

The Effect of Poverty on Gift Giving Selection of Utilitarian or Hedonic Gifts

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Abstract

Gift giving is a universal exchange with significant cultural, interpersonal, and economic implications. The gift giving motivations and selection process may be influenced by the varying socio-economic status of gift givers and the culture of deprivation in economically poor societies. This paper hypothesizes that individuals living in poverty tend to gift more utilitarian products than those in other income groups due to differing gift giving motivations. A survey was used (N= 203) to investigate how poverty influences gift giving norms by exploring whether gift giving motivations in poor societies versus non-poor societies affects the selection of hedonic or utilitarian gifts. It asked participants from a range of socio-economic backgrounds to choose between a utilitarian gift and a hedonic gift at four different price ranges. Results found that the participants in the lowest income group chose a larger proportion of utilitarian gifts than the other income ranges. Consequently, it can be inferred that poverty may be correlated with a preference for utilitarian gift choices.

Introduction

The universal exchange of gifts lays the social foundation of our society. It is a means of communication as well as establishing and maintaining relationships. Gifts are given during occasions such as birthdays, weddings, festivals, valentine's day, and even significant occasions that are only relevant to the giver and receiver i.e., anniversaries. The exchange of gifts during such occasions is a tool used to reconfirm relationships and signal emotions like gratitude, love, affection, faithfulness or even hostility. Therefore, the act of gift giving is an integral part of most cultures and is used for different purposes.

Gift Giving practices and norms may vary across different cultures, communities, and even socio-economic backgrounds. It is known that poverty influences the lifestyle and standard of living of the poor but economists such as Frank Schilbach have found that poverty also impacts the 'psychological lives' of the poor (1). Individuals living in poverty are under high levels of stress caused by economic concerns, poor nutrition, and deprivation. These factors may lead to 'cognitive load' that influence the decisions the poor make. Moreover, the culture in poor societies is shaped by deprivation. The community may be more tight-knit and display a greater degree of interdependence than more affluent communities. A critical method to establish this affiliation in poor communities may be through the act of gift giving. Deprivation in poor societies and economic constraints on givers may lead to a culture of obligatory and self-interested

gift giving in which the primary motivation to gift is not to maximize the pleasure of the recipient but to maintain social standing and belonging in the community. The same motivation to gift may not be prevalent in more affluent societies. The differing gift giving motivation across socio-economic backgrounds may instigate different patterns of gift selection i.e., whether givers select hedonic gifts that offer sensory value or utilitarian gifts that offer practical value. Hence this research paper will aim to answer, 'What is the effect of poverty on gift giving behaviour and norms?'

Poverty and Culture

One might postulate that individuals living in poverty tend to gift more hedonic gifts that emphasize symbolic meaning and sensory experiences. This pattern of gift selection may occur as, due to the deprivation they experience, the poor are not able to frequently purchase products that offer primarily hedonic benefits such as pleasure and excitement. Hence, the poor might value hedonic products to a greater degree and gift them during special gift giving occasions. On the other hand, it can be argued that the poor primarily give gifts with utilitarian value. Due to monetary deprivation, individuals in poor communities may value products with practical value rather than hedonic products with aesthetic value and little practical use. Moreover, individuals living in poverty face economic deprivation and hence may not want to spend their funds on purchasing gifts. However, poor communities have a high need to establish affiliation and belonging. Therefore, they may gift not because they voluntarily wish to but because they feel obligated to do so for the purpose of maintaining social standing, making their primary gift giving motivation obligatory. This gift giving motivation may influence whether they select hedonic or utilitarian gifts.

The Psychology of Poverty

The poor's lifestyle and access to healthcare, education and nutrition is impeded by their economic deprivation. In the past decade, there has been growing interest in how poverty impacts not just the lifestyle but also the culture and the psychology of poor communities. Poverty influences the sociology of groups and the dynamics of relationships. Individuals in poor communities have a low sense of motivation to achieve and a high need for belonging, approval, affiliation, and dependency (2). Deprivation creates communities which give regard to decision-making based on status and authority rather than persuasion. Cultural norms and social taboos are more prevalent, and individuals tend to be more influenced by group pressure.

