When It Could Have Been Worse, It Gets Better? the Effect of Uncertainty on Hedonic Adaptation

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Consumers’ overall happiness with a sequence of experiences fades slower when they are unsure if the sequence of upcoming consumption experiences will be uniformly positive or not. This is driven by the mitigating role that happiness with acquisition plays in slowing hedonic adaptation. Four experiments demonstrate and explain this phenomenon.

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New Directions in Hedonic Adaptation for Consumer Well-Being
Chair: Kelly Kiyeon Lee, Washington University in St. Louis, USA

Paper #1: Love it Longer: Sentimental Value Slows Hedonic Adaptation
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Paper #3: Favorites Fall Faster: Greater Liking leads to Greater Satiation
Alexander DePaoli, Stanford University, USA
Uzma Khan, Stanford University, USA

Paper #4: When it Could Have Been Worse, it Gets Better? The Effect of Uncertainty on Hedonic Adaptation
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SESSION OVERVIEW
Consumers adapt to hedonic experiences, making positive experiences less enjoyable over time (Frederick and Loewenstein 1999). This adaptation occurs in a variety of contexts such as winning the lottery (Brickman, Coates, and Janoff-Bulman 1978), eating one’s favorite ice cream (Kahneman and Snell 1990), listening to a well-liked song repeatedly (Galak, Kruger, and Loewenstein 2013), and receiving a salary raise (Frey and Stutzer 2002). Despite the prevalence of hedonic adaptation, consumers are poor at predicting how various hedonic experiences will make them happy over time (Kahneman 1999; Kahneman and Snell 1990), which can lead consumers to choose products that make them less happy over products that make them happier. This symposium focuses on investigating what product purchases or experiences can improve consumer happiness or well-being in the face of adaptation.

The first paper by Yang and Galak proposes sentimental value as a new component of the happiness that consumers derive from products in addition to feature-related utility. It shows that consumers adapt more slowly to products that have high sentimental value because the sentiment acts as a buffer against the decrement in feature-related utility on hedonic adaptation. These results point out that increasing the sentimental value of products can prolong consumer happiness.

The second paper by Lee, Cryder, and Nowlis demonstrates that consumers adapt less to utilitarian than hedonic products. This reduced adaptation to utilitarian products (vs. hedonic products) leads consumers to be more satisfied in the long run with their utilitarian spending. These findings suggest that simply emphasizing utilitarian or functional benefits of products may reduce hedonic adaptation and make consumers happier with their purchases.

The third paper by DePaoli and Khan shows that consumers adapt slower to products that they initially like less than products that they initially like more. Further, the paper demonstrates a boundary condition for this effect. Because liking is an affective response to products, when features or products are framed as practical, the effect no longer exists. These results imply that choosing products or experiences that are liked (but not choosing the very favorite) could lengthen consumer enjoyment.

The fourth paper by Yang, Gu, and Galak demonstrates that when consumers are unsure whether the sequence of consumption experiences will be uniformly positive or not, they tend to adapt to the sequence of experiences more slowly than when they are aware that the sequence will be uniformly positive. This effect applies only to happiness with acquisition, not happiness with consumption. These findings suggest that making consumers’ upcoming experiences unpredictable can slower hedonic adaptation to the experiences.

Taken together, four papers in this special session demonstrate the recent advances in hedonic adaptation, while also offering new perspectives on improving consumer well-being. As such, we expect this special session to appeal a wide audience who is interested in hedonic adaptation and/or consumer well-being.

Love it Longer: Sentimental Value Slows Hedonic Adaptation

EXTENDED ABSTRACT
One of the ultimate goals that consumers pursue is to maximize their happiness (Russell 2012). Although any improvement in acquisition and consumption may increase the level of happiness, the increased happiness may not persist. One reason for this is hedonic adaptation, defined as a decrease in hedonic response to a stimulus over time (Frederick and Loewenstein 1999; Helson 1964).


