

Stephanie Tully, USC

How Constraint Changes Customer Behavior



HOW CONSUMERS COPE WITH FINANCIAL CONSTRAINTS

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Market Extra

Why Thursday's U.S. CPI report might kill stock market's hope of inflation melting away

Last Updated: Jan. 11, 2023 at 4:17 p.m. ET

First Published: Jan. 11, 2023 at 9:57 a.m. ET

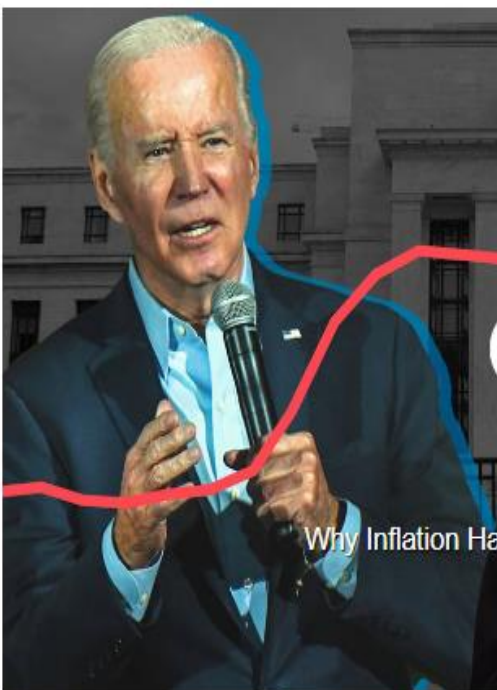
By [Isabel Wang](#) [Follow](#)

Stock-market optimism that the peak of inflation is bel
Kramer of Mott Capital Management

◆ WSJ NEWS EXCLUSIVE | [ECONOMY](#)

Americans Expect Worsening U.S. Economy in 2023, WSJ Poll Finds

Over a third of voters say inflation is causing them major financial strain



In 2021, officials thought that high inflation would be temporary. But a ye
factors that have kept inflation up for longer than expected. Illustration: J

By [John McCormick](#) [Follow](#)

Updated Dec. 16, 2022 12:22 pm ET

The U.S. Consumer Is Starting to Freak Out

The flush savings accounts and cheap credit that helped keep Americans spending at high rates since 2020 are disappearing

Pickerington, Ohio, has been visiting multiple grocery stores to look for the best deals. ANDREW SPEAR FOR THE WALL STREET JOURNAL

By [Harriet Torry](#) [Follow](#) and [Joe Pinsker](#) [Follow](#)

Jan. 30, 2023 11:16 am ET

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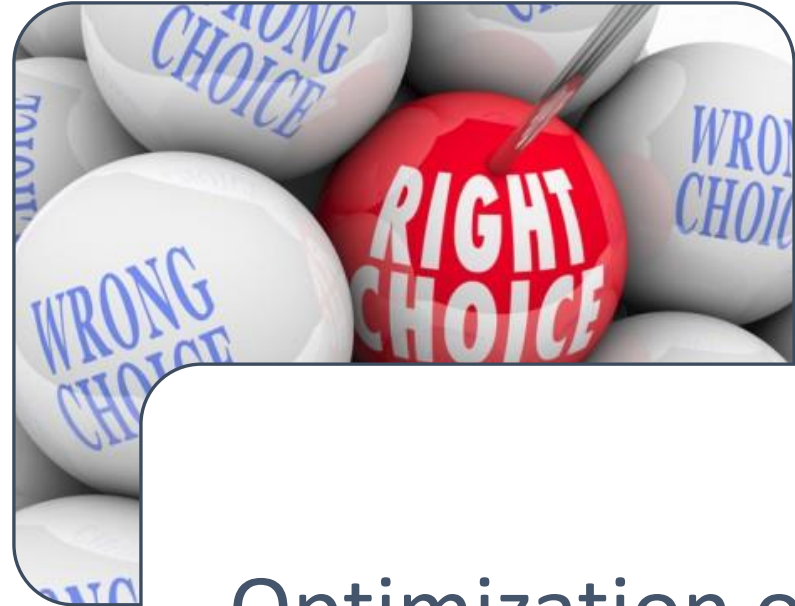
The engine of the U.S. economy—[consumer spending](#)—is starting to sputter.

