

Research Dialogue

Building a science of spending: Lessons from the past and directions for the future

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Abstract

A decade of research suggests that people derive more happiness from buying experiences (e.g., vacations, concert tickets) than from buying material things (e.g., shoes, televisions; see Gilovich, Kumar, & Jampol, 2014, this issue). This highly impactful program of research provides a valuable model to apply in building a broader “science of spending.” By examining both the strengths and limitations of research comparing experiential and material consumption, we extract two lessons for researchers interested in studying how consumers can buy the most happiness with their money, and suggest two methodological improvements that could yield new insights into the happiness benefits of experiential and material purchases. In addition, moving beyond past research on the material/experiential distinction, we offer two fertile areas for future research in the science of spending.

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The study of consumer behavior has historically been focused on helping marketers understand consumers to help them sell their products and services (see Howard & Sheth, 1969; MacInnis & Folkes, 2010; Pham, 2013). But increasingly, researchers are moving beyond examining the factors that shape how, when, and why people buy things, focusing instead on how those things shape consumers’ happiness (e.g., Dunn, Gilbert, & Wilson, 2011; Dunn & Norton, 2013; Gilovich, Kumar, & Jampol, 2015-in this issue). This research suggests that buying *things* may not provide as much happiness as buying *experiences*, from trips around the world to romantic dinners at the local bistro. In a seminal article, Van Boven and Gilovich (2003) pioneered this area of research by providing evidence that consumers consistently derive greater happiness from experiential purchases than material purchases. This initial work spurred a decade of research, reviewed by Gilovich et al. (2015-in this issue), which fleshed out this

important idea, documenting how and why experiential purchases promote happiness. This research program provides valuable lessons that scholars can apply in building a broad and rigorous science of spending. In the pages that follow, we examine the strengths of research on material versus experiential purchases to extract two practical lessons intended to guide future work on the science of spending (part 1). Additionally, we suggest two methodological improvements that would strengthen research in this area (part 2), and we highlight two ripe areas of exploration that can advance the science of spending (part 3).

Part 1: A template for the science of spending

Talk to humans, not psychologists

When we’re talking to students, journalists, or broad lecture audiences, we usually find that they understand the distinction between material and experiential purchases, readily generating examples of this distinction at play in their own spending decisions. But sometimes our colleagues in psychology are

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more recalcitrant. After all, material purchases and experiential purchases are not inherently psychological constructs. Rather, these two spending categories differ on a host of psychological dimensions. For example, compared to material purchases, experiential purchases are more closely tied to individuals' sense of self, and this important link helps to explain why people tend to find experiential purchases more satisfying (Carter & Gilovich, 2012). But if researchers told consumers that they would benefit from making purchases that were closely linked to their own sense of self, we suspect that most consumers would be baffled by this academic advice. Thus, in order to maximize the impact of research on the science of spending, we would encourage scholars to formulate hypotheses that map on to the ways regular people actually think about their spending decisions—even if this means occasionally quarreling with colleagues over the psychological confounds that result.

Of course, thinking about spending in the way that real people think about it may sometimes mean studying spending categories that are conceptually fuzzy. As Gilovich et al. (2015-in this issue) note, the boundary between material and experiential purchases is inherently ambiguous, suggesting that people may often view purchases as possessing both experiential and material properties. Indeed, when we randomly assigned participants in a recent study to spend \$20 on an experiential or material purchase, someone in the material condition bought a book—and so did someone in the experiential condition (Weidman & Dunn, submitted for publication). This makes sense, in that a book is a tangible object ready to be stacked on a bookshelf, but it also provides the enjoyable experience of reading by a fireplace on a cold night.

Fortunately, researchers have figured out how to embrace the fuzzy boundary between experiential and material purchases (e.g., Guevarra & Howell, 2014). One of our favorite manipulations in this literature capitalizes on the ambiguity of the material/experiential distinction by randomly assigning people to think of the very same purchase, such as a boxed set of music, as either a possession or an experience (Carter & Gilovich, 2010, 2012; Mann & Gilovich, in preparation; Rosenzweig & Gilovich, 2012). Studies using this kind of manipulation show that just leading people to focus on the experiential components of a purchase can produce some of the same benefits typically associated with buying experiences. In studying the science of spending, we would encourage researchers to include manipulations like this one, which allow for a high degree of experimental control, while turning the ambiguity of real-world spending categories from a limitation into a strength.

It takes a village to elucidate a complex causal chain

Psychologists and consumer researchers hoping to submit papers to top empirical journals often strive not only to demonstrate an important phenomenon, but also to provide statistical analyses illustrating the causal mechanisms underlying the phenomenon. Recently, however, scholars have presented compelling arguments that this approach overlooks the very real

challenges associated with identifying mediators (e.g., Alba, 2012; Bullock, Green, & Ha, 2010; Spencer, Zanna, & Fong, 2005). This new way of thinking suggests that understanding a complex process is itself a complex process, which would typically benefit from the involvement of multiple labs tackling the problem from different directions over a period of years. In this regard, the research program on experiential consumption provides an instructive model. In their ground-breaking initial paper, Van Boven and Gilovich (2003) provided clear evidence for the emotional benefits of buying experiences and speculated about the causal mechanisms that might underlie these benefits, while pointing to some intriguing strands of data that were consistent with their speculations. But actually nailing down the multiple causal mechanisms underlying the emotional benefits of experiential purchases has taken about a decade. In a series of papers, researchers have tackled one mechanism at a time, carefully picking apart the role of each one, often using experimental approaches to studying mediation (e.g., Carter & Gilovich, 2010, 2012; Caprariello & Reis, 2013; Howell & Hill, 2009; Kumar & Gilovich, submitted for publication; Kumar, Mann, & Gilovich, in preparation; Kumar, Killingsworth, & Gilovich, submitted for publication; Mann & Gilovich, in preparation; Rosenzweig & Gilovich, 2012). For example, in an elegant recent paper, Carter and Gilovich (2010) presented eight studies demonstrating that one reason people get more happiness from experiential than material purchases is that they are less likely to make depressing comparisons about experiences that might have been better or cheaper than what they bought. In another paper, Caprariello and Reis (2013) showed that the social nature of experiences—from taking a ski trip with friends to visiting Disney World with family—is an essential ingredient in explaining the emotional superiority of experiential purchases. Following this model, we would encourage researchers and reviewers to accept that multiple causal mechanisms probably contribute to the emotional consequences of real-world spending choices. Thus, when breaking entirely new ground in the science of spending, it may be worthwhile to begin by simply demonstrating a phenomenon, thereby inviting other researchers to contribute to the challenging multi-year, multi-method process of understanding the causal mechanisms (cf., Alba, 2012).

Part 2: Strengthening the science of spending

Capture the moment

A single purchase can provide a variety of forms of happiness over time. As depicted in Fig. 1, the pleasure associated with any purchase can include the excitement we feel while looking forward to consumption (i.e., anticipatory value), the happiness we feel during consumption (i.e., momentary value), and the satisfaction we feel when looking back on consumption (i.e., afterglow value). As well as measuring actual enjoyment during these three phases, researchers can also measure how people remember feeling during each of these phases (i.e. remembered value). Surprisingly, despite the decade of research reviewed by Gilovich et al. (2015-in this issue), we currently know very little

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