

Research Dialogue

Why don't we learn from poor choices? The consistency of expectation, choice, and memory clouds the lessons of experience

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Abstract

Why do consumers need advice on how to spend their money to improve their enjoyment of life? Why don't they learn this from daily experience? We propose that consumers' opportunity to learn from experience is impaired because hedonic experiences are fleeting. Once some time has passed, consumers rely on their general knowledge to reconstruct what the experience must have been, which is also the knowledge they use in hedonic prediction and choice. Given this overlap in inputs, prediction, choice and memory usually converge, leaving consumers with the impression that their predictions were correct and their choices wise. The actual in situ experience, however, may have been quite different. We illustrate these dynamics with a product many consumers want to spend their money on, namely, a luxury car.

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Dunn, Gilbert, and Wilson (2011, p. 2 ms) ask: Given that money “allows people to do what they please, (...) shouldn't they be pleased when they spend it?” And if so, shouldn't this result in a robust relationship between money and hedonic enjoyment? In contrast to this plausible expectation, decades of research show that the relationship between income and subjective well-being is very modest, in particular when we assess how people feel (that is, their hedonic well-being; Kahneman, Krueger, Schkade, Schwarz, & Stone, 2004, 2006) rather than how they evaluate their lives (Schwarz & Strack, 1999). Drawing on a broad range of hedonic research, Dunn and colleagues' (2011) delightful review suggests that money could do more for our happiness if only we would learn how to spend it right. Their advice is wise and based on a solid body of empirical evidence; we hope readers will take it to heart. But the issue begs another question: Why do we need this advice? Given that we experience our lives 24/7/365, shouldn't we have learned what makes us feel good and what does not?

Learning from hedonic experience

Unfortunately, learning from our feelings is difficult. Feelings are fleeting and not well represented in memory (for a review, see Robinson & Clore, 2002). We can introspect on them while we have them, but once they dissipated, we need to rely on our memories to reconstruct how we felt. When little time has passed since the relevant episode, we can draw on episodic information to “relive” the episode in our mind's eye; such detailed episodic recall-in-context can recover recent feelings with some accuracy, as indicated by the convergence of episodic and concurrent reports (Kahneman et al., 2004; Stone et al., 2006). But as time passes, relevant details fade from memory and we are likely to draw on our general knowledge about the activity to reconstruct what it (must have) felt like. This general knowledge is also what we turn to when we think of our “usual” experience, a task that discourages reliance on a specific episode (Robinson & Clore, 2002). Not surprisingly, reliance on general knowledge rather than specific episodic information impairs our ability to learn from specific past experiences (Ross, 1989). Making things worse, we rely on the same general inputs when we make hedonic predictions and contemplate what doing X would feel like if we ever did it.

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These hedonic predictions, in turn, are the bases of the choices we make within the constraints imposed by our resources, as March (1978; see also Mellers & McGraw, 2001) noted.

Hence, our predictions of how we *would feel* while doing X, global memories of how we *usually feel* while doing X, and reconstructions of how we *really felt* during a distant instance of doing X are all based on the same inputs—our general knowledge and intuitions. As one might suspect, given the overlap of inputs, they nicely converge (Schwarz, Kahneman, & Xu, 2009). In everyday life, this comforting conversion implies that our memories confirm the wisdom of our expectations and choices, which seem to require little revision; in research situation, the converging observations suggest that the measures are valid and reliable. Alas, our actual experience in situ may have been rather different—but unless we considered the implications of our feelings when we had them, the lessons we could have learned may be lost.

Next, we illustrate the convergence of predictions and global memories, and their divergence from recent episodic experience. We do so with a consumer product that many people enthusiastically want to spend their money on—a luxury car.

Does it feel better to drive a luxury car?

