

Gift Giving

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Why give gifts?

- Deadweight loss of non-cash gifts
- But sentimental value
 - Value item more highly if it was a gift
 - Sentimental value wanes less over time
- Some gifts show sentiment better than others
 - Backpack vs. watch

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Signaling

- Signal = costly behavior that reveals an agent's true type
- Gift giver wants to signal to recipient that
 - I really know you & know what you like
 - I'm a thoughtful/caring friend

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Signal value of gifts

Gift	Signal
Cash	I put no effort into getting this gift. + I don't need to know anything specific about you to get this gift
Sephora gift card	I know you like to shop at Sephora
Gift from registry	I don't know anything about what you like; I just read your registry
Gift everyone likes	I don't know anything about what you specifically like
Expensive gift	You are so important to me that I would pay a high cost
Unique gift	I know things about your preference that few others know
Homemade gift (even if ugly, useless)	You are so important to me that I would spend time and effort making something for you

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The science of giving gifts your loved ones won't want to return

Why people ignore wish lists, and other mysteries of holiday gift-giving.



(Stockphoto)



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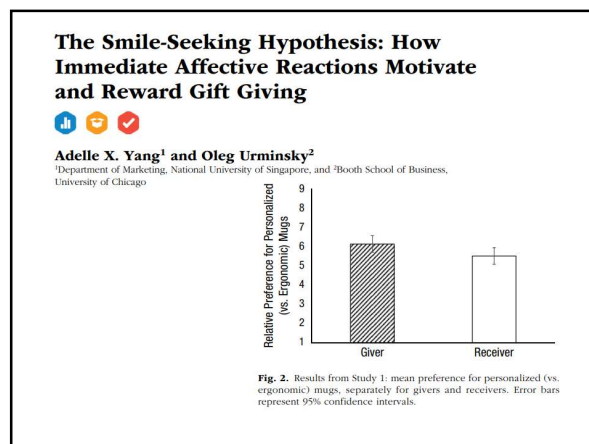
Why we give the wrong thing

- Smile-seeking
- Ignore wish list at your peril
 - Givers like to convey how well they know the recipient by selecting the "perfect" gift
- Experiences vs. material items
 - Experiences tend to be shared (items used alone)
 - Material items more easily compared to alternatives
 - But experiences give burst of intense happiness
 - Material items give prolonged modest happiness
 - Material items commemorate significant events

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Why Certain Gifts Are Great to Give but Not to Get: A Framework for Understanding Errors in Gift Giving

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THE GIFT

RULE Gifts should be desirable
ERROR Givers want to wow the recipient, but recipients want to be able to actually use the gift

A gift to wow

THE GIVER

RULE Givers should be surprising
ERROR Givers give unrequested gifts to surprise the recipient, but recipients prefer gifts that they actually asked for and desire

Not asked for: iPad

Preferred: Gifts from a registry

THE RECIPIENT

RULE Gifts should symbolize the giver-recipient relationship
ERROR Givers think that recipients will value socially responsible gifts because recipients will feel a "warm glow" when they receive them, but recipients get little ownership value from such gifts

Socially responsible gifts

Unimpressed

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Table 1. Giver-Recipient Discrepancies in Gift Preferences

	Gift-giving rule	Preferences		Gift-exchange thought processes	
		Givers	Recipients	Givers	Recipients
Aspects of the gift	Gifts should be desirable. Gifts should be enjoyed immediately.	Desirable gifts	Feasible gifts	Desirable gifts dazzle when opened. Lesser, complete gifts are appreciated when opened.	Feasible gifts provide sure value. Better-quality, incomplete gifts will eventually provide the most value.
Aspects of the giver	Gifts should be tangible. Givers should surprise their recipients. Givers should be generous.	Material gifts	Experiential gifts	Material gifts elicit an immediate positive response. Unrequested gifts will surprise.	Experiences provide more overall happiness. Personally requested gifts are more valuable.
Aspects of the recipient	Gifts should reflect their recipients. Gifts should symbolize the giver-recipient relationship.	Unrequested gifts	Requested gifts	Thoughtful and expensive gifts signal generosity.	Value does not always correspond with thought or price. Versatile gifts and gifts that reflect important personal interests provide the most value. A socially responsible gift provides little ownership value.

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Givers vs Receivers

- givers focus on moment of exchange
 - surprisingness
- recipients focus on value of gift once owned
 - usefulness

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Money as a gift

- When is money an appropriate gift?
 - Weddings, bar mitzvahs, gifts from older to younger
- Why is a cash gift (sometimes) inappropriate?
 - Signaling the giver-receiver relationship
- Why are gift cards better?



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