Gift Giving Motivations

We can classify the primary motivations behind gift giving into two broad categories:

1. Obligatory Gift Giving
2. Voluntary Gift Giving

Obligatory

The process of and motivation behind gift giving has been of great interest to researchers since Mauss (3). In his evaluation of the gift-giving process, he argued that gift giving is a symbolic exchange rooted in the systems of reciprocity and obligation. Specifically, the obligation to give, the obligation to receive and the obligation to repay. The obligation of gift-giving is based on the need to establish or nurture social relations, recognise social hierarchy and authority, meet moral or religious expectations, or expect a relationship of reciprocal gift-giving. The reciprocal process of gift giving is the moral basis of society and social interaction.

Broadly, we can identify two types of obligation: reciprocity and ritual. Reciprocity plays the role of a stabiliser, often creating a balance and making the relationship predictable. Gifting can also be motivated by rituals. In contrast to the reciprocal motivation, in some circumstances of gift giving such as a housewarming gift or the Indian practice of the bride's family gifting 'Dowry' to the groom's household, no reciprocity or reciprocal gift is expected. Rituals such as these are a part of modern society as well as primitive societies (4).

Voluntary

One type of voluntary gift giving is altruism. In contrast to Mauss' theory of obligatory gift giving, the idea of an altruistic motivation behind gift giving states that the act of gift giving does not need to be instigated by obligation. A motivation behind gift giving may be altruistic (wanting to maximize the happiness of a recipient) or agonistic (wanting to maximize the happiness or satisfaction of the giver) (5). Both these motives are voluntary.

Utilitarian and Hedonic Gift Classification

During the process of gift giving, givers must make choices regarding which type of gift to give. Broadly, we can classify consumption gifts as hedonic or utilitarian in nature. Hedonic gifts provide a more fun, pleasurable, exciting, and experiential dimension of consumption. Cosmetics, luxury products and jewellery are all hedonic gifts. Such products are primarily characterized by aesthetic pleasure, symbolic meaning, fulfilling fantasies and sensory experiences (6). Hedonic products also evoke greater emotional engagement (7). However, utilitarian gifts are practical and functional with non-sensory attributes such as a cooking pan, microwave, or vacuum cleaner. Hedonic and utilitarian products also appeal to gift buyers differently due to their benefits that are hedonic or utilitarian in nature. A utilitarian claim of a gift would be regarding a practical and functional benefit to the receiver while a hedonic claim would concern a benefit regarding symbolic meaning and sensory stimulation. It is important to note that utility and hedonic gifts are not independent. There are some gifts that provide both utilitarian as well as hedonic value. For instance, a gold bangle provides hedonic aesthetic pleasure as well as utilitarian use (i.e., gold is used as exchange for money). Further, a car may provide utilitarian value (the functional use of the car) as well as hedonic value (the aesthetic appeal of the car). However, the utilitarian and hedonic distinction has been useful to segregate purchases and gifts for both practitioners and researchers.

Gift Selection

How do gift givers decide whether to gift a utilitarian or hedonic product? What are their perceptions of gifts that are hedonic or utilitarian in nature? Is their preference influenced by whether they are the party consuming the product or gifting it to a receiver? When making a consumption decision, consumers need to choose between necessities and luxuries. Utilitarian products are associated with necessities and hedonic products are associated with luxuries.

Gift selection can be influenced by whether the gift giving motivation is primarily voluntary or obligatory. In 1990 Goodwin et al found that consumers who engage in the gift giving process due to a sense of obligation are more likely to give practical and utilitarian gifts (vs hedonic gifts) than those who give from a voluntary motivation (8). They found that the participants who gave utilitarian gifts did so due to an obligatory

motive as opposed to a voluntary motive, indicating that the gift giving motivation guides gift selection. Therefore, we can postulate that communities in which gift giving is primarily obligatory will broadly exchange utilitarian gifts. Individuals in poor societies have a heightened need for affiliation and belonging (2). Therefore, the primary gift giving motivation may be obligatory as it would be based on a need to maintain social bonds and status in the community. Due to the economic deprivation in poor communities and the gift giver's lack of monetary resources, most occasions of gift exchange may be due to a sense of obligation rather than a voluntary desire. Furthermore, groups living in poverty may value practical and functional gifts more as compared to hedonic and sensory gifts. Hence, we predict that poor communities display a greater obligatory motivation to gift and consequently gift more utilitarian products in comparison to other income groups.

