General) (3-21)	14.64	16.51	14.0	14.76	1.100	.350
Change in Acquisition Intent for any Credit Card	1.25	1.43	1.22	-.39	2.275	.081
		Combined Mean 1.29			<i>t</i> -2.617	.010

## INDIVIDUAL DIFFERENCE VARIABLES

**H10. Some consumers are more favorably influenced by financing claims than others.**



## Impatience

**H10A. Impatient people are significantly more likely to be favorably influenced by advertising that includes financing claims than patient people.**

Overall, it appears that impatient people do not react differently to ads containing financing claims than people who are more patient. The following MANOVA results show that impatience did not have any significant effects on response to the financing claims in the auto experiments. For credit cards, impatience was a covariate for acquisition intent for CapitalOne and credit cards in general with the relationship in the opposite direction of what might be expected (the more impatient, the lower the acquisition intent). However, when this was factored in there still were no significant differences across the groups for the dependent variables.

**Table 4.41. MANOVA Results—Impatience and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of</b>		
	<b>Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

**Table 4.42. MANOVA Results—Impatience and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	S	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	S	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

***Acquisition Intent for CapitalOne Visa.*** Table 4.43 shows impatience had a significant relationship with acquisition intent for the CapitalOne card. Even when the relationship was taken into account in the analysis of covariance, there were no significant differences between the treatments groups and purchase intent for the card. The correlation between impatience and purchase intent for CapitalOne across all treatment conditions was significant ( $r = -.143, p < .05$ ). (Refer to Appendix C for a listing of all correlation coefficients.) Overall then, the more impatient the lower the purchase intent for CapitalOne.

**Table 4.43. Analysis of Covariance—Impatience and Acquisition Intent for CapitalOne Visa**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within Cells	4566.74	219	20.85		
Regression (Impatience)	86.33	1	86.33	4.14	.043
Credit Card Ads	80.18	3	26.73	1.28	.282

***Acquisition Intent for Credit Cards (General).*** Similarly impatience had a significant relationship with purchase intent for credit cards in general and factoring impatience in as a covariate did not result in significant differences between the treatment groups for acquisition intent for credit cards. There was a significant correlation between impatience and acquisition intent for credit cards (the more impatient the lower the acquisition intent for credit cards in general) ( $r = -.150, p < .05$ ).

**Table 4.44. Analysis of Covariance—Impatience and Purchase Intent for Credit Cards (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	8682.80	218	39.83		
Regression (Impatience)	171.02	1	171.02	4.29	.039
Credit Card Ads	101.70	3	33.90	.85	.467

### **Time Orientation**

**H10B. Present-minded people are significantly more likely to be influenced by advertising that includes financing claims than future-minded people.**

Tables 4.45 and 4.46 show that time orientation had no significant influence on subjects' reaction to financing claims. There was no evidence to indicate that present-minded people for example respond more positively to the most inexpensive claims or to financing claims in general. Time orientation did not act as a covariate or interact with the treatment conditions in any way.

**Table 4.45. MANOVA Results—Time Orientation and Automotive Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

**Table 4.46. MANOVA Results—Time Orientation and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### **Compulsive Consumption**

**H10C. People with a greater tendency toward compulsive consumption are significantly more likely to be influenced by advertising that includes financing claims than consumers with a lower tendency toward compulsive consumption.**

Tables 4.47 and 4.51 show that compulsive consumption has little influence on subjects' reactions to financing claims. There was very little evidence to indicate that compulsive people, for example, respond more positively to financing claims. For only one variable in the auto ad experiments

and no variables in the credit card experiments, did compulsive consumption interact with the treatment conditions in anyway.

**Table 4.47. MANOVA Results—Compulsive Consumption and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	S	NS

*Pre-Post Difference in Purchase Intent for an Auto (General).* Table 4.48 shows compulsive consumption did have a significant interaction with the auto treatment groups. In the most expensive treatment condition, those who were more compulsive had more positive change in purchase intent. This was the only condition where there was a significant correlation between compulsive consumption and pre-post difference in purchase intent for an auto. The test for parallel slopes nearly showed significant differences among the groups.

**Table 4.48. Interaction—Compulsive Consumption and Pre-Post Difference in Purchase Intent for Auto (General)**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within + Residual	4157.22	210	19.80		
Compulsiveness	15.47	1	15.47	.78	.378
Auto Ads	146.18	3	48.73	2.46	.064
Auto Ads by Compulsiveness	182.66	3	60.89	3.08	.029

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**Table 4.49. Parallel Slopes—Compulsive Consumption and Pre-Post Difference in Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within + Residual	4157.22	210	19.80		
Compulsiveness within Auto Ads	183.83	4	45.96	2.32	.058
Auto Ads	146.18	3	48.73	2.46	.064

**Table 4.50. Correlation—Compulsive Consumption and Pre-Post Difference in Purchase Intent for Auto (General) by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.083	.153	.513	-.153
Significance (2-tailed)	.626	.365	.002	.113
N	37	37	35	109

**Table 4.51. MANOVA Results—Compulsive Consumption and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### Other Individual Difference Variables

**H10D. Other individual difference variables (such as age, gender, education, income, credit card attitudes/use, and financial knowledge) significantly affect responsiveness to financing claims.**

## *Age*

Age, more than many other individual difference variables, had relationships with many (five) of the dependent variables according to the MANOVA results (Tables 4.52 and 4.57). However, although it acted as a covariate with four of the dependent variables, only two of these relationships were corroborated by significant correlations. In both cases, age was negatively associated with attitudes toward the ad and product. In only one case there was a significant interaction between age and the dependent variable (affordability of CapitalOne); age was positively associated with affordability in the middle level and control conditions. So, while age was correlated with some of the dependent variables, in most cases it did not influence responsiveness to financing claims.

**Table 4.52. MANOVA Results—Age and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	S	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	S	S
Posttest Purchase Intent for Auto (general)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (general)	NS	NS	NA

***Attitude toward the Cavalier Z24.*** The interaction effect was not significant. Table 4.53 shows that age and attitude toward the Cavalier had a significant relationship. However, when this was accounted for there still were no significant differences between the treatment groups in attitude toward the



Cavalier. Age was significantly and negatively correlated with attitude toward the Cavalier ( $r = -.178, p < .05$ ).

**Table 4.53. Analysis of Covariance—Age and Attitude toward the Cavalier Z24**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	2767.61	198	13.98		
Regression (Age)	86.07	1	86.07	6.16	.014
Auto Ads	43.68	3	14.56	1.04	.375

*Affordability of the Cavalier Z24.* Tables 4.54 through 4.56 show age had a significant interaction with the treatment conditions. The relationship between age and perceived affordability of the Cavalier was not the same in all of the treatment conditions. Interestingly, there were fairly strong positive correlations between age and perceived affordability of the Cavalier in two of the treatment groups—the middle condition and the control. So in these groups, the older the more affordable the car. However, there was no relationship in the other two conditions. The parallel slopes test indicated that the slopes of the groups were significantly different.

**Table 4.54. Interaction—Age and Affordability of the Cavalier Z24**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within + Residual	5378.86	195	27.58		
Age	230.60	1	230.60	8.36	.004
Auto Ads	256.18	3	85.39	3.10	.028
Auto Ads by Age	261.12	3	87.04	3.16	.026

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**Table 4.55. Parallel Slopes—Age and Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	5378.86	195	27.58		
Age within Auto Ads	7.2.66	4	175.66	6.37	.000
Auto Ads	256.18	3	85.39	3.10	.028

**Table 4.56. Correlation between Age and Affordability of the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.047	.539	.065	.350
Significance (2-tailed)	.790	.001	.716	.000
N	35	33	34	101

**Table 4.57. MANOVA Results—Age and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	S	NS	NA
Attitude toward the CapitalOne Visa	S	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	S	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

*Attitude toward the CapitalOne Ad.* The interaction between age and attitude toward the CapitalOne ad was not significant. As Table 4.58 shows, age had a significant relationship with attitude toward the CapitalOne ad, but when this relationship was taken into account analysis of covariance showed no differences in attitude toward the CapitalOne ad among the treatment groups.

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Indeed, age was significantly correlated with attitude toward the CapitalOne ad (the older, the more negative the attitude) ( $r = -.201, p < .05$ ).

**Table 4.58. Analysis of Covariance—Age and Attitude toward the CapitalOne Ad**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	6348.75	196	32.39		
Regression (Age)	327.45	1	327.45	10.11	.002
Credit Card Ads	68.23	3	22.74	.70	.552

**Attitude toward CapitalOne.** The interaction between age and attitude toward the CapitalOne approached but did not reach significance. According to Table 4.59, age had a significant relationship with attitude toward CapitalOne, but when this relationship was taken into account analysis of covariance showed no significant differences in attitude toward the ads among the treatment groups. The correlation between age and attitude toward CapitalOne was not significant ( $r = -.145, p > .05$ ).

**Table 4.59. Analysis of Covariance—Age and Attitude toward CapitalOne**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	4361.90	196	22.03		
Regression (Age)	171.53	1	171.53	7.79	.006
Credit Card Ads	106.74	3	35.58	1.62	.187

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***Acquisition Intent for Credit Cards (General).*** According to Table 4.60, there was a significant relationship between age and credit card acquisition intent, but when that relationship was taken into account there were no significant differences between the groups with regard to acquisition intent. The correlation between age and credit card acquisition intent was not significant ( $r = -.075, p > .05$ ).

**Table 4.60. Analysis of Covariance—Age and Credit Card (General) Acquisition Intent**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within	8080.66	197	41.02		
Age	164.22	1	164.22	4.00	.047
Credit Card Ads	137.53	3	45.84	1.12	.343

### ***Gender***

Gender had some impact on the response to financing claims for the auto ads, but none for the credit cards (Tables 4.61 and 4.68). For two dependent variables (attitude toward and purchase intent for the Cavalier) women had more positive responses in two of the treatment conditions—the least expensive and the control—than men did. There was no relationship in the other conditions. However, the parallel slopes test was only significant for purchase intent. Gender had some impact on response to financing claims.

**Table 4.61. MANOVA Results—Gender and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	S	NS
Purchase Intent for the Cavalier Z24	NS	S	S
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

*Attitude toward the Cavalier Z24.* As Tables 4.62 through 4.64 show, gender had a significant interaction with the treatment conditions. The relationship between gender and attitude toward the Cavalier did not appear to be the same in all of the treatment conditions. Interestingly, there were negative correlations between gender and attitude toward the Cavalier in two of the treatment groups—the least expensive condition and the control. So in these groups, women had more positive attitudes toward the Cavalier. There were no significant correlations in the other two conditions. However, the parallel slopes test only approached significance indicating the differences were not quite strong enough to show that the slopes in the groups were significantly different.

**Table 4.62. Interaction—Gender and Attitude toward the Cavalier Z24**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within + Residual	2783.32	208	13.38		
Gender	23.31	1	23.31	1.74	.188
Auto Ads	81.78	3	27.26	2.04	.110
Auto Ads by Gender	125.85	3	41.95	3.13	.026





**Table 4.63. Parallel Slopes—Gender and Attitude toward the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	2783.32	208	13.38		
Gender within Auto Ads	195.63	4	48.91	3.65	.007
Auto Ads	81.78	3	27.26	2.04	.110

**Table 4.64. Correlation between Gender and Attitude toward the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.400	.088	.169	-.262
Significance (2-tailed)	.016	.608	.317	.006
N	36	36	37	107

***Purchase Intent for the Cavalier Z24.*** As Tables 4.65 through 4.67 show, gender had a significant interaction with the treatment conditions. The relationship between gender and purchase intent for the Cavalier did not appear to be the same in all of the treatment conditions. Again, there were negative correlations between gender and purchase intent for the Cavalier in two of the treatment groups—the least expensive condition and the control. So in these treatment conditions, women had higher purchase intent for the Cavalier Z24 than men did. The correlations between gender and purchase intent were not significant in the other two conditions. The parallel slopes test showed that the differences were significant.

**Table 4.65. Interaction—Gender and Purchase Intent for the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	4027.91	207	19.46		
Gender	116.56	1	116.59	5.99	.015
Auto Ads	189.07	3	63.02	3.24	.023
Auto Ads by Gender	162.66	3	54.22	2.79	.042

**Table 4.66. Parallel Slopes—Gender and Purchase Intent for the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	4027.91	207	19.46		
Gender within Auto Ads	287.69	4	71.92	3.70	.006
Auto Ads	189.07	3	63.02	3.24	.023

**Table 4.67. Correlation between Gender and Purchase Intent for the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.447	-.076	.060	-.201
Significance (2-tailed)	.006	.660	.723	.039
N	36	36	37	106

**Table 4.68. MANOVA Results—Gender and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### ***Class Standing***

Class standing had some impact on response to financing claims, but the impact appears to be limited to perceptions of affordability (Tables 4.69 and 4.73). Class standing had significant correlations with affordability in two conditions (middle and control) for the Cavalier and one condition (middle) for the CapitalOne card. In these conditions, perceived affordability increased with class standing. Significant correlations did not occur in the other conditions. The differences across the groups on affordability were significant for the Cavalier but not for CapitalOne.

**Table 4.69. MANOVA Results—Class Standing and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	S	S
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

***Affordability of the Cavalier Z24.*** As Tables 4.70 through 4.72 show, class standing had a significant interaction with the treatment conditions. The relationship between class standing and affordability of the Cavalier was not the same in all of the treatment conditions. There were positive correlations between class standing and affordability of the Cavalier in two of the treatment groups—

the middle condition and the control. So as might be expected, in these groups the higher the class standing the more affordable the car. There were no significant correlations in the other two conditions. The parallel slopes test showed that the slopes of the treatment conditions were not parallel.