All of this work, however, makes the assumption that the sole inputs to hedonic adaptation are the product features. We suggest, instead, that the happiness a consumer derives from a product is a function of at least two components: feature-related utility and sentimental value. We define sentimental value as the value derived from the associations with a person or an entity or from the associations with an event or time in one’s life. For example, a product can have sentimental value because it was received as a gift from a person one loves, or because it is a token that represents a particular life event (e.g., a souvenir from a vacation).

In four studies, we demonstrate that sentimental value slows hedonic adaptation and examine the process underlying the effect. Study 1 is an initial demonstration of the slowing effect of sentimental value on adaptation. Participants listed either all gifts they received or all purchases they made during a Christmas holiday season, and indicated happiness with each item across two time periods, shortly after acquisition and 45 days later. We found that gifts were more sentimentally valuable than their purchased counterparts, and consumers adapted to gifts more slowly than to purchases.

In Study 2, we controlled for the item in question and experimentally manipulated the sentimental value of items in the lab. Study 2 consisted of three parts spaced approximately 9 months apart. During the first part, in thanks for completing a short task, participants received a gift either from the experimenter (i.e., the low-sentimental value condition) or from their romantic partner (i.e.,
the high-sentimental value condition). Specifically, participants in the low-sentimental value condition were told: “Thank you for your participation. You also get a reward.” Each male participant was then given a calendar toy and each female participant was given a handmade grass toy. In contrast, participants in the high-sentimental value condition were told: “Thank you for your participation. You also get an opportunity to choose between two gifts.” The gifts were placed inside opaque boxes labeled “for myself” and “for my partner” and participants could not see inside the boxes. To ensure that participants in both conditions received the same item, male participants in the high-sentimental value condition always had the calendar toy in the box labeled “for myself” and the grass toy in the box labeled “for my partner,” and female participants had the opposite. In this way, when both participants chose to have their partners receive the gift, men would always receive the calendar toy and women would always receive the grass toy, just like participants in the low-sentimental value condition. Next, if both participants chose to give the gift to their partner, the experimenter asked them to both, simultaneously, walk to the middle of the room to exchange gifts. Twenty-six out of 28 couples who were in the high-sentimental value condition, chose to give the gift to their partner. Finally, participants indicated their happiness with the gift across three time periods, shortly after acquisition, 3 months after acquisition, and 9 months after acquisition. Results showed that gifts received from participants’ partners had a higher sentimental value than gifts received from the experimenter. Participants adapted to gifts received from their partners more slowly than to gifts received from the experimenter. Also, participants demanded a higher selling price for the gifts from their partners than for the rewards from the experimenter.

Study 3 examined whether objects with high sentimental value spontaneously brought to mind more associations related to a person or entity or associations to an event or time objects with little sentimental value, and test to what extent these associations determined sentimental value and the rate of hedonic adaptation. Participants were asked to recall a good they received in the previous year which has either lots or little sentimental value to them, listed all the thoughts they had when thinking of the object, and indicated their happiness with the item at the moment they got it and now. Participants’ thoughts were then coded into two categories: thoughts related to the item itself (e.g., appearance, function, specifications, price, and how they feel about the item itself), and thoughts related to associations (e.g., memories induced by the product, and how they feel about those memories). We found that participants in the high-sentimental value condition listed significantly more association-related thoughts, which then contribute to the formation of sentimental value and slow the process of hedonic adaptation.

Why does sentimental value slow hedonic adaptation? We propose that happiness with a product is a weighted sum of at least two components: feature-related utility and sentimental value. Sentimental value slows hedonic adaptation as a result of two processes. Firstly, sentimental value moderates the effect of feature-related value on happiness, such that, the higher sentimental value an object has, the lesser influence the feature-related utility exerts on happiness. Secondly, whereas feature-related value decreases with time, sentimental value does not. Study 4 tested these proposed processes simultaneously and lent support to them.

