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Times Restaurant Critic on Behavioral Economics

Interesting example of the endowment effect from New York Times restaurant critic Frank Bruni: <http://www.nytimes.com/2009/08/19/dining/19note.html?8dpc>

Summing up the quirky behaviors of his dining companions over his tenure as restaurant critic for the NY Times, Bruni describes the way his fellow diners--to whom he had randomly assigned dishes to be sampled--would become protective of "their" choices, defending their quality.

The endowment effect is linked to loss aversion: once people have something they hate to give it up (even more than they like getting it). In behavioral finance we think of this as a contributor to low savings rates: people are reluctant to trade off today's income (a gain) for savings towards tomorrow's nebulous consumption (a loss). We're working on projects to overcome this, by finding ways to make future gains more salient.

August 19, 2009