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People want to have fun, and they are more likely to have fun if the situation allows them to justify it. This research studies how people's need for justifying hedonic consumption drives two choice patterns that are observed in typical purchase contexts. First, relative preferences between hedonic and utilitarian alternatives can reverse, depending on how the immediate purchase situation presents itself. A hedonic alternative tends to be rated more highly than a comparable utilitarian alternative when each is presented singly, but the utilitarian alternative tends to be chosen over the hedonic alternative when the two are presented jointly. Second, people have preferences for expending different combinations of time (effort) and money for acquiring hedonic versus utilitarian items. They are willing to pay more in time for hedonic goods and more in money for utilitarian goods. The author explores the topic through a combination of four experiments and field studies.

Justification Effects on Consumer Choice of Hedonic and Utilitarian Goods

By nature, people are motivated to enjoy themselves. However, having fun also raises such issues as guilt and need for justification. Therefore, people will be more likely to consume hedonic goods when the decision context allows them the flexibility to justify the consumption. This research examines how hedonic versus utilitarian consumption can vary in typical purchase situations, depending on the decision context.

Hedonism and utilitarianism are not necessarily two ends of a one-dimensional scale (Voss, Spangenberg, and Grohmann 2003). Different products can be high or low in both hedonic and utilitarian attributes (Crowley, Spangenberg, and Hughes 1992). This research takes a more holistic approach and conceptualizes hedonism and utilitarianism as summary constructs. I characterize hedonic (utilitarian) alternatives as being primarily or relatively more hedonic (utilitarian). This approach is consistent with work by Dhar and Wertenbroch (2000) and O'Curry and Strahilevitz (2001) and is more appropriate for the topic of the research. I do not examine the measurement of hedonism and utilitarianism per se but rather study how the aggregate perception of a good as either hedonic or utilitarian affects behavior in ways that are theoretically explainable and predictable.

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A similar but different pair of constructs to hedonism and utilitarianism is the "wants" and "shoulds" (Bazerman, Tenbrunsel, and Wade-Benzoni 1998). The wants are more affectively and experientially appealing than the shoulds, just as hedonic alternatives are more affectively and experientially appealing than utilitarian ones. However, the difference is that Bazerman, Tenbrunsel, and Wade-Benzoni (1998) conceptualize the wants as vices, exemplified by risky sexual behavior, smoking, and drinking, which infers a strong link between an immediately gratifying payoff and an obvious harm that can be reasonably anticipated in the long run. In his research, Wertenbroch (1998) takes a similar approach and uses the term "vices," which by definition connotes negative payoffs, and compares them with "virtues," which connotes positive payoffs. The distinction made in the current research is that hedonic and utilitarian alternatives are both goods, in the sense that both are expected to offer benefits, and neither is reasonably expected to directly cause any obvious harm. This is consistent with Dhar and Wertenbroch's (2000) conceptualization, in which both hedonic goods, such as audio tapes and apartments with a view, and utilitarian goods, such as computer diskettes and apartments close to work, are expected to deliver positive payoffs, but of different types. Hedonic (utilitarian) alternatives can be likened to relative vices (virtues). However, a fundamental difference is that the payoffs from both hedonic and utilitarian consumption lie primarily in the gain domain, and any harm that may ensue in the future is speculative, ambiguous, and indirect. In contrast, the payoffs from consuming the wants (vices) versus shoulds (virtues) explicitly straddle the gain and loss

domains. Differences in judgment and behavior in the gain versus loss domains are well documented (Kahneman and Tversky 1979; Thaler 1980; Thaler and Johnson 1990). Furthermore, the wants and shoulds (vices and virtues) are defined explicitly in terms of the temporal trade-offs of benefits and costs. In contrast, although there may be a difference in the timing of the accrual of benefits for hedonic versus utilitarian goods, the temporal element is not critical in the definition.

Between the wants and shoulds (vices and virtues), the costs and benefits that accrue in the future may be less salient, but after they are considered, the shoulds (virtues) emerge as the superior choice. That more reflection, and thus contexts that encourage more reflection, would result in a relative preference for the shoulds (virtues) is therefore intuitive. Between hedonic and utilitarian goods, however, there is no superior choice, even after all the costs and benefits are considered. Therefore, how the relative preferences for each differ across contexts requires a stronger explanation, which I propose is justification. Although reflection is the main explanation for the reversal of relative preferences for the wants and shoulds (vices and virtues), my justification-based theory can apply to those cases as well and make the same predictions.

Both hedonic and utilitarian goods offer benefits to the consumer, the former primarily in the form of experiential enjoyment and the latter in practical functionality (Batra and Ahtola 1990; Hirschman and Holbrook 1982; Mano and Oliver 1993). Because of this difference, there is a sense of guilt associated with hedonic consumption (Kivetz and Simonson 2002a, b; Strahilevitz and Myers 1998). In part because of this guilt, it is more difficult to justify spending on hedonic goods and easier to justify spending on utilitarian goods (Prelec and Loewenstein 1998). Intuitively, guilt and justification are interrelated concepts, not competing theories for explaining the choice of utilitarian over hedonic goods. A sense of guilt may arise in anticipation or as a result of making an unjustifiable choice. An alternative may seem unjustifiable if there is a sense of guilt associated with it.

The premise of this research is that people are motivated to consume hedonic goods but will be less likely to do so when the situation makes it difficult for them to justify it. I analyze how this drives two effects that are observed in typical purchase situations.

First, I demonstrate a reversal in the relative preferences for hedonic versus utilitarian alternatives. When a hedonic alternative and a utilitarian alternative of comparable value are each presented singly for evaluation, the hedonic alternative tends to elicit a higher rating. However, when the two are presented side by side, the utilitarian alternative is more likely to be chosen. If a consumer sees a new DVD player with a built-in MP3 player in a store, he or she might buy the DVD player before buying a new food processor. However, if the consumer goes to an electronic appliance store with \$100 to spend and can buy either the DVD player or the food processor, he or she may end up purchasing the food processor.

Second, the difference in the need for justification also affects the combination of time (effort) and money that people choose to expend to acquire hedonic versus utilitarian items. I demonstrate that people have a relative preference to pay in time for hedonic goods and in money for

utilitarian goods. In general, consumers pay a premium for convenience and go the distance for a bargain. Given a choice between paying in time versus money, consumers are more likely to go the extra mile and find a good deal on the DVD player (i.e., pay in time) and more likely to pay the higher price at a convenient location for the food processor.

