

Psychology of a Pack Rat

What's mine is better than yours.

BY CYNTHIA KINCAID



DO YOU EVER WONDER WHY YOU MIGHT NOT be able to throw anything away? Are your garage and closets bursting from all the things you have collected over the years: old college T-shirts, out-of-date clothing, sports equipment and rarely used furniture gathering dust? A new study just might have the answer.

New research highlights the neuropsychological connection people have to their possessions, especially when they anticipate the possible loss of those belongings. The study, published in *Neuron*, found that people tend to prefer things that they own. They believe their possessions have more positive features

than items that do not belong to them, even if they have owned the objects for only a short time. "When you get something, you just can't stand the thought of losing it. People don't like the thought that they might be deprived of that thing," says Brian Knutson, Ph.D., study author and associate professor

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of psychology and neuroscience at Stanford University.

This phenomenon is known as the “endowment effect” and can sometimes result in self-sabotaging behavior. “People ask for twice as much to sell something as they would pay to buy that same thing,” says Dr. Knutson. “This effect exists regardless of market conditions.”

STUDY DESIGN

To conduct the study, Dr. Knutson gathered a group of people and gave half of them mugs and half of them pens of equal value. He then asked how many would like to trade. “In a class of 100 to 200 people, only a handful of people wanted to do the trade,” he says.

During the study, Dr. Knutson’s subjects also bought and sold items such as noise-canceling headphones, iPod® Shuffle music players, iPod® alarm clocks, flash drives and other items ranging in price from \$60 to \$80. Participants were randomly given two items to keep before the experiment began. When it came to buying and selling, the subjects wanted twice as much to sell the items than they were willing to pay for them. “There was

no difference in how long they had owned these things; they had just gotten them,” Dr. Knutson says.

While the buying and selling went on, Dr. Knutson had his subjects’ brains scanned to determine activity in different parts of the brain. “Our hypothesis was that people wouldn’t want to lose what they had, and that’s why they jacked up the asking price,” says Dr. Knutson. “The other theory was that they would like what they had better and that would jack up the price.” Dr. Knutson found evidence for the first hypothesis. “When people looked at objects that they might sell, especially if they liked those things to begin with, we saw more activation in areas of the brain associated with anticipating loss. But we didn’t see any more activation in the area of the brain associated with anticipating gain.”

WHAT DOES ALL OF THIS MEAN?

According to Dr. Knutson, people lose money (sometimes lots of it) because of their attachment to things and the resulting endowment effect. “This isn’t some parlor trick that psychologists play on people,” he says. “This is a real effect that influences how efficient people are with

their market transactions, and it can cost them a lot of money.”

Dr. Knutson points to examples such as the costs that people incur when selling houses or cars or when moving ratty, out-of-date furniture across the country because they simply can’t part with it and paying storage fees every month for items they are unwilling to sell or give away.

Because of the endowment effect, Dr. Knutson advises hiring a real estate agent to sell your next home. “They don’t feel the pain of selling your house that you feel,” he says. “It’s their job to get you halfway in meeting the buyer, who is probably going to undervalue your home.”

He offers the same advice for other types of transactions as well. “If you have something valuable, and you want or need to sell it, it might be wise to have someone else sell it for you. They may do a better job of getting it sold.” ::

POINT OF CONTACT:

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