**Table 4.70. Interaction—Class Standing and Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	5737.82	215	26.69		
Class Standing	279.89	1	279.89	10.49	.001
Auto Ads	241.04	3	80.35	3.01	.031
Auto Ads by Class Standing	293.58	3	97.86	3.67	.013

**Table 4.71. Parallel Slopes—Class Standing and Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	5737.82	215	26.69		
Class Standing within Auto Ads	840.11	4	210.03	7.87	.000
Auto Ads	241.04	3	80.35	3.01	.031

**Table 4.72. Correlation between Class Standing and Affordability of the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.095	.587	.166	.339
Significance (2-tailed)	.578	.000	.495	.000
N	37	38	37	112

**Table 4.73. MANOVA Results—Class Standing and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	S	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	S	NS
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

***Attitude toward the CapitalOne Ad.*** There was no interaction between class standing and attitude toward the CapitalOne ad. Table 4.74 shows that class standing and attitude toward the CapitalOne ad had a significant relationship. However, when this was accounted for there still were no significant differences between the treatment groups in attitude toward the CapitalOne ad. Class standing was significantly and negatively correlated with attitude toward the Cavalier ( $r = -.173, p < .05$ ).

**Table 4.74. Analysis of Covariance—Class Standing and Attitude toward the CapitalOne Ad**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within Cells	7177.33	216	32.95		
Regression (Age)	188.69	1	188.69	5.73	.018
Credit Card Ads	72.66	3	24.22	.74	.532

***Perceived Affordability of CapitalOne Visa.*** As Tables 4.75 through 4.77 show, there was a significant interaction between class standing and affordability of CapitalOne. There was a strong positive relationship between class standing

and perceived affordability of CapitolOne in the middle treatment condition, but no significant relationships in any of the other conditions. However, the test of parallel slopes only approached significance.

**Table 4.75. Interaction—Class Standing and Perceived Affordability of CapitalOne**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	5371.93	215	24.99		
Class Standing	50.53	1	50.53	2.02	.156
Credit Card Ads	151.99	3	50.66	2.03	.111
Credit Card Ads by Class Standing	242.39	3	80.80	3.23	.023

**Table 4.76. Parallel Slopes—Class Standing and Perceived Affordability of CapitalOne**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	5371.93	215	24.99		
Class Standing within Credit Card Ads	452.82	4	113.21	4.53	.002
Credit Card Ads	151.99	3	50.66	2.03	.111

**Table 4.77. Correlation between Class Standing and Perceived Affordability of CapitalOne**

	\$50/mo.	\$100/mo.	\$151/mo.	Control
Pearson Correlation	.106	.594	.179	.045
Significance (2-tailed)	.532	.000	.289	.636
N	37	38	37	111

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### ***Parents' Income***

Parents' income had relationships with four of the dependent variables according to the MANOVA results (Tables 4.78 and 4.82). However, it acted as a covariate in all cases. In three of the cases, parents' income was positively associated with perceptions of affordability and increases in purchase intent for the products in general. In one case however, it was negatively associated with pre-post change in purchase intent (for autos). So, while parents' income was correlated with some of the dependent variables, it did not influence responsiveness to financing claims.

**Table 4.78. MANOVA Results—Parents' Income and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	S	NS	NA
Posttest Purchase Intent for Auto (General)	S	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	S	NS	NA

***Perceived Affordability of the Cavalier Z24.*** There was no interaction between parents' income and perceived affordability of the Cavalier. Table 4.79 shows that parents' income and affordability of the Cavalier had a significant relationship. However, when this was accounted for there still were no significant differences between the treatment groups in affordability of the

Cavalier. Parents' income was significantly and positively correlated with perceived affordability of the Cavalier ( $r = .209, p < .01$ ).

**Table 4.79. Analysis of Covariance—Parents' Income and Perceived Affordability of the Cavalier Z24**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	6008.94	201	29.90		
Regression (Parents' Income)	267.23	1	267.23	8.94	.003
Auto Ads	44.23	3	14.74	.49	.687

**Purchase Intent for Auto (General).** As in the previous case, there was no interaction between parents' income and purchase intent for an auto in general. Table 4.80 shows that parents' income and purchase intent for an auto had a significant relationship. However, when this was accounted for, the F value for purchase intent improved but still did not reach significance. Parents' income was significantly and positively correlated with purchase intent for an auto (general) ( $r = .210, p < .01$ ).

**Table 4.80. Analysis of Covariance—Parents' Income and Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	5482.37	201	27.28		
Regression (Parents' Income)	264.23	1	264.23	9.69	.002
Auto Ads	152.26	3	50.75	1.86	.137

***Pre-Post Difference in Purchase Intent for Auto (General).*** Once again, there was no interaction between parents' income and pre-post difference in purchase intent for an auto in general. Table 4.81 shows that parents' income and pre-post purchase intent for an auto in general had a significant relationship. When this was accounted for, the differences between the treatment groups in pre-post purchase intent for an auto approached significance. Parents' income was significantly and negatively correlated with pre-post purchase difference in purchase intent for an auto (the greater the income, the more negative the change in purchase intent ( $r = -.160, p < .05$ ).

**Table 4.81. Analysis of Covariance—Parents' Income and Pre-Post Difference in Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	3907.42	196	19.94		
Regression (Parents' Income)	105.41	1	105.41	5.29	.023
Auto Ads	63.88	3	21.29	2.11	.080

**Table 4.82. MANOVA Results—Parents' Income and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	S	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

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***Purchase Intent for Credit Card (General).*** As in the above auto cases, there was no interaction between parents' income and purchase intent for a credit card in general. Table 4.83 shows that parents' income and purchase intent for a credit card had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups for purchase intent for a credit card. Parents' income was significantly and positively correlated with purchase intent for a credit card in general ( $r = .156$ ,  $p < .05$ ).

**Table 4.83. Analysis of Covariance—Parents' Income and Purchase Intent for Credit Card (General)**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within Cells	7869.57	200	39.35		
Regression (Parents' Income)	240.35	1	240.35	6.11	.014
Credit Card Ads	126.30	3	42.10	1.07	.363

### ***Parental Financial Support***

Parental support had relationships with three of the dependent variables according to the MANOVA results (Tables 4.84 and 4.87). In all cases, it acted as a covariate. It was negatively correlated with pre-post auto purchase intent and positively correlated with attitude toward the CapitalOne ad and purchase intent for credit cards in general. Parental support was correlated with a few of the dependent variables, but it did not influence responsiveness to financing claims.

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**Table 4.84. MANOVA Results—Parental Support and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	S	NS	NA

***Pre-Post Difference in Purchase Intent for Auto (General).*** There was no interaction between parental support and pre-post difference in purchase intent for an auto in general. Table 4.85 shows that parental support and pre-post difference in auto purchase intent had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups for pre-post difference in auto purchase intent. Parental support was significantly and negatively correlated with pre-post auto purchase intent (the greater the percentage of parental support, the more negative the pre-post difference in purchase intent ( $r = -.149, p < .05$ )).

**Table 4.85. Analysis of Covariance—Parental Support and Pre-Post Difference in Purchase Intent for Auto (General)**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within Cells	4185.13	206	20.32		
Regression (Parental Support)	87.80	1	87.80	4.32	.039
Auto Ads	35.49	3	11.83	.58	.627

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**Table 4.86. MANOVA Results—Parental Support and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	S	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	S	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

*Attitude toward the CapitalOne Ad.* There was no interaction between parental support and attitude toward the CapitalOne ad. Table 4.87 shows that parental support and attitude toward the CapitalOne ad had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups for attitude toward the CapitalOne ad. Parental support was significantly and positively correlated with attitude toward the CapitalOne ad (the greater the percentage of parental support, the more positive the attitude toward the CapitalOne ad) ( $r = .160, p < .05$ ).

**Table 4.87. Analysis of Covariance—Parental Support and Attitude toward the CapitalOne Ad**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within Cells	6946.19	210	33.08		
Regression (Parental Support)	192.21	1	192.21	5.81	.017
Credit Card Ads	82.96	3	27.65	.84	.475

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***Acquisition Intent for Credit Card (General).*** There was no interaction between parental support and acquisition intent for a credit card in general. Table 4.88 shows that parental support and acquisition intent for a credit card in general had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups for acquisition intent for a credit card in general. There was a significant positive correlation between percentage of parental support and acquisition intent for a credit card in general ( $r = .169, p < .05$ ).

**Table 4.88. Analysis of Covariance—Parental Support and Purchase Intent for a Credit Card (General)**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within Cells	8170.70	211	38.72		
Regression (Parental Support)	292.03	1	292.03	7.54	.007
Credit Card Ads	210.79	3	70.26	1.81	.146

### ***Personal Income***

Personal income had relationships with two of the dependent variables according to the MANOVA results (Tables 4.89 and 4.91). It acted as a covariate in both cases. In those cases, personal income was positively associated with perceptions of affordability for both the Cavalier and CapitalOne. In these two cases personal income was correlated with affordability perceptions, but it did not influence responsiveness to financing claims.

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**Table 4.89. MANOVA Results—Personal Income and Auto Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	S	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

*Perceived Affordability of the Cavalier Z24.* There was no interaction between personal income and perceived affordability of the Cavalier. Table 4.90 shows that personal income and affordability of the Cavalier had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups in affordability of the Cavalier. Personal income was significantly and positively correlated with perceived affordability of the Cavalier ( $r = .324, p < .001$ ).

**Table 4.90. Analysis of Covariance—Personal Income and Perceived Affordability of the Cavalier Z24**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	4933.9	198	24.92		
Regression (Personal Income)	121.45	1	121.45	4.87	.028
Auto Ads	135.98	3	45.33	1.82	.145

**Table 4.91. MANOVA Results—Personal Income and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	S	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

***Perceived Affordability of CapitalOne.*** There was no interaction between personal income and perceived affordability of CapitalOne. Table 4.92 shows that personal income and affordability of the CapitalOne had a significant relationship. However, when this was accounted for, there still were no significant differences between the treatment groups in affordability of the CapitalOne. Personal income was significantly and positively correlated with perceived affordability of CapitalOne ( $r = .169, p < .05$ ).

**Table 4.92. Analysis of Covariance—Personal Income and Perceived Affordability of the CapitalOne**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within Cells	5153.44	198	26.03		
Regression (Personal Income)	809.53	1	809.53	31.10	.000
Credit Card Ads	101.04	3	33.68	1.29	.278

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### ***Credit Card Attitude***

Credit card attitude influenced response to financing claims for some variables. In three cases, credit card attitude was positively correlated with the dependent variables (perceived affordability of the Cavalier, attitude toward the CapitalOne ad, and attitude toward CapitalOne) in the middle condition but had no significant correlations in the other conditions. It should be noted that random assignment did not result in equalized groups for this variable. The mean for credit card attitude was highest in the middle condition. Attitudes were most positive in this condition. In one other case, credit card attitude acted as a covariate. In some cases, credit card attitude impacted response to financing claims, but these should be interpreted with caution.

**Table 4.93. MANOVA Results—Credit Card Attitude and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	S	S
Posttest Purchase Intent for Auto (general)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (general)	NS	NS	NA

***Perceived Affordability of the Cavalier Z24.*** Tables 4.94 through 4.97 show there was a significant interaction between credit card attitude and affordability of the Cavalier in the four groups. The parallel slopes test showed there were significant differences between the treatment groups. Specifically,



there was a strong positive relationship between credit card attitude and affordability of the Cavalier Z24 in the middle treatment condition, but no significant relationships in any of the other conditions.

**Table 4.94. Interaction—Credit Card Attitude and Perceived Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	6070.16	207	29.32		
Credit Card Attitude	146.32	1	146.32	4.99	.027
Auto Ads	367.30	3	122.43	4.18	.007
Auto Ads by Credit Card Attitude	314.02	3	104.67	3.57	.015

**Table 4.95. Parallel Slopes—Credit Card Attitude and Perceived Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within +Residual	6070.16	207	29.32		
Credit Card Attitude within Auto Ads	339.86	4	84.96	2.90	.023
Auto Ads	367.30	3	122.43	4.18	.007

**Table 4.96. Correlation between Credit Card Attitude and Perceived Affordability of the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	.143	.457	.143	-.115
Significance (2-tailed)	.407	.004	.427	.234
N	36	37	33	112

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**Table 4.97. MANOVA Results—Credit Card Attitude and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	S	NS
Attitude toward the CapitalOne Visa	NS	S	S
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	S	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

*Attitude toward the CapitalOne Ad.* Tables 4.98 through 4.100 show there was a significant interaction between credit card attitude and attitude toward the CapitalOne ad in the four groups. However, the parallel slopes test only approached significance. The conditions were not parallel. There was a strong positive relationship between credit card attitude and attitude toward the CapitalOne Visa ad in the middle treatment condition, but no significant relationships in any of the other conditions.

**Table 4.98. Interaction—Credit Card Attitude and Attitude toward the CapitalOne Visa Ad**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within + Residual	6795.56	205	33.15		
Credit Card Attitude	46.65	1	46.65	1.41	.237
Credit Card Ads	214.07	3	71.36	2.15	.095
Credit Card Ads by Credit Card Attitude	287.96	3	95.99	2.90	.036

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**Table 4.99. Parallel Slopes—Credit Card Attitude and Attitude toward the CapitalOne Ad**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	6795.56	205	33.15		
Credit Card Attitude within Credit Card Ads	343.85	4	85.96	2.59	.038
Credit Card Ads	214.07	3	71.36	2.15	.095

**Table 4.100. Correlation between Credit Card Attitude and Attitude toward the CapitalOne Ad**

	\$50/mo.	\$100/mo.	\$151/mo.	Control
Pearson Correlation	.063	.435	-.240	.079
Significance (2-tailed)	.721	.008	.146	.421
N	34	36	38	105

*Attitude toward CapitalOne.* Tables 4.101 through 4.103 show there was a significant interaction between credit card attitude and attitude toward CapitalOne in the four groups. The conditions were not parallel. Again, there was a strong positive relationship between credit card attitude and attitude toward CapitalOne Visa in the middle treatment condition, but no significant relationships in any of the other conditions.

