Material vs. Experiential Purchases: Individual Difference Moderators of the Experiential Advantage and Their Influence on Consumer Happiness

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Elena Kuhn
Account Manager Amazon Pay
Amazon Deutschland Services GmbH

Prof. Dr. Christian Schmidkonz
E-Mail: Christian.Schmidkonz@munich-business-school.de

Munich Business School
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D-80687 München

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Glossary

*Experiential purchase* – a purchase should be considered experiential, when consumer’s purpose is to obtain an experience.

*Experiential advantage* – a psychological phenomenon, which describes that compared to material purchases, experiential purchases produce greater happiness for consumers.

*Experience recommendation* – see experiential advantage.

*Flow* – a mental state of operation, in which a person performing an activity is fully immersed in a feeling of energized focus, full involvement, and enjoyment in the process of the activity.

*Hedonic treadmill* – an adaptation mechanism to life events, activities, and any kind of purchases.

*Individual difference moderator* – a characteristic of a person or a purchase, which may diminish the degree of the experience recommendation.

*Material purchase* – a purchase should be considered material, when consumer’s goal is to get an ownership of an object, that is tangible and stays in one’s possession.

*Subjective well-being (= happiness)* – a sum of positive emotion, engagement, satisfaction, and meaning.
Index of Abbreviations

*MVS* – materialistic values scale

*SES* – socioeconomic status

*SWB* – subjective well-being
Introduction

_Happiness depends, as_  
_Nature shows_  
_Less on exterior things than most suppose._

William Cowper, 1782

This epigraph describes the true nature of our happiness and not the one, which is imposed by the society. However, if there is something about our consumption patterns, that we can change in order to improve our well-being, why not making use of it?

Happiness plays a major role in people’s lives. Every day individuals strive to maximize their happiness by acquiring more different products and services to fulfill their needs. What is it exactly, an event, a physical object, money on its own, what can bring more satisfaction into our lives or on the contrary reduce it? Having particular discretionary funds, consumers need to decide, what to spend on in order to get the most of it.

Does money make us happy at all? If the answer is positive at least to some extent, how should we spend it in order to obtain all the benefits and be satisfied in the best possible way? Whatever decision we make, we want the outcome to make us happy.

**Beginning of happiness research.** Systematic in-depth studies of subjective well-being have started only since the 1980s (Myers & Diener, 1996), and the number of academic publications have risen substantially especially from 2000s (Clark et al., 2008). Such terms as “well-being”, “happiness”, and “life satisfaction” appeared more and more in the academic literature (Myers & Diener, 1995). Until then there were mostly investigations about negative psychological states of mind, such as
depression, anxiety, misery, and only very few about truly happy people (Seligman, 2002).

Edward Diener (a.k.a. Dr. Happy), David G. Myers and Martin Seligman have begun to study systematically happiness and happy people, and made a huge step in social psychology by investigating subjective well-being, comparing life satisfaction of different nations, and looking into consequences of being happy. Diener & Myers (1996) discovered that in fact most people feel happy despite common views on this issue, and investigated the habits of happy people. Also, Diener et al. (1985) introduced different measurement tools of global satisfaction with one’s life based on cognitive judgments, for example Satisfaction With Life Scale (SWLS). This demonstrated that happiness is measurable and comparable across countries, ethnicities, and individuals.

Martin Seligman studied thoroughly, why happy people are happy, and has contributed significantly to the structural scientific approach of positive psychology – a new field of psychology at that time. He concluded that there are three different dimensions of happiness, which an individual can achieve, but not effortlessly: the Pleasant Life, the Good Life and the Meaningful Life (2002).

**Money and happiness.** When thinking about happiness, people often refer to financial stability and higher income, and “many agree that a little more money would make them a little happier”. However, as statistics exhibit, the connection between wealth and life satisfaction is very moderate (Myers & Diener, 1995), and less important as we may assume.

Although nation’s wealth seems to contribute to overall people’s happiness, National Opinion Research Centre in the USA has demonstrated, that in 1991 there were 6% less “very happy” American citizens than back in 1957 despite the prosperous economy (Myers & Diener, 1996). Although people from Northern Europe and the Scandinavian countries are both affluent and top the ranking of the World Happiness Report (World Happiness Report, 2016), there is no consistent relation between nation’s happiness and its wealth (Myers, 1992). Since then the researches have
taken another path and admitted that our happiness depends not on the amount of wealth, but on what and how we spend our money on.

In the last decade economists and psychologists have undertaken a substantial number of researches on consumption and happiness and their interrelation. Daily we observe thousands of advertisements and are exposed to the images of life of the material excess (Thomas & Millar, 2013). Although it is often said that “money can’t buy happiness”, it should be taken into account that maybe it’s not about the money itself, but how we spend it and if we spend it on the right things. Indeed, recent studies have demonstrated that subjective well-being can be improved by investing money into those kinds of purchases, which under certain circumstances, would provide more lasting satisfaction.

