Money can’t buy love: Asymmetric beliefs about gift price and feelings of appreciation

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Across three studies, we identify an asymmetry between gift-givers’ and gift-recipients’ beliefs about the link between gift price and feelings of appreciation. Gift-givers expected a positive correlation between how much they spent on a gift and the extent to which gift-recipients would appreciate the gift because gift-givers assume that more expensive gifts convey a higher level of thoughtfulness. Gift-recipients, in contrast, reported no such association between gift price and their actual feelings of appreciation. This effect occurred regardless of whether the individual’s role and the magnitude of the gift were manipulated or measured in the field. Taken together, these findings cast doubt on whether gift-givers can draw on their personal experience as gift-recipients in order to identify meaningful gifts for others.

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Introduction

Every day, millions of shoppers hit the stores in full force—both online and on foot—searching frantically for the perfect gift. Last year, Americans spent over $30 billion at retail stores in the month of December alone. Aside from purchasing holiday gifts, most people regularly buy presents for other occasions throughout the year, including weddings, birthdays, anniversaries, graduations, and baby showers. This frequent experience of gift-giving can engender ambivalent feelings in gift-givers. Many relish the opportunity to buy presents because gift-giving offers a powerful means to build stronger bonds with one’s closest peers. At the same time, many dread the thought of buying gifts; they worry that their purchases will disappoint rather than delight the intended recipients.

Anthropologists describe gift-giving as a positive social process, serving various political, religious, and psychological functions (e.g., Boas, 1895; Mauss, 1925). Economists, however, offer a less favorable view. According to Waldfogel (1993), gift-giving represents an objective waste of resources. People buy gifts that recipients would not choose to buy on their own, or at least not spend as much money to purchase (a phenomenon referred to as “the dead-weight loss of Christmas”). To wit, gift-givers are likely to spend $100 to purchase a gift that receivers would spend only $80 to buy themselves. This “dead-weight loss” suggests that gift-givers are not very good at predicting what gifts others will appreciate. That in itself is not surprising to social psychologists. Research has found that people often struggle to take account of others’ perspectives—their insights are subject to egocentrism, social projection, and multiple attribution errors.

What is surprising is that gift-givers have considerable experience acting as both gift-givers and gift-recipients, but nevertheless tend to overspend each time they set out to purchase a meaningful gift. In the present research, we propose a unique psychological explanation for this overspending problem—that gift-givers equate how much they spend with how much recipients will appreciate the gift (i.e., the more expensive the gift, the stronger a gift-recei-
tent’s feelings of appreciation). Although a link between gift price and feelings of appreciation might seem intuitive to gift-givers, such an assumption may be unfounded. Indeed, we propose that gift-recipients will be less inclined to base their feelings of appreciation on the magnitude of a gift than givers assume.

Why do gift-givers assume that gift price is closely linked to gift-recipients’ feelings of appreciation? Perhaps givers believe that bigger (i.e., more expensive) gifts convey stronger signals of thoughtfulness and consideration. According to Camerer (1988) and others (e.g., Malinowski, 1922; Mauss, 1925), gift-giving represents a symbolic ritual, whereby gift-givers attempt to signal their positive attitudes toward the intended recipient and their willingness to invest resources in a future relationship. In this sense, gift-givers may be motivated to spend more money on a gift in order to send a “stronger signal” to their intended recipient. As for gift-recipients, they may not construe smaller and larger gifts as representing smaller and larger signals of thoughtfulness and consideration (see Ames, Flynn, and Weber (2004)).

The notion of gift-givers and gift-recipients being unable to account for the other party’s perspective seems puzzling because people slip in and out of these roles every day, and, in some cases,
multiple times in the course of the same day. Yet, despite the extensive experience that people have as both givers and receivers, they often struggle to transfer information gained from one role (e.g., as a giver) and apply it in another, complementary role (e.g., as a receiver). In theoretical terms, people fail to utilize information about their own preferences and experiences in order to produce more efficient outcomes in their exchange relations. In practical terms, people spend hundreds of dollars each year on gifts, but somehow never learn to calibrate their gift expenditures according to personal insight. Ironically, it seems the giver/receiver role, and the unique psychological experience that accompanies it, may serve as a natural roadblock to developing healthy patterns of social exchange.