JUSTIFYING HEDONIC CONSUMPTION

Even though the most basic necessities for human survival may be utilitarian in nature, utilitarian goods are not always necessities. Typical purchases by most consumers in the United States, at least, are made after the basic necessities of nourishment and protection are met and well exceeded. Therefore, in most situations, utilitarian consumption and hedonic consumption are both discretionary, and the difference between the two may be a matter of degree and perception. Hedonic (utilitarian) consumption tends to be perceived as relatively more discretionary (necessary) in nature. The same product, such as a microwave, may be necessary to some and discretionary to others.

It is more difficult to justify spending on hedonic goods and easier to justify spending on utilitarian goods (Prelec and Loewenstein 1998; Thaler 1980). Two reasons for this relative difficulty in justifying hedonic consumption are that (1) there is a sense of guilt associated with it and (2) its benefits are more difficult to quantify.

Hedonic consumption evokes a sense of guilt (Kivetz and Simonson 2002a, b; Prelec and Loewenstein 1998; Strahilevitz and Myers 1998). It is often construed as wasteful (Lascu 1991), which may be a reflection of a culture that values hard work and parsimony. When the sense of guilt is mitigated, hedonic consumption increases. After consumers put effort into the acquisition of hedonic goods, they believe that they have earned the right to indulge and thus become more likely to consume (Kivetz and Simonson 2002a, b). Bundling a hedonic purchase with a promised contribution to charity reduces the sense of guilt and facilitates hedonic purchases (Strahilevitz and Myers 1998). This basic idea also lies behind gift giving: People enjoy receiving hedonic goods as gifts, even though they may not make such purchases for themselves (Thaler 1980). It can be argued that guilt makes hedonic consumption more difficult to justify, but likewise, a sense of guilt may arise in anticipation or as a result of making an unjustifiable choice. Intuitively, guilt and justification are interrelated concepts rather than competing theories.

People try to construct reasons for justification (Shafir, Simonson, and Tversky 1993), and it is easier to construct reasons for utilitarian consumption than for hedonic consumption. Hedonic goods deliver benefits primarily in the form of experiential enjoyment, which may be more difficult to evaluate and quantify than the practical, functional benefits that utilitarian goods deliver. Quantifiable reasons are easier to justify (Hsee 1996a; Shafir, Simonson, and Tversky 1993). Because justifiable options are easier for people to choose (Hsee 1995; Simonson 1989), it should be easier for people to consume hedonic goods when the situation facilitates the justification.

Even though, conceptually, utilitarian goods are not necessities, in comparative terms utilitarian goods tend to be relative necessities, and hedonic goods tend to be relatively discretionary. In Voss, Spangenberg, and Grohmann's

(2003) multi-item scale for measuring hedonism and utilitarianism, necessary/unnecessary is one of the five scales for utilitarianism. It is easier to justify consumption that is relatively necessary and more difficult to justify consumption that is relatively discretionary.

Two hypotheses follow that are based on the argument that people are motivated to consume hedonic goods but the relative difficulty of justification impedes hedonic consumption. Therefore, people become more likely to consume hedonic goods when the decision context enables them to justify their motivated choice.

Justifying Fun and Reversals in Relative Preferences

Purchase situations typically present themselves in one of two ways: a single item is presented and considered for purchase as a stand-alone decision without any explicit comparisons with other alternatives, or multiple items are presented together and evaluated as explicit trade-offs among one another. Hsee and colleagues (1999) refer to the former type of situation as separate evaluation (SE) and the latter as joint evaluation (JE). Arguably all purchase decisions have some element of JE, because consumers implicitly make decisions on even a single item in the context of other purchases made previously or other future purchases that could be made in its stead. However, this research examines how the presentation of the alternatives in the immediate decision-making environment, as either SE or JE, affects preferences for hedonic versus utilitarian alternatives.

In SE, consumers have limited information about other alternatives or even the existence of other alternatives. People create justifications for decisions that they are motivated to make (Kunda 1990), and the absence of an explicit comparison in SE makes it easier to create justifications for the hedonic alternative. In contrast, when multiple alternatives are presented together, each one is evaluated in comparison with the others (e.g., Farley, Katz, and Lehmann 1978; Lynch, Chakravarti, and Mitra 1991). When a hedonic alternative and a utilitarian alternative are presented together in JE, the utilitarian alternative highlights the discretionary nature of the hedonic alternative through the contrast effect (e.g., Herr, Sherman, and Fazio 1983; Wedell 1995), which in turn makes justification more difficult. Furthermore, in JE the choice of one alternative results in the explicit rejection of the other alternative, which heightens people's concern for the justifiability of their decision (Shafir 1993) and makes the relatively more (less) justifiable utilitarian (hedonic) item more (less) attractive.

H₁: Consumers have a relative preference for a hedonic alternative over a comparable utilitarian alternative when each is presented singly and a relative preference for the utilitarian alternative over the hedonic alternative when the two are presented jointly.

This research complements work by Bazerman, Tenbrunsel, and Wade-Benzoni (1998), in which they propound that the shoulds dominate in JE and the wants dominate in SE. Aside from the conceptual differences between the wants and shoulds and between hedonism and utilitarianism, which are delineated at the outset of this article, this approach has two distinctions. First, the central argument is that the reversal in the relative preferences for hedonic versus utilitarian alternatives is driven primarily by the need for justifying hedonic consumption. Bazerman, Tenbrunsel,

and Wade-Benzoni's explanation is based on reflection; that is, people are more reflective and thoughtful about choice when multiple options are present, which tends to favor the shoulds. Between the shoulds and the wants, the former are by definition the clearly better choice, after consumers consider the long-term consequences. Therefore, it is intuitive that reflection tends to favor the shoulds. Between hedonic and utilitarian consumption, however, neither is harmful or superior in the long run, so reflection alone is not an adequate explanation. The justification-based explanation complements the reflection-based explanation and makes the same predictions for the shoulds and wants (virtues and vices) as well. Second, this causality is tested experimentally, which demonstrates that the relative preference reversal disappears when the need for justification is diminished.

