

# Why Being a Creature of Habit Makes Sense

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## *The Hidden Cost of Change*

– By René Rosendahl, December 2009

I have in the past been accused of being a creature of habit, a person governed by routines: I tend to frequent the same restaurants, visit the same neighborhoods and locations, usually eat from a number of favorite dishes, watch similar movies in the same theaters, etc. I like certain types of vacations in certain types of places. Once I've found certain products I like, I keep buying them and shop for them in the same places.

While I might be a more extreme example, I am sure that to some extent most people tend to stick to their patterns as well (maybe except for the most spontaneous of people). (Apparently there is even evidence that there are roots in human evolution that prevent children older than 2-3 years from trying new food.<sup>1</sup>)

But what is so bad about trying something new, driving a different route to work, ordering untried menu items in new restaurants? What's the harm in changing your patterns and doing something different than you've always used to do? While there is most of the time an obvious, actual cost associated with the choices we make, that monetary cost may not be overly significant or prohibitive. However, there are other, less obvious reasons, hidden costs, that make us stick with "the same". So here's my attempt to argue for "sticking with the known":

## 1. Difficulty to Reverse

Once you've decided to try something new, there's a chance you might end up not liking the "new thing". At that point you might want or need to revert back the original plan, the "known entity". If you grabbed lunch at an unusual place and didn't like it, you can just not go there the next day. But for other, more important choices, the cost of reversing your decision is higher and "cost", in this instance, could be time, money and/or effort. Just think about the cost of reversing these choices:

- Buying a new house
- Moving into a different neighborhood/city/state/country
- Purchasing a different make car
- Vacation destination
- Marriage partner
- Having a child
- Having a pet

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<sup>1</sup> "Small children tend to be neophobic: once they hit two or three, they shrink from new tastes. That makes sense, evolutionary, because through much of human history that is the age at which children would have first begun to gather and forage for themselves, and those who strayed from what was known and trusted would never have survived." (Malcolm Gladwell, "What the Dog Saw", p. 46)

- College/university
- Career/job/industry
- Cable TV provider

Getting married, for example, may be quick and inexpensive as long as you just agree to get married and pay for the marriage license without an elaborate celebration. The cost of unraveling two people's lives after a few years is infinitely higher, however.

## 2. Perceived Value of the Experience

With certain choices, it is not so much about a product or service, but about the experience that comes with it. This experience may have a perceived personal value that far exceeds the actual monetary value of a product. Examples:

- 25 year anniversary celebration
- Date night w/o kids for a married couple
- Amusement park visit
- Watching a movie

While the actual monetary cost for the dinner consumed on a "date night" may not exceed \$50, the experience itself is much more valuable. A married couple with kids might be fortunate enough once or twice a month to escape alone for a dinner. That makes that dinner experience much more valuable than the \$50 spent on the food. If the wait at the restaurant, service and/or food are terrible, it's not so much about the money "lost" in the process, but about a poor experience and the loss of a scarce opportunity to have a good time.

## 3. Time

There are several time-related aspects to trying something new:

### Opposing Goals

A good, service or experience may have a time goal associated with it that the consumer will want to optimize towards. The goal could be to minimize the time and make it as short as possible (examples: grabbing a quick lunch away from the office between meetings, a dentist visit) or to maximize it (length of a vacation). By attempting something new and untried, one runs the risk of failing to reach the time goal, e.g. a new lunch place takes forever and makes you run late for a 1:00 PM meeting – ouch!

### Opportunity Cost

Time is precious. The more a person has going on in their life between work, personal life, family, hobbies, etc., the more precious his or her time gets. No one likes wasting their time, but the "opportunity cost" is different based on someone's circumstances, for example for a working mom with two small children compared to a single, independent young college student between semesters. The

mom might opt to go to the familiar grocery store close by due to its short lines because she can't "afford" to drive further and risk long lines at the checkout at a new store even if the prices are lower there. She may also be much more selective about how she spends the precious 30 minutes of free time she has for herself.

I have a 15 minute commute between work and my home, which is practically the only time I have to ever listen to audiobooks. That time is scarce and valuable, hence I have a strong incentive to choose my listening material carefully and not venture into unknown territory even if the monetary cost of trying an different kind of audiobook itself may be relatively low.

### Pleasure or Pain

The actual consumption of a good or experience takes up time. Chosen well, that time amounts to enjoyment. Poorly chosen, this time amounts to pain. Stephen King's new audiobook *Under the Dome* has a length of 34 hrs and 26 mins. Apart from the fact that it would take me 13 work weeks driving back and forth to work to listen to this book, I would not want to take the risk of hating the book, which would translate into 34+ hrs of torture.

I know I like Nestlé instant coffee and buy it at Costco in a big jar. I could *try* Folger's next time, but considering it takes me about 2-3 months to consume a Costco-size jar, I don't want to take the risk of disliking it (two months of terrible coffee in the morning). (The only possible work-around would be to obtain a very small sample size somewhere to see if I like it.)

## 4. Control and Predictability

There are instances when it is important to have a high degree of predictability in order to be able to exert control and achieve a particular outcome. Some examples:

- Dinner right before a popular movie
- Route taken to a job interview in rush hour
- Arrangements for the first date with the woman of your dreams

In these instances it pays off to go with well-known choices. "Known" means that one has experienced the circumstances and parameters of a choice before, ideally several times, such that one has a number of good data points which allow a person to accurately predict and therefore control the outcome with a high degree of probability. If you know the streets and traffic conditions in a certain area at 8 AM from experience, you would not want to spontaneously pick unfamiliar streets on the way to an important job interview.

## 5. Convenience

Consuming a good, service or experience is also affected by the ease and convenience of doing so. Having a great, reasonably priced dinner at an exciting new place may not be worth it if you have to

fight traffic for 1.5 hrs to get there. Saving \$100 on a plane ticket on an unfamiliar, low-cost carrier may also not be worth it if you end up getting delayed and having a two hour lay-over instead of a direct flight available with a well-known, reliable and established carrier.

## 6. Risk

Every choice you make in life comes with a certain risks. These include risk of financial loss, risk to health and wellbeing, risk of injury, etc. Fortunately the US is a relatively safe place compared to some other countries, but this doesn't mean such risks are zero. You might think about that when you visit a small, hole-in-the-wall sushi place in Arizona in the middle of summer, buy colorful "energy-boosting" food supplements in the dollar store or decide to take surface streets driving through Compton to avoid freeway traffic. Abroad, it pays to be even more guarded and maybe avoid a highly discounted last-minute trip to Yemen or Iraq.

Staying with known choices may also reduce less existential risks like delays, embarrassment, or emotional trauma.

## 7. Conclusion

I'm not trying to make a case for never trying new things and always sticking to the "known". However, as we grow older and learn more about products, experience more and develop our tastes, we are more likely to develop preferences and patterns which are naturally influenced by the various aspects described above, whether we're aware of this or not. While those patterns evolve and our preferences firm up over time, our appetite for risk decreases and our opportunity costs usually go up. We can't or just don't want to afford bad choices and related outcomes any more and prefer a good experience over variety and spontaneity. Therefore it does make sense to – within reason – become a creature of habit and it is just a natural manifestation of increasing risk avoidance.

So next time you're confronted with the choice of something known vs. something new, consider the aspects described above and figure out if it's worth taking a chance.