

Oversaving, a burden for our times

John Tierney

We interrupt this recession to bring you news of another crisis that is much more pleasant to deal with. Now that shoppers have sworn off credit cards, we're risking an epidemic of a hitherto neglected affliction: saver's remorse.



Viktor Koen

The victims won't evoke much sympathy — don't expect any telethons — but their condition is real enough to merit a new label. Consumer psychologists call it hyperopia, the medical term for farsightedness and the opposite of myopia, nearsightedness, because it's the result of people looking too far ahead. They're so obsessed with preparing for the future that they can't enjoy the present, and they end up looking back sadly on all their lost opportunities for fun.

It's hard to imagine this excessive foresight being much of a burden for, say, Bernard L. Madoff. Nor for the optimists who took out balloon mortgages (and the A.I.G. executives who insured them). But hyperopia does seem to affect a wide range of people in some circumstances, to judge from clever experiments with people shopping for bargains and redeeming prizes.

Splurging on a vacation or a pair of shoes or a plasma television can produce an immediate case of buyer's remorse, but that feeling isn't permanent, according to Ran Kivetz of Columbia University and Anat Keinan of Harvard. In one study, these consumer psychologists asked college students how they felt about the balance of work and play on their winter breaks.

Immediately after the break, the students' chief regrets were over not doing enough studying, working and saving money. But when they contemplated their winter break a year afterward, they were more likely to regret not having enough fun, not traveling and not spending money. And when alumni returned for their 40th reunion, they had even stronger regrets about too much work and not enough play on their collegiate breaks.

"People feel guilty about hedonism right afterwards, but as time passes the guilt dissipates," said Dr. Kivetz, a professor of marketing at the Columbia Business School. "At some point there's a reversal, and what builds up is this wistful feeling of missing out on life's pleasures."

He and Dr. Keinan managed to change consumers' behavior simply by asking a few questions to bus riders going to outlet stores and to other shoppers shortly before Black Friday.

The people who were asked to imagine how they would feel the following week about their purchases proceeded to shop thriftily for basic necessities, like underwear and socks. But people who were asked to imagine how they'd feel about their purchases in the distant future responded by spending more money and concentrating on indulgences like jewelry and designer jeans.

"When I look back at my life," one of these high rollers explained, "I like remembering myself happy. So if it makes me happy, it's worth it."

Aesop told a fable of two types of people: the virtuous Ant who saves for the winter and the improvident Grasshopper who's punished with starvation. But even the most conscientious Ants sometimes recognize the need to lighten up — and, with typical Ant discipline, will find ways to "precommit to indulgence," as Dr. Kivetz discovered in a lottery experiment he conducted with Itamar Simonson of Stanford University.

The experimental participants, who were all women, were given a ticket for a lottery drawing to be held three months later, and asked to choose in advance which prize they'd prefer if they won: \$85 in cash, or a voucher for an \$80 massage or facial at a spa. They were reminded that they could simply use the \$85 in cash to buy the spa treatment (and have \$5 left over), but even so, more than a third of the women chose the voucher for the spa.

Similar results turned up when the researchers asked men and women to pick other kind of prizes or to redeem points earned in frequent-buyer programs. When choosing between cash and "hedonic luxuries" like bottles of wine, dinners or vacations, a substantial minority chose the luxuries even though the cash was a better deal.

"If I took the cash," one person explained, "it would end up going into the rent." Another wrote of her decision: "That way I'd have to pamper myself and not spend the \$ on something like groceries."

Other experiments showed that people will work harder for luxuries than for more practical prizes — and the more effort that's required, the more they feel entitled to a self-indulgent reward. That's a motivation strategy for managers and marketers to keep in mind, Dr. Kivetz said.

During the current recession, hyperopic Ants are presumably having a harder time than ever parting with their own cash, no matter how often President Obama and his economists urge them to do some stimulative shopping. But would these Ants — and the economy — be better off if they relaxed a little? (You can provide an answer at TierneyLab, nytimes.com/tierneylab.) I asked Dr. Kivetz for his advice to shoppers.

"Don't be too hard on yourself," he said. "Obviously you need to be responsible and conserve your savings. But it's been a depressing winter, and there's nothing wrong with indulging yourself a little. This is a chance to reassess the quality and the balance of your life and to think how you'll feel in the future. As long as you can afford it, it's not a bad thing to be enjoying yourself."

That advice sounds sensible to me, but then I, like a lot of baby boomers, have always had a strong Grasshopper streak anyway. The bigger challenge will be persuading serious Ants like my parents, who remember the Depression and have looked with horror on the money spent by my generation (particularly those of us living in New York).

In the past, I've tried pointing out to my parents that all money not spent by the Greatest Generation will only be spent by their heirs — and in not-so-great ways. Sometimes, after I've threatened to blow the inheritance on a box at the Metropolitan Opera or nightly meals at Le Bernardin, my parents will consent to a little extravagance for themselves, and my mother will remind my father of an old proverb: "There are no pockets in shrouds."

But maybe now, thanks to Dr. Kivetz's research, there are better arguments to use on Ants of any age. They can be presented with a scientific rationale for going on a shopping binge: It's

essential therapy for your hyperopia! If that doesn't convince them, if they seem puzzled by the term, then try this question on them:

When you're on your deathbed, how much time will you spend wistfully thinking, "If only I'd bought the smaller plasma TV. . . .?"

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