This research is also a generalization and extension of previous research on preference reversals. A basic assumption in traditional utility theory is that between two alternatives, people will choose the one with the higher utility. A preference reversal violates this basic assumption and occurs when a measure of utility, such as willingness to pay (WTP), is higher for alternative A than for B, but in a side-by-side comparison B is chosen over A. Slovic and Lichtenstein (1969) first documented this phenomenon by comparing people's preferences for lotteries of different probabilities and payoffs. When two lotteries were presented separately and people were asked to indicate their WTP for each, they generally were willing to pay a higher price for the high-payoff, low-probability lottery than for the low-payoff, high-probability lottery. This implies that the utility of the former was higher than the utility of the latter. However, when the same two lotteries were presented side by side, subjects were generally more likely to choose the low-payoff, high-probability lottery, presumably the one with the lower utility. Preference reversals are a robust phenomenon that cannot be explained by artifacts such as poor motivation, income effects, and strategic responding (Grether and Plott 1979). Preference reversals between uncertain outcomes, such as lotteries and insurance plans, are explained by the asymmetric decision weights that people put on payoffs when judging alternatives singly and on probabilities when choosing among alternatives that are presented simultaneously (Johnson et al. 1993; Tversky, Slovic, and Kahneman 1990).

More recent work demonstrates preference reversals in alternatives with deterministic outcomes. Bazerman, Tenbrunsel, and Wade-Benzoni (1998) explore this phenomenon in the context of payoff distributions between self and other and find that in a judgment task, subjects gave preferable ratings to payoff distributions with higher relative payment to self, but in choice they prefer payoff distributions with higher absolute payment to self. Hsee (1996b) finds that between two job candidates, the one who scores higher on an attribute that is relatively easy to evaluate, such as grade point average, is more favorably judged, but the one who scores higher on an attribute that is relatively difficult to evaluate, such as experience in programming, is preferred in choice. Nowlis and Simonson (1997) show that in rating, subjects gave higher scores to a better-known and higher-quality brand name, Panasonic, than to a lesser-known one, Goldstar. In choice, they preferred the lower-priced Goldstar to the higher-priced Panasonic. These studies further demonstrate that different attributes become salient and

important depending on whether subjects evaluate alternatives independently or jointly.

Previous research demonstrates and explains preference reversals between two alternatives from the same product class, which are characterized in terms of the same product-specific attributes. However, between hedonic and utilitarian alternatives, there is little overlap in the characteristic attributes, and the determination of which specific attributes gain and lose prominence becomes problematic.

In this research, I conceptualize hedonism and utilitarianism as abstract attributes that characterize various products, in addition to more concrete and product-specific attributes. This enables an application of the same basic argument used in previous research, which centers on different attributes gaining prominence depending on decision context. When the need for justification is heightened in JE, utilitarianism (hedonism) becomes a more (less) prominent abstract attribute, which results in the relative preference for the utilitarian (hedonic) alternative in JE (SE). As such, this research is a generalization of previous work on preference reversals. This research is also an extension of prior research in that it analyzes and explains preference reversals between two alternatives that can be from disparate product classes.

Justifying Fun and Paying in Time Versus Money

Some types of consumption are more difficult to justify than others. Similarly on the expenditure side, some expenditure types are more difficult to justify than others. Okada and Hoch (2004) compare money and time as two currencies of exchange, on the premise that consumers acquire products in exchange for some combination of paying hard currency (money) and expending effort (time). Okada and Hoch show that people have a relative preference to pay in time for high-risk, high-return lotteries and a relative preference to pay in money for low-risk, low-return lotteries. This is because the loss that is more likely in the former case can be more easily justified if they paid in time and not in money. Because of the distinct intrinsic characteristics of time versus money, the valuation of money is relatively fixed, whereas the valuation of time is relatively malleable. People are motivated to create reasons for their decisions (Kunda 1990), and ambiguity allows more room for creativity in people's motivated reasoning (Hsee 1995, 1996a). Therefore, when people try to create reasons for their resource expenditures, it should be easier to justify time expenditures than money expenditures, because the former is the resource with the more ambiguous value.

When given the choice, people tend to choose the currency of payment in a way that will make them happiest with the exchange transaction overall (Okada and Hoch 2004). So they should prefer to pay in time when they can anticipate a need for justification. People have a need to justify hedonic consumption, and it is easier to justify time expenditures than monetary expenditures of comparable value.

H₂: Consumers have a higher WTP in time for a hedonic product and a higher WTP in money for a comparable utilitarian product.

The higher need for justifying hedonic compared with utilitarian consumption drives the two systematic choice patterns, as was theoretically predicted. These predictions

are tested in a combination of four field surveys and experiments. For each hypothesis, market examples of the effect are first identified, and then an experimental study tests the theory.

STUDY 1

The purpose of Study 1 was to demonstrate actual purchase data that are consistent with the prediction made in H₁. With the help of the owner, the consumption patterns of diners at a restaurant were studied. The restaurant is located in a commercial and residential part of town and attracts patrons primarily in their late 20s to 40s. The restaurant has a large bar counter and approximately 15 tables. In addition to having a full bar, the restaurant also serves meals and is visited by approximately 80 people a night for dinner. Recently it began serving desserts, and it offers a selection of one or two dessert items every night. People's preferences were studied for two of the dessert items. The Bailey's Irish Cream Cheesecake is described as a "rich treat with Bailey's Irish Cream, Oreo cookies, and chocolate chips all blended in." The Cheesecake deLite is a "savory healthy alternative to cheesecake, made of low fat cream cheese and egg whites only." Between the two, the Bailey's Irish Cream Cheesecake is more hedonic, and the Cheesecake deLite is more utilitarian. The prediction is that the more hedonic dessert will be relatively preferred when only one dessert item is offered, but the more utilitarian dessert will be relatively preferred when both dessert items are offered.

Procedure and Results

In a pretest of 25 respondents, all characterized the Bailey's Irish Cream Cheesecake as more hedonic and the Cheesecake deLite as more utilitarian.¹ Sales records were then obtained from three consecutive Tuesdays: one day when only the Bailey's Irish Cream Cheesecake was offered for dessert, one day when only the Cheesecake deLite was offered, and one day when both the Bailey's Irish Cream Cheesecake and the Cheesecake deLite were offered. The same day of the week was chosen to mitigate any day-of-the-week effects, and in consecutive weeks to minimize any

