Functional Regret: the Positive Effects of Regret on Learning From Negative Experiences

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Prior literature on regret has focused on its negative effects. We propose that regret is functional and guides decision making in a specific way. Manipulation of only the emotional component of experienced regret leads to better performance on decisions within the domain where regret was experienced, but not in dissimilar domains. While negative emotion can harm decision making in dissimilar domains (e.g., making people more impulsive in a shipping task), regret causes learning in the domain it was experienced (e.g., making people more conservative in willingness-to-pay for related products).

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Popular wisdom encourages people to “Learn from experiences” while placing equal importance on not regretting anything. This implies that people can gain all the necessary information from their mistakes, without enduring any of the pain. Previous literature has focused mainly on the detrimental effects of regret. For example, Zeelenberg and Beattie (1997) found that participants who have lost money in a negotiation task perform badly (to the point of losing money) on a subsequent negotiation task.

Other related literature has shown that emotion, in general, can cause negative outcomes. Shiv, Loewenstein and Bechara (2005) showed that brain damaged patients who do not suffer negative emotional feedback after a financial loss end up making more money in the task. These patients were not swayed to a set of investments that had low-yield, but less risky, outcomes. In the current research, we take the evolutionary perspective that regret, as with any emotion, is functional. Therefore, we posit that regret (i.e., negative emotion) is a necessary condition for learning from negative experience.

Further, we make an important contribution by testing the effects of the emotional side of regret, while keeping cognitive feedback constant. Zeelenberg (1999) has noted that regret is made up of both cognitive and emotional components. To the best of our knowledge, no research has examined only the emotional component. Rather, comparisons have always been drawn between groups of people who have had negative cognitive feedback (experience regret) and groups of people who do not experience negative feedback. Our research draws conclusions on the effects of regret on learning from comparing people who feel more or less regret. Also, much research has shown the effects of anticipated regret, while we show that experienced regret can be beneficial.

The current research provides evidence that regret is helpful for learning from past mistakes. In addition, we show that this emotion-learning is domain dependent. That is, feeling regret does not result in a global state where people make better decisions. In fact, we posit that the negative emotion caused by regret will negatively affect decisions made outside the domain in which it was felt. However, subsequent decisions that are similar to the decisions that caused regret will benefit from regret. This results in our two hypotheses:

H1: For participants who experience regret to a greater degree, subsequent decisions that are similar to the regretted decisions will be better than for participants who experienced regret to a lesser degree.

H2: For participants who experience regret to a greater degree, subsequent decisions that are dissimilar to the regretted decisions will be worse than for participants who experienced regret to a lesser degree.

Our design results in two factors: felt-regret (high vs. low) and decision type (domain: similar vs. dissimilar). Regret was manipulated between subjects and decision type was measured within subjects. Undergraduates entered the lab and were seated in individual rooms. Past literature has shown that caffeine can heighten emotional arousal (see Sawyer, Julia and Turin 1982 for a review), so we manipulate the extent of felt-regret with caffeine. Participants were told that they’d be asked to drink and evaluate coffee. Half of the participants were given regular coffee (caffeinated) and half were given decaffeinated coffee.

Participants were then asked to evaluate pairs of products, and were given the chance to purchase the products with five endowed tokens. Three products (pencil, car decal and electronic game) were presented in increasing order of desirability (pre-tested), but participants believed the order was random and did not know when their last chance to “buy” a product would be. Therefore, most people purchased the second product (car decal) and were not able to mount the third product (electronic game). This resulted in our regret manipulation.

After the regret manipulation, participants were asked how much they would require to delay the arrival of a DVD they ordered by three or ten days. This delay measure measured impulsivity on a domain dissimilar decision (because shipping delays are quite different than decisions to buy small objects). Domain similar decisions were measured by taking willingness-to-pay measures on items similar to the regret manipulation items (e.g., keychain, game book, photo-frame). The key difference between the domain dissimilar (shipping delay) and domain similar (small objects) measures is that the shipping delay question is measuring impatience to receive an item, while the product measure is simply willingness-to-pay for an item.

Consistent with our conceptualization, we found in a repeated measures analysis that participants who had consumed caffeine (high felt-regret condition) were willing to pay less on similar items than participants who had decaf coffee (low felt-regret condition). This evidence is in line with hypothesis H1.

Consistent with hypothesis H2, participants who were in the high felt-regret condition did not perform as well when it came to decisions outside the learning domain as did the decaf participants. That is, when asked how much money they would need to delay the shipping of a DVD, participants who experienced greater regret required more money to delay the shipping by three or ten days.