To conclude, whereas previous research focused on how product features influence hedonic adaptation, we introduce the idea of sentimental value, demonstrate that sentimental value slows hedonic adaptation, and examine the underlying process.

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**Jimmy Choo vs. Nike: Experienced Adaptation for Hedonic vs. Utilitarian Products**

**EXTENDED ABSTRACT**

Humans are highly sensitive to changes in their environment, but over time, tend to adapt. Events such as romantic breakup can be experienced intensely at first, but diminish in influence more quickly than anticipated (Gilbert et al. 1998). At a perceptual level, initial changes in brightness or temperature are quite noticeable, yet can become a new normal as adaptive processes kick in. Such adaptation has been theorized to be advantageous from the perspective that if negative events persist, they are likely unchangeable and therefore are unworthy of additional attention or effort. Similarly, if positive events persist, they are unlikely to disappear and thus energy may be better directed towards new opportunities (Fredrick and Loewenstein 1999). The pervasive tendency for humans to become less affected by changing circumstances has led scholars to conclude that adaptation to “new products and changing circumstances is a ubiquitous feature of human psychology” (Wang, Novemsky, and Dhar 2009).

In this paper, we investigate whether adaptation is indeed a ubiquitous feature of unvarying circumstances or whether such adaptation is relegated to particular contexts. Specifically, in the domain of consumer experience, we test whether consumers adapt uniformly to hedonic and utilitarian products. According to Sheldon and Lyubomirsky (2012), happiness coming from positive changes abates with time due to the transitory nature of intense emotions. We therefore suggest that because hedonic products are more emotionally infused, they are likely to prompt intense emotional reactions such as excitement at the time of purchase. However, this powerful emotional response is unlikely to last. Utilitarian products, in contrast, are less likely to be purchased for affective reasons, and instead have justifications that are more enduring. We propose, therefore, that because consumers have greater emotional reactions when purchasing hedonic products, consumers will exhibit a steeper rate of adaptation to hedonic relative to utilitarian products.

In Study 1, participants were asked to indicate their attitudes toward an MP3 player (hedonic product) or a printer (utilitarian product) that they bought, rating their attitudes both prior to the purchase (pre-attitude) and at the time of completing the survey (post-attitude). Participants showed a greater decline in attitudes over time with MP3 players ($M_{pre-attitude} = 5.87$ vs. $M_{post-attitude} = 4.46$; $F(1, 67) = 46.81, p < .001$) than with printers ($M_{pre-attitude} = 5.12$ vs. $M_{post-attitude} = 4.34$; $F(1, 71) = 16.98, p < .001$). Consistent with our prediction, consumers exhibited greater adaptation to hedonic than to utilitarian products.

In Study 2, we examined consumers’ lay beliefs about adaptation to hedonic versus utilitarian products. Participants were asked to predict their attitudes toward a particular product both prior to their purchase (pre-attitude) and 6 months after their purchase (post-attitude). For hedonic products, MP3 players (males) and fun dress shoes (females) were used whereas for utilitarian products, printers (males) and practical shoes (females) were used. Results showed that participants predicted the same rate of decrease in attitudes from pre-purchase to post-purchase for both hedonic and utilitarian products ($F < 1, p = .36$). This finding suggests that consumers do not predict differential adaptation rates for hedonic and utilitarian products.