Overview of studies

We make three central predictions. First, we propose that gift-givers will associate a gift-recipient’s feelings of appreciation with the price of the gift: the higher the price, the stronger the anticipated feelings of appreciation. Second, the same association will not hold for gift-recipients. That is, the link between gift price and feelings of appreciation will be stronger for gift-givers than for gift-recipients. Third, for givers, thoughtfulness will mediate the link between gift price and anticipated feelings of appreciation.

We tested these ideas in three studies: two that investigated people’s reactions to actual gift purchases and one that experimentally manipulated a hypothetical gift-giving scenario.

Study 1: Engagement rings

This study examined whether gift-givers are more inclined than gift-recipients to associate gift price with recipients’ feelings of appreciation. To test this asymmetric prediction, we collected data from recently engaged individuals who had either purchased or received an engagement ring.

Method

Of the millions of people in the United States who are engaged to be married each year, almost all of the brides-to-be receive an engagement ring to celebrate and signify the occasion. According to the United States Diamond Information Center, about 84% of American brides receive a diamond engagement ring from their fiancé—with an average purchase price of $3200 in 2006. Hoping that the ring will elicit an amorous response, fiancés carefully plan its selection and presentation. Engagement rings are therefore strongly associated with our two main variables of interest: money and feelings of appreciation.

We recruited participants for this study from a popular website that helps newly engaged couples share their wedding plans with family and friends. To identify potential participants, we searched for names in the website’s directory. As a means of drawing together a fairly average sample of individuals, we searched for a subset of average American names (e.g., “John Smith” and “Sarah Jones”). We invited each of these individuals to complete a survey entitled “Your Engagement Ring” in exchange for a $10 gift certificate to a major online retailer.

Materials

Before answering any questions, participants were assured that their answers would not be shared with their fiancé(e). To ascertain gift price, men were asked “Approximately how much money did you need to pay for this ring?” whereas women were asked “Approximately how much money did your fiancé need to pay for this ring?” The average price reported by men was $2811.11 (SD = $2423.15) and the average price reported by women was $3926.67 (SD = $2978.85). \( t(14) = 1.45, p < .05 \). The average price across both samples was consistent with the national average.

To capture appreciation, each participant answered four questions. Women were asked “To what extent do you appreciate the ring?”, “To what extent do you feel grateful for the ring?”, “To what extent do you feel thankful for the ring?”, and “To what extent do you feel pleased about receiving the ring?” Men were asked the same four questions, but the questions were rephrased slightly to suit their role as givers. For example, the question “To what extent do you appreciate the ring?” was rewritten for men so that it read “To what extent does she appreciate the ring?” Both men and women were asked to provide their ratings for each of these four questions using a 7-point scale ranging from 1 = “Not at all” to 7 = “To a great extent.” The four items had a high level of overall reliability (Cronbach’s \( \alpha \) = .89 for men and \( \alpha \) = .79 for women), so we averaged them together into one composite variable, which we refer to as appreciation.

Results and discussion

We excluded participants who reported ring prices more than two standard deviations above the mean from our analysis (Roth & Switzer, 2002). This left us with a total of 33 participants (18 men and 15 women).

We regressed appreciation on ring price, role (giver = –1, receiver = 1), and an interaction term. We found no main effect of either price or role. However, consistent with our prediction, the interaction term was significant, \( B = –.12, SE(B) = .04, t(29) = 2.78, p < .01 \). To understand the nature of the interaction (see Aiken and West (1991)), we examined the effect of ring price on appreciation for both givers and receivers. For givers, ring price significantly and positively predicted expected feelings of appreciation, \( B = .15, SE(B) = .06, t(29) = 2.44, p < .02 \). But, for receivers, ring price did not predict actual feelings of appreciation, \( B = –.09, SE(B) = .06, t(29) = 1.51, p < .14 \).

