A young girl with dark hair, wearing a red shirt, is leaning over a white table. She is looking down at several coins scattered on the table. Her hands are positioned as if she is counting or sorting the coins. The background is a plain, light-colored wall.

What Money Means to Kids: Insights from Consumer Psychology Research

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Overview

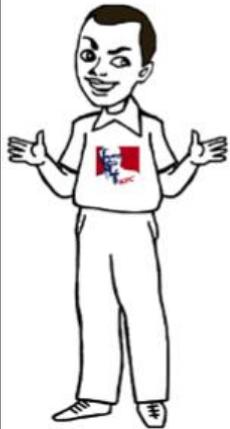
1. Kids care about expression through consumption.
2. Price hikes are more effective than warning labels in moving kids away from unhealthy snack foods.
3. Kids and coupons – they learn through their parents' behavior!
4. Middle school kids do not understand unit pricing, but can learn to use it in under 40mins.



Kids as Consumers

- Most marketing studies suggest that young kids (under 8) do not process advertising messages.
 - e.g., do not select items with premiums, do not recall ads they saw
- My studies using non-verbal techniques suggest kids as young as 3-5 are heavily influenced by advertising and marketing messages.
 - Those who are most market savvy have more advanced executive functioning and social development.

Example of Nonverbal Assessment



What does the KFC man want you to do when you see this? Does he want you to play the drums with the drumsticks or eat the chicken at the table, or wash the dishes?



	3-year-olds	4-year-olds	5-year-olds
Persuasion knowledge score (0 - 5 scale)	M = .93, SD = 1.22	M = 1.96, SD = 1.76	M = 3.43, SD = 1.90



Kids as Consumers

- Early studies suggested that kids aren't interested much in expression through consumption.
 - At least not until the “tween” years when they work harder to impress their peers
- My research says kids as young as 3 are interested in consumption and they make judgments about other kids based on the other kids' consumption.
 - Again, those with more advanced social skills do this sooner.
 - BUT it's all about the product categories that are relevant to them. Preschoolers are not so interested in clothing brands. They are interested in food and toys.

Kids as young as 3 know food brands.



collage score = 6



collage score = 6



collage score = 6

TRIAL SCORE = 18

Not all of them, though!



collage score = 3



collage score = 5



collage score = 0

TRIAL SCORE = 8

Fashion brands are less important to preschoolers.



collage score = 2

TRIAL SCORE = 9



collage score = 2



collage score = 5



Implications

- Kids care about expression through consumption.
 - e.g., *“You’re cool if you drink Coke.”*
- If you’re talking to kids about saving money, it’s important to talk with them about their interests.
 - e.g., snack foods, trading cards, toys are important to preschoolers. Fashion brands might be more relevant to tweens and teens.
- There is a risk of materialism when kids start to understand commercial brands.
 - e.g., *“Sally isn’t cool. She eats store brand cookies, not Oreos.”*



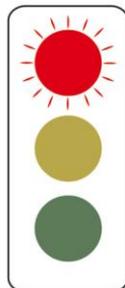
Price Hikes are More Effective than Warning Labels

- We conducted research in Alberta, Canada to examine the effectiveness of various methods of reducing kids' interest in “unhealthy” snack foods.
- Children aged 8-12 were interviewed at various out of school care facilities. Each child completed:
 - questionnaire pertaining to snack food purchases
 - purchase experiment
 - several tasks used to evaluate various aspects of their cognitive development



Snack Food Choice Experiment

- Each child was given \$2 to keep or use in the experiment. After 12 choice sets, 1 was chosen at random and the transaction carried out.
- The purchase experiment included
 - 4 brands
 - 4 price levels (\$0.75, \$1.00, \$1.25, and \$1.75)
 - Warning label sometimes included on the higher fat products



Health Canada recommends eating foods like this less often because they are high in calories, fat or sodium.





Findings from the Choice Experiment

- In general, the warning label was less effective than the fat tax in terms of moving kids away from the least healthy food items.
- Children tended to avoid foods with fat taxes.
 - Children with higher executive functioning were more price sensitive.
 - Boys were more price sensitive than girls.
 - Reaction to a warning label does not appear to differ based on age, gender, or cognitive measures.



Implications

- Money appears to be important to children.
- This is not always true, though. Our other studies find no such effect with younger children.
 - Perhaps younger kids do not value money(?)
 - Perhaps the money was especially valued in this study because it was handed to the kids by the experimenter (i.e., not from the unlimited wallet of Mom or Dad).
- These 8- to 12-year-olds could be encouraged to shift their behavior if it meant saving money, and this was especially true for those with advanced EF.
 - This may suggest that financial interventions are irrelevant among young / immature children.



Kids and Coupons

- Focus groups were run with children ages 9 – 14.
- Vast majority know what coupons are, where to get them, and what they're used for.
- Some kids have extensive knowledge .
 - e.g., know to look for expiration dates
- Some kids have just a basic sense that coupons can be used in stores to get stuff cheaper.
 - but they don't really know how coupons work or how to judge them



Kids and Coupons

- Younger kids seem to think of coupons more like rebates.
 - They think getting money back is annoying/inconvenient.
- Of the younger kids who appreciate the “money back,” still most are disinterested in saving
 - Kids who like getting “money back” are mostly interested in spending that money on something else (e.g. “*I can get a drink with my snack*”).
- Kids are not very adventurous in trying new things. They will use coupons on things they know they like.
- Older kids are more interested in saving money.



Implications

- Coupons are unlikely to help younger kids save money.
- Coupons may inadvertently increase consumption by younger children.
- Some (though few) think there is a stigma attached to saving money.
 - e.g., *“Those are for poor people.”*
- Older kids seem to value their savings more.
 - Perhaps because they are earning their own money (not spending Mom & Dad’s money).
 - Perhaps because they have goals in terms of what they’re saving for (clothing, a car, an iPod).



Let's do some math!

- How much is one single crayon in each box?



\$1.97



\$4.99

Hint: $\$1.97 \div 24 = ?$

$\$4.99 \div 64 = ?$



Unit Pricing

UNIT PRICE 99.6¢ PER POUND	RETAIL PRICE \$2.24 MRCHN BEEF RAMN 12PK
9213186 36.00 OZ	0033-0002-0003
Dept. 92	Cap 54
[Barcode]	



\$1.97

\$0.08 per each



\$4.99

\$0.07 per each



Teaching Kids UP is Simple

- $N = 40$ elementary school children
- Ages 8 – 11 ($M = 9y3m$, $SD = 10m$)
- 0 kids could figure this out, even with a calculator.
- 40min lesson on how to read the labels and how to do the math.
- Worksheet assessment with 4 examples (identical examples, 2 with UP, 2 without, counterbalanced across students).
- Following the lesson, approx. 80% could readily do the math. 100% could identify best value when the UP was provided.



Implications

- Heuristic decision making is popular with kids. It is less cognitively demanding.
- Easier to teach kids than adults! In our other studies, adults used pre-existing heuristics (e.g., bigger means better value), were rigid in their thinking, and exhibited more skepticism.
- Kids want to be adept in the marketplace!



Questions?

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