The purpose of Study 3 was to investigate how hedonic adaptation influences consumers’ regret from their purchases. Participants were asked to indicate their pre-attitudes and post-attitudes toward both a hedonic and a utilitarian product. In this study, we used a new operationalization of hedonic versus utilitarian items by manipulating price levels within the same product category: expensive shoes
in the hedonic condition and inexpensive shoes in the utilitarian condition. Our manipulation check confirmed that expensive shoes are considered significantly and substantially more hedonic than inexpensive shoes (t(119) = 3.08, p < .01) and inexpensive shoes are considered significantly more utilitarian than expensive shoes (t(118) = -2.07, p < .05). After indicating their pre-attitudes and post-attitudes, participants rated their purchase on financial wisdom scales: “To what extent would you say this purchase was money well-spent?” and “To what extent do you think the money spent on this purchase would have been better spent on something else—some other type of purchase that would have made you happier?” (Van Boven and Gilovich 2003). Consistent with the findings in Study 1, participants showed a greater decline in attitudes (M_difference = 1.49) for expensive rather than inexpensive shoes (M_difference = 0.56; t(113) = 3.01, p < .01). Importantly, the greater adaptation to expensive shoes (vs. inexpensive shoes) was associated with greater regret for their spending. Participants indicated that inexpensive shoes purchases (M = 7.49) represent money better spent compared with expensive shoes purchases (M = 6.69; t(120) = -2.29, p < .05). Participants were also more inclined to say that the money spent on expensive shoes (M = 3.93) could have been better spent elsewhere compared to the money spent on inexpensive shoes (M = 2.87; t(120) = 2.54, p < .05).

Finally, study 4 tested whether emotional excitement can mediate the effect of product type (hedonic vs. utilitarian) on attitudes. Participants were asked to indicate their pre-attitudes and post-attitudes toward either an expensive handbag (hedonic product) or an inexpensive handbag (utilitarian product) that they currently own. They were also asked to indicate their pre-excitement and post-excitement toward the handbag. Additionally, they completed the same financial wisdom scales as in Study 3. Participants showed a greater decline in attitudes over time with expensive handbags (M_post-attitude = 4.33; F(1, 41) = 35.94, p < .001) than with inexpensive handbags (M_post-attitude = 5.30 vs. M_post-attitude = 4.60; F(1, 38) = 12.11, p < .01), replicating our findings in previous studies. Importantly, we found that participants’ excitement mediated the observed effect. Lastly, we also replicated our findings for consumer regret: once again, participants reported greater regret for expensive handbag purchases compared to inexpensive handbag purchases.

Contrary to consumers’ lay beliefs that they adapt uniformly to hedonic and utilitarian products, we find that consumers adapt more to hedonic than to utilitarian products. Furthermore, we find negative consequences of hedonic purchases due to consumers’ heightened regret for hedonic compared to utilitarian purchases.

In four studies, we find evidence that for initially well liked products, participants sate faster than for initially less liked (although not disliked) products. This effect is observed when the differences in initial liking are due either to consumer preferences or to experimental manipulation.

In Study 1, participants were presented with one of two Monet paintings pretested such that our population significantly preferred one over the other (p < .0001). Consistent with existing procedures (e.g., Redden 2008; Galak, Redden, and Kruger 2009), participants viewed either the More-Liked or the Less-Liked painting, and rated their liking of the image (on an unmarked 100-point scale) over 10 periods. The results indicate that participants did indeed prefer the More-Liked image (M = 71.6, SD = 20.9) over the Less-Liked image (M = 42.4, SD = 27.4; p < .0001). More interestingly, participants viewing the More-Liked image sated at a faster rate (i.e., their slope was steeper) than did participants viewing the Less-Liked image (B = -3.74, p < .01). Furthermore, participants across both conditions who initially liked their image more sated more quickly (B = -0.24, p < .001), suggesting that individual preferences are also predictive of rate.

Study 2 demonstrates that this effect also occurs when initial preferences for a product are experimentally manipulated. Past research suggests that having a choice influences affective outcome evaluations (e.g., Iyengar and Lepper 2000; Botti and McGill 2011), so we manipulated initial liking using choice. All participants viewed the same image, but they were either told they could choose the stimulus they would view, or that it would be randomly assigned to them. This choice manipulation produced a significant difference in initial liking (M_choice = 27.42, SD = 16.56 vs. M_no-choice = 26.87, SD = 16.93; p < .001). In turn, high initial liking again predicted a faster rate of satiation (B = -0.04, p < .01). Note that the choice manipulation did not directly predict the rate of satiation (B = .16, ns), but had an impact by influencing the level of initial liking, which in turn predicted the rate. In other words, the results were an effect of higher initial liking, not an effect of “choice.”