**Table 4.101. Interaction—Credit Card Attitude and Attitude toward CapitalOne Visa**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	4543.66	207	21.95		
Credit Card Attitude	97.28	1	97.28	4.43	.036
Credit Card Ads	261.09	3	87.03	3.96	.009
Credit Card Ads by Credit Card Attitude	225.79	3	75.26	3.43	.018

**Table 4.102. Parallel Slopes—Credit Card Attitude and Attitude toward CapitalOne Visa**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within + Residual	4543.66	207	21.95		
Credit Card Attitude within Credit Card Ads	282.36	4	70.59	3.22	.014
Credit Card Ads	261.09	3	87.03	3.96	.009

**Table 4.103. Correlation between Credit Card Attitude and Attitude toward CapitalOne Visa by Treatment Group**

	\$50/mo.	\$100/mo.	151/mo.	Control
Pearson Correlation	.095	.489	-.057	.009
Significance (2-tailed)	.589	.002	.734	.926
N	37	37	38	106

***Perceived Affordability of CapitalOne.*** The interaction between credit card attitude and perceived affordability of the CapitalOne Card was not significant. According to Table 4.104, credit card attitude had a significant relationship with affordability of the CapitalOne card but when this relationship was taken into account analysis of covariance showed no significant differences in perceived affordability of the CapitalOne card across the treatment groups. There was a significant positive correlation between credit card attitude and perceived affordability of CapitalOne ( $r = .204, p < .01$ )

**Table 4.104. Analysis of Covariance—Credit Card Attitude and Affordability of the CapitalOne Card**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	5308.90	210	25.28		
Regression (Credit Card Attitude)	225.31	1	225.31	8.91	.003
Credit Card Ads	127.40	3	42.47	1.68	.172

### ***Credit Card Control***

As Tables 4.105 and 4.107 show, credit card control had significant relationships with only two variables. In both cases, credit card control acted as a covariate. People who felt credit cards added to their sense of financial control gave more favorable ratings to the Cavalier ad and had higher affordability ratings for CapitalOne. So, in a few cases credit card control acted as a covariate, but in general it had little effect and did not impact the response to financing claims.

**Table 4.105. MANOVA Results—Credit Card Control and Auto Dependent Variable**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	S	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NS
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

***Attitude toward the Cavalier Ad.*** The interaction between credit card control and attitude toward the Cavalier ad was not significant. According to Table 4.106, credit card control had a significant relationship with attitude toward the Cavalier ad, but when this relationship was taken into account analysis of covariance showed no significant differences in attitude toward the Cavalier ad across the treatment groups. Credit card control had a significant, negative correlation with attitude toward the Cavalier ad (those who feel credit cards add to their sense of financial control had more negative attitudes toward the Cavalier ad) ( $r = -.143, p < .05$ ).

**Table 4.106. Analysis of Covariance—Credit Card Control and Attitude toward the Cavalier Z24 Ad**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within Cells	5704.99	209	27.30		
Regression (Credit Card Control)	126.31	1	126.31	4.63	.033
Auto Ads	29.93	3	9.98	1.37	.778

**Table 4.107. MANOVA Results—Credit Card Control and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	S	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA



***Perceived Affordability of the CapitalOne Visa Card.*** The interaction between credit card control and affordability of the CapitalOne card was not significant. According to Table 4.108, credit card control had a significant relationship with perceived affordability of the CapitalOne card, but when this relationship was taken into account analysis of covariance showed no significant differences in affordability of the CapitalOne card across the treatment groups. Credit card control had a significant negative correlation with affordability of CapitalOne (the more people feel credit cards add to their financial control, the lower their perceived affordability ratings for CapitalOne) ( $r = -.186, p < .01$ ).

**Table 4.108. Analysis of Covariance—Credit Card Control and Affordability of the CapitalOne Card**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within Cells	5336.09	209	25.58		
Regression (Credit Card Control)	158.50	1	158.50	6.21	.013
Credit Card Ads	82.65	3	27.55	1.08	.359

### ***Credit Card Spending***

Overall, credit card spending had little impact on response to financing claims (Tables 4.109 and 4.110). In one case, it had a negative correlation with attitude toward CapitalOne in the control group, but not in the other treatment groups. So, in the control group subjects who felt that they do not spend more when they use credit cards than they otherwise would also tended to have more positive attitudes toward CapitalOne Visa. In all other cases, credit card spending had no impact on response to financing claims. The parallel slopes test

approached significance. The impact of credit card spending on financing claims was extremely limited.

**Table 4.109. MANOVA Results—Credit Card Spending and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

**Table 4.110. MANOVA Results—Credit Card Spending and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	S	NS
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

*Attitude toward CapitalOne Visa.* Tables 4.111 to 4.113 show there was a significant interaction between credit card spending and attitude toward CapitalOne in the four groups. The parallel slopes test approached significance showing there may not have been a parallel relationship between credit card spending and attitude toward CapitalOne in each of the conditions. The only

significant correlation was a negative correlation between credit card spending and attitude toward CapitalOne in the control group. In the control group, subjects who felt that they do not spend more when using credit cards than they otherwise would tended to have more negative attitudes toward CapitalOne Visa.

**Table 4.111. Interaction—Credit Card Spending and Attitude toward the CapitalOne Visa**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	4600.48	206	22.33		
Credit Card Spending	.00	1	.00	.00	.993
Credit Card Ads	155.86	3	51.95	2.33	.076
Credit Card Ads by Credit Card Spending	183.19	3	61.06	2.73	.045

**Table 4.112. Parallel Slopes—Credit Card Spending and Attitude toward the CapitalOne Visa**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within + Residual	4600.48	206	22.33		
Credit Card Spending within Credit Card Ads	223.73	4	55.93	2.50	.043
Credit Card Ads	155.86	3	51.95	2.33	.076

**Table 4.113. Correlation between Credit Card Spending and Attitude toward CapitalOne by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	.176	-.164	.227	-.249
Significance (2-tailed)	.305	.338	.184	.010
N	36	36	36	106

### ***Credit Card Usage***

Overall, credit card usage (using credit cards such that the credit limit is not exhausted) had no impact on response to financing claims and it was not a covariate in any case.

**Table 4.114. MANOVA Results—Credit Card Usage and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

**Table 4.115. MANOVA Results—Credit Card Usage and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### ***Number of Credit Cards***

Overall as shown in Tables 4.116 and 4.119, number of credit cards had little impact on response to financing claims. In two cases, it acted as a covariate. Number of credit cards was positively correlated with perceived affordability of the Cavalier and purchase intent for autos in general. Number of credit cards did not affect the credit card dependent variables in any way and overall did not impact response to financing claims.

**Table 4.116. MANOVA Results—Number of Credit Cards and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	S	NS	NA
Posttest Purchase Intent for Auto (General)	S	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

***Perceived Affordability of the Cavalier Z24.*** The interaction between number of credit cards and affordability of the Cavalier Z24 was not significant. According to Table 4.117, number of credit cards had a significant relationship with affordability of the Cavalier, but when this relationship was taken into account analysis of covariance showed no differences in affordability of the Cavalier across the treatment groups. There was a significant positive relationship between the number of credit cards and the perceived affordability of the Cavalier (the more credit cards, the greater the perceived affordability) ( $r = .267, p < .001$ ).

**Table 4.117. Analysis of Covariance—Number of Credit Cards and Affordability of the Cavalier**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	6139.75	218	28.16		
Regression (Number of Credit Cards)	461.55	1	461.55	16.39	.000
Credit Card Ads	68.76	3	22.92	.81	.487

***Purchase Intent for Auto (General).*** The interaction between number of credit cards and purchase intent for an auto in general was not significant. As indicated in Table 4.118, number of credit cards had a significant relationship with purchase intent for auto in general, but when this relationship was taken into account analysis of covariance showed no significant differences in purchase intent for auto in general across the treatment groups. There was a significant positive relationship between the number of credit cards and purchase intent for auto in general (the more credit cards, the greater the purchase intent) ( $r = .132$ ,  $p < .05$ ).

**Table 4.118. Analysis of Covariance—Number of Credit Cards and Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	6156.96	218	28.24		
Regression (Number of Credit Cards)	111.98	1	111.98	3.96	.048
Auto Ads	117.57	3	39.19	1.39	.247

**Table 4.119. MANOVA Results—Number of Credit Cards and Credit Card  
Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### ***Borrowing***

Overall as shown in Tables 4.120 and 4.126, borrowing approval had little impact on the influence of financing claims on the dependent variables.

Borrowing approval had no significant effect on the credit card dependent variables at all. It did act as a covariate for two of the auto dependent variables. Additionally, it had an interaction with intent to purchase a Cavalier (significant positive correlations between borrowing and purchase intent for the least and most expensive conditions only), but when that interaction was accounted for there still were no significant differences between the treatment groups on purchase intent for the Cavalier. Overall, borrowing approval had little impact on how people responded to financing claims.

**Table 4.120. MANOVA Results—Borrowing and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	S	NS
Posttest Purchase Intent for Auto (General)	S	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	S	NS	NA

***Purchase Intent for the Cavalier Z24.*** Tables 4.121 through 4.123 show borrowing approval had a significant interaction with the treatment conditions. The relationship between borrowing approval and purchase intent for the Cavalier was not the same in all of the treatment conditions. There were significant positive correlations between borrowing approval and purchase intent for the Cavalier in two of the treatment groups—the least and most expensive conditions, but no significant correlations for the other two conditions. In these groups, the higher the approval of borrowing the higher the purchase intent. However, the parallel slopes test did not confirm that the slopes of the treatment conditions were not parallel.

**Table 4.121. Interaction—Borrowing and Purchase Intent for the Cavalier Z24**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within + Residual	3908.85	212	18.44		
Borrowing	264.15	1	264.15	14.33	.000
Auto Ads	93.71	3	31.24	1.69	.169
Auto Ads by Borrowing	223.96	3	74.65	4.05	.008



**Table 4.122. Parallel Slopes—Borrowing and Purchase Intent for the Cavalier Z24**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within + Residual	3908.85	212	18.44		
Borrowing within Auto Ads	337.93	4	84.48	4.58	.001
Auto Ads	93.71	3	31.24	1.69	.169

**Table 4.123. Correlation between Borrowing and Purchase Intent for the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Borrowing and Purchase Intent for the Cavalier Z24	.398	.203	.352	-.031
Significance (2-tailed)	.016	.222	.003	.746
N	36	38	37	109

***Purchase Intent for Auto (General).*** The interaction between borrowing and purchase intent for auto (general) was not significant. Table 4.124 shows borrowing approval had a significant relationship with purchase intent for auto (general), but when this relationship was taken into account analysis of covariance showed no differences in affordability of the Cavalier across the treatment groups. There was a significant positive relationship between borrowing approval and purchase intent for auto (general) (the greater the approval for borrowing, the greater the purchase intent) ( $r = .198, p < .05$ ).

**Table 4.124. Analysis of Covariance—Borrowing and Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	5996.85	216	27.76		
Regression (Borrowing)	247.79	1	247.79	8.93	.003
Auto Ads	94.35	3	31.45	1.13	.337

***Pre-Post Difference in Purchase Intent for Auto (General).*** The interaction between borrowing and pre-post difference in purchase intent for an auto in general was not significant. As shown in Table 4.125, borrowing approval had a significant relationship with pre-post difference in purchase intent for auto in general. When this relationship was taken into account, analysis of covariance showed no differences in pre-post difference in purchase intent for auto in general across the treatment groups. Additionally, the correlation between borrowing approval and pre-post difference in purchase intent for auto in general was not significant ( $r = .071, p > .05$ ).

**Table 4.125. Analysis of Covariance—Borrowing and Pre-Post Difference in Purchase Intent for Auto (General)**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	129.14	211	.61		
Regression (Borrowing)	3.17	1	3.17	5.18	.024
Auto Ads	1.44	3	.48	.79	.503

**Table 4.126. MANOVA Results—Borrowing and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

### ***Auto Related Financial Knowledge***

Overall as shown in Table 4.127, auto-related financial knowledge as measured by the number of dollars off in auto interest estimate had no impact on response to financing claims and it was not a covariate in any case.

**Table 4.127. MANOVA Results—Dollars Off in Auto Loan Payment Estimate and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	NS	NA
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

Overall, auto-related financial knowledge as measured by the number of years off in time of auto interest estimate had little impact on response to financing claims. As shown in Tables 1.128 through 1.131, it affected only perceived affordability of the Cavalier. For the least and most expensive conditions, the number of dollars off in auto interest estimate was negatively correlated with affordability of the Cavalier. Overall, its impact on financing claims was limited and it was not a covariate in any case.

**Table 4.128. MANOVA Results—Years Off in Time of Auto Loan Payment Estimate and Auto Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	NS	NA
Attitude toward the Cavalier Z24	NS	NS	NA
Purchase Intent for the Cavalier Z24	NS	NS	NA
Perceived Affordability of the Cavalier Z24	NS	S	NS
Posttest Purchase Intent for Auto (General)	NS	NS	NA
Pre-Post Difference for Purchase Intent for Auto (General)	NS	NS	NA

*Perceived Affordability of the Cavalier Z24.* As Tables 4.129 through 4.131 show, there was a significant interaction between years off in time of auto loan payment estimate and affordability of the Cavalier in the four groups. Specifically, there was a negative correlation between years off in time of auto loan payment estimate and affordability of the Cavalier Z24 in the least and most expensive treatment condition [the more the estimate is off (over), the lower the affordability], but no significant relationships in the other conditions. The parallel slopes test did not confirm that there was a significant difference between the treatment groups.

