

Santa's Best Friends: Donner, Blitzen, and new Technology

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Most people have had the experience at Christmas of receiving an unwanted gift. [Joel Waldfoegel](#) argues that the lost value from unwanted or inappropriate gifts runs to the billions every year, but offers some new, technological hopes of how we might be able to increase the value of our Christmas gifts.



It's that gloomy time of year when it gets dark earlier, and newspapers start running seasonal articles handicapping the holiday spending derby. Business journalists are giddy at the prospect that givers might buy *even more* stuff recipients don't want this year. For the past twenty years I've been arguing against this sort of yuletide madness. My argument, in short: every year Americans spend about \$80 billion on gifts that generate \$15 billion less worth of satisfaction than such spending should create, thus destroying \$15 billion worth of value. In the UK, we spend £8 billion annually on holiday spending, causing about £1.6 billion in lost satisfaction per year. Around the world we vaporize \$25 billion each year.

But, like Santa's sleigh, there's some hope on the horizon; the news of Amazon's "gift converter" patent. As inventors Jeff Bezos and Colin Bryar put it in their patent filing: "... *it sometimes occurs that gifts purchased on-line do not meet the needs or tastes of the gift recipient. ...In such situations, the recipient may wish to convert the gift to something else, for example, by exchanging the gift for another item or by obtaining a redemption coupon, gift card, or other gift certificate to be redeemed later.*" Hence, their "[system and method for converting gifts](#)," which allows recipients to automatically turn Aunt Fannie's ill-chosen gift into cash applicable toward something they actually want from Amazon.

Etiquette scolds reacted predictably. Emily Post's granddaughter Anna was suitably appalled: "Aunt Mildred thought to give you a gift. Lucky you. It's not every day someone thinks to buy you a present." And: a "gift is expressing a much bigger sentiment behind it. To cut someone short before they can complete that process is the ultimate interruption." Post concedes, however, that it's "okay to return gifts you really won't use," according to the web site [Techflash](#).

Hold on there, Ms. Post. Aunt Mildred doesn't know the bad gift is intercepted. And certainly she has no more knowledge of "conversion" than she has when you return her gift, which Post approves. So Mildred's experience is entirely identical, except that the recipient never actually confronts, nor needs to re-wrap and return, the albatross. Mildred is no worse off, but you are better off, so the gift interceptor is a minor Yuletide miracle. Sure, intercepting Grandma's gift lacks candor. But, as any spouse who's been asked for their "honest opinion" will attest, what's so great about candor?

If Mildred feels strongly about the particular item, she should be able to override the interceptor by clicking a box that says, "recipient cannot opt out of my gift, regardless of how much they dislike it." And this would be necessary to prevent kids from turning gifts of mittens and hats into gifts of *Grand Theft Auto V* or copies of *Lady Chatterly's Lover*. Of course, Mildred could always buy something at the mall, then wrap and mail it herself. But – *c'mon, Ms. Post* – easing the process of transferring the value to a better use is a positive development.

Amazon's gift converter isn't the only value-saving technology lifting my spirits this season. [Tango Card](#) (full disclosure here: I'm on their advisory board) has created a bunch of tools for making gift cards more useful. Americans buy about \$75 billion worth of gift cards throughout the year, and these are great in the sense that they grant choice to the recipients. But there's a catch: about 10 percent of the value is never redeemed, so when you buy a gift card, you're making a gift to the retailer's shareholders, or – in some states – the state treasury. Not inefficient, but probably not what you had in mind. Tango Card does a couple of things.

You can register your gift card – from Target, the Gap, Starbucks, or others – and they will email you periodic reminders of your remaining balance. As behavioral economics teaches us, people are distracted boneheads, so this may help a bunch. If you give an actual Tango Card, your recipient can purchase a gift card from one of the participating retailers or transfer balances directly to a charity, such as the Grameen Foundation, Habitat for Humanity, or the USO. Your recipient can even redeem the Tango Card balance for cash, less a service fee.

So, yes, it's getting dark earlier, and journalists are salivating thoughtlessly at the prospect of wasteful spending. But I'm feeling a lift in my seasonal affective disorder. Like every year, Santa Claus is coming to town. But this season, Santa Claus is coming to town with technology at his side.

Joel Waldfogel spoke at the LSE about his book [Scroogenomics: Why You Shouldn't Buy Presents for the Holidays](#) in December 2009. Please [click here](#) to listen to the podcast for this event.

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