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“We are now increasingly able to predict non-intuitive ways in which emotions exert their effects. And we can document that incidental emotions matter even when real money is at stake.” **–Jennifer Lerner**

Don’t Sell When You’re Sad

Don’t sell anything when you’re feeling sad or disgusted, because your emotions may shortchange you.

That’s the message of a breakthrough study by Carnegie Mellon researchers that may have an impact on the way we look at marketing and investing, among other things.

The study found that people who are sad actually are willing to accept less money to sell something than they would pay for the same object. The researchers also found that when people experience disgust, both buying and selling prices fall. The study was published in the May edition of *Psychological Science*, the journal of the American Psychological Society.

“This shows that seemingly incidental emotions from situations can exert a causal effect on economic behavior in other, ostensibly unrelated, situations,” according to Jennifer Lerner, co-author of the study.

Prior research found that people generally “endow” a possession with a higher value than they would be willing to pay for the same object were they buying it.

Lerner, an assistant professor in the departments of Social and Decision Sciences (SDS) and Psychology, co-authored the study with Economics Professor George Loewenstein and Deborah Small, a doctoral student in SDS.

To study the effects of sadness on economic behavior, they had one group of participants watch a scene from the film *The Champ* in which a young boy’s mentor dies. The researchers elicited disgust in another group by showing a clip from the movie *Trainspotting* in which a man uses an unsanitary toilet. To augment their emotional states, the participants were asked to write about how they would feel in situations similar to those portrayed in the movies. Individuals were then given the opportunity to either sell an item, or set a price they would pay to buy the item.

The researchers concluded that sadness triggered an implicit need for individuals to change their circumstances, thus a greater willingness to buy new goods or sell goods that they already had. Disgust made people want to get rid of what they had and made them reluctant to take on anything new, depressing all prices. When asked whether emotion played a role in their decisions, participants said no, indicating that they were unaware that their emotional state could be costing them money. The researchers already have replicated their results in another experiment.

“As a developing field, we’re now increasingly able to predict non-intuitive ways in which emotions exert their effects. And we can document that incidental emotions matter even when real money is at stake,” Lerner said.

The implications are numerous and significant. The study may shed light on the economic consequences of highly emotional events, such as the Sept. 11 terrorist attacks. Understanding the contradictory effects emotions can have on economic decisions could alter traditional principles of marketing and negotiations, equip consumers to make better decisions and change how economists interpret the performance of financial markets.