**Table 4.129. Interaction—Years Off in Time of Auto Loan Payment Estimate and Affordability of the Cavalier Z24**

<b>Source of Variance</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F-Ratio</b>	<b>F-Probability</b>
Within + Residual	5069.09	169	29.99		
Years Off in Time of Auto Loan Payment Estimate	260.92	1	260.92	8.70	.004
Auto Ads	83.74	3	27.91	.93	.427
Auto Ads by Years Off in Time of Auto Loan Payment Estimate	251.82	3	83.94	2.80	.042

**Table 4.130. Parallel Slopes—Years Off in Time of Auto Loan Payment Estimate and Affordability of the Cavalier Z24**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within +Residual	5069.09	169	29.99		
Years Off in Time of Auto Loan Payment Estimate within Auto Ads	308.58	4	77.15	2.57	.040
Auto Ads	83.74	3	27.91	.93	.427

**Table 4.131. Correlation between Years Off in Time of Auto Loan Payment Estimate and Perceived Affordability of the Cavalier Z24 by Treatment Group**

	\$183/mo.	\$246/mo.	\$317/mo.	Control
Pearson Correlation	-.470	-.147	-.420	-.025
Significance (2-tailed)	.010	.464	.037	.811
N	29	27	25	96

### ***Credit Card Related Financial Knowledge***

Overall as Table 4.132 shows, credit card related financial knowledge as measured by the number of dollars off in credit card interest estimate had no impact on response to financing claims and it was not a covariate in any case.

**Table 4.132. MANOVA Results—Dollars Off in Credit Card Interest Estimate and Credit Card Dependent Variables**

Dependent Variable	Analysis of Covariance	Interaction	Parallel Slopes
Attitude toward the Ad	NS	NS	NA
Attitude toward the CapitalOne Visa	NS	NS	NA
Acquisition Intent for the CapitalOne Visa	NS	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

Overall as Table 4.133 shows, credit card related financial knowledge as measured by the number of years off in time of credit card interest estimate had some impact on response to financing claims. In two cases, the number of years off in time of credit card interest estimate was significantly and negatively correlated with attitude toward the CapitalOne ad and attitude toward CapitalOne in the least expensive treatment conditions. It was also a covariate in acquisition intent of CapitalOne.

**Table 4.133. MANOVA Results—Years Off in Time of Credit Card Payment Estimate and Credit Card Dependent Variables**

<b>Dependent Variable</b>	<b>Analysis of Covariance</b>	<b>Interaction</b>	<b>Parallel Slopes</b>
Attitude toward the Ad	NS	S	S
Attitude toward the CapitalOne Visa	NS	S	NS
Acquisition Intent for the CapitalOne Visa	S	NS	NA
Perceived Affordability of the CapitalOne Visa	NS	NS	NA
Posttest Acquisition Intent for Credit Card (General)	NS	NS	NA
Pre-Post Difference for Acquisition Intent for Credit Card (General)	NS	NS	NA

***Attitude toward the CapitalOne Ad.*** As Tables 4.134 through 4.137 show, there was a significant interaction between years off in time of credit card payment estimate and attitude toward the CapitalOne ad in the four groups. Specifically, there were negative correlations between years off in time of credit card payment estimate and attitude toward the CapitalOne ad in all the conditions, but the correlation was only significant for the least expensive treatment condition [the more the estimate was off (over), the more negative the attitude]. The parallel slopes test confirmed that there was a significant difference between the treatment groups.

**Table 4.134. Interaction—Years Off in Time of Credit Card Payment Estimate and Attitude toward the CapitalOne Ad**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	4128.78	120	34.41		
Years Off in Time of Credit Card Payment Estimate	462.74	1	462.74	13.45	.000
Credit Card Ads	297.68	3	99.23	2.88	.039
Credit Card by Time of Credit Card Payment Est.	333.44	3	111.15	3.23	.025

**Table 4.135. Parallel Slopes—Years Off in Time of Credit Card Payment Estimate and Attitude toward the CapitalOne Ad**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i> -Ratio	<i>F</i> -Probability
Within + Residual	4128.78	120	34.41		
Years Off in Time of Credit Card Payment Estimate within Credit Card Ads	536.11	4	134.03	3.90	.005
Credit Card Ads	297.68	3	99.23	2.88	.039

**Table 4.136. Correlation between Years Off in Time of Credit Card Payment Estimate and Attitude toward the CapitalOne Ad by Treatment Group**

	\$50/mo.	\$100/mo.	\$151/mo.	Control
Pearson Correlation	-.512	-.364	-.329	-.004
Significance (2-tailed)	.018	.074	.125	.978
N	21	25	23	59

*Attitude toward CapitalOne.* As Tables 4.137 through 4.138 show, there was a significant interaction between years off in time of credit card payment estimate and attitude toward CapitalOne in the four groups. Specifically, there

were significant negative correlations between years off in time of credit card payment estimate and attitude toward the CapitalOne in the least expensive condition and a near significant negative correlation in the middle treatment condition [the more the estimate was off (over) the more negative the attitude toward CapitalOne], but no significant relationships in the other conditions. The parallel slopes test does not confirm that there was a significant difference between the treatment groups.

**Table 4.137. Interaction—Years Off in Time of Credit Card Payment Estimate and Attitude toward CapitalOne**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within +Residual	2809.94	122	23.03		
Years Off in Time of Credit Card Payment Estimate	278.22	1	278.22	12.08	.001
Credit Card Ads	138.65	3	46.22	2.01	.117
Credit Card by Time of Credit Card Payment Est.	240.15	3	80.05	3.48	.018

**Table 4.138. Parallel Slopes—Years Off in Time of Credit Card Payment Estimate and Attitude toward CapitalOne**

Source of Variance	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-Ratio</i>	<i>F-Probability</i>
Within +Residual	2809.94	122	23.03		
Years Off in Time of Credit Card Payment Estimate within Credit Card Ads	368.60	4	92.15	4.00	.004
Credit Card Ads	138.65	3	46.22	2.01	.117



**Table 4.139. Correlation between Years Off in Time of Credit Card Payment Estimate and Attitude toward CapitalOne**

	\$50/mo.	\$100/mo.	\$151mo.	Control
Pearson Correlation	-.572	-.382	-.176	.010
Significance (2-tailed)	.005	.060	.421	.939
N	22	25	23	60

***Acquisition Intent for CapitalOne Visa.*** The interaction between years off in time of credit card payment estimate and acquisition intent for the Cavalier was not significant. According to Table 4.140, years off in time of credit card payment estimate had a significant relationship with acquisition intent for CapitalOne, but when this relationship was taken into account analysis of covariance showed no significant differences in acquisition intent for the CapitalOne across the treatment groups. There was a significant negative relationship between years off in time of credit card payment estimate and acquisition intent for the CapitalOne (the more years over in the estimate, the lower the purchase intent for CapitalOne) ( $r = -.305, p < .01$ ).

**Table 4.140. Analysis of Covariance—Years Off in Time of Credit Card Payment Estimate and Acquisition Intent for CapitalOne**

Source of Variance	SS	df	MS	F-Ratio	F-Probability
Within Cells	2884.78	125	23.08		
Regression (Years Off in Time of Credit Card Payment Estimate)	92.34	1	92.34	4.00	.048
Credit Card Ads	75.78	3	25.26	1.09	.121

## **Overall Impact of Individual Difference Variables**

Overall, there was very little support for Hypotheses 10 that some people (because of individual difference factors) are more responsive to financing claims or certain levels of financing claims. In 23 of 204 MANOVAs, individual difference variables served as covariates. Parents' income and percentage of parental support accounted for the most covariate relationships with four and three respectively.

Interaction, showing differences in treatment levels by individual difference variables, were very few in number. In only 15 cases out of 204 MANOVAs, did an individual difference variable have a significant interaction with the treatment conditions. Furthermore, in only six of those cases did the parallel slopes test confirm that the relationship in the conditions was not the same.

When individual difference variables did interact with the treatment conditions, they were most likely to be for the dependent variables of affordability followed by attitude toward the ad and product. Credit card attitude had the most impact of any of the individual difference variables on response to financing claims with two of the three significant interactions also having significant results in the parallel slopes test. For the middle condition only credit card attitude was positively correlated with affordability of the Cavalier and attitude toward the CapitalOne ad and CapitalOne itself. However, random assignment did not equalize credit card attitude across the groups (the middle condition had significantly more positive attitudes). The influence of credit card

attitude should be considered carefully in light of this difference. Gender, class standing, age, credit card spending, borrowing approval and years off in the credit card estimate all also had some interaction effects. The interaction effects overall were so few in number that they showed no convincing evidence of individual difference variables affecting reaction to financing claims.

## **CHAPTER 5**

### **DISCUSSION**

#### **Summary of Results**

This study was conducted to determine whether advertising financing claims influence consumers' impatience to purchase and perceptions of affordability as Hoch and Loewenstein's work on time-inconsistent decisions, Mowen and Mowen's time and outcome valuation model, Notani's work on affordability perceptions and the common use of the claims suggest. The preceding results section is comprised of a rather expansive analysis addressing ten main hypotheses regarding the influence of these financing claims on attitudes, affordability perceptions, and purchase-related behaviors. In order to bring all of this together, this discussion of the conclusions will be organized around the following main questions the ten hypotheses addressed:

1. What influence does advertising of financing claims for a specific product have on purchase intentions for products within the product category?
2. What influence does advertising of financing claims for a product have on purchase intent and other related constructs for that product in particular?
3. Are some people more influenced by financing claims than others?

#### **PRODUCTS IN GENERAL**

The influence of financing claims for a specific product on purchase of products in the product category is mixed. For the automobile ads, exposure to

the control condition appeared to have a more positive effect on shifts in purchase intent than did exposure to any of the treatment conditions. These differences approached but did not reach significance. Whereas for the credit cards, exposure to the treatment conditions led to an increase in purchase intent and exposure to the control resulted in a decrease in purchase intent. In the credit card case the difference was significant. Exposure to the claims appeared to have opposite effects on purchase intent for each of the products. Perhaps, the payments for the Cavalier were high enough and over a long enough time period to make students reconsider auto purchase in general. For the credit card condition, the payments were low enough and flexible enough (they ultimately can charge as little as they like) that they made credit card acquisition more appealing. In neither case did exposure to financing claims have an influence on timeframe of purchase. Overall, these types of financing claims for these subjects, did not have the expected effect of advancing timeframe of purchase and the evidence is mixed as to whether exposure to financing claims affected purchase intent with it significantly increasing it for credit cards and decreasing it (but not significantly so) for autos.

## **ADVERTISED PRODUCTS**

One might expect that if financing claims for a specific product had a hint of an effect on purchase intent for products in general, their effect on the advertised product would be more pronounced. This was clearly not the case. For both the automotive and the credit card experiments, the presence of financing claims had no significant impact on attitudes toward the ad, attitudes toward the product, and perceived affordability of the product. Additionally,

they did not appear to have much impact on timeframe of purchase or the method of payment.

The only area where significant effects were found was on purchase intent and that was for the automotive case only. Those in the least and most expensive treatment conditions had significantly higher purchase intent than those in the control condition. These results for purchase intent for the Cavalier run contrary to the near significant results for difference in purchase intent for auto in general where response to the control was more positive than that for the treatments. It could be that for this particular car payments made the car seem more appealing, but as indicted by the low purchase intent measures many may have envisioned themselves buying a more expensive car. The payments for the Cavalier may have made the subjects more aware of what payments might be for the car they desired and thus produced negative shifts in purchase intent for an auto in general. For credit cards, those exposed to financing claims did not have significantly higher purchase intent for CapitalOne in particular, even though they did for credit cards in general.

While there was only one case where the financing claims produced a significant effect and short of significance caution must be exercised when interpreting results, there does appear to be a pattern of results for responses to financing claims by treatment group. For the product specific dependent variables, the most inexpensive treatment condition (the one with the lowest monthly payment over the longest period) was rated the most positively of all the conditions. This was true for three of the four Cavalier dependent variables; the only exception was for the case of affordability where the mean for the least

expensive payment ranked second behind the control. The least expensive payment condition rated highest for all the CapitalOne specific dependent variables. Those in the least expensive payment condition had the most positive attitudes toward the ad and product as well as the highest affordability ratings and purchase intent. Additionally, in two of the four auto specific dependent variables and three of the four for the credit card specific dependent variables, the middle level treatment condition (those most like what consumers are normally exposed to) rated the lowest. Again, while the findings are not significant in the majority of cases and it must be remembered that the influence only occurred with two specific types of financing claims and with student subjects, it is interesting to note that financing claims that had the lowest payment levels (lower than most currently advertised) were received the most positively and those middle-level claims (most similar to the ones currently made) were received the least positively.

## **SUSCEPTIBLE SUBJECTS**

While the results revealed few clear significant effects of financing claims for the subjects as a whole, there still remains the question of whether some subjects were more influenced by financing claims than others. As described in Chapter 2, literature as well as common sense suggested that impatient and present-minded people as well as those with a tendency toward compulsive consumption may be more influenced by financing claims, particularly the most inexpensive appearing claims, compared to those who lack such characteristics. Additionally, a number of other individual difference factors that were thought to have the potential to influence response to financing claims (age, gender,

education, income, credit card attitudes/use, and financial knowledge) were measured and analyzed.

The three individual difference factors that were hypothesized to have an influence on response to financing claims did not have the predicted effect. Actually, time orientation had no significant effect on the response to financing claims and had no relationships with the dependent variables in the MANOVAS. Likewise, impatience did not have a significant effect on response to financing claims. It did, however, serve as a covariate with two dependent variables, acquisition intent for CapitalOne and posttest acquisition intent for credit cards in general. Impatience was significantly and negatively correlated with acquisition intent in both cases. It may be that impatient people do not intend to obtain a credit card because they already have all the credit cards they need. Compulsive consumption also had little influence on response to financing claims. In the most expensive treatment condition only was there a significant relationship (a positive one) between compulsive consumption and pre-post difference in purchase intent for auto (general), but the parallel slopes test did not confirm that the relationship was significantly different for that condition. Overall, subjects who were more impatient, present-oriented, and compulsive did not respond to the treatment conditions differently than those who were not—they did not appear to be susceptible to the claims.