Retail purchases have fallen in three of the past four months. Spending on services, including rent, haircuts and the bulk of bills, was flat in December, after adjusting for inflation, the worst monthly reading in nearly a year. Sales of existing homes in the U.S. [fell](#) last year to their lowest level since 2014 as mortgage rates rose. The auto industry posted

FINANCIAL CONSTRAINTS LEAD TO...



Avoidance of
Finances



Optimization of
Purchases



How do you encourage word-of-mouth?

Should you offer financial assistance?

What types of products or services are more likely to be successful?

MARKETING TO FINANCIALLY CONSTRAINED CONSUMERS



How do you encourage word-of-mouth?

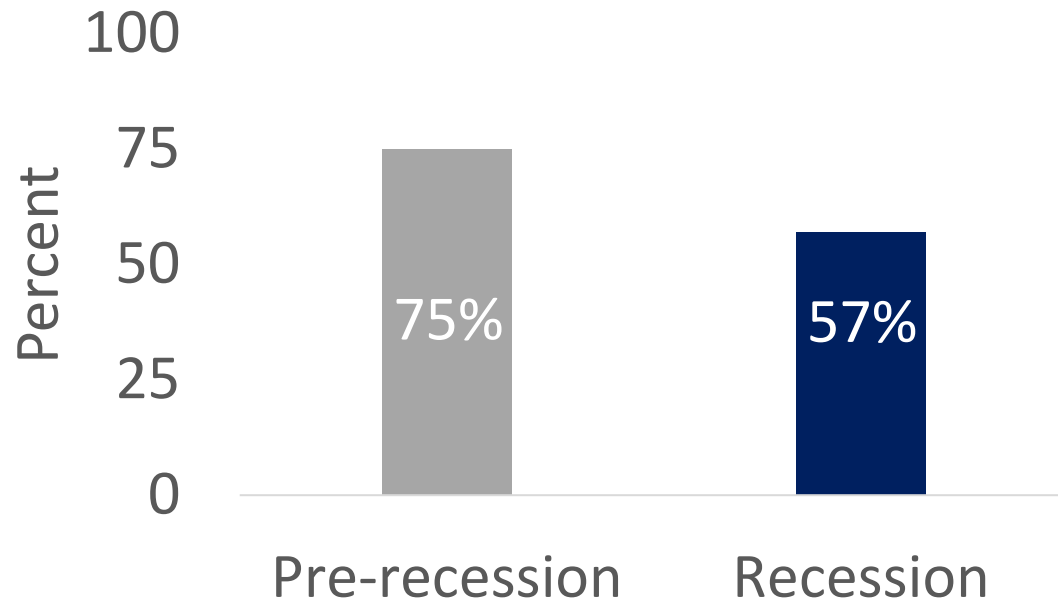
Should you offer financial assistance?