Discussion

The results from our first study support our hypothesis that gift-givers associate gift price with feelings of appreciation. Engaged men expected their fiancées would appreciate an engagement ring more as the cost of the ring increased. In contrast, the women in our study showed no more appreciation for expensive rings than for inexpensive rings. While provocative, these findings have limitations. In particular, there may be some gender bias in reporting feelings of appreciation (a stereotypically feminine trait). Further, the purchase and receipt of an engagement ring may be a highly unique situation.

In our second study, we build on this initial evidence by gathering data from a more representative set of gift-givers and gift-recipients who are asked to report on a wide variety of gifts. We expect to find that the positive association between gift price and feelings of appreciation will remain strong for givers, but that gift-recipients will report no such association (or at least they will report a weaker association relative to givers).

If this finding obtains, one might suggest that it was driven by social desirability bias—people in the gift-recipient role are motivated to report being more appreciative of smaller gifts than they truly are (i.e., perhaps the women in our first study were just being “nice”). To help control for this possibility, we included a measure

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1 We divided ring price by 1000 to make it more comparable to the appreciation scale.
of impression management in our questionnaire and subsequent analyses.

Study 2: Birthday gifts

In Study 2, we asked people to describe a gift they had either given or received for another individual’s (or their own) birthday. Once again, we predicted that givers would connect gift price to their estimates of appreciation, but that recipients would show no such relationship. Further, we expected that this finding would remain robust when controlling for social desirability bias.

Method

Two hundred thirty-seven adults (86 men, 134 women, 17 unreported) completed an online survey in exchange for a $5 gift certificate to a major online retailer. Participants were recruited from a nationwide pool.

Participants were randomly assigned to the role of either gift-giver or gift-recipient. Both were asked to estimate the value of a recent birthday gift they had either given or received and answer several questions about their experience (134 givers; 103 receivers).

Materials

Participants read the following introduction:

“Think of a birthday gift that you recently gave to (received from) someone for his or her (your) birthday. Please exclude gifts of cash, gift cards, or gift certificates. Picture this gift in your mind, and remember who you gave it to (received it from). What does it look like? What are its characteristics? Why did you select this gift? Once you have a picture of this gift in mind, please fill out the following information about the gift and the person you gave it to (received it from).”

Participants in the “giver” condition were asked “how much did you pay for this gift?” and instructed to provide a dollar value (M = $105.97; SD = 138.26). Gift-recipients were asked “how much would you estimate the gift-giver paid for this gift?” and instructed to provide a dollar value (M = $148.45; SD = 257.12). These means were not significantly different from one another, t(230) = −1.61, p < .11.

As for feelings of appreciation, gift-givers were asked, “To what extent do you think the recipient appreciates this gift?” and “To what extent do you think the recipient feels grateful for this gift?” Gift-recipients were asked “To what extent do you appreciate this gift?” and “To what extent do you feel grateful for this gift?” Participants in both roles were asked to respond to these items using a 7-point scale ranging from 1 = “Not at all” to 7 = “To a great extent”. Their responses to the two items were averaged into one overall appreciation variable, α = .85 for givers and α = .87 for receivers.

We also administered the Impression Management Scale2 (Paulhus, 1991), which measures the extent to which people present themselves in a socially desirable manner. For each item (e.g., “I never take things that don’t belong to me”), participants indicated their agreement on a 7-point scale ranging from 1 = “Not true” to 7 = “Very true”. We wanted to account for the possibility that recipients report inflated levels of appreciation, particularly for smaller gifts, to present a more socially desirable image. By assessing each individual’s tendency to provide a socially desirable response, we could help mitigate the possibility that the responses we collected were affected by a politeness motive (as explained in our analysis below).