Consequently, it can be hypothesized that:

H1: Individuals in poor communities will gift more utilitarian gifts than hedonic gifts as compared to those in other income groups.

H2: The differences in gift selection between poor and non-poor communities is mediated by the differing motivations behind the act of gift giving.

Data from the survey conducted found that those in the lowest or 'poor' income group selected more utilitarian gifts than all other income groups, depicting that poverty instigates the selection of utilitarian gifts as those in poor societies may gift from an obligatory motivation.

Results

The effect of poverty on gift giving was examined by conducting a survey to investigate whether those in the lowest income group would choose more utilitarian gifts as compared to the other income groups. The survey asked participants from 5 income ranges to choose between a utilitarian gift and a hedonic gift at four different prices ranges. The five income ranges were segregated in groups of ₹10,000. To analyse the findings, the income ranges were classified into the lowest or 'poor' income range of ₹10,000 to ₹20,000 and the 'non-poor' income ranges of ₹20,000 to ₹30,000, ₹30,000 to ₹40,000, ₹40,000 to ₹50,000, and above ₹90,000. The five income groups had 23, 49, 43, 41, and 48 participants respectively (Figure 1). Participants in the ranges

between ₹50,000 to ₹90,000 were not invited for the study as we aimed to investigate the gift giving patterns of extreme income groups.

The average number of times a utilitarian gift was chosen between the range of 0-4 times was calculated (Figure 2). We found that, on average, the number of times a utilitarian gift was selected in the 'poor' income group was higher as compared to the 'non-poor' income groups (Figure 3). The average number of times a participant from the 'poor' income group selected a utilitarian gift was 2.13 as compared to 1.41 from the 'non-poor' income group. Similarly, while the average number of times a participant chose a utilitarian gift in the 'poor' income group was 2.13, the other income groups averaged 1.57, 1.02, 1.51, and 1.52 times respectively. This depicts that poverty did influence the selection of utilitarian gifts.

For further analysis, we drew a distinction between individuals who selected 3 or 4 utilitarian gifts and those who selected 0 or 1 utilitarian gifts, which we labelled as 'Higher Utilitarian' and 'Lower Utilitarian' respectively. 43.48% of participants in the low-income range of ₹10,000 to ₹20,000 chose a 'higher' number of utilitarian gifts as compared to 24.49%, 13.95%, 24.39%, and 18.75% of participants in the other income groups respectively (Figure 4). 26.09% of participants in the low-income range of ₹10,000 to ₹20,000 chose a 'lower' number of utilitarian gifts as compared to 46.94%, 65.12%, 58.54%, and 60.42% of participants in the other income groups (Figure 5). This analysis showed that in comparison to the 'non-poor' income groups, the participants in the 'poor' income group displayed a notable preference for utilitarian gift choices. These results also convey that it is poverty or low-income rather than affluence or income that determines preferences for utilitarian or hedonic gift options. This is because the percentage of participants in the high-income group (18.75%) that chose 3 or 4 utilitarian gift options is close to the percentage of participants in the income ranges of ₹20,000 to ₹30,000 (24.49%) and ₹40,000 to ₹50,000 (24.39%) and even higher than the range ₹30,000 to ₹40,000 (13.95%) that chose a 3 or 4 utilitarian gift options. The only notable difference in the extreme low-income range of ₹10,000 to ₹20,000 (43.48%), depicting that it is specifically poverty or a low-income background that may impact gift selection.

We created an income categorical variable with 2 levels based on whether the subjects' income was less than ₹20,000 or not. This served as the primary independent variable in the analysis. We then regressed (Poisson regression) the number of times a subject chose the utilitarian gift option on the income categorical variable and found that

subjects whose income was less than ₹20,000 chose utilitarian gift option a greater number of times (beta = 0.41, SE = 0.16, p value = 0.0086).