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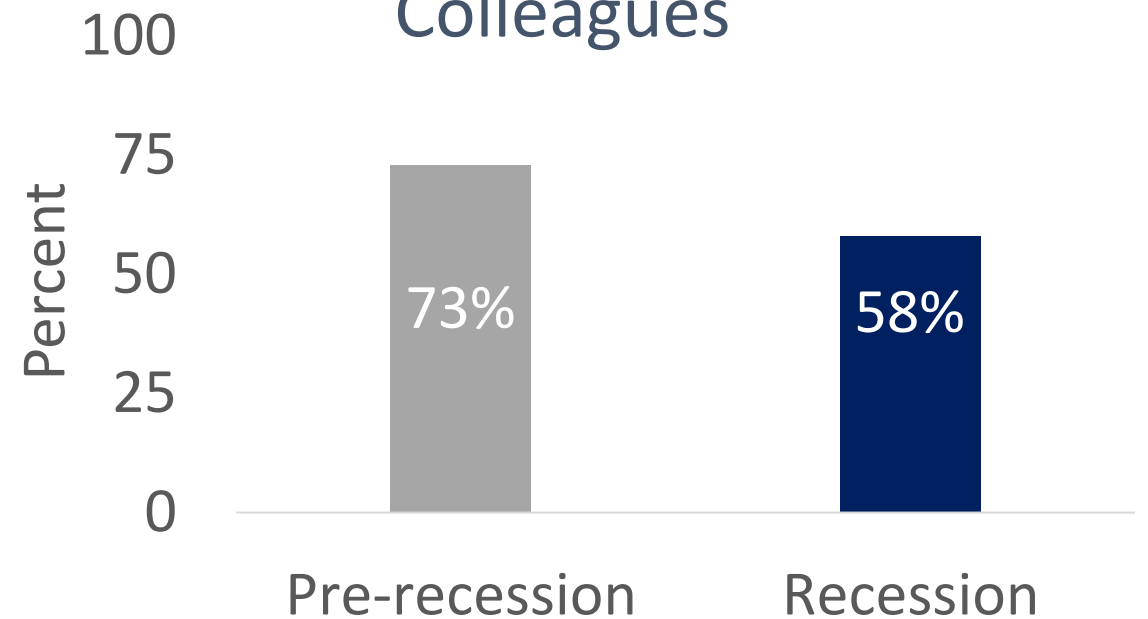
MARKETING TO FINANCIALLY CONSTRAINED CONSUMERS

WORD OF MOUTH DURING THE GREAT RECESSION

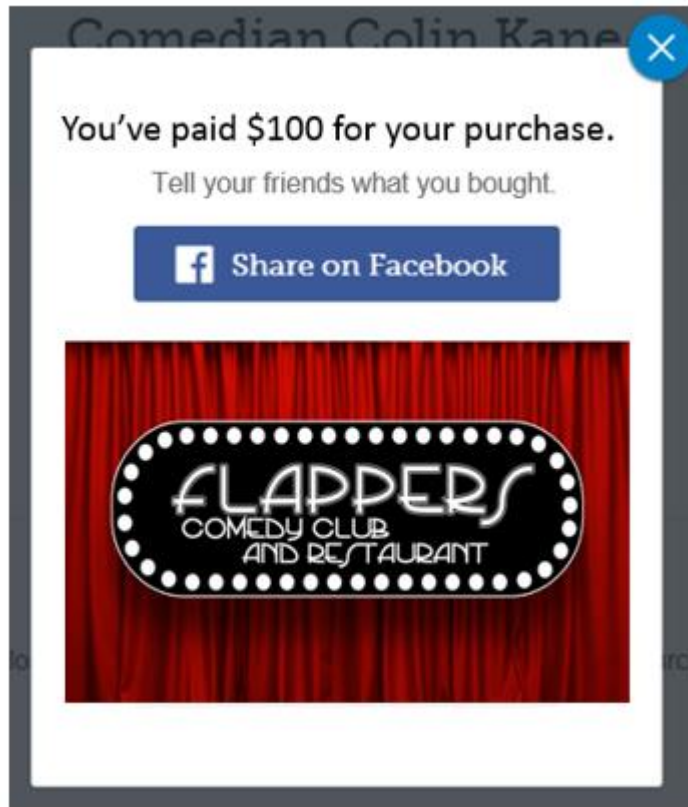
Often Recommend Products
and Services to Others



Talk About Brands with
Family, Friends, and
Colleagues



ENCOURAGING WORD-OF-MOUTH AMONG FINANCIALLY CONSTRAINED CONSUMERS





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MARKETING TO FINANCIALLY CONSTRAINED CONSUMERS



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20% Off Your Purchase,
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Times are tough. You shouldn't have to worry about the cost of medicine. That's why we're offering a new Financial Hardship Discount to anyone who qualifies for SNAP, SSDI, or SSI.