¹Another pretest first established that the single-item measures of hedonism and utilitarianism (Dhar and Wertenbroch 2000; O'Curry and Strahilevitz 2001) were appropriate. In this pretest, 35 subjects were asked to indicate how each of five different product stimuli (a Sony Clie handheld computer, a college sweatshirt, a pair of Levi's jeans, a Sony CD Walkman, and a pair of Nike athletic shoes) rated on a single hedonic scale of 0 ("not at all hedonic") to 6 ("extremely hedonic") and a single utilitarian scale of 0 ("not at all utilitarian") to 6 ("extremely utilitarian"). The answers were compared with subjects' responses to multi-item measures (Crowley, Spangenberg, and Hughes 1992; Voss, Spangenberg, and Grohmann 2003), which asked them to indicate how the same products rated on five scales referring to the hedonic dimension (fun/not fun, exciting/dull, delightful/not delightful, thrilling/not thrilling, and enjoyable/not enjoyable) and five scales referring to the utilitarian dimension (effective/ineffective, helpful/unhelpful, functional/not functional, necessary/unnecessary, and practical/impractical). There was not only high reliability among the five scale scores for hedonism and for utilitarianism, respectively, thereby replicating Voss, Spangenberg, and Grohmann's (2003) findings, but also significant and positive correlation between the single-item scale measures and the sum of the multi-item scale measures for hedonism and utilitarianism, respectively. This suggested that the multi-item and single-item scales captured similar attitudes and concepts. Therefore, for the purpose of parsimony, the single-item scales were chosen for this and subsequent studies in this article.

seasonal effects. The day's dessert offering(s) is (are) presented on a separate menu card, which the servers typically hand to the diners after the main course is finished. The diners can then choose to order dessert or not.

On the day that only the Bailey's Irish Cream Cheesecake was available, there were 86 customers, of whom 26, or 30.2%, ordered the dessert. On the day that only the Cheesecake deLite was offered, there were 83 customers, of whom 23, or 27.7%, ordered dessert. There were no stock-outs of desserts on either of the days, so the orders were not constrained by the supply. When each dessert was presented singly, there was no difference ($Z = .36, p = .36$) between the percentages of people who ordered the more hedonic Bailey's Irish Cream Cheesecake versus the more utilitarian Cheesecake deLite. On the day that both were offered, there were approximately 87 customers, and more people ($Z = 2.04, p = .02$) ordered the more utilitarian Cheesecake deLite (30, or 34.5%) than the more hedonic Bailey's Irish Cream Cheesecake (18, or 20.1%). Furthermore, on that night, the restaurant ran out of the more popular Cheesecake deLite but not the Bailey's Irish Cream Cheesecake. Therefore, the order count may be a conservative estimate for people's preferences for the former over the latter on this day. There is no record of how many customers wanted the Cheesecake deLite but could not have it. These results are summarized in Figure 1.

As expected, the total number of dessert orders was significantly higher when there were two dessert choices. On each of the two nights that only one dessert was offered, fewer than one-third of the diners ordered dessert, but when two items were offered, more than half ordered dessert. The interesting finding in this study, however, was that when

each dessert was presented singly, the two were about equally preferable, but when they were presented side by side on the same menu card, the utilitarian dessert was preferred over the hedonic. There was a reversal in the relative preferences for the two desserts, which is consistent with the prediction.

Discussion

Again, the purpose of the field study was not to directly validate or prove the hypothesis but rather to demonstrate with actual purchase data how hedonic (utilitarian) alternatives are relatively preferred in SE (JE) choice contexts. It was not designed to rule out alternative explanations, such as an interaction between the main course offerings on the menu and the dessert choices. The restaurant offers the same basic menu from day to day for the main courses, so such an effect should be randomized across a large group of customers. Another alternative explanation could be that preferences are generally higher for the Cheesecake deLite than for the Bailey's Irish Cream Cheesecake among the people who would consider desserts. There could also be an order effect. On the days that both desserts were offered, the dessert menu cards listed the Bailey's Irish Cream Cheesecake first and then the Cheesecake deLite. Although there is no theoretical ground for why the recency effect would be more salient than the primacy effect in this context, similar results could obtain if it were the case. Overall, the findings at the restaurant were consistent with the hypothesis. To rule out some of the alternative explanations and to understand why relative preferences reverse, an experimental study was designed and conducted.

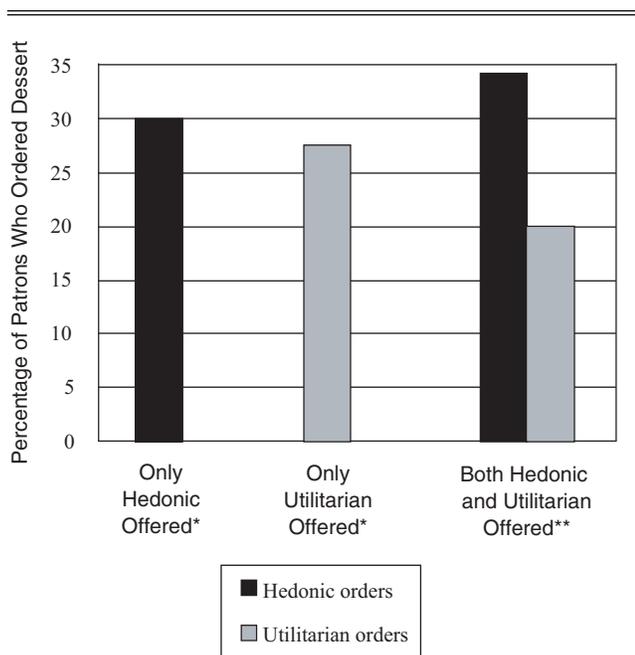
STUDY 2

The objectives of Study 2 were (1) to demonstrate experimentally a reversal in the relative preferences for hedonic versus utilitarian alternatives: that people rate hedonic alternatives more highly than comparable utilitarian alternatives in SE, when each alternative is presented singly, but choose utilitarian alternatives over hedonic alternatives in JE, when both alternatives are presented together, and (2) to illustrate that such a reversal in the relative preferences is driven by the need for justifying hedonic consumption. This study was designed to provide direct evidence for the justification-based explanation.

Method, Design, and Procedure

Eighty undergraduate students participated in the experiment, which was conducted as pencil-and-paper questionnaires over four sessions, each three weeks apart. In one session, subjects used three scales to rate a \$50 grocery certificate to a supermarket that they frequented in their neighborhood. This stimulus was the utilitarian alternative. One question asked for subjects' perceived value of the \$50 grocery certificate, which addresses the essence of the definition of utility, a fundamental concept in microeconomic theory. Subjects responded on a scale of 0 to 6, where 0 = "not at all valuable" and 6 = "extremely valuable." In the economic literature, an item of comparable utility to a focal good is often defined and measured as an item that would make a person equally well off or equally happy. In that spirit, two other measures were taken: how well off subjects would be with the \$50 grocery certificate, also on a scale of 0 to 6, where 0 = "not at all well off" and 6 = "extremely

Figure 1
HEDONIC VERSUS UTILITARIAN DESSERT ORDERS



*Difference is not significant ($Z = .36, p = .36$).

