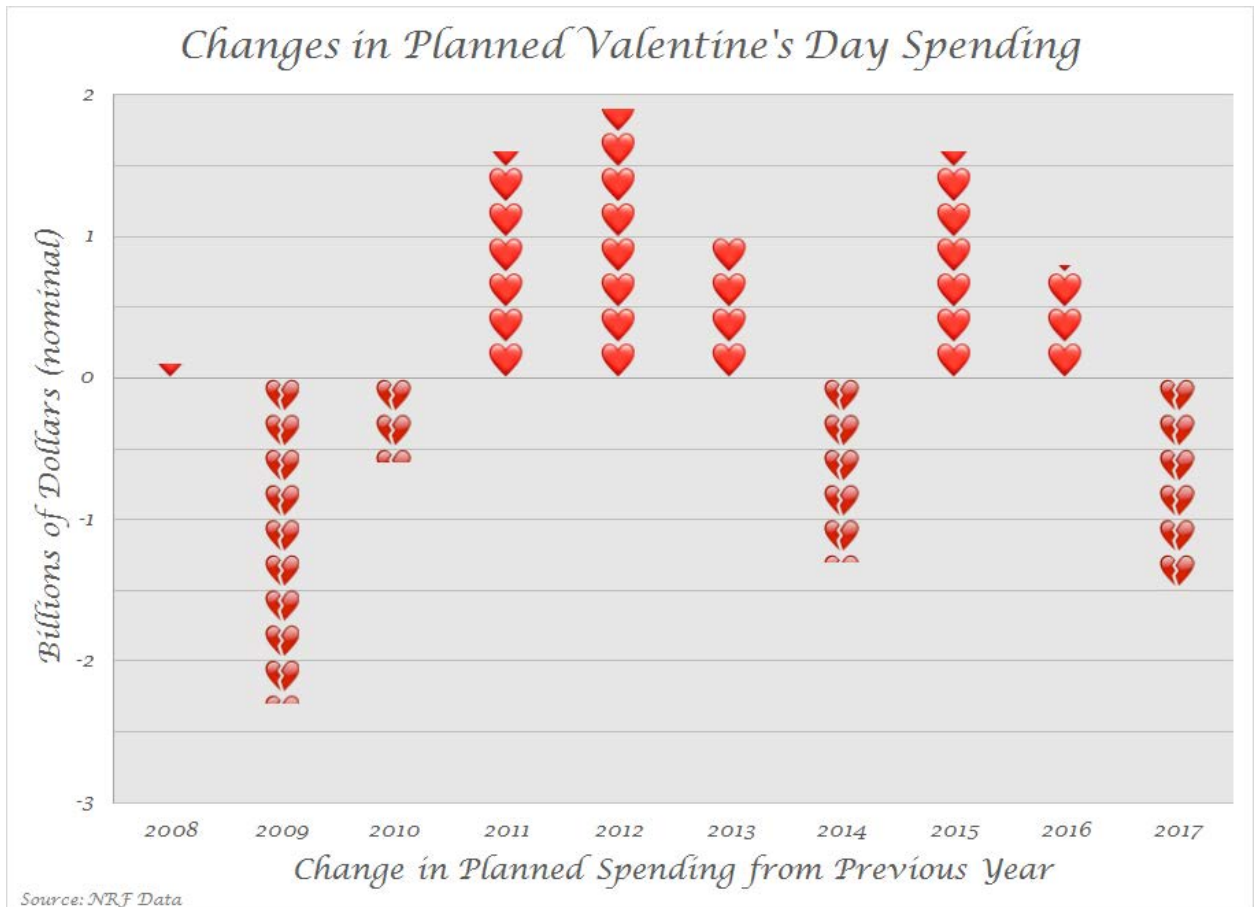