Simply provide proof of participation in one of those programs at checkout or pickup and a 20% discount will be applied to your purchase.

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Excludes accessories. Cannot be combined with other discounts, with the exception of Loyalty Rewards. Discount program may be altered or discontinued at any time.

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EXECUTIVE
RESUME | COVER LETTER | LINKEDIN

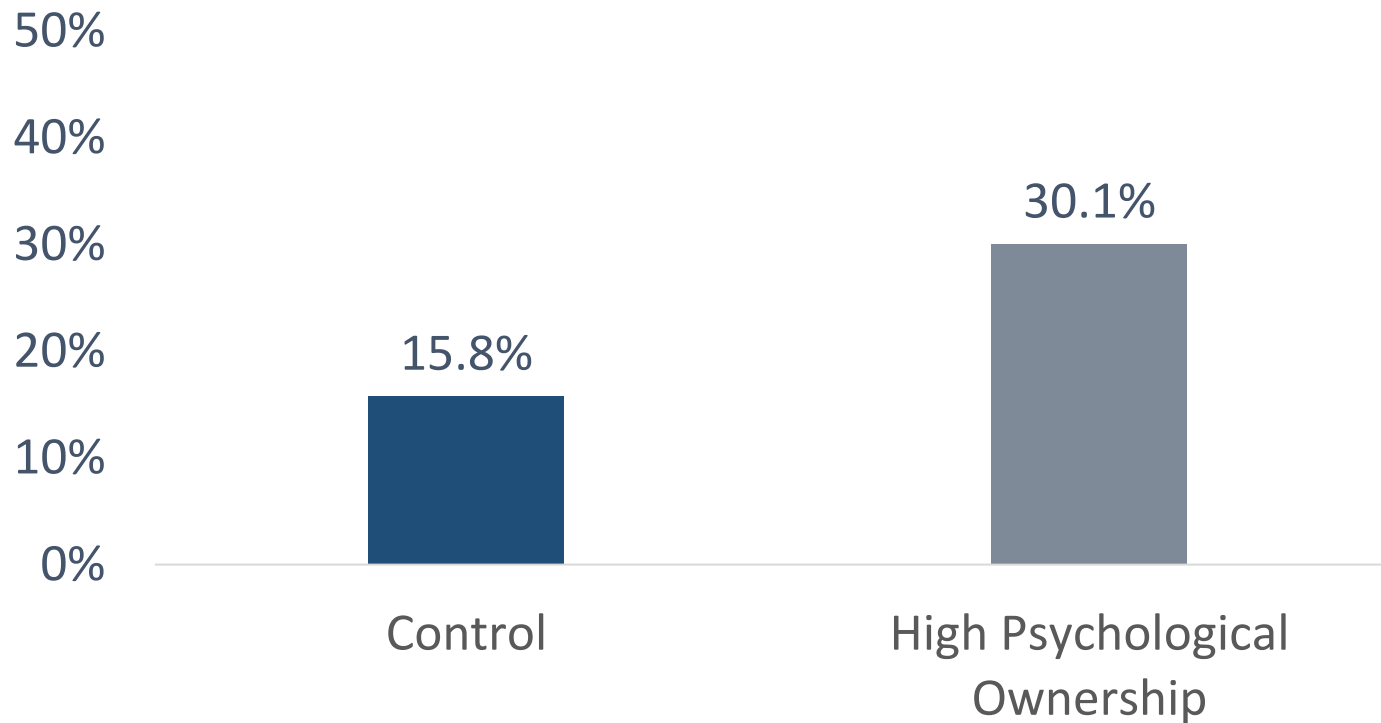
RECESSION DISCOUNT
DETAILS INSIDE

A wooden sign with the text "NO HELP WANTED" is mounted on a wooden post. The sign is made of light-colored wood and has the words "NO", "HELP", and "WANTED" written in large, bold, black, sans-serif capital letters. The sign is positioned in the center of the frame. The background is a soft-focus rural landscape. To the left, there is a tree with green leaves. In the distance, there are rolling hills under a warm, golden sky, suggesting a sunset or sunrise. The foreground consists of a grassy field with small white flowers. The overall lighting is warm and golden, creating a peaceful yet slightly somber atmosphere.