Many other variables were examined to determine if they impacted response to financing claims. Specifically the variables were age, gender, class standing, three income-related variables (personal income, parents' income, and percentage of parental support), several credit card related variables (including a



four-factor credit card consumption scale, number of credit cards, and a borrowing approval scale), as well as measures of specific financial knowledge. Two factors (ethnic background and marital status) were not examined due to limited variance on these measures. Overall, these factors had more influence than the ones described above, but the influence was far from consistent. As described in Chapter 4, with all the individual difference variables combined in only 23 of 204 MANOVAS did the individual difference factor serve as a covariate, in only 15 was there an interaction, and in only six of those cases were the treatment conditions shown to be significantly different from each other. Parents' income and percentage of parental support accounted for the most covariate relationships and credit card attitude for the most interactions. However, overall there were so few interaction effects even for these variables that the individual difference variables tested here did not effect reaction to financing claims in any meaningful way.

### **Implications and Explanation for Findings**

Overall, there were so few significant findings that it appears for this study that financing claims did not have much influence on consumers' impatience to purchase as the literature on affordability, time-inconsistent decisions, and time and outcome valuation model, and the common use of the claims suggest. Prior to data collection and analysis, it was expected that the results, although they represent only a few specific claims and their impact on a specific audience, could have led to implications such as the following. First, advertisers (those who currently make some use of financing claims and those who offer somewhat expensive products but no financing) would have more

reason to use financing claims in the future and better information about which claims (most probably those that provide the lowest monthly payments over the longest periods of time) are most likely to appeal to consumers. Second, consumerists who are concerned about the potential influence of such advertising claims could have used this as a partial basis for pushing advertisers to voluntarily or through some regulatory pressure be more conservative with use of financing claims or to provide more information or educational programs to ensure audiences (particularly ones perceived to be vulnerable) understand the financial implications related to purchasing products on payment plans or using the credit. In fact, this seems likely given the recent legislative action. Third, academics, having gained increased awareness of how advertising financing claims by including messages about taking gains in the present and losses in the future can influence consumer impatience, perceptions of affordability, attitudes toward the product, and purchase intent, may be motivated to do additional research in the area. This simply is not the case—the results were not significant.

The lack of clearly significant results should give us pause for thought. Are these claims really ineffective—should advertisers discontinue using them? Should consumerists be put at ease—are consumers less susceptible than critics of advertising thought? Should academics turn their attention in another direction? The answer to the above questions is probably not. At least, not yet.

These claims may not be all that effective. It may be that the financing claims in auto and credit card advertising have become so commonplace that consumers do not take notice of them. While some leaders in the furniture and

appliance industries still feel the financing claims they use are effective, some concur with the opinion of one industry executive who said, "It's (0% financing) lost some of the glimmer it once had, it's too wide spread, I offer extended financing on my own credit card, and consumers just aren't as impressed as they once were" (Mattioni 1996, p. 53). This insensitivity to the claims, combined with the vast differences in students' financial condition and the attempt to keep financing claims realistic, may have contributed to the lack of significant differences between levels in the manipulation for the credit cards. This too would be consistent with the pattern of results (although not significant) of the most inexpensive claims (those below what is routinely being made) receiving the most positive ratings and the middle condition (those claims currently made) often receiving the poorest rating, even lower than the most expensive claim group. A perceptual threshold may come into play such that financing claims that are different from those subjects are accustomed to (the least and most expensive) may have made more of an impression than those so familiar that they merit little response.

Subjects may be skeptical of advertising and cautious of credit to the extent that financing claims do not affect them or they may be resistant to revealing that the ads have any effect on them. Reasons provided for selected payment methods for the Cavalier and particularly the CapitalOne card by students in this research frequently reflected students concerns about credit and debt. The author of a 1998 industry article reflected his belief that students are credit savvy.

Given their sturdy work ethic and maturity, today's students are disinclined to take on more debt than they can manage. As a result, they are very wary of credit, making for cautious use of credit cards. On average students charge only \$101 a month . . . More than half (55 percent) pay in full each month. And of those who don't pay in full the average balance is \$504 . . . Asked about the most important credit card features, over 77 percent named a low interest rate, while 73 percent said no annual fee. (Newton 1998, p. 17)

Today's college students may be wary of credit, but more recent research has indicated that credit presents more problems for them than Newton's article describes. Results of several studies have prompted many articles about students and credit cards, and many enlightening facts have been reported. One study indicated that only "44% of students understand the word 'budget,' 34% comprehend the concept of buying on credit, and a mere eight percent have a knowledge of compound interest" ("Are College Students Ready" 2000, p. 9). In another study, reasons cited by students for obtaining credit cards included the following:

to build a credit history (52%), for emergency purposes (45%), to stretch their buying power (31%), because they liked the idea of buying goods and services now and paying for them later (18%), and because they received a gift or bonus (14%) (Toloken 1999, p. 77).

Over half (59%) of students pay off credit card balances in full, but those students at four-year colleges who do not pay in full carry an average of \$2,226 in revolving credit (with one in five carrying more than \$10,000) (Fargo 1999; Mannix 1999; "Are College Students Ready" 2000). Getting a credit card has been described as a right of passage for college students who come onto campuses where credit card applications are "ubiquitous" (Fargo 1999, p. 104; "Are College Students Ready" 2000). This has led a few colleges to eliminate

credit card solicitation on campus (Toloken 1999). However, like most universities (80%), the university where this research was conducted financially benefits from allowing the promotion of “affinity” cards on campus (Vickers 1999; “Credit Cards Given” 1999; “Are College Students Ready” 2000).

In spite of concerns about student indebtedness and the onslaught of advertising they are exposed to, students in this experiment did not appear to be the vulnerable, susceptible market that Lucas (1992), Susswein (1995), and others described them to be. The students, perhaps because of their wariness of credit and advertising, appeared to be largely uninfluenced by the financing claims. Furthermore, even those students—the impatient, present-minded, compulsive, younger ones—who would be expected to be more affected by financing claims were not. More people in general appear to be demonstrating wariness of debt as well. A new nationwide trend to resist credit card solicitation (as reflected in a drop from 2.8% acceptance of unsolicited credit card offers to 1%) has been described in the press and credited with helping reduce historically high personal bankruptcy rates by 8% from 1998 to 1999 and causing lenders to scale back credit card solicitations from 3.5 billion in 1998 to 3.1 billion in 1999 (Gordon 2000).

If lack of significant findings were due to students being wary or savvy about credit and advertising (and these qualities are indeed shared by other consumers), then perhaps advertisers should rethink their use of such claims and consumerists should rest a little easier, but the reason for the results is unclear. It may be that the subjects were influenced but hesitant to indicate that they were because of their skepticism or awareness of prevailing concerns about credit

cards. The pattern of results and the few significant findings (which were found for the purchase intent variables only) may be considered to be consistent with this. Ringold (1996) contended that consumers believe advertising is informative and useful, but at the same time are skeptical of advertising since they recognize its persuasive role.

Or, it may be that such claims are so pervasive, so insidious that consumers are not cognizant of their influence but that their actions (tendency to buy things on credit) has already been changed by the claims and the climate they have created. Results from the manipulation checks showing that over one-third of subjects in the control conditions inaccurately recalled seeing financing claims when they were not present is consistent with this reasoning. Extension of claims beyond the current types/levels could lead consumers to almost unknowingly take on credit over longer and longer periods. Indeed, over the period of this research advertisers for automobiles in particular have begun touting longer loan periods with their lower payments, weekly payment prices, and “zero down, zero interest, and zero payments until 2001.” Credit card companies have been making no interest claims as well. It appears the breath and prevalence of financing claims being utilized continues to increase.

Perhaps, different results would have been obtained had the experiment been conducted in more natural manner (with more repetition of the claims, with an audience having more financial experience and being more in the market to buy, with actual purchase and payment plans as the measures). Without a clearer understanding of why the financing claims did not have the predicted effects on impatience to purchase, it would be imprudent for advertisers to discontinue use

of the claims (if they feel they have been effective), too soon for consumerists to trust that consumers are safe, and premature for researchers to turn away from an exciting, still potentially fruitful area of research.

### **Directions for Future Research**

Additional research is needed to determine more conclusively whether financing claims have any impact on consumers' perceptions of affordability, purchases and timeframe of purchases. Had additional resources been available, it would have been preferable to conduct this experiment in a more natural setting, with more diverse subjects, a broader range of claims and products, more repetition of the claims (made in broadcast as well as print), and with controls for repeated measures. In the future, research should investigate the influence of financing claims in such a manner. Ideally, such research should be done in a more real-world fashion where subjects, who are closer in time to purchasing, are exposed multiple times to financing claims, and given real opportunities to buy and make decisions about financing. Advertisers, who have the financial resources and the mechanisms for monitoring actual purchases, are in the perfect position to conduct such field experiments.

Academic researchers also have an interest in determining the nature of the influence of financing claims on attitudes, perceptions of affordability, intent to purchase, and timing of purchase. Research into claims types and individual difference factors that mediate the influence of claims helps us gain a better understanding of how and why advertising works. In addition to experimental research which specifically examines the influence of financing claims, such as

that described above, there is need for research into particular areas. Content analysis could be used to document the types and prevalence of financing claims. In depth interviews and focus groups of college students may shed light on the reasons why financing claims did not produce the expected effects in this particular experiment by examining issues such as credit wariness or pervasiveness of claims leading to assumptions about the availability of credit irregardless of the presence of claims. Additionally, future research could focus specifically on those who have had problems with spending or credit (which were few in number in this research) to determine whether financing claims have a greater impact on them.

Another issue which could be explored is why in pretests of this study Faber and O'Guinn's (1992) Compulsive Buying Scale delivered such low reliability and only marginally acceptable results for Roberts (1998) while Mowen and Spears (1999) reported no problems with an older more lengthy version of the scale when using it to measure compulsive consumption among college students; both scales contained items regarding credit card use and check writing that should have been problematic for a college sample with limited financial experience. On a broader basis, future research could incorporate the model of core, situational and surface level traits utilized in the above article and described more fully by Mowen (2000) to identify additional factors that may be related to response to financing claim as well as other claim types. Drawing connections between vast numbers of individual difference variables (or surface traits like compulsive consumption) and higher level traits (such as Mowen's eight elemental traits including contentiousness and need for arousal) may



organize and unify research into individual difference variables and their effect on responses to advertising and marketing efforts.

This research has called attention to the commonality of a broad array of advertising claims that are widely used but have almost never been researched. The claims range from, “Money Down! No Interest! No Payment for Until 2001!” to “Three easy installment of \$19.99” to “We’ll get you into a new automobile for as little as \$199 per month” to “Pay off bills and get extra cash for any reason.” The claims all encourage consumers to “buy” products even if they cannot afford to purchase them outright. The links between these financing claims and time-inconsistent decisions, time and outcome valuation, and affordability perception have been described and areas for future research identified. While this experiment on two types of these claims with a student sample failed to support the influence of financing claims, it has opened the gateway for further examination of this important issue.

## **APPENDIX A—EXPERIMENTAL BOOKLET**

### **Dissertation Booklet**

Thank you for agreeing to participate in this study. This experiment is being conducted to gain a better understanding of people's impressions of automotive and credit card advertising claims. The information you provide will be used only for academic purposes. The booklet will take about 30 minutes to complete. The information you provide will remain completely anonymous. You cannot be identified by or matched to your responses. Your participation in this survey is entirely voluntary and you may choose not to participate, however your cooperation is greatly appreciated. You indicate your voluntary agreement to participate by completing and returning this questionnaire. Please contact Patrice Katrak with any questions or concerns at (517) 355-2314.

**1. Do you plan to purchase a brand new automobile in the future?**

- \_\_\_\_\_ Yes, in the next 6 months  
\_\_\_\_\_ Yes, in 7 to 12 months  
\_\_\_\_\_ Yes, in 13 to 24 months  
\_\_\_\_\_ Yes, sometime, but not within 24 months  
\_\_\_\_\_ No, will not purchase one

**2. What is the likelihood that you will purchase a brand new automobile?**

- likely \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ unlikely  
possible \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ impossible  
probable \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ improbable

**3. Do you plan to acquire and use a new credit card in the future?**

- \_\_\_\_\_ Yes, in the next 6 months  
\_\_\_\_\_ Yes, in 7 to 12 months  
\_\_\_\_\_ Yes, in 13 to 24 months  
\_\_\_\_\_ Yes, sometime, but not within 24 months  
\_\_\_\_\_ No, will not purchase one

**4. What is the likelihood that you will acquire and use a new credit card?**

- likely \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ unlikely  
possible \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ impossible  
probable \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ improbable

Treatment or Control Ad (Appendix B) was inserted here.

