

Research Dialogue

A wonderful life: experiential consumption and the pursuit of happiness

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Abstract

To live in the developed world is to live in a consumerist society. Although the broader forces that created this society have led to unprecedented material abundance, scholars have maintained that these benefits have come at a significant psychological cost. An important question, then, is how these psychological costs can be minimized. With that in mind, we review research showing that people derive more satisfaction from experiential purchases than material purchases. We then summarize the findings of an extensive program of research on the psychological mechanisms that underlie this difference. This research indicates that experiential purchases provide greater satisfaction and happiness because: (1) Experiential purchases enhance social relations more readily and effectively than material goods; (2) Experiential purchases form a bigger part of a person's identity; and (3) Experiential purchases are evaluated more on their own terms and evoke fewer social comparisons than material purchases. We conclude by discussing how social policy might be altered to take advantage of the greater hedonic return offered by experiential investments, thus advancing societal well-being.

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“Whoever said money can't buy happiness simply didn't know where to go shopping”– Bo Derek

If Bo knows money, societal well-being could be enhanced by examining the kinds of purchases that provide the surest and most enduring satisfaction. Some efforts to do just that have been reported (Dunn, Gilbert, & Wilson, 2011; Dunn & Norton, 2013) and they represent an important component of the positive psychology movement (Gable & Haidt, 2005; Seligman, 2002; Seligman & Csikszentmihalyi, 2000; Sheldon & King, 2001; Sin & Lyubomirsky, 2009). People's lives can be enriched by redirecting expenditures from things that provide fleeting joy to those that provide more substantial and lasting contributions to

well-being. In this article, we review a program of research devoted to that same goal, one that focuses on the value people tend to derive from spending their money on experiences versus possessions (Carter & Gilovich, 2014; Van Boven & Gilovich, 2003).

The distinction between material and experiential purchases was introduced by Van Boven and Gilovich (2003), who defined the former as “spending money with the primary intention of acquiring a material possession – a tangible object that you obtain and keep in your possession” and the latter as “spending money with the primary intention of acquiring a life experience—an event or series of events that you personally encounter or live through,” (p. 1194). Research participants, lecture audiences, and journal readers readily understand the distinction and agree that such things as furniture, clothing, laptops, and televisions are material goods and such purchases as restaurant meals, concert tickets, theme park passes, and vacations constitute experiences. People also recognize, however, that the distinction is not always clear-cut, as some purchases are both undeniably a material good

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and something that serves as a vehicle for experience – a bicycle, for example. The existence of a fuzzy boundary between experiences and possessions can complicate research on this topic, but it also presents an opportunity: Sometimes the very same purchase can be described in material or experiential terms and researchers can examine the hedonic consequences of framing the purchase one way or the other while holding its objective qualities constant. We describe instances of this sort of framing below.

The ambiguous nature of some (and only some) purchases highlights the fact that it is not whether a purchase is material or experiential *per se* that determines the satisfaction people derive from it. Purchases do not come stamped as “experiences” or “possessions.” Instead, it is the set of psychological processes that tend to be invoked by experiences and material goods that determine how much satisfaction they provide. We therefore examine the psychological processes that tend to be induced more by one type of purchase than the other and hence bring about more or less enjoyment and enduring satisfaction. In doing so, our aim is to uncover the different dimensions that underlie the material-experiential dichotomy and are responsible for their differential impact on well-being.

The hedonic return on material and experiential purchases

Evidence supporting the claim that experiences tend to provide greater and more enduring satisfaction comes in many forms. Van Boven and Gilovich (2003) asked participants to think of either their most recent material or experiential purchase of over \$100 and then rate it in terms of how much enjoyment they derived from it. Participants reported being happier with their experiential purchases. In another study using a within-subjects design, a national sample of Americans was asked to think of both a material and an experiential purchase they had made and then to indicate which one makes them happier. Across an assortment of demographic categories (age, race, gender, income, marital status, region of the country), a significant majority said they got more enjoyment from their experiential purchase (See Fig. 1). To examine the possibility that these results may have been influenced by a social desirability bias (after all, if someone says that you are “materialistic,” you are unlikely to take that as a compliment), Van Boven and Gilovich (2003) also reminded participants of an experiential or material purchase they had described in an earlier experimental session and then assessed their mood. Even though completion of the mood scale was presented to participants as seemingly incidental to the purchase they had earlier described, those who were reminded of an experience reported being in a better mood than those reminded of a material good.

The greater hedonic value that people derive from their experiential purchases is also reflected in the most common regrets about experiential and material purchases. Regrets fall into the two main categories of action and inaction (Gilovich & Medvec, 1995; Gleicher et al., 1990; Kahneman & Tversky, 1982a; Zeelenberg, Van den Bos, Van Dijk, & Pieters, 2002). That is, with respect to consumer purchases, you can regret

purchasing something that you now wish you hadn't (*action*), or regret not purchasing something that you now wish you had (*inaction*). These two types of regrets are differentially common when it comes to experiences versus possessions: People tend to have far more regrets of inaction for experiences than for possessions (Rosenzweig & Gilovich, 2012).

In one study, for example, participants were told about the distinction between regrets of action and regrets of inaction and then asked either to list their single biggest regret with respect to their previous experiential purchases or their previous material purchases. Those asked about their experiential purchases were over twice as likely to name an inaction regret as those asked about their material purchases. Not going to a concert with friends can stick in the craw for many years after the fact, but not buying a particular coat, table, or automobile is usually forgotten rather quickly. Indeed, people tend to have far more regrets of *action* when it comes to possessions than when it comes to experiences. Even those concerts, theatrical performances, or vacations that do not turn out as planned are quickly rationalized (“It brought us closer to together,” “You only find out what someone is really like when things go awry”) and made peace with. Disappointing or faulty material goods, in contrast, continue to disappoint and confront us with their shortcomings for as long as we keep them in our possession. As a result, from the perspective of people's most common regrets, people's well-being may be most easily advanced by judiciously adding experiential purchases and judiciously subtracting material purchases. The net result is that we experience *disutility* for more than a few material goods we have purchased, but do so relatively rarely for experiences we have purchased.

Becoming stale or more precious?

One of the most striking results to emerge from the literature on happiness and well-being is the remarkable human capacity for habituation. Terrible things happen to people, such as the death of a loved one, the loss of one's arms or legs, or a precipitous fall in economic standing, and yet, as devastating as these traumas are initially, people tend to find ways to rise above them and go on to live happy, fulfilling lives (Bonanno et al., 2002; Brickman, Coates, & Janoff-Bulman, 1978; Frederick & Loewenstein, 1999; Gerhart, Koziel-McLain, Lowenstein, & Whiteneck, 1994; Hall et al., 1999). When it comes to negative events, people's capacity for adaptation and habituation is a great gift.

But when it comes to positive events, that same capacity for adaptation can be a formidable enemy. People are thrilled when they get a raise, buy a new car, or get their first article published in *The New Yorker*, *Outside Magazine*, or *Psychological Science*. But often the thrill quickly fades. The raise gets absorbed into the budget, the car loses that new-car smell and feel, and soon a thirst develops for getting more articles published. The term “hedonic treadmill” was coined to capture this downside of adaptation – the need to achieve and acquire more and more to combat adaptation and receive the same hedonic benefit (Brickman & Campbell, 1971). Psychological research that provides insight

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