



Research Article

# To do or to have, now or later? The preferred consumption profiles of material and experiential purchases

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## Abstract

Extending previous research on the hedonic benefits of spending money on doing rather than having, this paper investigates *when* people prefer to consume experiential and material purchases. We contend that the preferred timing of consumption tends to be more immediate for things (like clothing and gadgets) than for experiences (like vacations and meals out). First, we examine whether consumers exhibit a stronger preference to delay consumption of experiential purchases compared to material goods. When asked to make choices about their optimal consumption times, people exhibit a relative preference to have now and do later. In the next set of studies, we found that this difference in preferred consumption led participants to opt for a lesser material item now over a superior item later, but to wait for a superior experiential purchase rather than settle for a lesser experience now. This tendency is due to the fact that consumers derive more utility from waiting for experiences than from waiting for possessions. Finally, we provide evidence that these preferences affect people's real-world decisions about when to consume.

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## Introduction

Nearly everyone has limited discretionary income and so it is important that consumers know how to spend their money in the most beneficial ways. Recent research on this issue has focused on *what* they might be advised to purchase to increase their hedonic welfare (Dunn, Gilbert, & Wilson, 2011; Dunn & Norton, 2013; Gilovich & Kumar, 2015; Gilovich, Kumar, & Jampol, 2015a, 2015b; Van Boven & Gilovich, 2003). In this paper, we examine *when* people prefer to spend it, and how those preferences change depending on what they are buying. Although it is known that a trip to Paris or meal at Daniel is likely to bring about more happiness than a new wristwatch or a

set of rims for one's Mercedes (Van Boven & Gilovich, 2003), might even more satisfaction be derived when the vacation or dining experience is consumed not now, but later?

A substantial amount of research in psychology and economics indicates that people have a general preference to consume now rather than later, a preference so pronounced that quite a bit of research has been devoted to finding ways to encourage people to delay gratification (Duckworth & Seligman, 2005; Loewenstein & Prelec, 1992; McClure, Laibson, Loewenstein, & Cohen, 2004; Mischel, 1974). At the same time, Loewenstein (1987) provided evidence that people sometimes prefer to delay consumption, so they can savor an experience that will be consumed in the future. Closing our eyes and envisioning endless possibilities for how things might turn out is itself a pleasurable experience, sometimes more rewarding than the here-and-now of the actual experience itself. Loewenstein maintains that the desire to savor and put off consumption is especially likely when the consumption is fleeting: because the satisfaction that such consumption provides is only temporary, a prior period of savoring allows people to increase

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their hedonic return. Indeed, in the marketing literature as well, though a number of studies have found that customers do not like waiting (e.g., Hoch & Loewenstein, 1991; Houston, Bettencourt, & Wenger, 1988; Taylor, 1994), some researchers have argued that waiting can be positive (e.g., Nowlis, Mandel, & McCabe, 2004). For example, in line with Loewenstein's (1987) theorizing, waiting for a consumer purchase is more likely to increase utility when one is anticipating pleasant rather than unpleasant consumption (Nowlis et al., 2004).

The work on savoring and delayed consumption led to a recent exploration of how the experience of waiting might be different for two different types of consumption (Kumar, Killingsworth, & Gilovich, 2014). This work investigated how the experience of waiting differs for experiential and material purchases — that is, money spent on *doing* (e.g. vacations, concerts, sporting events, meals out) versus money spent on *having* (e.g. clothing, gadgets, jewelry, furniture). A growing body of literature has found that experiential purchases tend to bring about more enduring happiness than material possessions (Caprariello & Reis, 2013; Carter & Gilovich, 2010, 2012, 2014; Gilovich & Kumar, 2015; Gilovich et al., 2015a, 2015b; Howell & Hill, 2009; Kumar & Gilovich, in press; Nicolao, Irwin, & Goodman, 2009; Van Boven & Gilovich, 2003). This difference in consumer satisfaction is the result of several psychological processes: experiential purchases are less subject to invidious comparisons (Carter & Gilovich, 2010), are more central to a person's sense of self (Carter & Gilovich, 2012), are typically more social in nature (Caprariello & Reis, 2013; Kumar, Mann, & Gilovich, in preparation), and tend to be talked about more with other people (Kumar & Gilovich, in press).