Results

Participants described a wide variety of gifts, including t-shirts, CDs, wine, jewelry, books, and home décor. As in Study 1, we did not include responses from participants who bought gifts priced more than two standard deviations above the mean (any gifts above $1365.06), or who failed to respond to the question about gift price. Thus, five surveys were excluded, which left 232 cases.

We regressed appreciation on role (giver = −1, receiver = 1), gift price, and an interaction term. A main effect of role was found, B = .13, SE(B) = .06, t(224) = 2.11, p < .04. There was no main effect of gift price, B = .38, SE(B) = .40, t(224) = .95, p < .34. More importantly, consistent with our prediction, there was a significant interaction between gift price and role, B = −.98, SE(B) = .40, t(223) = −2.42, p < .02. Again, to interpret the interaction (see Aiken and West (1991)), we examined the relationship between gift price and appreciation for both gift-givers and gift-recipients. For givers, gift price predicted appreciation, B = 1.40, SE(B) = .57, t(223) = 2.45, p < .02. However, for recipients, gift price did not predict appreciation, B = −.55, SE(B) = .55, t(223) = −1.00, p > .32.

To examine the influence of social desirability bias, we averaged each participant’s responses to the items drawn from the Impression Management Scale and included this score as an additional control variable. Although social desirability predicted appreciation, B = −.19, SE(B) = .09, t(211) = 2.26, p < .01, the relationship between role, gift price, and appreciation was virtually unchanged, B = −.97, SE(B) = .41, t(210) = −2.39, p < .02, suggesting that social desirability cannot account for why gift-givers, but not gift-recipients, believe more expensive items will be more appreciated.

Discussion

The results of Study 2 provide further evidence that gift-givers and gift-recipients disagree about the link between gift price and gift-recipients’ feelings of appreciation. Givers anticipated that recipients would appreciate more expensive gifts, but gift-recipients did not base their feelings of appreciation on how much the gift cost.

Although these results offer external validity (i.e., these are actual gifts purchased and received by the participants), they have some limitations, including a lack of control over the type of gifts included in our sample. The gifts recalled by gift-givers may have been fundamentally different from those recalled by gift-recipients. Further, one alternative explanation for why gift-givers, but not gift-recipients, associate gift price with feelings of appreciation could be dissonance reduction. People who have purchased more expensive gifts might be more likely to associate price with appreciation after making the gift purchase. Finally, there is an information asymmetry between gift-givers and gift-recipients in our first two studies, such that gift-givers know the price of the gift for certain, but recipients do not.

To address these issues of recall bias, dissonance reduction, and information asymmetry in Study 3, we experimentally manipulated role and gift size, asking participants to imagine giving or receiving either a relatively small gift or a relatively large gift. In addition, we test our prediction regarding mediation—that gift-givers assume gift price leads to feelings of appreciation because gift price signals thoughtfulness to gift-recipients.

2 Once again, we divided gift price by 1000 to make it more comparable to the appreciation scale.

1 There are 20 items in Paulhus’s (1991) Impression Management Scale. Following pre-testing, we removed one of the items (“I never read sexy books or magazines”) because subjects complained about this question being inappropriate. The reliability scores for this scale did not change materially after this item was removed.

Study 3: Gift-giving Vignette

According to the results of Studies 1 and 2, when givers buy more expensive gifts, they believe these items will be more highly appreciated, but gift-recipients do not relate gift price to their actual feelings of appreciation. In Study 3, we examine this idea more rigorously, with participants randomly assigned to different roles in the hypothetical exchange of either a small or large gift.

Method

Participants were drawn from an online pool of adults maintained by a university research lab; in exchange for their participation each individual was entered into a lottery drawing to win one of four $50 gift certificates to a major online retailer. The sample included 197 people (68 men, 127 women, and 2 did not report their sex).