Discussion

We hypothesized that individuals in poor communities will gift more utilitarian gifts than hedonic gifts as compared to individuals in affluent societies. Figures 3,4, and 5 do provide evidence that individuals from poor communities are more likely to gift utilitarian gifts than those in comparatively affluent communities. It can be inferred that it is poverty rather than affluence that influences gift selection as the only notable difference in the average number of utilitarian gifts chosen or the percentage of participants in an income group that chose either 3 or 4 utilitarian gifts was in the extreme low-income range. While the findings of the results can be applied to understand the preferences of those that do live in poverty, research must be done on those that live under the poverty line to establish that poverty influences gift selection.

We also hypothesized that the differences in gift selection between affluent and poor communities is mediated by the differing motivations behind the act of gift giving. Research done by Goodwin et al displayed that consumer who engage in the gift giving process due to a sense of obligation are more likely to give practical and utilitarian gifts (vs hedonic gifts) than those who give from a voluntary motivation. Consequently, it may be speculated that those in poor communities gift more utilitarian gifts because their gift giving motivation is obligatory. This sense of obligation stems from the culture of inter-dependence in poor societies and the need to establish affiliation. Whereas, those in more affluent communities or even slightly higher income groups do not gift as many utilitarian gifts because they gift from a voluntary motivation. However, this is largely speculative. Although the study shows a trend between those in low-income groups and selection of utilitarian gifts, empirical support for the mechanism is not shown.

It is also important to note that the study is correlational in nature and not causal. We acknowledge that based on the data used in this study, causation cannot be established between poverty/low-income and the selection of utilitarian gifts.

Although the study design may be an effective correlational measure of the relationship between poverty and gift selection, it does have its limitations. The study was conducted with participants residing in India as it is probable that the relationship between poverty and gift giving is more prominent in collectivist societies. However,

the findings are ethno-centrally biased and cannot be largely generalizable to individualistic cultures and other regions. Secondly, the study investigates the relationship between poverty and gift giving by exploring the effect of differing socio-economic backgrounds on gift selection. But it is not feasible to use the classic measure of poverty in India to allocate the sample into the respective conditions if an online survey was conducted. Hence, the findings of the study could be applied to poverty to draw a conclusion on the effect of poverty on gift giving but the sample is not largely representative of those living in extreme poverty. Finally, an online survey may not provide a comprehensive understanding of gift giving and poverty as it did not provide in-depth qualitative data. Hence, a recommendation that could be made is to supplement this research method with one-on-one and focus group interviews with those living in poverty and well as individuals in affluent societies. This would provide an enhanced understanding of the effect of poverty on gift giving.

Despite the growing academic interest in the gift giving processes and motivations in recent years, the relationship between socio-economic background and gift exchange is entirely unexplored. It would be beneficial to investigate this relationship not only in a collectivist society like India but also in individualistic societies to understand whether there is still a prominent correlation. Moreover, the study investigates how poverty influences the gift selection of the giver. However, future research may study whether gifts match the expectations of the receivers and the deadweight loss of gift giving in poor societies compared to the deadweight loss in affluent societies. Greater research is also required to understand the exact mechanism of obligatory gift giving in poor cultures and how gifts serve to maintain social standing in such societies.

The implications of investigating poverty and gift giving are extremely significant. We can not only understand a foundational element of social exchange in poor societies but also gain a deeper insight into the psychology of the poor and how relationships and bonds are maintained and stabilised in such societies. These findings can be used to create policies directed towards poverty alleviation as well as conduct further research into the psychology of poverty and consumerism in poor societies.

Materials and Methods

A survey was used and published using Qualtrics and Amazon Mechanical Turk. 203 participants were part of the sample that did not fail attention checks. All questions were required.