Although nearly all of the existing research on people's enjoyment of material and experiential purchases has dealt solely with the hedonic return that comes *after* consumption, Kumar et al. (2014) found that there is a difference in the value derived from material and experiential purchases even *before* the good is acquired or the experience attained. In one study, they found that when participants were asked to think about a purchase they intended to make in the near future, their anticipation tended to be more pleasant, more exciting, and less fraught with impatience for experiential purchases than for material purchases. This finding was replicated in a large-scale experience sampling study: Participants who were "caught in the act" of thinking about future experiential consumption reported being happier, more excited, and less impatient than those thinking about future materialistic consumption. Finally, an archival analysis of news stories about people waiting in long lines found that those waiting for an experience (e.g., for the opening of a food truck) tended to be in a better mood, and better behaved, than those waiting for a possession (e.g., for the doors to open on Black Friday). There are times, then, when waiting is part of the fun, and that seems to be the case significantly more often for experiential purchases than for material purchases.

In his seminal paper, Loewenstein (1987) maintained that the value people get from anticipation can lead them to delay consumption. For instance, in the signature finding from that work, people said they would prefer to receive a kiss from their

favorite movie star three days in the future rather than right away. Accordingly, we sought to extend the findings from Kumar et al. (2014) by looking into whether, as a result of the difference in the pleasure associated with waiting, people might prefer to delay their consumption of experiential purchases, while preferring to consume material purchases immediately. Indeed, people seem to enjoy planning their vacations as much or more than actually going on them. In one study, vacationers were happier in the weeks leading up to a vacation than the weeks that followed, suggesting that they didn't get much of a hedonic boost, or much of an enduring boost, from the vacation itself (Nawijn, Marchand, Veenhoven, & Vingerhoets, 2010). Thus, one way people may seek to boost the happiness they get from their experiential purchases is to delay their consumption.

Of course, people might delay the consumption of experiences for a psychologically uninteresting reason: because they are often over quickly and the only way to stretch out their enjoyment is to put off when they begin. Material purchases, in contrast, can usually be enjoyed now *and* down the road. Although this difference doubtless accounts for part of the phenomenon we explore here, it is not the whole story, as we show in three ways below. First, we had participants in some studies tell us when they would like to consume experiential purchases that have the same still-available-for-further-consumption property as most material goods. Second, we had participants express their temporal preferences for experiential purchases relative to material possessions that were also time-limited, just like most experiences. Finally, we had participants in one study specify when they would most like to make the same purchase—a trip to New York City—that they were led to construe in more material or experiential terms. By holding the broad nature of the purchase constant, we were able to rule out the possibility that people prefer to delay their acquisition of experiences more than material goods simply because the latter are more available for later consumption than the former.

In their initial work on the topic, Van Boven and Gilovich (2003) asked a simple question: "To Do or To Have?" When it comes to happiness and consumer satisfaction, their answer was clear—the hedonic return tends to be greater for experiential purchases than for material purchases. Here we ask an important follow-up question: When? To that end, we first show in Studies 1a through 1c that when asked to choose between an experience and a possession at different times, people show a marked preference for consuming the material purchase now and the experiential purchase later. We then extend these findings in Study 2a using a different paradigm in which participants simply state their preferred time of consumption of a variety of different purchases. Study 2b replicates this result using a material purchase and an experiential purchase that can be (in equal measure) consumed repeatedly. Next, participants in Studies 3a–3c were presented with a choice between a lesser purchase now and a superior purchase later on and we examined whether they were more likely to choose lesser material possessions now but opt to wait to consume the superior experiential purchases later. Study 3b demonstrates that this preference can be traced to the tendency of consumers to get more utility from

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