**WITHOUT TURNING BACK, PLEASE ANSWER THE FOLLOWING QUESTIONS ABOUT THE ADVERTISEMENT ON THE PREVIOUS PAGE.**

1. **What are your overall feelings toward the advertisement you just read?**

good	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	bad
interesting	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	uninteresting
like	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	dislike
irritating	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	not irritating

2. **What is your overall attitude toward the Chevrolet Cavalier Z24 described in the ad?**

good	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	bad
favorable	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	unfavorable
negative	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	positive

3. **Do you plan to purchase a new Chevrolet Cavalier Z24 in the future?**

\_\_\_\_\_ Yes, in the next 6 months  
 \_\_\_\_\_ Yes, in 7 to 12 months  
 \_\_\_\_\_ Yes, in 13 to 24 months  
 \_\_\_\_\_ Yes, sometime, but not within 24 months  
 \_\_\_\_\_ No, will not purchase one

4. **What is the likelihood that you will purchase a new Chevrolet Cavalier Z24?**

likely	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	unlikely
possible	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	impossible
probable	___	:	___	:	___	:	___	:	___	:	___	:	___	:	___	improbable

- 5a. **If I wanted to, I could easily afford to purchase a new Chevrolet Cavalier Z24.**

likely \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ unlikely

- b. **For me to purchase a new Chevrolet Cavalier Z24 is**

easy \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ difficult

- c. **My personal income permits me to easily purchase a Chevrolet Cavalier Z24.**

strongly agree \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ : \_\_\_ strongly disagree

6. Do you plan to purchase a brand new automobile (of any type) in the future?

- ☐ Yes, in the next 6 months
- ☐ Yes, in 7 to 12 months
- ☐ Yes, in 13 to 24 months
- ☐ Yes, sometime, but not within 24 months
- ☐ No, will not purchase one

7. What is the likelihood that you will purchase a brand new automobile (of any type)?

- |          |                          |   |                          |   |                          |   |                          |   |                          |   |                          |   |                          |   |                          |            |
|----------|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|------------|
| likely   | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | unlikely   |
| possible | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | impossible |
| probable | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | : | <input type="checkbox"/> | improbable |

8. If you were to purchase a new Chevrolet Cavalier Z24, what would be the primary method you would use to pay for it?

- ☐ Buy it outright with cash or check
- ☐ Lease it by signing a 1-year agreement
- ☐ Lease it by signing a 2-year agreement
- ☐ Lease it by signing a 3-year agreement
- ☐ Buy it by taking out a 48-month loan
- ☐ Buy it by taking out a 60-month loan
- ☐ Buy it by taking out a 84-month loan

9. Please explain why you chose the payment method you selected on the previous question:

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Treatment or Control Ad (Appendix B) was inserted here.



**WITHOUT TURNING BACK, PLEASE ANSWER THE FOLLOWING QUESTIONS ABOUT THE ADVERTISEMENT ON THE PREVIOUS PAGE.**

1. **What are your overall feelings toward the advertisement you just read?**

good \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ bad  
 interesting \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ uninteresting  
 like \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ dislike  
 irritating \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ not irritating

2. **What is your overall attitude toward the CapitolOne Visa card described in the ad?**

good \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ bad  
 favorable \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ unfavorable  
 negative \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ positive

3. **Do you plan to acquire and use a new CapitolOne Visa card in the future?**

\_\_\_\_ Yes, in the next 6 months  
 \_\_\_\_ Yes, in 7 to 12 months  
 \_\_\_\_ Yes, in 13 to 24 months  
 \_\_\_\_ Yes, sometime, but not within 24 months  
 \_\_\_\_ No, will not purchase one

4. **What is the likelihood that you will acquire and use a new CapitolOne Visa card?**

likely \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ unlikely  
 possible \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ impossible  
 probable \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ improbable

- 5a. **If I wanted to, I could easily afford to acquire and use a new CapitolOne Visa card.**

likely \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ unlikely

- b. **For me to acquire and use a new CapitolOne Visa card is**

easy \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ difficult

- c. **My personal income permits me to easily acquire and use a new CapitolOne Visa card.**

strongly agree \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ : \_\_\_\_ strongly disagree

6. **Do you plan to acquire and use purchase a new credit card (of any type) in the future?**

\_\_\_\_\_ Yes, in the next 6 months  
\_\_\_\_\_ Yes, in 7 to 12 months  
\_\_\_\_\_ Yes, in 13 to 24 months  
\_\_\_\_\_ Yes, sometime, but not within 24 months  
\_\_\_\_\_ No, will not purchase one

7. **What is the likelihood that you will acquire and use a new credit card (of any type)?**

likely \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ unlikely  
possible \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ impossible  
probable \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ improbable

8. **If you were to acquire and use a new CapitalOne Visa card, what would be the primary method you would use to pay for items you purchased with it each month?**

\_\_\_\_\_ Pay the balance off in full  
\_\_\_\_\_ Pay less than the full balance, but more than the minimum payment  
\_\_\_\_\_ Pay the minimum payment  
\_\_\_\_\_ Pay less than the minimum payment

9. **Please explain why you chose the payment method you selected on the previous question:**

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**THE FOLLOWING QUESTIONS DO NOT RELATE DIRECTLY TO THE ADS YOU SAW. THEY ARE DESCRIPTIVE OF YOU, YOUR FEELINGS AND BEHAVIORS.**

**1. Please circle the number that most closely represents your purchasing behavior and feelings.**

	STRONGLY AGREE	SOMEWHAT AGREE	NEITHER AGREE NOR DISAGREE	SOMEWHAT DISAGREE	STRONGLY DISAGREE
a. If I really want to buy something, I frequently make the purchase quickly and think about the consequences later.....	1	2	3	4	5
b. I tend to spend money as soon as I earn it .....	1	2	3	4	5
c. I am the type of person who likes to slowly save up money in order to make large purchases .....	1	2	3	4	5
d. I enjoy shopping and buying on impulse .....	1	2	3	4	5
e. I tend to think about alternatives a great deal before I buy things .....	1	2	3	4	5
f. I always pay off my entire credit card bill each month.....	1	2	3	4	5
g. If I have purchased something mail order, I like to have the company express mail it, so I will get it more quickly.....	1	2	3	4	5

**2. Please circle the number that most closely represents your behavior and feelings.**

	STRONGLY AGREE	SOMEWHAT AGREE	NEITHER AGREE NOR DISAGREE	SOMEWHAT DISAGREE	STRONGLY DISAGREE
a. When I have money, I cannot help but spend part or the whole of it .....	1	2	3	4	5
b. For me, shopping is a way of facing the stress of my daily life and of relaxing.....	1	2	3	4	5
c. There are times when I have a strong urge to buy (clothing, books, etc.).....	1	2	3	4	5
d. There are some things that I buy that I do not show to anybody for fear of being perceived as irrational in my buying behavior ("a foolish expense").....	1	2	3	4	5
e. As soon as I enter a shopping center, I have an irresistible urge to go into a shop to buy something ....	1	2	3	4	5
f. I have often bought a product that I did not need, while knowing that I have very little money left .....	1	2	3	4	5
g. I am impulsive in my buying behavior.....	1	2	3	4	5
h. I sometimes feel that something inside pushed me to go shopping .....	1	2	3	4	5

	STRONGLY AGREE	SOMEWHAT AGREE	NEITHER AGREE NOR DISAGREE	SOMEWHAT DISAGREE	STRONGLY DISAGREE
i. At times, I have felt somewhat guilty after buying a product, because it seemed unreasonable.....	1	2	3	4	5
j. I often have an unexplainable urge, a sudden and spontaneous desire, to go and buy something in a store .....	1	2	3	4	5
k. I am a spendthrift .....	1	2	3	4	5
l. I am one of those people who often respond to direct mail offers (e.g. books, tapes/CDs) .....	1	2	3	4	5

**3. Please place an X on the line that most closely corresponds to your feelings.**

- a. When a person is talking and takes too long to come to the point, how often do you feel like hurrying the person along?**  
 very frequently \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ almost never
- b. Typically, how easily do you get irritated?**  
 extremely easily \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ not easily at all
- c. Do you tend to do most things in a hurry?**  
 definitely true \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ not true at all
- d. How is your "temper" these days?**  
 very hard to control \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ I seldom get angry
- e. When you have to wait in line such as at a restaurant, the movies, or the post office, how do you usually feel?**  
 accept calmly \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ : \_\_\_\_\_ feel very impatient and refuse to stay long

**4. Do you think it is a good idea or a bad idea for people to buy things on the installment plan?**

- \_\_\_\_\_ good idea  
\_\_\_\_\_ good in some ways, bad in some ways  
\_\_\_\_\_ bad idea

**5. Is it all right for someone like yourself to borrow money for**

	APPROVE	DISAPPROVE
a. car	_____	_____
b. educational expenses	_____	_____
c. living expenses	_____	_____
d. vacation/trip	_____	_____
e. fur coat or jewelry	_____	_____

**6. In a typical month, how do you tend to pay the balance(s) (the total amount shown on your bill) on your credit card(s)? (Check one.)**

- \_\_\_\_\_ I pay my credit card balance(s) in full every month.  
\_\_\_\_\_ Every month I pay no more than the minimum payment due on by credit card(s).  
\_\_\_\_\_ Every month I pay as much as I can on my credit card balances; some are paid in full and other(s) a balance remains.  
\_\_\_\_\_ I hold at least one credit card, but I never use it (them), so I do not have a balance to pay off.  
\_\_\_\_\_ I do not have a credit card, so I do not have a balance to pay off.

**7. Please circle the number for each statement that best represents your feelings and about use of credit cards.**

	STRONGLY AGREE					STRONGLY DISAGREE	
a. When I shop with credit card(s) I tend to make unplanned purchases .....	1	2	3	4	5	6	7
b. I have been told that I spent beyond my credit limit on my credit cards.....	1	2	3	4	5	6	7
c. Because I have a credit card, I felt more in control of my financial ability .....	1	2	3	4	5	6	7
d. It is unwise to use any credit card.....	1	2	3	4	5	6	7
e. Without a credit card, my spending habits would not be different .....	1	2	3	4	5	6	7
f. I completely exhaust the credit limit on my credit cards.....	1	2	3	4	5	6	7
g. I feel a sense of financial control with a credit card .....	1	2	3	4	5	6	7
h. Credit cards should be used only in case of emergency.....	1	2	3	4	5	6	7
i. I end up buying more when I shop with a credit card(s) compared to when I shop with cash or checks .....	1	2	3	4	5	6	7
j. Because of the way I use my credit card I always have enough credit available on it.....	1	2	3	4	5	6	7
k. Credit cards add to my general financial well being.....	1	2	3	4	5	6	7
l. I dislike all credit/charge cards.....	1	2	3	4	5	6	7
m. It is easy for me to overspend when I shop with a credit card .....	1	2	3	4	5	6	7
n. If I did not have a credit card I would probably spend less .....	1	2	3	4	5	6	7

**8. Assume that you took out a sixty month loan at 0.9% interest to buy a \$15,000 automobile.**

A. Approximately how much would you end up paying in INTEREST ONLY over the life of the loan (please fill in a specific dollar amount)? \$ \_\_\_\_\_

B. How many years would it take to pay off the loan? \_\_\_\_\_ years

**9. Assume that you charged \$5,000 on a credit card with a 9.9% annual interest rate and a \$20 payment minimum and made only the 2% minimum payment each month and made no additional purchases.**

A. Approximately how much would you end up paying in INTEREST ONLY by the time the credit card balance was paid off completely (please fill in a specific dollar amount)? \$ \_\_\_\_\_

B. How many years would it take to pay off the total balance charged? \_\_\_\_\_ years

**10. Indicate with an X which activities apply to you.**

- \_\_\_\_\_ bought a car
- \_\_\_\_\_ leased a car
- \_\_\_\_\_ took out a loan for a car
- \_\_\_\_\_ took out a loan for educational expenses
- \_\_\_\_\_ took out a loan to buy a house
- \_\_\_\_\_ financed furniture, carpeting, or appliances
- \_\_\_\_\_ rented to own furniture or appliances
- \_\_\_\_\_ took out a loan to consolidate debt
- \_\_\_\_\_ sought assistance in getting out of debt
- \_\_\_\_\_ declared bankruptcy
- \_\_\_\_\_ paid for something on installments (please specify) \_\_\_\_\_
- \_\_\_\_\_ took out any other type of loan (please specify) \_\_\_\_\_



**Please fill in your age:** \_\_\_\_\_

**Gender:** Female Male

**Marital Status:** Single Married Widowed Divorced

**Ethnic Background:** African Asian Caucasian Hispanic

Other (please specify) \_\_\_\_\_

**Highest Level of Education Completed:** (circle one)

Less than high school

High school graduate

Some college

College graduate: AAS BA BS Masters JD PHD MD DO

**Current Class Standing:** Freshman Sophomore Junior Senior Graduate Student

Other (specify) \_\_\_\_\_ **Your Major:** \_\_\_\_\_

**Employed:** All Year During School Year Only During Summer Only Not Employed

**Income:**

Present Personal  
Household Income  
(incl. spouse's if appl.)

Parental Household  
Income When You Were  
In High School

\$0 - \$10,000

\$10,001 - \$20,000

\$20,001 - \$30,000

\$30,001 - \$40,000

\$40,001 - \$50,000

\$50,001 - \$60,000

\$60,001 - \$70,000

\$70,001 - \$80,000

\$80,001 - \$90,000

\$90,001 - \$100,000

above \$100,001

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**Size of your parents household when you were in high school:** \_\_\_\_\_

**Your current number of dependents including yourself:** \_\_\_\_\_

**Please fill in the percentage of financial support (for college, room and board, expenses, etc. combined) your parents provide to you (0% to 100%):** \_\_\_\_\_

**Please fill in the number of credit cards you have:** \_\_\_\_\_

**WITHOUT TURNING BACK, PLEASE ANSWER THE FOLLOWING QUESTIONS WHICH RELATE TO THE ADVERTISEMENTS YOU READ EARLIER.**

- 1. Thinking back to the ad you saw for the Chevrolet Cavalier Z24, please indicate with an X whether you remember noticing that the ad contained any of the following (mark all that apply):**

☐ The name of a dealership  
☐ The price of the vehicle  
☐ Financing rates for the vehicle

- 2. Thinking back to the ad you saw for the Chevrolet Cavalier Z24, please indicate with an X whether the vehicle would be (mark only one answer)**

☐ easy for you to pay for  
☐ a manageable amount to pay  
☐ more than you could afford

- 3. Thinking back to the ad you saw for the Visa card, please indicate with an X whether you remember noticing that the ad contained any of the following (mark all that apply):**

☐ The beginning credit limit  
☐ Cash back awards/rebates  
☐ The minimum payment amount/percentage

- 4. Thinking back to the ad you saw for the CapitalOne Visa card, please indicate with an X whether the purchases made with it would be (mark only one answer)**

☐ easy to pay for  
☐ a manageable amount to pay  
☐ more than you could afford

## **APPENDIX B—TREATMENT ADS**

## Automobile Least Expensive Payment Advertisement

*S*uccess is the quality of the journey.