We adopted a $2 \times 2$ between-subjects design with the two factors being gift size (small, large) and role in the exchange (giver, recipient). Participants were randomly assigned to a condition in which they had either given or received a CD (small gift) or an iPod (large gift) as a gift.

To make the scenarios more authentic, we asked participants to identify an exchange partner from their network of friends by identifying someone from the “buddy list” in their online messaging program (AIM). Specifically, participants were randomly assigned a letter (A, F, N, or T) and asked to identify the first person on their list whose screen-name began with that letter. If there was no one whose screen-name began with that letter, they were asked to move to the next letter in the alphabet until someone’s screen-name appeared.

Participants read the following scenario:

“Imagine that you have [this person has] just graduated from high school. Your [The] family has decided to celebrate by hosting a party after the commencement ceremony, to which they invite many friends and relatives.

At the graduation party, this person was [you were] nice enough to bring a graduation gift. When you unwrap [this person unwraps] it, you [they] discover a CD [an iPod]. Take some time and think about this CD [iPod] in your mind. Which one is it? What does it look like? What color is it? How do you [does this person] feel about receiving this gift? Once you have a picture of this gift in mind, please answer the following questions about the gift and the person who gave it to you [you gave it to].”

After reading the scenario, participants assigned to the recipient condition were asked five questions intended to measure their feelings of appreciation: “To what extent would you appreciate this gift?”, “To what extent would you feel grateful for this gift?”, “To what extent would you feel thankful for this gift?”, “To what extent would you feel pleased about receiving this gift?” and “To what extent would you feel pleased about receiving this gift?”

As the participants who were assigned to the gift-giver condition, they were presented with the same set of questions and asked to predict how the gift-recipient in the scenario would respond. To provide their responses, participants were instructed to use a scale ranging from 1 (“Not at all”) to 7 (“To a great extent”). The four items were averaged together to create one composite variable of perceived thoughtfulness. The overall reliability for this four-item scale was $\alpha = .88$.

To control for social desirability bias, participants were also asked to complete the Impression Management Scale that was used in Study 2 (Paulhus, 1991).

Results and discussion

There were no main effects of either role or gift condition. Consistent with our hypothesis, gift-givers thought the larger gift would be appreciated more than the smaller gift, but gift-recipients thought they would be more equally appreciated, $F(1,193) = 4.35$, $p < .04$. Planned comparisons revealed that givers thought recipients would appreciate the iPod ($M = 6.19$, $SD = 1.05$) more than the CD ($M = 5.54$, $SD = 1.45$), $F(1,193) = 6.41$, $p < .01$. However, participants in the gift-recipient role appreciated the iPod ($M = 5.93$, $SD = 1.37$) and the CD ($M = 6.03$, $SD = 1.01$) more equally, $F(1,193) = .15$, $p < .70$ (see Fig. 1). This interaction remained significant even when we controlled for social desirability bias using the measure of impression management previously described in Study 2, $F(1, 179) = 4.78$, $p < .03$.

We also tested the possibility that perceived thoughtfulness mediated the effect of gift size on expected feelings of appreciation for gift-givers. To test this idea, we conducted a mediation analysis following the steps outlined by Baron and Kenny (1986). The results of the mediation are reported in Fig. 2. For gift-givers, an initial regression model showed that gift size (large = 2; small = 1) predicted expected feelings of appreciation ($B = .65$, $SE(B) = .27$, $t(92) = 2.44$, $p < .02$). A separate model confirmed that gift size predicted perceived thoughtfulness (i.e., givers thought that more expensive gifts were more “thoughtful”; $B = .84$, $SE(B) = .30$, $t(90) = 2.86$, $p < .01$). In turn, this measure of perceived thoughtfulness also predicted expected feelings of appreciation ($B = .65$, $SE(B) = .07$, $t(88) = 9.55$, $p < .001$).

