

# Why shopping goes up on sunny days

Better moods when there is sunshine result in more optimism, less careful thinking



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Find yourself spending more than usual when the weather is great? Perhaps more spur-of-the-moment purchases?

According to our study at the National University of Singapore Business School, a typical consumer spends on average 1 per cent more on relatively sunny days than less sunny days.

This translates into an increase of around \$1.30 daily or more than \$471 annually just on credit cards alone.

Individuals with higher discretion on their consumption, such as those with higher income and in the middle-age group, exhibit even higher expenditure on good weather days.

Women and married individuals are also affected more by better weather.

Why do people tend to consume more on sunny days? Is it a rational

decision or a sentimental impulse? Our findings show support for the latter.

Research in psychology has shown that people are in a better mood when there is sunshine than when there isn't.

When people are in a better mood, they tend to be more optimistic and rely on shortcuts when making decisions.

For instance, people in a better mood tend to evaluate products with less detailed investigation.

Thus, over-evaluation, especially for more expensive durable products that should have been thought about more carefully, is less likely to be engaged in, leading to impulse consumption, particularly on relatively sunny days.

But wait. Aren't we rational people? How can we allow the weather to influence how much we spend?

It is not surprising to hear people explaining the "sunshine effect" under rational contexts.

Some argue that it is possible that sunshine and consumption complement each other.

Some products have higher value on sunny days. For example, the happiness one gets from entertaining activities, such as having dinner with friends, driving to the beach, or going to the mall and buying

clothes, is higher on sunny days.

Therefore, one can be completely rational under such circumstances since one is paying more for a higher value in happiness.

However, we find that most of the "sunshine effect" is driven by non-entertaining purchases, especially those pertaining to durable products. In fact, instead of being complementary, there is evidence that entertaining activities are more likely to be substitutes for good sunshine as people on average consume less of them on more sunny days. Entertainment is consumed more on poor weather days to derive more happiness.

Another rationalisation is that consumption increases simply because when people go out more on sunny days, there are more opportunities for them to come in contact with purchasing these products, hence driving up sales.

If this were so, the number of purchases ought to be higher on sunny days.

We did not find that. Instead, the number of purchases on sunny days is no different from other times.

If it was not because of rationally more consumption on good sunshine days, might it be rationally less consumption on days with bad weather like heavy thunderstorms?

There's hardly sunshine during a thunderstorm and people are prevented from going out.

We agree that bad weather can affect people's consumption in a lot of ways. But the "sunshine effect" stays the same when days with extreme weather are excluded, suggesting that it is not mainly driven by the consumption impediment on bad weather days.

The last rational explanation we investigated is the inter-temporal shifting of consumption.

Imagine an individual who is highly disciplined and plans ahead. After checking on the weather forecast for the next few days, he rationally shifts the consumption to the sunniest day during this time period.

If the weather forecast for the next week is accurate and most people plan ahead in this way, then we should see more consumption on sunny days, consistent with the "sunshine effect".

The rational shifting mechanism would suggest that the increased consumption on sunny days would be "reimbursed" by decreased consumption on poor weather days, making the total consumption for that week unchanged.

But we did not detect such a pattern. Additionally, it is hard to imagine that most people would plan in such an extreme way and that weather forecasts are always accurate.

It appears that while a good sunshine day increases shopping, it may not be a good shopping day after all as people engage in less careful thinking.

When the weather is fantastic, we should be mindful of how we spend, and save for a rainy day.

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