**\$183**  
per month with  
0.9%/84 month  
financing



The true measure of success isn't the title on a business card or the size of the income. It's knowing who you are and being comfortable with where you are wherever that may be. If you're driving a Chevrolet Cavalier Z24, that's going to be just about anywhere. With plenty of head and leg room, and air conditioning standard, just about any journey's sure to be comfortable. The sporty 2.4 liter engine is newly refined to be smoother and

quicker than ever. With 150 hp and Sequential Fuel Injection, the Chevrolet Cavalier Z24 will get you wherever you want to go. The best news is that the Cavalier Z24 is now more affordable to own than ever. Prices start at \$14,971. With low 0.9%/84 month financing, you'll be on the road with the wind in your hair for just \$183 per month. Now, we call that success.

**Genuine Chevrolet®**   
*The Cars More Americans Trust.*

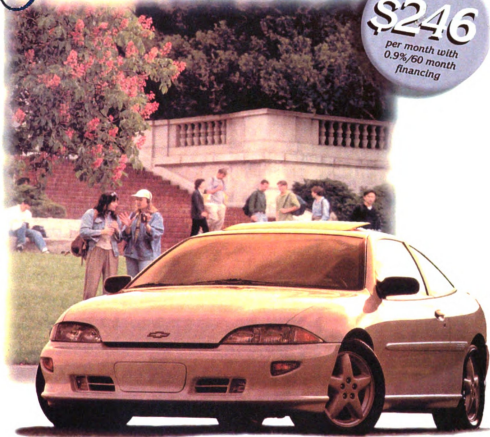
1999 model only. Monthly prices may vary according to option packages. See participating dealer for details.  
Chevrolet is a registered trademark of General Motors Corporation, Buick is a registered trademark of General Motors Corporation.

## Automobile Middle Level Payment Advertisement

*S*uccess is the quality of the journey.

**\$246**

per month with  
0.9%/60 month  
financing



The true measure of success isn't the title on a business card or the size of the income. It's knowing who you are and being comfortable with where you are wherever that may be. If you're driving a Chevrolet Cavalier Z24, that's going to be just about anywhere. With plenty of head and leg room, and air conditioning standard, just about any journey's sure to be comfortable. The sporty 2.4 liter engine is newly refined to be smoother and

quicker than ever. With 150 hp and Sequential Fuel Injection, the Chevrolet Cavalier Z24 will get you wherever you want to go. The best news is that the Cavalier Z24 is now more affordable to own than ever. Prices start at \$14,971. With low 0.9%/60 month financing, you'll be on the road with the wind in your hair for just \$246 per month. Now, we call that success.

**Genuine Chevrolet®**  
The Cars More Americans Trust.



1999 models only. Monthly prices may vary according to option packages. See participating dealer for details.  
Chevrolet is a registered trademark of General Motors Corporation. Buckle up, America!

## Automobile Most Expensive Payment Advertisement

*S*uccess is the quality of the journey.



The true measure of success isn't the title on a business card or the size of the income. It's knowing who you are and being comfortable with where you are wherever that may be. If you're driving a Chevrolet Cavalier Z24, that's going to be just about anywhere. With plenty of head and leg room, and air conditioning standard, just about any journey's sure to be comfortable. The sporty 2.4 liter engine is newly refined to be smoother and

quicker than ever. With 150 hp and Sequential Fuel Injection, the Chevrolet Cavalier Z24 will get you wherever you want to go. The best news is that the Cavalier Z24 is now more affordable to own than ever. Prices start at \$14,971. With low 0.9%/48 month financing, you'll be on the road with the wind in your hair for just \$317 per month. Now, we call that success.

**Genuine Chevrolet®**  
The Cars More Americans Trust.



1995 models only. Monthly prices may vary according to option packages. See participating dealer for details.  
Chevrolet is a registered trademark of General Motors Corporation. Buckle up, America!

## Automobile Control Advertisement

*S*uccess is the quality of the journey.

Starting at  
**\$14,971**



The true measure of success isn't the title on a business card or the size of the income. It's knowing who you are and being comfortable with where you are wherever that may be. If you're driving a Chevrolet Cavalier Z24, that's going to be just about anywhere. With plenty of head and leg room, and air conditioning standard, just about any journey's sure to be comfortable. The sporty 2.4 liter engine is newly

refined to be smoother and quicker than ever. With 150 hp and Sequential Fuel Injection, the Chevrolet Cavalier Z24 will get you wherever you want to go. The best news is that the Cavalier Z24 is now more affordable to own than ever. Prices start at \$14,971. See your local Chevrolet dealer today and you'll be on the road with the wind in your hair at a price you're comfortable with. Now, we call that success.

**Genuine Chevrolet®**  
The Cars More Americans Trust.



1999 models only. Monthly prices may vary according to option packages. See participating dealer for details.  
Chevrolet is a registered trademark of General Motors Corporation. Buckle up, America!

## Credit Card Least Expensive Payment Advertisement

# THE ONE ESSENTIAL FOR THE BASIC LIFESTYLE.

When you're just starting out, there's not much room in the budget for frills. It's having the basics that really count—the basic wardrobe, your first computer, the books and supplies you need for school, something to sit in and something to sleep on. And of course, something to tote it all around in. That's about all it takes. But when you need it, you REALLY need it and you need it NOW. That's where your essential **CapitalOne VISA** card comes in. You need a credit card that understands you. That's why **CapitalOne VISA** offers a low 1% minimum payment. On full beginning credit limit of \$5,000, that's only **\$50.41** per month. Apply now and your new **CapitalOne VISA** will help you get the start you need.

Tuition	\$2,400.00
Computer	1,600.00
Backpack	50.00
Textbooks	400.00
Jeans	60.00
Jacket	110.00
Misc.	380.00
	<b>\$5,000.00</b>

You pay just  
**\$50.41**  
per month

No annual fee. The APR is fixed at 9.99%. Rate is subject to change. CapitalOne is a registered trademark. MasterCard FIDC. 1-800-555-9579

**1%**  
minimum  
payment

**CapitalOne**  
VISA



## Credit Card Middle Level Payment Advertisement

### THE ONE ESSENTIAL FOR THE BASIC LIFESTYLE.

When you're just starting out, there's not much room in the budget for frills. It's having the basics that really count—the basic wardrobe, your first computer, the books and supplies you need for school, something to sit in and something to sleep on. And of course, something to tote it all around in. That's about all it takes. But when you need it, you REALLY need it and you need it NOW. That's where your essential **CapitalOne VISA** card comes in. You need a credit card that understands you. That's why **CapitalOne VISA** offers a low 2% minimum payment. On a full beginning credit limit of \$5,000, that's only **\$100.83** per month. Apply now and your new **CapitalOne VISA** will help you get the start you need.

Tuition	\$2,400.00
Computer	1,600.00
Backpack	50.00
Textbooks	400.00
Jeans	60.00
Jacket	110.00
Misc.	380.00
	<b>\$5,000.00</b>

You pay just  
**\$100.83**  
per month



No annual fee. The APR is fixed at 9.9%. Rate is subject to change. CapitalOne is a registered trademark. Member FDIC. 1-800-451-4579

## Credit Card Most Expensive Payment Advertisement

# THE ONE ESSENTIAL FOR THE BASIC LIFESTYLE.

When you're just starting out, there's not much room in the budget for frills. It's having the basics that really count—the basic wardrobe, your first computer, the books and supplies you need for school, something to sit in and something to sleep on. And of course, something to tote it all around in. That's about all it takes. But when you need it, you **REALLY** need it and you need it **NOW**. That's where your essential **CapitalOne VISA** card comes in. You need a credit card that understands you. That's why **CapitalOne VISA** offers a low 3% minimum payment. On a full beginning credit limit of \$5,000, that's only **\$151.24** per month. Apply now and your new **CapitalOne VISA** will help you get the start you need.

Tuition	\$2,400.00
Computer	1,600.00
Backpack	50.00
Textbooks	400.00
Jeans	60.00
Jacket	110.00
Misc.	300.00

**\$5,000.00**

You pay just

**\$151.24**  
per month

**3%**  
MINIMUM  
PAYMENT



No annual fee. The APR is fixed at 9.9%. Rate is subject to change. CapitalOne is a registered trademark. Member FDIC. 1-800-935-0179

## Credit Card Control Advertisement

# THE ONE ESSENTIAL FOR THE BASIC LIFESTYLE.

When you're just starting out, there's not much room in the budget for frills. It's having the basics that really count—the basic wardrobe, your first computer, the books and supplies you need for school, something to sit in and something to sleep on. And of course, something to tote it all around in. That's about all it takes. But when you need it, you REALLY need it and you need it NOW. That's where your essential **CapitalOne VISA** card comes in. You need a credit card that understands you. That's why **CapitalOne VISA** offers you a beginning credit limit of \$5,000. Apply now and your new **CapitalOne VISA** will help you get the start you need.

Tuition	\$2,400.00
Computer	1,600.00
Backpack	50.00
Textbooks	400.00
Jeans	60.00
Jacket	110.00
Misc.	380.00
	<hr/>
	\$5,000.00

No annual fee. The APR is fixed at 9.99%. Rate is subject to change. CapitalOne is a registered trademark. Member FDIC. 1-800-422-6179

## **APPENDIX C—CORRELATION TABLE**

# Correlations

	PREAPS	PRECPIS	AADA	ATTZ	PIZS	AFFZ	PIAS	DIFAPIS
PREAPS	1.000							
PRECPIS	.242**	1.000						
AADA	.216**	.144*	1.000					
ATTZ	.168*	.089	.572**	1.000				
PIZS	.210**	.136*	.362**	.463**	1.000			
AFFZ	.194**	-.005	.110	-.036	.149*	1.000		
PIAS	.657**	.286**	.250**	.214**	.175**	.222**	1.000	
DIFAPIS	-.435**	.044	.003	.058	-.048	.019	.393**	1.000
AADCO	.164*	.279**	.327**	.312**	.184**	.074	.216**	.062
ATTV	-.002	.214**	.167*	.280**	.153*	-.003	.114	.134*
PIVS	.050	.282**	.181**	.143*	.144*	-.017	.149*	.115
AFFV	.112	.206**	-.019	-.043	-.010	.264**	.200**	.101
PICCS	.243**	.707**	.120	.081	.005	.000	.306**	.075
DIFCPIS	.029	-.363**	-.015	.014	-.117	.031	.065	.040
TIME	.078	.026	-.043	.051	-.016	-.040	.014	-.092
IMPATNCE	.114	-.093	.010	.033	.054	.094	.011	-.105
COMPUL	.031	-.023	.026	.065	.070	.024	.031	-.020
BORROW	.136*	.031	.061	.117	.153*	.106	.198**	.071
CCSPEND	.027	.049	-.073	-.081	-.068	.016	.015	.003
CCUSE	-.108	.042	-.044	-.011	-.005	-.049	-.030	.100

# Correlations

	PREAPS	PRECIPIS	AADA	ATTZ	PZS	AFFZ	PIAS	DIFAPIS
CCCONTRL	-.093	-.105	-.143*	-.065	.025	-.051	-.080	.025
CCATT	.021	.142*	.155*	.100	.021	.065	.094	.061
BUYCAR	.099	.045	.064	-.022	.016	.306**	.125	.024
LOANEDUC	-.029	-.088	-.010	.014	.020	-.161*	.022	.070
AGE	-.059	.002	-.026	-.178*	-.108	.271**	-.062	-.006
GENDER	.019	-.018	-.109	-.156*	-.176**	.097	-.030	-.043
MYINCOME	.053	.104	.040	-.110	-.022	.324**	.120	.074
PINCOME	.315**	.137	.134	.075	.045	.209**	.210**	-.160*
PSUPPORT	.141*	.180**	.003	.102	.051	-.020	.034	-.149*
CARDS	.079	-.113	.050	.049	-.021	.267**	.132*	.047
DUM183	-.052	-.019	.063	.110	.132*	-.031	-.104	-.062
DUM246	.104	.107	-.035	-.049	.011	-.042	.073	-.007
DUM317	.022	.089	.015	.055	.093	-.073	-.023	-.051
DUMACON	-.055	-.131	-.032	-.086	-.176**	.109	.039	.089
DUM50	.046	.071	.036	.001	.017	.167*	.053	.009
DUM100	.030	-.170*	.040	-.025	-.141*	-.007	-.021	-.074
DUM151	-.151*	-.077	-.117	-.090	-.110	-.012	.020	.185**
DUMCCON	.055	.131	.032	.086	.176**	-.109	-.039	-.089
FRESHMAN	-.049	.170*	-.003	.114	.112	-.202**	.048	.124

# Correlations

	AADCO	ATTV	PIVS	AFFV	PICCS	DIFCPIS	TIME	IMPATNCE
PREAPS								
PRECPIS								
AADA								
ATTZ								
PIZS								
AFFZ								
PIAS								
DIFAPIS								
AADCO	1.000							
ATTV	.744**	1.000						
PIVS	.376**	.449**	1.000					
AFFV	.049	.023	.099	1.000				
PICCS	.223**	.172*	.297**	.206**	1.000			
DIFCPIS	-.029	-.021	.035	-.003	.403**	1.000		
TIME	.054	.036	.013	-.027	.005	.001	1.000	
IMPATNCE	-.093	-.088	-.143*	-.078	-.150*	-.063	.086	1.000
COMPUL	.119	.084	.052	-.099	.018	.062	.690**	.253**
BORROW	.057	.048	.045	.029	-.024	-.094	.278**	.126
CCSPEND	-.013	-.090	-.056	-.039	-.013	-.060	-.417**	-.138*
CCUSE	.045	.126	-.021	.080	.062	.023	-.350**	-.093