Almost everyone assumes that driving a luxury car is more enjoyable than driving an economy car. We asked University of Michigan undergraduates how intensely they would feel each of 10 positive (e.g., happy, thrilled) or 10 negative (e.g., depressed, frustrated) emotions while driving a BMW, a Honda Accord, or a Ford Escort (on a scale from 0=not at all to 6=very much). Consistent with widely shared intuitions, they expected that the intensity of positive feelings increases with the value of the car, whereas the intensity of negative feelings decreases; the first row of Table 1 shows their predictions of positive affect. The second and third rows show that students' predictions are consistent with drivers' global retrospective reports of how they *usually* feel while driving their cars. Specifically, we asked University of Michigan faculty and staff (second row) and participants in a web survey (third row) which car they drive (brand, model, and year) and, subsequently, how they “usually” feel while driving it; they answered on the same affect scales along which students made their predictions. Next, we used (the natural log of) the cars' Kelley Bluebook values as an indicator of car quality and tested whether car quality was a significant predictor of drivers' reported emotions. Apparently confirming everybody's intuitions, the drivers reported more positive emotions the more valuable their car was. Table 1 shows the estimated mean scores for drivers' positive affect while driving cars corresponding to the Bluebook values of a BMW, Honda Accord, or Ford Escort and the corresponding regression analysis treating car value as a continuous variable. In short, the students' hedonic predictions seem right on target, even though many of them may never have driven the cars they made predictions about.

But as theoretically predicted, episodic reports of the drivers' experience paint a different picture. In the episodic reporting conditions, we asked university faculty and staff to recall their

Table 1

Drivers' hedonic experience as a function of car value and reporting condition.

	BMW	Honda Accord	Ford Escort	Test statistic
Prediction				
Students N=177	4.53	3.10	1.91	$F(2, 170)=70.49, p<.001$
Global recall				
Faculty and staff N=91	4.99	4.21	3.38	$\beta=.45, t(89)=4.77, p<.01$
Web survey N=80	4.88	4.19	3.50	$\beta=.38, t(78)=3.52, p<.01$
Episodic recall				
Faculty and staff N=78	2.67	2.53	2.31	$\beta=.13, t(76)=1.09, ns$
Web survey N=79	2.16	2.29	2.42	$\beta=-.16, t(77)=1.41, ns$
Episodic recall: Driving for fun				
Web survey N=42	4.83	4.46	3.97	$\beta=.46, t(40)=3.28, p<.01$

Note. Participants reported on the intensity of 10 positive emotions (0=not at all; 6=very much); reports were averaged and higher values indicate more positive feelings while driving. Students' predictions pertained to BMW, Honda Accord, or Ford Escort; all other ratings pertained to drivers' own cars and the entries are estimated means at the Bluebook values corresponding to BMW, Honda Accord, or Ford Escort. Table adapted from Xu (2007).

most recent commute to work (that is, an episode from the same day) and to report how they felt during that specific episode of driving. Only after they had reported their feelings, did we ask them what car they drove. In this case, the quality of the car driven, as indexed by (the natural log of) its Bluebook value, was thoroughly unrelated to the drivers' affective experience, as shown in the fourth row of Table 1. Similarly, we asked participants in the episodic reporting conditions of the web survey to recall the last time they drove their car for 20 min or more and to indicate the nature of this trip before they reported how they felt during this specific episode of driving. Only after they had reported their feelings, did we ask them what car they drove. Again, the quality of the car driven was unrelated to the drivers' affective experience, as shown in the fifth row of Table 1.

In sum, students predicted that driving a luxury car feels better than driving an economy car and drivers' global reports of how they usually feel while driving their cars “confirmed” this prediction. However, episodic assessments of how drivers felt during a recent specific instance of driving their cars revealed no difference in hedonic experience; according to their episodic reports, drivers felt just as good in an economy car as in a luxury car. In combination, these findings make a simple but important point: The car matters when the car is on the driver's mind, but not otherwise. When asked to report how they *usually* feel while driving their car, drivers think about their car to arrive at an answer. This is also what others do when asked to predict the driver's feelings, resulting in the observed convergence of students' predictions and drivers' global reports. In both cases, the positive attributes of luxury cars result in higher reports of expected or experienced positive affect; other aspects of the

activity, from quarreling kids on the back seat to traffic jams and pressing concerns, receive little attention. If consumers followed Dunn and colleagues' (2011, p. 18 ms) wise recommendation to "think about what you're not thinking about" they might notice, although attempts to correct for focusing effects have rarely been successful (see Ubel, Loewenstein, & Jepson, 2005; Ubel, Loewenstein, Schwarz, & Smith, 2005). In situ, however, the driver's experience is quite different. While driving, the driver's mind is preoccupied with the mundane issues of daily life and the attributes of the car make little difference, as seen in drivers' episodic reports. Instead, the driver's feelings depend on what the driver attends to at the moment, which are often things related to the purpose of the trip—driving to a leisure event ($M=3.08$), for example, feels better than commuting to work ($M=2.11$), $t(52)=3.40$, $p<.01$ (data from the web sample, row 5).