**Difference is significant ($Z = 2.04, p = .02$).

well off,” and how happy they would be with the \$50 grocery certificate, where 0 = “I would not care about it at all” and 6 = “I would be the happiest I’ve been all year.” The order of these three rating scales was randomized across subjects. This approach to measuring the perceived value of the certificate, rather than the more standard WTP measure, was taken because the stimulus was a certificate with a face value of \$50.

In another session, subjects used the same three scales to rate a \$50 dinner certificate to a restaurant of their choice. This stimulus was the hedonic alternative. This manipulation of hedonism was validated with a pilot study of 30 subjects, in which all respondents rated the \$50 dinner certificate as more hedonic and the \$50 grocery certificate as more utilitarian. The choice of the product stimuli—two certificates of equal monetary value, one of which was rated as primarily hedonic and the other as primarily utilitarian—was adopted from the work of Dhar and Wertenbroch (2000) and O’Curry and Strahilevitz (2001).

In another session, subjects were asked to choose between receiving a \$50 grocery certificate and a \$50 dinner certificate.

In yet another session, subjects were given a situation in which they received either the \$50 dinner certificate or the grocery certificate, but a friend was making that choice for them. They were asked which of the two certificates they hoped their friend would choose for them on their behalf. The rationale for this manipulation is that when the responsibility of the choice shifts away from the subjects themselves to a friend, what they hope the friend would choose on their behalf indicates their theoretical choice when the need for justification is absent, or at least diminished. The presentation of the two alternatives simultaneously and the task of choosing one of the two remain unchanged from the side-by-side choice condition. Therefore, the level of reflection should likewise remain unchanged from the side-by-side choice condition.

There were ten orders of the four tasks: the rating of the dinner and grocery certificates, the choice between the two, and the choice between the two made by a friend on subjects’ behalf. Subjects were assigned to one of the ten orders by the last digit of their randomly assigned identification numbers.

The prediction was that subjects would indicate a higher rating for the \$50 dinner certificate when each is presented separately but that they would have a relative preference for the \$50 grocery certificate when the two are presented in a side-by-side choice. Furthermore, if this reversal in their relative preferences is due to the need for justification, subjects should hope that someone else making the choice on their behalf would choose the dinner certificate over the grocery certificate.

Results

The three scales measuring the value of the certificate, how well off subjects would be with it, and how happy they would be with it were reliable measures for the rating of the dinner certificate (Cronbach’s $\alpha = .81$), as well as for the grocery certificate (Cronbach’s $\alpha = .82$), so the subjects’ ratings of the dinner and grocery certificates were calculated as the sum of the three scale scores.

Across all subjects, the dinner certificate rated more highly ($Z = 3.19, p < .01$) than the grocery certificate ($m =$

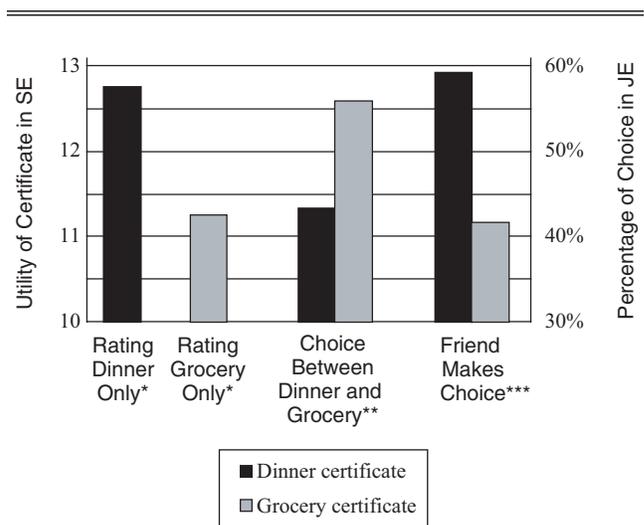
12.7 for dinner versus $m = 11.2$ for grocery). However, when subjects were given the two alternatives to choose from, more chose the grocery certificate (56.2%, $n = 45$) than the dinner certificate (43.8%, $n = 35$). Although these percentages do not indicate a strong preference for the grocery certificate in choice ($Z = 1.12, p = .13$), they are not consistent with the preference for the dinner certificate in rating. The results are summarized in Figure 2. There is a relative preference for the hedonic alternative when each is presented singly, whereas there is a relative preference for the utilitarian alternative when both are presented side by side. This supports H_1 .

When someone else was making the choice on behalf of the subjects, the preferences revert back so that more people ($Z = 2.21, p = .01$) expressed that they hoped that the dinner certificate (58.8%, $n = 47$) rather than the grocery certificate (41.3%, $n = 33$) would be chosen for them. When the responsibility of the choice shifts away from the decision maker, the need for justification presumably diminishes, and the choice reverts back to being consistent with the rating order. A reflection-based theory would not explain these findings, because the task of evaluating multiple items side by side, which conduces more thinking, remains unaltered.

In terms of the numbers of subjects who showed different combinations of ratings and choices, of the 80 subjects, 47 (58.8%) gave a higher rating to the dinner certificate than to the grocery certificate, 14 (17.5%) rated the two equally, and 19 (23.8%) rated the grocery certificate more highly than the dinner certificate. The ratings were calculated as the sum of the three scales described previously: the perceived value of the certificate, how much better off it would make them, and how much happier it would make them. These results are shown in Table 1.

Of the 47 subjects who rated the dinner certificate more highly than the grocery certificate, 28 also chose the dinner certificate when the two certificates were presented simulta-

Figure 2
DINNER VERSUS GROCERY CERTIFICATES



*Significant difference in SE rating ($Z = 3.19, p < .01$).