NO HELP WANTED



CLICK THROUGH RATES



ENCOURAGING FINANCIALLY CONSTRAINED CONSUMERS TO USE “ASSISTANCE”



“Aid”/ “Help” → “Money”



“Apply” → “Claim”



“Loan” → “Line of Credit”

Introducing Balance Assist™

Apply to borrow up to \$500
to help cover unexpected expenses.

[Learn more](#)



ACCOUNTS

DASHBOARD

PRODUCTS



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MARKETING TO FINANCIALLY CONSTRAINED CONSUMERS

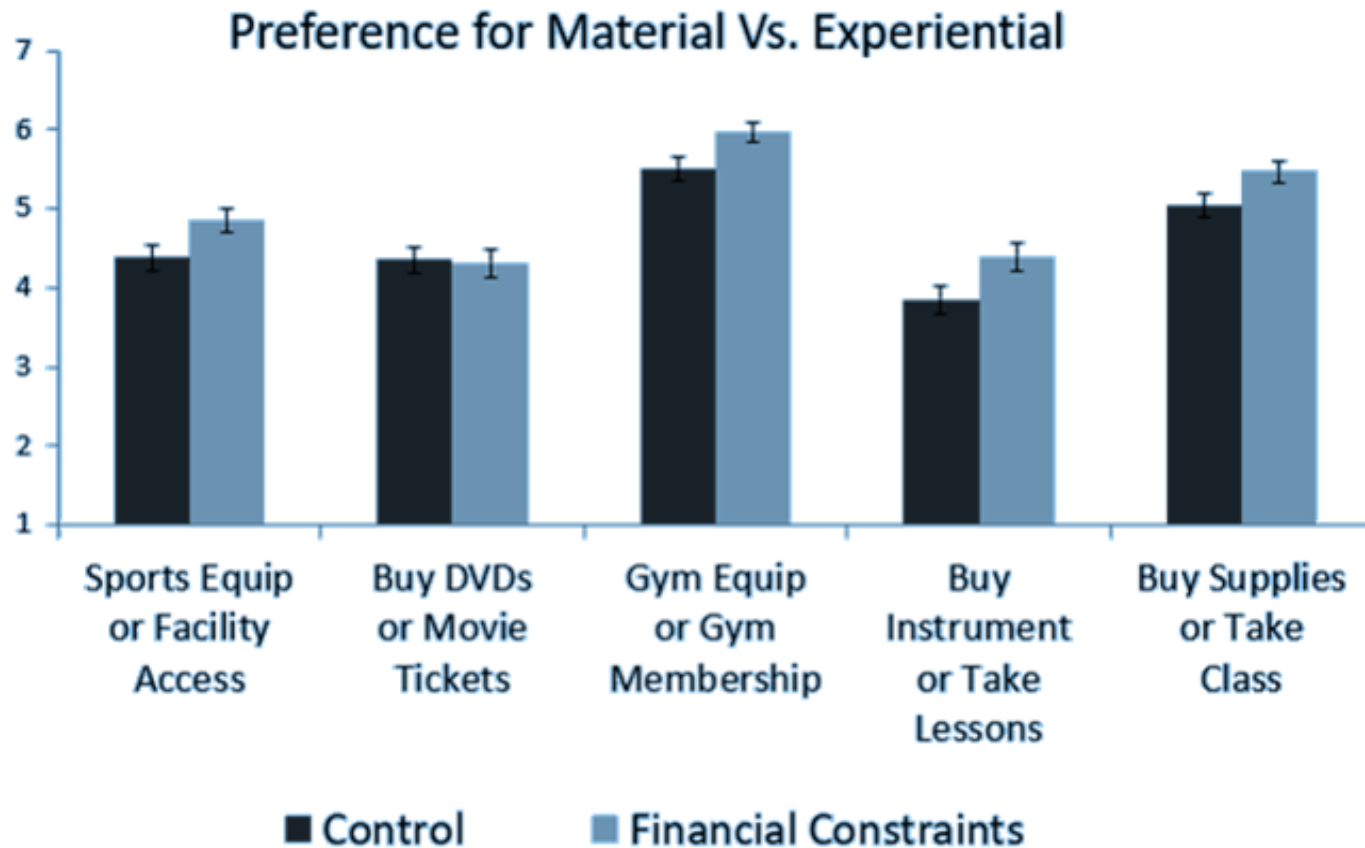
FINANCIAL CONSTRAINTS REDUCE SPENDING OVERALL





