

The paradox of gift giving: More not better, says new study

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Holiday shoppers, take note. Marketing and psychology researchers have found that in gift giving, bundling together an expensive "big" gift and a smaller "stocking stuffer" reduces the perceived value of the overall package for the recipient.

Suppose you're trying to impress a loved one with a generous gift this [holiday season](#), says Kimberlee Weaver, assistant professor of marketing in the Pamplin College of Business. One option is to buy them a luxury cashmere sweater. A second option is to add in a \$10 [gift card](#).

If their [budget](#) allows, most gift givers would choose the second option, as it comprises two gifts — one big, one small, Weaver says. Ironically, however, the gift recipient is likely to perceive the cashmere sweater alone as more generous than the combination of the same sweater and gift card. "The gift giver or presenter does not anticipate this difference in perspectives and has just cheapened the gift package by spending an extra \$10 on it."

Weaver is part of a research team that recently discovered, through a series of studies, what the team has called the "Presenter's Paradox." The paradox arises because gift givers and gift recipients have different perspectives, Weaver says. Gift givers follow a "more-is-better" logic; recipients evaluate the overall package.

"People who evaluate a bundle, such as a gift package, follow an averaging strategy, which leads to less favorable judgments when mildly

favorable pieces (the gift card) are added to highly favorable pieces (the sweater). The luxury sweater represents a generous 'big' gift. Adding on a 'little' gift makes the total package seems less big."

The same contradictory effect can be found in other situations, says Weaver, whose research article, "The Presenter's Paradox," co-authored with Stephen Garcia and Norbert Schwarz of the University of Michigan, has been accepted for publication in the *Journal of Consumer Research*.

"People who present a bundle of information assume that every favorable piece adds to their overall case and include it in the bundle they present," she says. However, notes Garcia, associate professor of psychology and organizational studies at the University of Michigan, "this strategy backfires, because the addition of mildly favorable information dilutes the impact of highly favorable information in the eyes of evaluators. Hence, presenters of information would be better off if they limited their presentation to their most favorable information — just as gift givers would be better off to limit their present to their most favorite [gift](#)."

Weaver and her co-authors found that the paradox was strongly evident in seven studies across many product domains, from bundles of music to hotel advertisements, scholarships, and even "negative" items such as penalty structures.

When asked to design a penalty for littering, for example, those who were put in charge preferred a penalty that comprised a \$750 fine plus 2 hours of community service over a penalty that comprised only the \$750 fine. However, perceivers evaluated the former penalty as less severe than the latter, Weaver says. "Adding a couple of hours of community service made the overall penalty appear less harsh and undermined its deterrence value."

The discovery of the Presenter's Paradox sheds new light on how to best present information, says Weaver. "Whether it is a public relations expert pondering which reviews to include on a book jacket, a music producer considering which songs to include in a music album, or a legal team building up arguments for a case, they all face the important task of deciding what information to include in their presentations. So do consumers who apply for a job and homeowners who try to sell their house."

All of them, she says, run the risk of inadvertently diluting the very message they seek to convey by their efforts to strengthen it.

"Fortunately, there is a simple remedy: take the perspective of the evaluator and ask yourself how the bundle will appear to someone who will average across its components. Doing so will alert you to the fact that others will not always share your sense that more is better."

"Prompting consumers to consider the overall picture entices them to adopt a holistic perspective, which allows them to correctly anticipate evaluators' judgments," says Schwarz, professor of marketing and psychology at the University of Michigan. "But when left to their own devices, presenters are unlikely to notice that evaluators do not share their more-is-better rule."

Provided by Virginia Tech

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