**Not significant difference in JE choice ($Z = 1.12, p = .13$).

***Significant difference in JE choice by friend ($Z = 2.21, p = .01$).

Table 1
\$50 DINNER VERSUS \$50 GROCERY CERTIFICATES

	<i>Chose (Hoped Friend Would Choose) Dinner</i>	<i>Chose (Hoped Friend Would Choose) Grocery</i>	<i>Total</i>
Rated dinner more highly	28 (33)	19 (14)	47
Rated dinner and grocery equally	4 (8)	10 (6)	14
Rated grocery more highly	3 (6)	16 (13)	19
Total	35 (47)	45 (33)	80

neously, which shows a choice pattern that is consistent with the normative choice model. However, 19 of the 47 subjects chose the grocery certificate even though they indicated a higher rating for the dinner certificate than the grocery certificate. These 19 people exhibited a preference reversal in the direction predicted by H_1 . Of the 19 who rated the grocery certificate more highly than the dinner certificate, 16 demonstrated a normatively consistent choice pattern and chose the grocery certificate as well. Three of the 19 chose the dinner certificate, demonstrating a preference reversal, but in the opposite direction from that predicted by H_1 . As in any choice experiment, some of the preference reversals can be due simply to the shaky hand, or random error. However, those who demonstrated a preference reversal, going from dinner in SE to grocery in JE as predicted by H_1 , make up a higher percentage than those whose preferences reversed in the other direction, from grocery in SE to dinner in JE ($Z = 1.92, p = .03$). Of the 14 subjects who rated the dinner and grocery certificates equally, more chose the grocery certificate than the dinner certificate, 10 versus 4 ($Z = 1.60, p = .05$).

Also in Table 1 are figures for which of the two certificates the subjects said they would want their friend to choose on their behalf.

Discussion

This study experimentally supports the hypothesis regarding a higher preference for the hedonic alternative in SE than in JE, at both the aggregate and individual levels. In this experiment, the hedonic alternative when presented singly had a higher rating than a comparable utilitarian alternative on an absolute scale as well. The average rating of the hedonic alternative was higher, even though in a side-by-side choice the comparable utilitarian alternative was more likely to be chosen, which indicates a preference reversal. This suggests that consumers have a more positive response to the prospect of consuming something fun than the prospect of consuming something practical, which also seems intuitive. Changing the decision context to JE heightens the need for justification of choice. Because the utilitarian alternative is easier to justify than the hedonic, consumers tend to choose the utilitarian and forgo the hedonic in a side-by-side choice, which is consistent with Hsee and colleagues' (2003) finding that people tend to focus more on economic calculus and less on experience-inducing factors when choosing between two comparable alternatives.

However, when the responsibility of the choice task shifts away from a person to, in this case, a friend who is making the decision on the person's behalf, the need for justifica-

tion diminishes, and preferences revert back to being consistent with the order of the ratings.

These results further the understanding of choice between hedonic and utilitarian alternatives by demonstrating a preference reversal in its most basic form. The two decision contexts compared in this study were rating and choice, as in Slovic and Lichtenstein's (1969) original work on preference reversals. This study complements previous research findings that demonstrate preference reversals between hedonic and utilitarian alternatives in more complex choice contexts, such as in acquisition versus forfeiture (Dhar and Wertenbroch 2000) or when the alternatives are awarded only stochastically in a lottery or sweepstake (Kivetz and Simonson 2002a; O'Curry and Strahilevitz 2001) or as complimentary offerings to other products (Chandon, Wansink, and Laurent 2000). The current research is a demonstration of preference reversals between hedonic and utilitarian alternatives in the context of typical purchase situations.

STUDY 3

There is a higher need for justifying a hedonic choice than a utilitarian choice, which should also affect what combination of resources consumers choose to expend for these purchases. When consumers are given a choice between paying hard currency (money) and expending effort (time), they should have a relative preference to pay in time for hedonic items, because time expenditure is easier to justify. The third study was conducted as a field survey to determine whether consumers in actual purchase situations have a higher exchange rate of time for money for hedonic goods than for utilitarian goods.

Procedure and Results

With the cooperation of the owners of a local camera store, data were collected from customers immediately following their purchase of a Nikon Lite Touch Zoom 130 SLR camera. The participating customers responded to a three-question survey on a volunteer basis, and over a six-week period, 39 responses were obtained.

The participants were asked to rate the camera that they had just purchased on two scales: a hedonic scale of 0 to 6, where 0 = "not at all hedonic" and 6 = "extremely hedonic," and likewise a 0 to 6 utilitarian scale. Then, they were given a hypothetical scenario, in which the camera that they had just purchased was on sale for \$50 less at another store located further away. They were asked to indicate how much time they would be willing to spend to travel to the farther store to purchase the same camera for \$50 less. In this scenario, there would be no cost or other penalty for returning the camera that they had just purchased if they were to buy the camera at the farther store instead. The surveys were offered to the customers by the store's sales clerks immediately after the camera purchases. The surveys were returned anonymously into a box.

A composite hedonism rating was calculated as the difference between each subject's hedonic rating less the utilitarian rating. This measure was adopted from Dhar and Wertenbroch's (2000) study. The average hedonism rating was +.72 for the camera, and the average time subjects were willing to travel to purchase the same camera for \$50 less was 56.41 minutes. Overall, there was a positive correlation

of .23 between the hedonism rating and the time subjects were willing to spend.

A mean split that categorized all the observations as either hedonic or utilitarian resulted in a total of 20 observations with hedonism ratings below the grand mean of +.72 and 19 observations with hedonism ratings above the grand mean. The former was the utilitarian group, and the latter was the hedonic group. The average time that the hedonic group was willing to spend traveling was 60.5 minutes, which was greater ($t = 5.2, p < .01$) than the 52.5 minutes that the utilitarian group was willing to spend for the same dollar saving. These results corroborate H_2 : Consumers tend to spend more time for the acquisition of hedonic goods and more money for the acquisition of utilitarian goods.

Discussion

Study 3 demonstrates that the exchange rate of time for money tends to be greater for what people perceive to be hedonic versus utilitarian goods. The time that subjects with varying levels of perceived hedonism were willing to spend to save a given dollar amount was measured. Subjects who perceived the same camera to be more hedonic tended to be willing to spend more time to get the same dollar saving on the purchase. The relative WTP in time (money) for hedonic (utilitarian) items can also be demonstrated by fixing the hypothetical amount of time saved in the acquisition of a given item and then measuring consumers' WTP in money in order to save the time. In this case, the prediction is that consumers who perceive the given item to be more hedonic (utilitarian) will pay less (more) money for the same time saving.

STUDY 4

Study 4 was designed and conducted to demonstrate experimentally that consumers have a relative preference to pay in time for hedonic goods and in money for utilitarian goods.