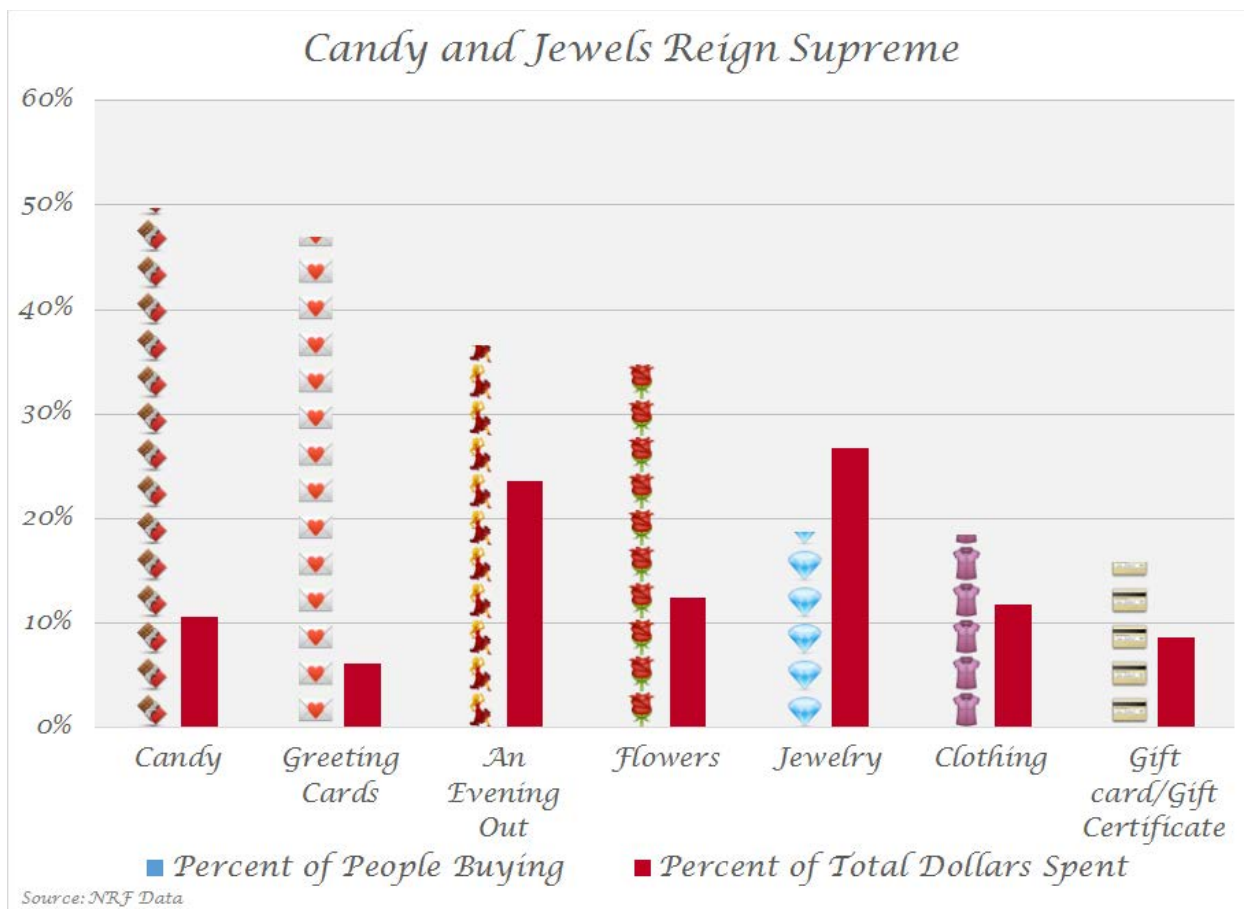