That our feelings depend on what we attend to (e.g., Kahneman et al., 2004, 2006) is one of the reasons why experiential purchases have more impact on our feelings than nonexperiential ones (e.g., Van Boven & Gilovich, 2003), as Dunn and colleagues (2011) emphasize. The whole point of an experiential purchase is to have an experience, increasing the likelihood that we attend to it. This logic also predicts that the car *should* make a difference when the car is on the driver's mind, that is, in car-focused episodes. In our web survey, such episodes were very rare and only one respondent reported "driving just for fun", that is, an activity that turns a material possession into a vehicle for experience. Hence, we asked another group of respondents to think of the last time they were driving their car just for fun; to reduce episodic recall problems, only participants for whom less than 1 week had passed since that episode were included in the analysis. As in the episodic reports discussed above, participants reported their feelings before identifying what car they drove. The bottom row of Table 1 shows the results. As expected on theoretical grounds, the positive affect reported for these episodes increased with (the natural log of) the Bluebook value of the car. Thus, during car focused episodes of driving—like "driving for fun"—driving a BMW is indeed more fun than driving an Escort; but most of the time something else is on the driver's mind and the car itself makes little difference. By the same token, new cars are indeed likely to be a true source of pleasure—as long as they are new enough to capture the driver's attention; once they become familiar, other things will dominate the driver's mind. Conversely, a stuttering old clunker will be a source of negative emotions when its unreliability is on the driver's mind, but not otherwise.

Unfortunately, as drivers, we have no intuitive insight into these contingencies. Whenever we think about our cars, we are likely to do just that: *think about the car*, not about a specific episode of driving. And once the car is on our mind, features of the car figure prominently and dominate our judgment. This is especially the case when we consider spending our money on a new car and test-drive possible candidates. During the test drive, our attention is focused on the car and the more luxurious it is, the better we feel while driving it—this experience is real, visceral, and compelling. What we miss is one simple thing: once we have owned the car for a few weeks, other things will

be on our minds while driving and we would feel just as well driving a cheaper alternative.

The trouble with experiential purchases

Whereas the belief that a luxury car will be an enduring source of joy may entice consumers to spend their money on the wrong thing, other beliefs discourage consumers from spending their money on the right things. Dunn and colleagues (2011, p. 3 ms) advise us to "buy experiences instead of things." Many consumers hesitate to do so because things will be around for a while and have some enduring value, whereas experiences will soon be history. Hence, under the sway of the Protestant ethic (Weber, 1958), spending on hedonic enjoyment is often seen as wasteful and in need of special justification. In fact, American consumers believe that indulging in pleasure is itself more enjoyable when they have a good justification for it (e.g., Kivetz & Simonson, 2002). Paralleling the rationale of the above car studies, we found in other work (Xu & Schwarz, 2009) that justifications play a big role in consumers' hedonic predictions and global memories, but not in their episodic experience. While contemplating whether they should spend on an indulgent meal, for example, justifications loom large in consumers' minds and they predict that a well-justified indulgence is more enjoyable than a poorly justified one. The same expectation also guides their global reconstructive memories, apparently confirming the wisdom of their predictions. But when the indulgent meal is served, their attention is focused on the pleasures of the moment and they enjoy their indulgence as much with a reason as without one. Other findings, pertaining to a broad range of consumption activities, reiterate the observation that hedonic expectations, memory, and choice on the one hand, and actual in situ experience on the other hand, are often poorly related (e.g., Wirtz, Kruger, Scollon, & Diener, 2003). As Dunn and colleagues' (2011) review highlights, people spend their money on things that do not give them as much pleasure as they expect, yet they keep doing so without revising their expectations.

What to do about it?

We began this commentary by asking: why do we need psychologists' advice on how to spend our money, instead of figuring this out from experience? We propose that our chance to learn from experience is impaired because hedonic experiences are fleeting (Robinson & Clore, 2002) and not accessible to introspection once some time has passed. As a result, we usually rely on our general knowledge to reconstruct what the experience must have been, as we do in other domains of autobiographical memory (Ross, 1989). This knowledge is also what we use to make hedonic predictions, with the comforting outcome that our memories are likely to confirm that our predictions were correct and our choices wise. Unfortunately, the in situ experience may have been quite different; but unless we revisited our predictions in situ, we missed the chance to learn from the discrepancy. Once again, Dunn et al.'s (2011) advice is right on target: think about what you're not thinking

about and pay attention to the experience of others, not only to the simulations in your own head.

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