Design, Procedure, and Measure

One hundred eighty undergraduate students participated in this study. The product stimuli were a Sony Diskman (a personal stereo CD player), a personal digital assistant (PDA), a university sweatshirt, a Casio scientific calculator, and a Webster's dictionary. The data for Study 4 were collected in three separate sessions to minimize any demand effect. In one session, subjects were asked to rate each of the five products on two scales: a hedonic scale of 0 to 6, where 0 = "not at all hedonic" and 6 = "extremely hedonic," and likewise a utilitarian scale of 0 to 6. The order of the five products was randomized across subjects. Hedonism and utilitarianism were measured rather than operationalized as they were in Study 2, because even though some products may be relatively hedonic or utilitarian on average, consumers may differ in how they perceive those products. Based on the two measures, a composite measure of hedonism was calculated for each subject as the difference between his or her hedonic rating less his or her utilitarian rating. The composite measure of hedonism ranged from -6 for products perceived as purely utilitarian, to 0 for products perceived as equally hedonic and utilitarian, to +6 for products perceived as purely hedonic.

In another session, the subjects were asked to indicate how much money they would be willing to spend to acquire

each of the five products. This measure was the WTP in money. Again, the order of the five products was randomized across subjects.

In yet another session, subjects were asked to indicate how much time they would be willing to spend working in order to acquire each of the five products. This measure was the WTP in time. The three sessions were each three weeks apart, and the order of the three tasks was also randomized across subjects. After completing all three sessions, each subject had provided a composite hedonism rating (calculated from the hedonism and utilitarianism scales), WTP in time, and WTP in money for each of the five product stimuli.

Results

Across all subjects, the Sony Diskman was rated the most hedonic of the five products ($m = +4.6, s = 2.8$), followed by the PDA ($m = +1.8, s = 3.2$), university sweatshirt ($m = +.4, s = 2.6$), and Casio scientific calculator ($m = -1.8, s = 2.8$); the Webster's dictionary was rated the most utilitarian ($m = -2.0, s = 2.6$).

The following procedures tested the prediction that the WTP in time should be greater (less) than the WTP in money for hedonic (utilitarian) products. First, for each subject the WTP in time for all five products and likewise the WTP in money were aggregated, and the ratio of the two totals was taken as the base conversion rate between time and money for that particular subject. Then, each subject's expected WTP in time for each product was calculated as the product of his or her base conversion rate and the respective WTP in money. Finally, the difference between the observed WTP in time and the expected WTP in time was calculated. Conceptually, a positive (negative) Δ WTP in time indicates a relative preference to pay in time (money). H_2 predicts that Δ WTP in time will tend be positive (negative) for products to which subjects give high (low) hedonic ratings.²

The observations for all five product classes were stacked and categorized into either hedonic or utilitarian by a mean split. The grand mean for hedonism for all $180 \times 5 = 900$ observations was +.6 with a standard deviation of 3.6. Observations with hedonism ratings greater than (less than) +.6 were categorized as hedonic (utilitarian). There were 403 observations classified as hedonic and 497 classified as utilitarian. The hedonic (utilitarian) group's Δ WTP was positive (negative), which suggests a relative preference to pay in time (money) for hedonic (utilitarian) goods and supports the prediction in H_2 . In addition, the hedonic group's Δ WTP of .44 was greater ($Z = 2.95, p < .01$) than the utili-

²An alternative and perhaps more direct approach would have been to calculate the WTP in time versus money for each observation and find the correlation between these ratios and the hedonism ratings. However, collectively across 180 subjects and five products, 11% of the observed WTPs in time and money were zero, which would make the ratio of the two measures undefined. Disregarding all observations in which the value of the denominator is zero can discard some potentially worthwhile information. Suppose the ratio is defined with WTP in time as the denominator and its value is zero for a particular subject and product. The implications are quite different if the corresponding WTP in money is \$0 or \$1 or \$100. To use all of the observations, the analysis was performed as described previously.

tarian group's Δ WTP of $-.36$. Figure 3 summarizes the results.

An analysis of variance with Δ WTP in time as the dependent variable and dummy variables for hedonic/utilitarian and for four of the five products as the dependent variables indicated that, as predicted, subjects had a relative preference to pay in money for utilitarian goods and in time for hedonic goods ($F = 6.58, p < .01$). The Δ WTP in time was greater for products that were perceived as hedonic ($m = .44$) and less for those that were perceived as utilitarian ($m = -.36$).

A one-third split showed similar results. This time all 900 observations were classified as hedonic (utilitarian) if the hedonism rating was greater than (less than) one standard deviation above (below) the mean or $.6 + 3.6 = 4.2$ ($.6 - 3.6 = -3.0$) and neutral if the hedonism rating fell within one standard deviation of the mean. There were 135, 564, and 201 observations in the hedonic, neutral, and utilitarian groups, respectively. Again, the hedonic group's Δ WTP of 1.10 was greater than the neutral group's Δ WTP of $-.10$ and the utilitarian group's Δ WTP of $-.45$ ($Z = 1.73, p = .04$; $Z = 2.24, p = .01$, respectively). The utilitarian group had the lowest Δ WTP, lower than the neutral group as well ($Z = 2.23, p = .01$).

Discussion

The greater need for justification for a hedonic purchase, which at least in part drives the preference reversal between the relative preference for hedonic (utilitarian) goods in SE (JE), also contributes to a relative preference to pay in time (money) for hedonic (utilitarian) goods. This experiment demonstrates how consumers differentiate between time and money as two distinct currencies of exchange and choose to pay in a way that will make them happiest with the transaction overall. For hedonic purchases, which are more difficult to justify than utilitarian products, subjects showed a relative preference to pay in time, which is the

currency that is easier to justify spending. In contrast, for utilitarian purchases, which are more easily justifiable, subjects showed a relative preference to pay in money.

Scale compatibility (Tversky, Sattath, and Slovic 1988) could also drive a differential preference to pay in time versus money, independent of the differential need for justification argument. Scale compatibility would predict that the products' perceived price, which is on a dollar scale, would have a greater influence on WTP in money, which is likewise in dollars, than on WTP in time. Therefore, the same results could obtain if the utilitarian goods were perceived to have higher monetary value than the hedonic goods in the study. However, in a pretest of 50 subjects, the perceived dollar value was higher for the more hedonic goods (\$136.00 for the Sony Walkman and \$123.30 for the PDA) and lower for the more utilitarian goods (\$29.56 for Webster's dictionary, \$51.20 for the Casio calculator, and \$24.60 for the college sweatshirt), which not only rules out the alternative explanation but also strengthens the original theory, because the results obtain despite a possible compatibility scale effect working in the opposite direction.