The first question was a reCAPTCHA robot verification test to ensure the sample were not bots. The participants then signed a consent form and confirmed they were over 18. The third question asked them about their combined monthly household income. They were given income options from under ₹10,000 to above ₹200,000. The income groups were in ranges of ₹10,000. Any participant with an income between the range of ₹50,000 to ₹90,000 was not permitted to participate further. This is because the study aimed to have participants from extremes in income in order to produce significant findings regarding the effect of low-income/poverty on selecting utilitarian or hedonic gifts. The fourth question was an attention check. If participants selected “I agree”, their study was terminated. Whereas, if they selected “I disagree”, they were allowed to proceed.

The next set of questions contained questions on gift choices. Participants believed that a gift giving company was conducting market research and thus the study aimed to understand their gift giving preferences. They were told to imagine that they were buying a gift for their friend’s 5th wedding anniversary. They were shown gifts across 4 different price ranges. They saw two gift options for each of the price ranges: one utilitarian and one hedonic. They were asked to treat each gift choice decision independently. There was randomization of the presentation of the two gift options to control for the effect of the order of presentation on participants’ choices. Participants were given pictures of each of the choices to contribute to mundane realism.

For the ₹120 price range, participants were asked to choose between the hedonic gift of a box of chocolates and the utilitarian gift of a digital alarm clock. For the ₹300 price range, participants were asked to choose between the hedonic gift of a bouquet of roses and the utilitarian gift of a 3-litre pressure cooker. For the ₹500 price range, participants were asked to choose between the hedonic gift of a bottle of fizzy apple juice and the utilitarian gift of a clothing iron. For the ₹1000 price range, participants were asked to choose between the hedonic gift of a laughing Buddha décor piece and the utilitarian gift of a compact microwave.

The final block contained questions regarding demographics. Participants were asked about their age: they were given the options of under 18 to 98 years old. They were then asked to indicate their gender from three options: Male, Female and Non-Binary. The following question asked them the highest level of education completed: Less than High School, High School/GED, Some College, 2-year College Degree, 4-year College

Degree, Master's degree, Doctoral Degree, Professional Degree (JD, MD). The next question inquired the number of people in their household: 1,2,3,4,5,6,7,8, or 8+. The final question asked participants to describe their daily responsibilities: Working full-time, working part-time, Unemployed or laid off, Looking for work, Keeping house or raising children full-time, Retired.

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Figures, Tables, and Captions

Figure 1: The number of participants in each income group. Bar graph showing the number of participants in the ₹10,000 to ₹20,000, ₹20,000 to ₹30,000, ₹30,000 to ₹40,000, ₹40,000 to ₹50,000, and above ₹90,000 income ranges respectively.

Figure 2: The average number of times a utilitarian gift was chosen by participants in each income group. Bar graph showing the averages across the 5 income groups. Utilitarian gifts could have been chosen between 0 to 4 times.

Figure 3: The average number of times a utilitarian gift was chosen in the 'Poor' and 'Non-Poor' income groups. Bar graph showing the averages. The income ranges were classified into the lowest or 'poor' income range of ₹10,000 to ₹20,000 and the 'non-poor' income ranges of ₹20,000 to ₹30,000, ₹30,000 to ₹40,000, ₹40,000 to ₹50,000, and above ₹90,000.

Figure 4: The percentage of 'Higher Utilitarian' gifts selected by each income group. Bar graph showing the percentage for each income group. 'Higher Utilitarian' is classified as 3 or 4 utilitarian gifts chosen.

Figure 5: The percentage of 'Lower Utilitarian' gifts selected by each income group. Bar graph showing the percentage for each income group. 'Lower Utilitarian' is classified as 0 or 1 utilitarian gifts chosen.

Figure 6: The standard deviation for the mean number of times a utilitarian gift was chosen in each income group. Bar graph showing the standard deviation.

Figure 7: The standard deviation for the mean number of times a utilitarian gift was chosen the 'Poor' and 'Non-Poor' income groups. Bar graph showing the standard deviation. The income ranges were classified into the lowest or 'poor' income range of ₹10,000 to ₹20,000 and the 'non-poor' income ranges of ₹20,000 to ₹30,000, ₹30,000 to ₹40,000, ₹40,000 to ₹50,000, and above ₹90,000.