Love is in the air... and the economy

Valentine's Day offers a unique opportunity to examine the ways we demonstrate our love for one another. According to the [National Retail Foundation](#), Americans planned to spend over \$11 billion on Valentine's Day gifts for their significant other in 2017. This averages out to over \$85 per adult. However, the average hides the enormous spending gap between genders. For example, women expected to pay around \$54 for their significant others, while men planned to spend more than twice that with just under \$120 in gifts for his significant other! These averages don't include Valentine's Day spending on friends, children's classmates, coworkers, and even pets.¹ All told Americans expected to spend \$18 billion on Valentine's Day gifts this year.



¹ Pets need love, too!



The \$18 billion in expected Valentine’s Day spending this year is not an all-time high; in fact, it is a drop from the almost \$20 billion in planned spending last year. Even so, it is amazing that Americans spend so much on tokens of love despite the slow-growing economy. While the economic research on whether recessions affect love is unclear, the recession certainly impacts the way couples plan Valentine’s Day spending.²

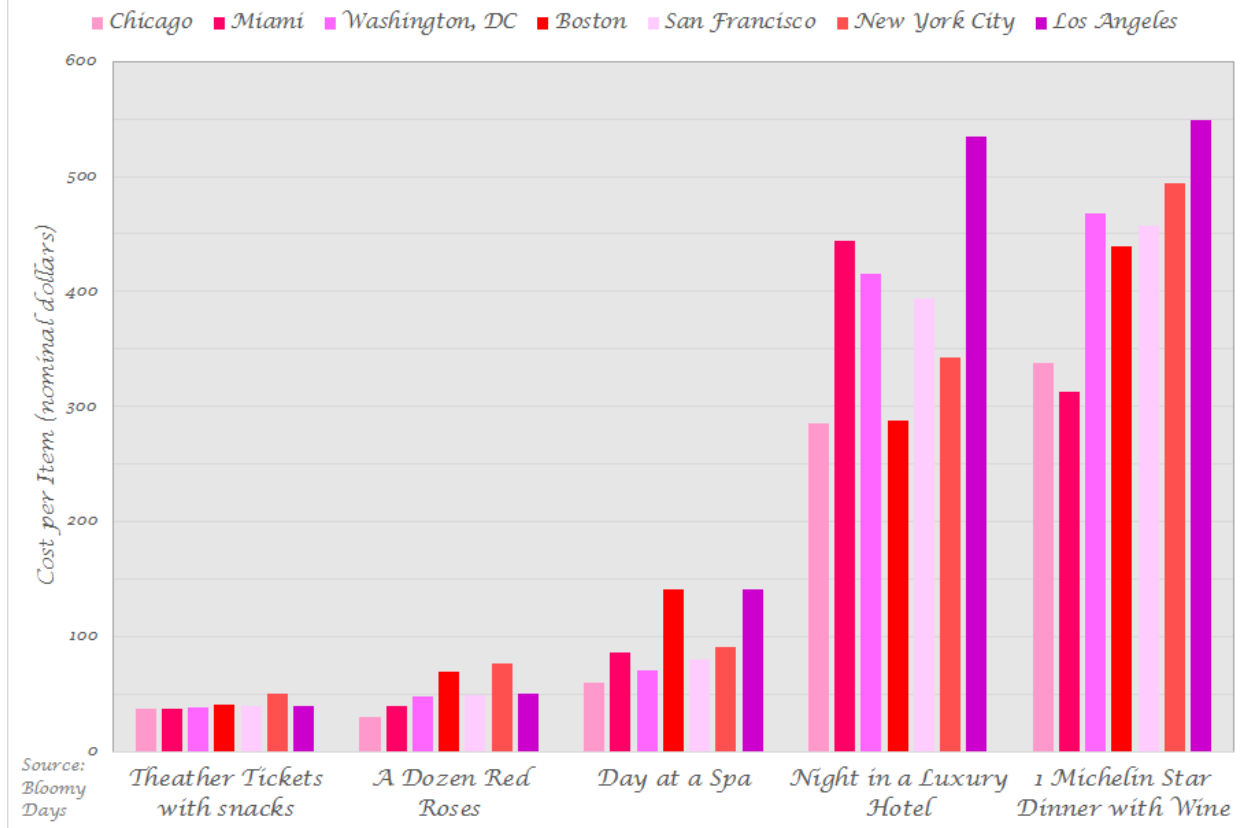
Americans were ready to shell out \$17 billion on Valentine’s Day in 2008, but a year later, in 2009, they planned to spend \$2.3 billion less. As the recovery began³, love birds increased their material generosity again, and surpassed the 2008 peak in 2012.⁴ Americans seem to be pulling back this year with an almost \$1.5 billion drop in expected Valentine’s Day spending. We can only cross our fingers that said drop wasn’t caused by forgetful lovers.