Studies 3 and 4 sought to demonstrate that the process of greater liking leading to faster satiation involves hedonic responses to products. Because this process hinges on “liking,” which is an affective evaluation of the product, we predicted that we would only observe the effect for hedonic rather than utilitarian products (Khan et al. 2004; Alba and Williams 2013).

In Study 3, participants listened to a ringtone, and were asked to rate either their enjoyment (hedonic evaluation) or the effectiveness (utilitarian evaluation) of the ringtone over 10 periods. Participants demonstrated significantly more satiation when rating on the hedonic scale (B = -.190, p < .001). Hedonic ratings fell significantly from M = 57.90 (sd = 24.75) to M = 32.71 (sd = 26.53; t(117) = 5.38, p < .001), whereas utilitarian ratings only fell marginally from M = 66.26 (sd = 22.52) to M = 58.18 (sd = 28.97; t(111) = 1.70, p = .09). Initial ratings were not predictive of satiation for the utilitarian scale (B = -.02, p = .21), but were highly predictive of the rate of satiation on the hedonic scale, such that higher ratings predicted steeper slopes as hypothesized (B = -.08, p < .0001).

Study 3 demonstrated that the effect of initial rating on satiation rate occurs when considering the hedonic but not the utilitarian aspects of a product. Study 4 sought to build on this by manipulating whether participants merely thought of a ringtone as a more hedonic or a more utilitarian product (though priming), and then asking them to simply “rate the ringtone.” With this more subtle manipulation, we again found no effect on satiation rate of initial scores for the utilitarian participants (B = -.01, p = .20), but a significant effect for the hedonic participants (B = -0.03, p < .05). We conclude that higher...
initial liking of the ringtone predicts faster satiation only for products considered to be hedonic.

Besides being theoretically important to the satiation literature, our findings offer substantive insights. The effect suggests that offering hedonic consumption experiences that are too well liked may cause faster disengagement, or even disadoption, as consumers become satiated. Likewise, for consumers looking to maximize the prolonged enjoyment of their own hedonic consumption, it might be advisable to opt for goods or experiences that they like, but that are perhaps not their very favorite. Future directions for this research are focused on determining the mechanism underlying the phenomenon.

When it Could Have Been Worse, it Gets Better? The Effect of Uncertainty on Hedonic Adaptation

EXTENDED ABSTRACT

Consumption often involves positive experiences. Unfortunately, positive experiences are not always guaranteed, and experiences that were expected to be enjoyable turn sour. For example, a reliable car may fail to start one morning, a bottle of favorite wine may turn, and a chef may overcook a dish.

Consumers who are assured that they will always have positive experiences should be better off than consumers who are uncertain whether their current positive experiences will persist. That is, the negativity associated with not knowing whether an experience will be positive or negative is aversive and, thus, presumably, lowers enjoyment. Indeed, consumers spend time and money to find ways to avoid unreliable products, such as buying financially unreasonable insurance policies (Chen et al. 2009).

Contrary to this notion, we instead propose that consumers who are uncertain whether their positive experiences will persist can actually be better off, because uncertainty about the valence of individual experiences in a sequence of experiences affects the rate of hedonic adaptation. Specifically, we propose that consumers’ overall happiness with an experience fades more slowly when they are unsure of whether the sequence of upcoming consumption experiences will be uniformly positive. Said otherwise, holding the actual valance of all components in a sequence of experience positive, when consumers are unaware of whether each of these components will be positive or negative, they tend to adapt to the sequence slower than when they are aware that the sequence is going to be uniformly positive.