In a combined model, the predictive power of the perceived thoughtfulness measure remained high ($B = .63$, $SE(B) = .07$, $t(88) = 11.60$, $p < .001$).

Fig. 1. Levels of appreciation as a function of role and gift size (Study 3).
thoughtfulness acted as a mediating variable. An analysis calculating the Sobel statistic confirmed the mediating influence of the thoughtfulness measure ($z = 2.74$, $p < .01$).

**General discussion**

We found that gift-givers consistently overestimate the extent to which feelings of appreciation are driven by gift price. Whereas gift-givers assumed that gift-recipients would be more appreciative of larger gifts than smaller ones, the recipients in our studies did not agree. Instead, their reactions to the larger gifts were not significantly stronger than their reactions to the smaller (i.e., less expensive) gifts. In contrast to previous research on gift exchange that has typically asked participants to imagine giving or receiving gift items (cf. Caplow, 1982; Ruth, Ottes, & Brunel, 1999; Teigen, Olsen, & Solas, 2005), the present work draws upon participants’ reactions to receiving both real (Studies 1 and 2) and imagined items (Study 3), finding a similar pattern of results across all three studies.

In our final study, we find some evidence of an underlying psychological mechanism that helps to explain the link between gift price and gift-givers’ expectations of recipients’ feelings of appreciation. As predicted, gift-givers assumed that more expensive gifts conveyed a stronger signal of thoughtfulness and consideration, and this signal in turn predicted anticipated feelings of appreciation. The mediating role of thoughtfulness casts a different light on the psychology of gift-givers—one that is more noble than crass (cf. Camerer, 1988). In particular, it seems that the goal givers have in mind in spending more money on gift purchases is to impress gift-recipients with their concern, rather than their cash. Unfortunately, gift-recipients may not share a similar thought process in deconstructing the meaning of more expensive gifts.

A critical concern surrounding these findings is social desirability bias—the tendency for people to provide answers that are socially acceptable and desirable rather than authentic (Fisher, 1993). Three factors seem to cast doubt on this alternative explanation for our findings. First, the responses provided by participants in two of our studies were anonymous, which previous research indicates can mitigate social desirability bias (Fisher & Katz, 2000). Second, we collected a measure of an individual’s proclivity to provide socially desirable responses, and even after controlling for this measure, our results remained significant. Third, and perhaps more importantly, if social desirability bias impacted the results, one might expect those in the role of gift-recipient to provide consistently higher ratings of appreciation than givers expected (regardless of whether the gifts were large or small). However, this was not the case.

Taken together, these results make a number of important contributions. First, they highlight a meaningful problem in gift exchange—whereas givers believe that spending money on more expensive gifts is the key to eliciting feelings of appreciation, recipients do not agree. Instead, it seems that money can’t buy love, and givers would do well to buy a thoughtful gift, rather than a more expensive one. Second, our results suggest that gift-givers have a hard time putting themselves in the shoes of gift-recipients. This finding is especially noteworthy because people often play the role of gift-giver and gift-recipient. Nevertheless, what is learned in one role (e.g., receiver) does not seem to inform judgments made in another (e.g., giver). Finally, this work adds to a growing stream of research on misjudging others’ self-interest in social exchange (Flynn & Lake, 2008; Heath, 1999; Miller & Ratner, 1998).

**Broader implications and future directions**

Popular theories of exchange, such as social exchange theory (e.g., Thibaut & Kelley, 1959) and equity theory (e.g., Adams, 1965), presume that people think about exchange as cost-benefit accounting. According to this instrumental view, one’s attitudes about gift-giving should hinge on the balance of material benefits. Our results, and other recent findings (e.g., Flynn & Brockner, 2003), challenge this assumption. In the present research, we found that gift-givers’ weighing of instrumental costs (i.e., gift price) was an effort to understand how thoughtful and considerate their contributions might appear in the eyes of their intended recipients. However, gift-recipients did not engage in a similar calculus. An intriguing implication of this finding is that gift-givers who purchase lavish gifts may unwittingly be making an ostentatious gesture rather than a generous one.