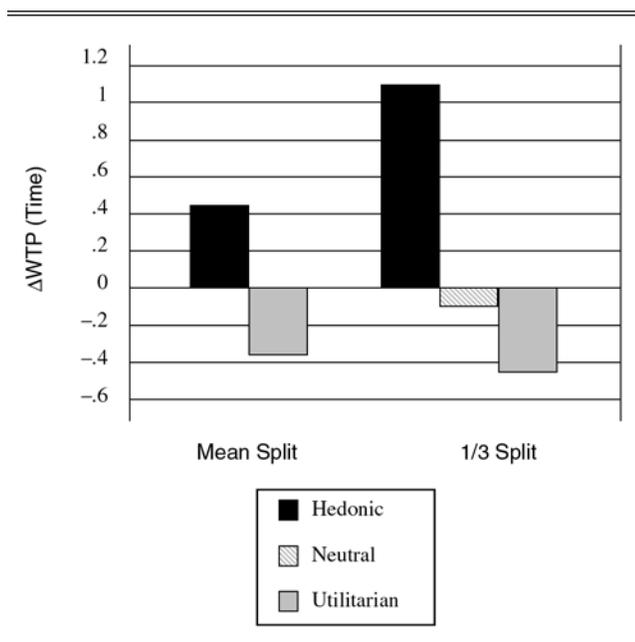
The findings of this study have implications for the trade-off between convenience and price for various types of purchases. Convenience is generally offered at a premium, which essentially involves paying in money. It generally requires more work to find the best price, so finding a good deal is analogous to paying in time. The results of this research indicate that enhancing the convenience factor should be more effective in facilitating the sale of utilitarian goods and that lowering the price should be more effective for facilitating the sale of hedonic goods.

GENERAL DISCUSSION

Beyond a reasonable threshold of meeting the basic needs, how do people make decisions about consuming hedonic versus utilitarian goods? The prospect of a hedonic purchase may be more appealing, but a utilitarian purchase is easier to justify. This difference results in two systematic choice patterns. First, the relative preferences for hedonic and utilitarian alternatives can reverse, depending on how the items are presented in the immediate decision environment. Between two comparable alternatives, one hedonic and one utilitarian, people tend to rate the hedonic alternative more highly than the utilitarian alternative when each is presented singly but then choose the utilitarian over the hedonic alternative when both are presented side by side. Second, given the choice between paying money and expending effort in exchange for acquiring different items, consumers show a relative preference to pay in money for utilitarian purchases and in time for hedonic purchases. I demonstrated these choice patterns both experimentally and using field data.

In this research both hedonic and utilitarian alternatives were conceptualized as goods, offering a stream of benefits, but of different sorts. Other than the purchase price, there is no intrinsic "cost" associated with the consumption of either the hedonic or the utilitarian good. The choice between hedonic and utilitarian alternatives is not a trade-off of benefits and costs in the immediate versus long-term future, as is the case with Bazerman, Tenbrunsel, and Wade-Benzoni's (1998) shoulds and wants and Wertenbroch's (1998) virtues and vices. The only trade-off implicit in consuming either hedonic or utilitarian goods is that expending

Figure 3
 Δ WTP IN TIME IS HIGHER FOR HEDONIC ALTERNATIVES
THAN FOR UTILITARIAN ALTERNATIVES



limited resources on one type of consumption decreases the remaining resources available for the consumption of the other type and for all future consumption in general. This study did not explore financial constraints, either chronic or temporary, or the effects on the relative preferences for hedonic versus utilitarian consumption. However, it might be predicted that financial constraints will increase the need for justification of choice and therefore amplify the magnitude of the reversal in relative preferences between hedonic and utilitarian alternatives.

This study showed that people are more likely to make hedonic purchases when one item is being considered for purchase singly in the SE context and to make utilitarian purchases when more than one item is being considered for purchase simultaneously in the JE context and there is an explicit trade-off between choosing one and rejecting the others. For example, a local car dealership has an S2000 convertible sports car on display in its showroom. There are other cars for sale in the lot, but this sparkling red S2000 is the only one displayed on the showroom floor. This research suggests that potential car buyers may be more likely to buy a hedonic car such as the S2000 when it is displayed on its own than when it is displayed next to, for example, the more utilitarian Pilot EX sports-utility vehicle. Consumers are more likely to respond positively to a single opportunity to consume a hedonic good than to a single opportunity to consume a utilitarian good. Most people are more excited about the prospect of fun than the prospect of practicality. However, when the purchase occasion arises in a way that conduces to rational thinking and heightens the need for justifying the choice of one over the rejection of another, people opt for the utilitarian alternative. There is no harm done in being practical, and this is the path of least psychological resistance. It may be a reflection of American culture that people feel obliged to justify having fun. A future study might reexamine this topic in cultures that associate less (or even more) guilt with hedonic consumption.

Another typical characteristic of purchase situations is that people spend a combination of time (effort) and money for product acquisition. Time and money are often traded off in product acquisition, as consumers generally pay a premium for convenience and go the distance for a bargain. After all, time is money. However, consumers discriminate between expending money and expending effort, showing a relative preference to pay in time to acquire hedonic items and in money to acquire utilitarian items. The opportunity cost of money is relatively easy to assess because it is highly liquid and fungible. In contrast, time is a more ambiguous resource than money, and its value is highly variable and dependent on the immediate situation. This intrinsic ambiguity enables consumers to be more flexible about what they believe their time is worth and provides additional degrees of freedom to engage in the rationalization of time expenditures.

Hedonic purchases are more difficult to justify, so people prefer to pay in the currency that is easier to justify spending: time. When Nike launched a limited edition of LeBron James's signature shoes, its Niketown store in Portland sold out in 18 minutes, leaving a line of customers still waiting outside. On eBay, bids for the embargoed \$110 shoes approached \$200. Basically, the customers who bought at the store paid in time, and those who bought on the Internet

paid in money. Some of the customers may receive utility out of the basketball shoes by playing basketball in them, and others may enjoy the shoes for the fashion statement that they make. The findings of this research suggest that those who want the shoes for primarily utilitarian reasons (i.e., basketball playing) are more likely to pay in money and bid up the price on the Internet; those who want the shoes for primarily hedonic reasons (i.e., fashion) are more likely to pay in time and wait in line to buy at the store when it opens. A future study could collect such data.

Hedonism and utilitarianism are both abstract attributes that define various items, in addition to the more product-specific attributes. I developed a theory that explains and predicts individual choice patterns, based on the characterization of products as either hedonic or utilitarian. In general, people respond more favorably to a hedonic good than to a comparable utilitarian alternative, but they also have a more difficult time justifying the consumption of the hedonic good. This dichotomy is the basis for the theories I developed and the predictions I tested.

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