We propose that the reason for this distinction is because happiness with an experience is comprised of at least two components: happiness with acquisition (i.e., the extent one is happy with getting to experience a stimulus), and happiness with consumption (i.e., the extent one enjoys the stimulus itself).

Happiness with acquisition is a relative construct (Hsee et al. 2009) and thus heavily depends on the alternatives that one might have acquired. When positive experiences are not guaranteed, consumers compare their current positive experiences with alternative negative experiences (i.e., counterfactuals) and, presumably, experience happiness associated with avoiding a negative alternative. In contrast, when positive experiences are guaranteed, although consumers might generate counterfactuals at the beginning, the counterfactuals become less salient overtime. Therefore, consumers are initially happy with acquiring the positive experiences, but their happiness with acquisition will fade very quickly over time. Contrarily, happiness with consumption is more inherently evaluable and less susceptible to the alternatives one might have acquired (Hsee et al. 2009; Morewedge et al. 2010; Novemsky and Ratner 2003). Therefore, consumers may derive the same level of happiness from consumption, but this happiness fades regardless of the uncertainty of future positive experiences.

We test how these two components combine to form total happiness for a product. We predict that when consumption valence over a sequence of experiences is uncertain, consumers devote more attention to the happiness with acquiring the positive experiences (e.g. “I’m so lucky! I might have gotten a worse experience.”), than they do to happiness with consumption. Thus their overall happiness mainly depends on their happiness with acquisition. In contrast, when the valence of experiences within a sequence is known to be uniformly positive, more attention is paid to the happiness with consumption, which, unfortunately for consumers, fades with repetition. We test these propositions across four studies.

Study 1 served as an initial demonstration of our predictions. Participants were told that we had two photographs: a relaxing beach photo (positive experience) and a disturbing eye surgery photo (negative experience), and that they would view 10 photographs. Those in the Certain condition were told that they would view the beach photo 10 times in a row. Those in the Uncertain condition were told that they would view the beach photo at the first time and then from the second time, there would be a chance that they would view the disturbing eye surgery photo. All participants were actually shown only the beach photo 10 times, though those in the Uncertain condition believed that they could be shown the eye surgery photo any time after the first iteration. After each iteration, participants indicated their overall momentary level of happiness. Consistent with our hypothesis, though all participants enjoyed the photos less with each iteration, this decrease was smaller for participants in the Uncertain condition.

Studies 2 and 3 demonstrate that uncertainty influences the happiness with acquisition but not the happiness with consumption. Study 2 was identical to Study 1 except that participants indicated their happiness with acquiring the target photo (positive photo in all cases), happiness with the photo itself, and overall happiness (a 2 (Certainty) x 3 (Measure) full factorial between-subjects design). Consistent with our hypothesis, happiness with consumption decreased regardless of the certainty condition, but happiness with acquisition and overall happiness decreased more slowly in the Uncertain condition. Study 3 replicated these findings with food stimuli (using pleasant M&M chocolate candy as the positive stimulus and unpalatable vinegar water as the negative stimulus).

Study 4 was identical to Study 2 except for two critical differences. First, the three types of happiness measures were administered within-subjects. All participants indicated their overall happiness first, and then happiness associated with being exposed to the target photo and happiness with consumption (the order of the last two questions were counterbalanced). Second, participants answered the happiness questions twice, once after the first time they viewed the picture, and once after the last time. Replicating our previous findings, overall happiness with acquisition decreased more slowly in the uncertainty condition than in the certainty condition, yet the decrease in happiness with consumption was not significantly different across conditions. More importantly, regression analyses revealed that when participants were certain about their future experience, happiness with acquisition and happiness with the experience jointly predicted overall happiness. In contrast, when people were uncertain about their future experience, happiness with acquisition predicted overall happiness, but happiness with consumption did not. Further mediation analysis indicated that the decrease in happiness with acquisition, but not happiness with consumption, mediated the effect of uncertainty on hedonic adaptation.
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