

Research explains why we lie when returning that unwanted holiday gift

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It's an iconic episode of "Seinfeld"—Jerry tries to return a jacket and when asked why, he replies, "spite." In fact, he goes on to explain, he didn't care for the person who sold it to him.

Unsurprisingly, the salesperson states that "spite" isn't an acceptable condition for a refund.

Maybe Jerry was a bit too honest.

But you ever been caught in a similar situation—wanting to return an unwanted item for an unjustified reason?

According to the National Retail Federation, we returned about \$816 billion worth of merchandise in 2022, which accounts for one in five items. While some returns are legitimate, [fraud](#) occurs when customers steal from a retailer by returning items that do not qualify for a refund.

Maybe you no longer have the receipt, or maybe you didn't fully understand the store's return policy—particularly for items purchased online or gifted to you. And some retailers only offer gift cards for refunds. Yes, you are getting your money back, but not money you can spend anywhere else.

To avoid a similar fate as Jerry, and to ensure a full refund, many shoppers lie when returning items. That's according to new research by David Hardesty, the Carol Martin Gatton Endowed Chair of Marketing in the Gatton College of Business and Economics at the University of Kentucky.

The study, "[How Emotional Intelligence and Selfishness Impact the Incidence of Consumer Fraud](#)," examines the factors that lead consumers to forgo honesty when making returns.

Hardesty (along with co-authors Adam Farmer from the University of Alabama, Jonathan Hasford from the University of Tennessee and Blair Kidwell from the University of North Texas) found that emotional [intelligence](#) (EI) is key.

"In our prior work, we have shown that consumers higher in emotional intelligence make better eating decisions and more optimal choices," Hardesty said. "Thus, we were searching for the opposite effect—where those with higher emotional intelligence do something negative. Ultimately, we decided to assess the impact of emotional intelligence on consumer fraudulent activity."

Often used to explain [positive behaviors](#), emotional intelligence is a person's ability to perceive and interpret emotions, understand their own feelings and regulate behaviors accordingly.

"Emotional intelligence is the ability to skillfully use emotional information to achieve the desired consumer outcome," Hardesty explained. "It involves the ability to perceive and interpret emotions, understand how decisions and purchases make them feel, and regulate their emotions during consumption settings."

The team conducted seven studies and found consumers routinely engage in fraudulent behaviors toward companies, including returning products under false pretenses, lying when making insurance claims and committing petty theft.

However, until now, research has been relatively limited in examining the psychological mechanisms that contribute to this behavior.

Ultimately, the findings indicate that consumers who are highly emotionally intelligent are able to suppress feelings of embarrassment that normally prevent someone from committing fraud.

"Coupled with high levels of selfishness, we found that high levels of [emotional intelligence](#) increase the likelihood of committing consumer fraud," Hardesty said. "Without feelings of embarrassment, consumers are willing to commit fraud."

As Jerry learned all those years ago—you can't return an item out of spite. And sometimes, you can't ever get your money back.

With holiday shopping underway, Hardesty's advice is to review the refund policy thoroughly before buying. And he's also encouraging retailers to use the findings to their benefit.

By understanding the psychology behind consumer decisions, marketers can respond and adapt their messaging.

"Retailers may benefit by emphasizing the negative outcomes of shoplifting to others—as opposed to the punishment for those who get caught shoplifting," Hardesty said. "Additionally, [consumers](#) should be careful to minimize their selfishness to help allow the natural level of embarrassment associated with fraud to be present to help them avoid the temptations to behave badly."

More information: Jonathan Hasford et al, Your Cheatin' Heart: How Emotional Intelligence and Selfishness Impact the Incidence of Consumer Fraud, *Journal of Consumer Research* (2021). [DOI: 10.1093/jcr/ucab047](#)

Provided by University of Kentucky

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