The nature of this asymmetric evaluation of gift price and feelings of appreciation may be related to egocentric bias—focusing too much attention on one’s own experience in attempting to predict others’ reactions (Epley, Keysar, Van Boven, & Gilovich, 2004). When choosing a gift, givers often consider multiple options—some more expensive than others. For gift-givers, the counterfactual gift option (what they might have chosen instead) likely plays a role in evaluating the impact of the gifts they eventually select (e.g., Miller & McFarland, 1986). However, gift-recipients are unaware of other gift options the giver might have considered. Indeed, the counterfactual gift option that gift-recipients focus on in evaluating their feelings of appreciation may be no gift, which would make recipients less inclined to distinguish between gifts based on gift price (because almost all gifts represent something more thoughtful and considerate than not receiving any gift at all).

![Fig. 2. Perceived thoughtfulness mediates relationship between gift size and appreciation for gift-givers (Study 3).](image-url)
Another alternative mechanism for the present findings is reciprocity wariness (e.g., Cotterell, Eisenberger, & Speicher, 1992). People are highly averse to the psychological experience of indebtedness (see Gergen, Elisworth, Maslach, and Seipel (1975)). And, a gift-recipient’s experience of indebtedness is likely to be stronger for a more expensive gift compared with a less expensive one. For some gift-recipients, the prospect of reciprocating a more generous (i.e., more expensive) gift purchase may seem daunting, thereby diminishing some of the pleasure they derive from receiving the gift. In fact, past research has found that generous gift-giving can elicit feelings of resentment, rather than feelings of appreciation, toward the giver (Gergen et al., 1975). Additional research is needed to flesh out the validity of this, and other, alternative explanations for our results.

Possible interventions

What might gift-givers do to purchase better gifts, avoiding the “deadweight loss” that economists lament? One suggestion is straightforward: purchase smaller gifts. Families, coworkers, and friendship networks could be better served by establishing maximum spending limits in order to curtail excessive and wasteful gift-giving. With spending constraints in place, gift-givers may work harder to identify meaningful, rather than magnificent, presents. Many generous gift-givers hope to elicit strong feelings of appreciation. Their motivation will not disappear, but instead may be redirected in a more useful way that serves to strengthen their social relations.

To be clear, gifts that are less expensive are not necessarily more thoughtful. Indeed, gift-recipients may react negatively if they feel that a gift-giver’s primary motivation in purchasing a less expensive gift is to save money. Imagine a gift-recipient who discovers that the item he or she received was purchased on sale, or perhaps “re-gifted”. Would knowing this detract from the gift-recipieent’s feelings of appreciation? We suspect it might. Going out of their way to purchase a more expensive gift may signal a lack of thoughtfulness, even though going out of one’s way to purchase a more expensive gift fails to signal more thoughtfulness. Our broad recommendation to gift-givers, then, is that they pay more attention to gift-recipients’ individual needs, idiosyncratic preferences, and personal values rather than the price associated with a particular gift.

Conclusion

Gift-givers assume that gift-recipients’ feelings of appreciation are closely tied to the amount of money spent on a gift, but this does not appear to be the case. Instead, the signaling value of a more expensive gift, which gift-givers hope will elicit appreciation, may be lost on most recipients. At first blush, it seems surprising that being in a giver role or a receiver role can lead to such dramatic differences in people’s expectations and actual feelings of appreciation, given that people slip in and out of these fleeting roles every day, and often multiple times in the course of the same day. Nevertheless, we propose that people cannot translate their experience gained from one role (e.g., as a receiver) and apply it in another, complementary role (e.g., as a giver). Indeed, the unique role-based psychology of givers and receivers may fundamentally differ in ways that prevent them from developing healthy patterns of exchange.

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