**Correlations**

	PREAPS	PRECPIS	AADA	ATTZ	PZS	AFFZ	PIAS	DIFAPIS
SOPHMORE	.045	-.046	.028	-.001	-.060	.008	-.027	-.085
JUNIOR	-.092	-.156*	-.061	-.014	-.075	-.097	-.074	.013
SENIOR	.135*	.026	.053	-.108	.002	.337**	.071	-.077
EMPFULL	.009	-.022	.016	-.020	-.070	.091	-.042	-.058
EMPPART	-.001	.069	-.029	.036	.130	-.163*	.029	.030
NOTEMP	-.016	-.088	.024	-.031	-.116	.136*	.025	.052
CCFULL	-.116	.016	.024	-.012	-.092	-.082	-.032	.101
CCMUCH	.022	-.115	.077	.025	-.047	.164*	.077	.045
CCMIN	.066	-.044	-.003	-.012	.006	.016	.017	-.061
NOBALNCE	.059	.120	-.097	-.006	.134*	-.085	-.052	-.112



# Correlations

	AADCO	ATTV	PVVS	AFVU	PICCS	DIECPIS	TIME	IMPATNCE
CCCONTRL	-.024	-.070	-.126	-.186**	-.086	.024	.007	.072
CCATT	.086	.112	.039	.204**	.192**	.075	-.099	-.151*
BUYCAR	-.040	-.066	-.079	.135*	.010	-.039	-.048	-.018
LOANEDUC	-.052	.018	.081	-.061	-.072	.033	.057	-.050
AGE	-.201**	-.145*	-.015	.160*	-.013	-.012	-.015	.000
GENDER	-.096	-.135*	-.135*	.043	-.046	-.017	-.103	-.012
MYINCOME	-.039	-.077	-.013	.169*	.113	.027	-.022	-.009
PINCOME	.102	-.055	-.067	.088	.156*	.005	.097	.033
PSUPPORT	.160*	.116	-.028	.026	.169*	-.017	.095	.016
CARDS	-.048	-.047	-.090	.106	-.053	.102	-.016	.095
DUM183	.060	.030	.035	.040	-.095	-.110	.062	.073
DUM246	.005	.032	.126	-.001	.064	-.066	-.090	-.100
DUM317	-.001	-.006	-.111	.047	-.017	-.060	.009	.114
DUMACON	-.048	-.042	-.038	-.065	.036	.177**	.017	-.064
DUM50	.023	.081	.100	.077	.115	.075	-.067	-.099
DUM100	.005	-.100	-.096	-.129	-.060	.090	.060	.053
DUM151	-.091	-.036	-.055	-.035	-.008	.072	.030	-.040
DUMCCON	.048	.042	.038	.065	-.036	-.177**	-.017	.064
FRESHMAN	.117	.141*	.070	-.197**	.098	-.054	-.059	-.014

**Correlations**

	AADCO	ATTV	PIVS	AFFV	PICCS	DIFCPS	TIME	IMPATNCE
SOPHMORE	.064	.056	.046	.014	.068	.087	.009	-.008
JUNIOR	-.082	-.144*	-.111	.109	-.143*	.024	.164*	-.024
SENIOR	-.109	-.058	-.012	.103	-.017	-.050	-.115	.050
EMPFULL	-.015	-.063	-.025	.053	.009	.082	.021	.016
EMPPART	.024	.092	.072	-.049	.044	-.071	-.026	-.072
NOTEMP	-.017	-.056	-.089	-.008	-.100	-.020	.008	.105
CCFULL	-.093	.002	.036	.080	.049	.014	-.393**	-.009
CCMUCH	-.079	-.101	-.086	.145*	-.086	.079	.329**	.030
CCMIN	.050	-.050	.016	-.076	.006	.064	.172*	-.046
NOBALNCE	.143*	.124	.037	-.178**	.029	-.126	-.017	.005

# Correlations

	COMPUL	BORROW	CCSPEND	CCUSE	CCCTRL	CCATT	BUYCAR	LOANEDUC
PREAPS								
PRECPIS								
AADA								
ATTZ								
PIZS								
AFFZ								
PIAS								
DIFAPIS								
AADCO								
ATTV								
PIVS								
AFFV								
PICCS								
DIFCPIS								
TIME								
IMPATNCE								
COMPUL	1.000							
BORROW	.208**	1.000						
CCSPEND	-.509**	-.100	1.000					
CCUSE	-.326**	-.121	.334**	1.000				

# Correlations

	COMPUL	BORROW	CCSPEND	CCUSE	CCCONTRL	CCATT	BUYCAR	LOANEDUC
CCCONTRL	-.005	-.054	.175*	-.038	1.000			
CCATT	-.105	.032	.022	.249**	-.306**	1.000		
BUYCAR	-.062	-.010	.031	-.055	-.064	.058	1.000	
LOANEDUC	.014	.027	-.166*	-.009	.015	-.097	.014	1.000
AGE	-.181**	.001	.044	.052	-.082	.024	.178*	.056
GENDER	-.167*	-.071	.117	-.013	-.108	-.087	.184**	.040
MYINCOME	.011	.071	-.035	-.010	-.136	.059	.033	-.099
PINCOME	.143*	.109	-.080	-.184**	.030	-.003	.108	-.226**
PSUPPORT	.188**	-.011	-.114	-.022	.108	.074	-.126	-.434**
CARDS	.115	.038	-.125	-.080	-.142*	.057	.237**	.061
DUM183	.144*	.006	-.111	-.036	.006	-.167*	-.040	-.058
DUM246	-.132*	-.001	.034	-.003	-.065	.176**	-.082	-.026
DUM317	-.017	-.043	-.135*	-.019	.042	-.034	-.019	.085
DUMACON	.005	.028	.155*	.042	.014	.016	.105	-.001
DUM50	-.028	.006	.125	.130	-.086	.034	.147*	-.067
DUM100	.088	-.007	.019	-.102	.133	-.046	-.027	.025
DUM151	-.052	.038	.063	.029	-.028	.033	.021	.040
DUMCCON	-.005	-.028	-.155*	-.042	-.014	-.016	-.105	.001
FRESHMAN	.046	-.018	.093	.036	.109	.008	-.082	-.148*

# Correlations

	COMPUL	BORROW	CCSPEND	CCUSE	CCCONTRL	CCATT	BUYCAR	LOANEDUC
SOPHMORE	.055	.009	-.019	-.030	-.029	-.082	-.114	.024
JUNIOR	.051	-.042	-.095	-.062	.065	-.135*	.077	.129
SENIOR	-.168*	.059	.016	.069	-.183**	.218**	.130	-.015
EMPFULL	-.100	-.018	.060	-.046	-.100	.059	-.025	.148*
EMPPART	.095	-.011	-.047	.091	.011	-.072	-.058	-.184**
NOTEMP	.009	.054	-.025	-.084	.164*	.026	.154*	.068
CCFULL	-.185**	-.173*	.070	.300**	-.216**	.233**	.051	-.148*
CCMUCH	.182**	.154*	-.255**	-.181**	-.083	.062	.146*	.209**
CCMIN	.115	.036	-.152*	-.171*	.007	-.110	-.134*	.070
NOBALNCE	-.053	.006	.269**	-.032	.302**	-.239**	-.119	-.091

# Correlations

	AGE	GENDER	MYINCOME	PINCOME	PSUPPORT	CARDS	DUM183	DUM246
PREAPS								
PRECPIS								
AADA								
ATTZ								
PIZS								
AFFZ								
PIAS								
DIFAPIS								
AADCO								
ATTV								
PIVS								
AFFV								
PICCS								
DIFCPIS								
TIME								
IMPATNCE								
COMPUL								
BORROW								
CCSPEND								
CCUSE								

**Correlations**

	AGE	GENDER	MYINCOME	PINCOME	PSUPPORT	CARDS	DUM183	DUM246
CCCONTRL								
CCATT								
BUYCAR								
LOANEDUC								
AGE	1.000							
GENDER	.214**	1.000						
MYINCOME	.272**	.140*	1.000					
PINCOME	-.087	.075	-.008	1.000				
PSUPPORT	-.337**	-.094	-.094	.299**	1.000			
CARDS	.132	-.089	.094	.004	-.119	1.000		
DUM183	-.116	-.118	-.104	.011	.122	-.008	1.000	
DUM246	.035	-.093	-.041	-.029	-.065	-.027	-.201**	1.000
DUM317	.001	.098	.086	-.030	-.032	-.023	-.198**	-.201**
DUMACON	.060	.083	.043	.035	-.019	.044	-.445**	-.452**
DUM50	.198**	-.017	.074	-.107	-.087	.004	-.198**	-.201**
DUM100	-.014	.045	.024	.156*	.054	.035	-.198**	-.201**
DUM151	-.095	.084	-.041	-.001	.008	.020	-.201**	-.204**
DUMCCON	-.060	-.083	-.043	-.035	.019	-.044	.445**	.452**
FRESHMAN	-.492**	-.234**	-.144*	.020	.190**	-.067	.074	.014

# Correlations

	AGE	GENDER	MYINCOME	PINCOME	PSUPPORT	CARDS	DUM183	DUM246
SOPHMORE	-.142*	.052	-.020	-.007	.053	-.149*	-.061	-.035
JUNIOR	.252**	.131	.024	-.118	-.105	.066	.032	-.159*
SENIOR	.422**	.090	.166*	.118	-.162*	.154*	-.061	.209**
EMPFULL	.153*	-.020	.054	-.098	-.299**	.173*	-.073	.106
EMPPART	-.179*	-.009	-.085	.070	.261**	-.184**	.038	-.111
NOTEMP	.047	.054	.056	.053	.070	.022	.065	.010
CCFULL	-.077	-.068	-.008	.016	.035	.001	-.109	.020
CCMUCH	.280**	.108	.065	-.001	-.197**	.264**	.017	-.010
CCMIN	.065	-.014	.133	.034	-.061	-.045	.062	-.032
NOBALNCE	-.228**	-.028	-.128	-.034	.191**	-.229**	.059	.007



# Correlations

	DUM317	DUMACON	DUM50	DUM100	DUM151	DUMCCON	FRESHMAN	SOPHOMORE
PREAPS								
PRECPIS								
AADA								
ATTZ								
PIZS								
AFFZ								
PIAS								
DIFAPIS								
AADCO								
ATTV								
PIVS								
AFFV								
PICCS								
DIFCPIS								
TIME								
IMPATNCE								
COMPUL								
BORROW								
CCSPEND								
CCUSE								

**Correlations**

	DUM317	DUMACON	DUM50	DUM100	DUM151	DUMCCON	FRESHMAN	SOPHOMORE
CCCONTRL								
CCATT								
BUYCAR								
LOANEDUC								
AGE								
GENDER								
MYINCOME								
PINCOME								
PSUPPORT								
CARDS								
DUM183								
DUM246								
DUM317	1.000							
DUMACON	-.445**	1.000						
DUM50	-.198**	.445**	1.000					
DUM100	-.198**	.445**	-.198**	1.000				
DUM151	-.201**	.452**	-.201**	-.201**	1.000			
DUMCCON	.445**	-1.000**	-.445**	-.445**	-.452**	1.000		
FRESHMAN	-.003	-.064	-.029	-.072	.014	.064	1.000	

# Correlations

	DUM317	DUMACON	DUM50	DUM100	DUM151	DUMCCON	FRESHMAN	SOPHMORE
SOPHMORE	.032	.048	-.030	.038	.056	-.048	-.336**	1.000
JUNIOR	.032	.072	.032	.094	-.028	-.072	-.447**	-.309**
SENIOR	-.061	-.067	.032	-.087	-.035	.067	-.336**	-.232**
EMPFULL	.018	-.040	-.047	-.036	.029	.040	-.224**	.095
EMPPART	.026	.037	.038	-.001	.012	-.037	.230**	-.019
NOTEMP	-.082	.005	.017	.070	-.079	-.005	-.014	-.142*
CCFULL	-.057	.109	.072	.020	.055	-.109	.030	-.089
CCMUCH	-.010	.003	-.064	.044	.025	-.003	-.281**	-.092
CCMIN	.109	-.104	.015	-.079	-.076	.104	-.081	.001
NOBALNCE	.007	-.055	-.019	-.019	-.037	.055	.288**	.180**

# Correlations

	JUNIOR	SENIOR	EMPFULL	EMPART	NOTEMP	CCFULL	CCMUCH	CCMIN	NOBALANCE
PREAPS									
PRECPIS									
AADA									
ATTZ									
PIZS									
AFFZ									
PIAS									
DIFAPIS									
AADCO									
ATTV									
PIVS									
AFFV									
PICCS									
DIFCPIS									
TIME									
IMPATNCE									
COMPUL									
BORROW									
CCSPEND									
CCUSE									

# Correlations

	JUNIOR	SENIOR	EMPFULL	EMPPART	NOTEMP	CCFULL	CCMUCH	CCMIN	NOBALANCE
CCCONTRL									
CCATT									
BUYCAR									
LOANEDUC									
AGE									
GENDER									
MYINCOME									
PINCOME									
PSUPPORT									
CARDS									
DUM183									
DUM246									
DUM317									
DUMACON									
DUM50									
DUM100									
DUM151									
DUMCCON									
FRESHMAN									

# Correlations

	JUNIOR	SENIOR	EMPFULL	EMPPART	NOTEMP	CCFULL	CCMUCH	CCMIN	NOBALNCE
SOPHMORE									
JUNIOR	1.000								
SENIOR	-.309**	1.000							
EMPFULL	.006	.167*	1.000						
EMPPART	-.039	-.214**	-.860**	1.000					
NOTEMP	.062	.090	-.260**	-.270**	1.000				
CCFULL	-.033	.100	-.066	.095	-.055	1.000			
CCMUCH	.170*	.210**	.186**	-.226**	.077	-.439**			
CCMIN	.164*	-.092	.026	-.018	-.015	-.196**	-.174**	1.000	
NOBALNCE	-.223**	-.254**	-.121	.125	-.008	-.478**	-.425**	-.190**	1.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

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