Spend your money
on EXPERIENCES not
THINGS

FINANCIALLY CONSTRAINED CONSUMERS ARE PARTICULARLY LIKELY TO CUT BACK ON EXPERIENCES



Tully, Hershfield, & Meyvis 2015

ENCOURAGING INTEREST AMONG THE FINANCIALLY CONSTRAINED



Nike's Most Durable Tennis Sneaker Yet

Nike debuts the Zoom Cage sequel that's built to last.

BY BRENDAN DUNNE

© JAN 12, 2015



by Brendan Dunne



NEEDS THREATENED BY INSUFFICIENCY
DIFFER IN SYSTEMATIC WAYS

[illegible]

Need NOW




Need LATER

IMPLICATIONS OF FINANCIAL CONSTRAINTS ON INTERTEMPORAL PREFERENCES



GO SOLAR!
DON'T STAY IN THE DARK
POWER & PROTECT
YOUR FUTURE TODAY!

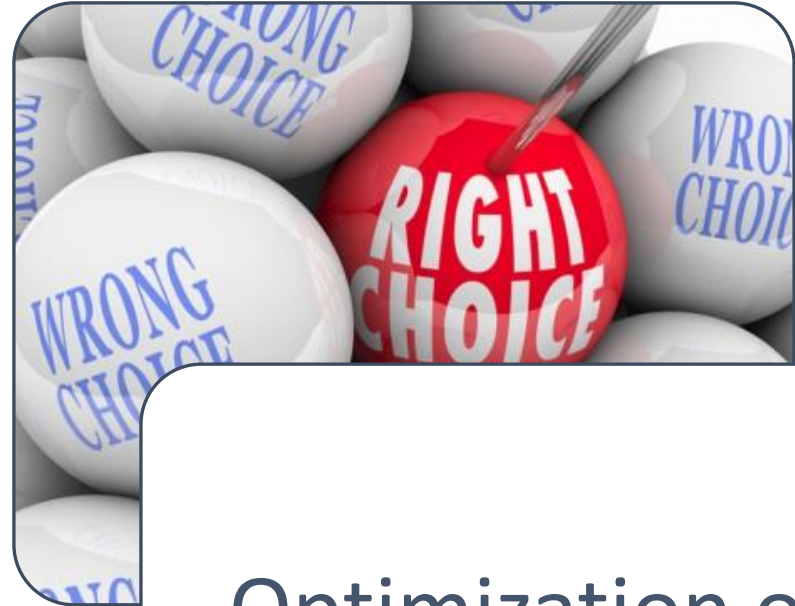
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independent authorized dealer

IN SUM...



Avoidance of
Finances



Optimization of
Purchases



Separate requests for word-of-mouth from the expenditure

Mask the “assistance” component of assistance through high psychological ownership language

Budget allocation towards and market the long-term utility of purchases (when possible)

MARKETING TO FINANCIALLY CONSTRAINED CONSUMERS

Thank You!

Please send collaboration inquiries,
questions, or comments to:
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