Subjective Financial Deprivation and Budget Allocation Preferences: An Abstract

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Abstract Living in a materialistic world that values and encourages possession can easily lead to a form of dissatisfaction related to the frustration of not being able to buy what is desired. Probably, for this reason, financial deprivation has become a significant topic within the marketing literature in recent years. The concept of subjective financial deprivation is rooted in the theory of relative deprivation. Building on this theory, Sharma and Alter (2012) define perceived financial deprivation as "an unpleasant psychological state in which consumers feel financially 'inferior' or 'worse off' relative to a salient comparison standard because they perceive a deficit in their financial resources." Thus, consumers can feel financially deprived when they compare themselves to referent others even when they do not face an actual income decrease. Alternatively, consumers may feel deprived when they perceived a deterioration of their financial position in time.

The distinction between Social Financial Deprivation (SFD) and Temporal Financial Deprivation (TFD) is rarely made explicit in the literature. It is like considering that financial dissatisfaction related to a decrease in purchasing power and dissatisfaction related to the social comparison result in similar effects. This is not to say that consumers cannot feel both socially and temporally deprived. However, we advocate that it is not always the case and, anyway, the two forms of deprivation involve different compensatory mechanisms. Based on compensatory consumption theory and self-signaling theory, this article aims to show that these two forms of deprivation lead to different budget allocation preferences.

Two similar online quantitative studies were carried out in France on large samples, the first one studying the budget allocation preferences between "daily food and grocery products" ("FOOD") and "clothes and fashion accessories" ("CLOTHES"), the second one studying the preferences between "FOOD" and

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"holidays and leisure activities" ("LEISURE"). Choice-based conjoint analysis was used to measure the utility consumers attribute to different budget allocations.

We find that, strictly speaking, SFD is not associated with the preference for increasing the CLOTHES budget at the expense of the FOOD budget. However, this relationship is moderated by status consumption: only consumers who seek status demonstrate a preference for increasing clothing budget at the expense of the food budget. TFD is associated with a preference for maintaining budget allocation between the CLOTHES budget and the FOOD budget. TFD is associated with a preference for increasing the FOOD budget at the expense of the LEISURE budget.

Our results show that SFD and TFD do not have the same effect on consumer behavior. Our findings have several implications for marketing and public policy. Future research needs to specify which type of financial deprivation is studied.

Keywords Financial deprivation · Budget allocation · Compensatory consumption · Choice-based-conjoint analysis

References Available Upon Request