² We assumed marriage and divorce rates are sufficient proxies for falling in and out of love. Theoretically speaking, an economic downturn could affect both. Couples who are strapped for cash may forego marriage until they have better finances. Conversely, divorce rates may fall as supporting two households is likely more expensive than one. The empirical research is mixed on the effects, see Schaller 2012 and Cherlin et. al 2013.

³ Recession, it’s not you, it’s us. Well no, actually, it is you. We know it is not in the spirit of Valentine’s Day, but we are not right for each other. Let’s just be friends.

⁴ Surprisingly, President Obama never took credit for this surge in love during his term in the White House.

Valentine's Day Accross Cities



As with real estate, the cost of certain Valentine's Day gifts depends on location, location, and location. According to [Bloomy Day's Valentine's Price Index](#), the city you celebrate in makes a big difference.⁵ While the price of tickets to a movie or a dozen roses doesn't vary much by location, other services vary radically. For example, if you want to treat your significant other to a day at the spa, it will cost at least \$50 more on average in Boston or Los Angeles than other major cities. Of the six American cities included in the list, Chicago was the least expensive major city for Valentine's Day. The Windy City had the lowest priced movie tickets, roses, spa day, and night in a luxury hotel.

To simplify gift giving, [FiveThirtyEight partnered with SurveyMonkey](#) to find out what couples expected to receive versus what they truly wanted. Both men and women ranked cards and dinner as their most wanted gifts. On a sour (musical) note, a mix tape was rated as the least desirable or wanted.⁶ The NRF data indicate Americans are taking the hint with over 46 percent reporting they will buy a card, while 36 percent will be going out for Valentine's Day. Candy reigns supreme, however. Even though only 29 percent of women and 16 percent of men report wanting candy, almost 50 percent of respondents report buying it. Without pinpoint data it is hard to determine if the money spent on candy is for themselves, significant others, or children.⁷

⁵ Nerd Alert: There is still debate whether this is a core price index, i.e., excludes food and energy, or a normal price index. However, it definitely should be called "VPI-U" because it represents the prices faced by urban consumers.

⁶ Those still exist?

⁷ We hope it's not for pets.

All these expectations and demands cause many Americans to find Valentine's Day overrated and incredibly stressful. This year 48 percent of American adults reported to [YouGov](#) that Valentine's Day is overrated. Cupid will be disappointed to know this is five percentage points higher than those who considered it romantic! Further, a [2015 YouGov poll](#) found that more than a quarter of Americans thought planning a successful Valentine's Day date was more stressful than filing their tax returns. Considering our [mind-numbingly complex tax code](#), the stress must be daunting!⁸

Such stress likely contributes to the almost [one-third of men deciding not to buy a present for their significant other](#). It doesn't take a behavioral economist or a game theorist to determine this is not the optimal strategy for wooing, especially considering nearly a quarter of Americans report the worst Valentine's gift is none at all. As a warning shot to those who consider giving no token of love, more than half of women say they would end their relationship if they did not receive a Valentine's Day gift.⁹

Indulging in non-scientific, data-free armchair theorizing, the best gift is perhaps one coming from the heart that shows you truly love and care. Have a happy Valentine's Day! Whether or not you spend money, spend time with your loved ones!¹⁰

⁸ For those who think Valentine's Day is easy, we have a Patient Protection and Affordable Care Act for you.

⁹ There is a scarcity of data on the percentage of men who would break up with their significant others if they didn't get something for Valentine's Day.

¹⁰ Also, might want to get a card just to be on the safe side.