**It’s not about money, but how we spend it.** Most of the findings are consistent and support the idea that life experiences are supposed to arouse more happiness in comparison with material purchases (Van Boven & Gilovic, 2003; Van Boven, 2005; Carter & Gilovic, 2010; Gilovic et al., 2014). In the empirical studies it was shown that experiential purchases have some indisputable advantages over material purchases and can be more satisfying as they are more associated with the self (Carter & Gilovic, 2010), foster social relationships, can be positively reinterpreted, are more difficult to compare (Van Boven, 2005). In terms of gaining happiness individuals adapt quicker to material purchases, and the hedonic adaptation or “hedonic treadmill” (Brickman & Campbell, 1971) for experiences is slower and has a more profound influence on the happiness level (Van Boven & Gilovic, 2003).

Due to the positive influence of experiences on individual’s happiness, there is a strong recommendation to spend more money on experiences rather than material objects (Van Boven & Gilovic, 2003; Nicolao et al., 2009; Gilovic et al., 2014, Peng & Ye, 2015). Investments in material purchases (e.g., electronics, real estate, furniture) are viewed mostly as a waste of money in terms of happiness and less pleasurable in contrast to experiences (e.g., adventures, exhibitions, concerts). Obviously, this is more of an issue for well-developed countries, where basic needs have been met.
**Moderators of purchases and happiness link.** Nevertheless, there are factors, which may influence the relation between happiness and types of purchases. It was explored that under certain conditions, material purchases may well have more benefits (Nicolao et al., 2009, Thomas & Millar, 2013). The reason is that some either personal characteristics or ones of a purchase may moderate the relationship between happiness and purchase type. The possible characteristics were researched individually and by different researches (Nicolao et al., 2009; Zhang et al. 2014; Bhargave & Votolato Montgomery, 2013; Raghunathan & Corfman, 2006; Kasser & Ahuvia, 2002; Thomas & Millar, 2013).

However, there has been little research lately, and a few factors were tested on individual basis looking at some possible interrelations between them (i.e. under which conditions the relation between happiness and a type of purchase is stronger or weaker?). Also, different factors haven’t been tested all together for the same respondents, studying the purchase-related happiness. Furthermore, the recent findings show, that there are possibly even more factors, which moderate the purchase and happiness link and their interrelations haven’t been researched yet.

This paper lays the foundation for future studies that will close this gap and address the research question: “What are the individual factors, both characteristics of a person (i.e. wealth, values) and a purchase (i.e. sharing, outcome), which may influence the relation between a purchase type and happiness, and how do they moderate the experiential advantage?” The input of this paper may well also be important for marketers, who strive to enhance consumers’ satisfaction, thus increasing the chance of potential future repeat purchases. Generally it is worth looking into this topic also on an individual level, in order to be able to make individuals be more conscious about their consumption patterns and well-being enhancement.
Theoretical Background

Hedonic Treadmill For Material And Experiential Purchases

Definition Of Happiness

Happiness may first seem to be an abstract phenomenon, which may be hard to investigate objectively, as happiness is hardly measurable. Nevertheless, with more research done in the last decades (Diener; Lyubomirsky; Seligman) the concept of happiness becomes clearer and the findings demonstrate that happiness isn’t only inherited but it can be also taught and learnt by anybody (Seligman, 2012).

However, happiness can be different and our actions toward a happier life depend highly on what one desires to achieve. According to the scientific studies (Seligman, 2002) and Tony Hsieh (2010), who implemented a lot from the concept of happiness in his successful enterprise, there are three dimensions of happiness: pleasure or the Pleasant Life, passion or the Good Life and higher purpose meaning or the Meaningful Life.

*The Pleasant Life* focuses on basic pleasures, such as body needs, and gaining more positive feelings and thrills. This path helps to minimize pain points and provide more pleasure on regular basis. *The Good Life* is more connected to our desires and their fulfilling using our strengths and experiencing the *flow* (Csikszentmihalyi, 1990). In this dimension individuals are more engaged working on their skills and employing them to enhance their life and the lives of their loved ones. In contrast, by using our unique skills and virtues we can achieve even more genuine happiness and higher purpose meaning. This dimension – *the Meaningful Life* – implies that people act “for the purpose greater than themselves”, where they find a “deeper sense of fulfillment” by deploying their signature competences (Seligman, 2002).

These three types can be split up into two main understandings of happiness. The first one represents *hedonia*, while passion and higher purpose meaning relate to
achieving *eudaimonia*. The concept of eudemonia isn’t also new to the world, as Aristotle already described it in the ancient times. According to Aristotle, leading the Good Life is the most valuable good of the human life (Marangos & Astroulakis, 2010). Its foundation lies in the virtuous activities of a person.

This study also presents another scientific background for describing happiness. Quite recently considerable attention has been drawn to measuring happiness and looking for its objective components. According to Brickman and Campbell (1971), Headey and Wearing (1992) every individual has a natural set point, which describes the level of happiness. It is determined by gens and upbringing for 50%. In the field of psychology it is said that the personal happiness set point cannot be really changed. Within our life particular events may either decrease our happiness level or upgrade it. Nevertheless, the overall happiness level will bounce back to the baseline level after a certain amount of time (Easterlin, 2003).

The happiness baseline level is different for everybody and depends on socialization and temperament. However, according to extensive studies and polls worldwide this level is fixed in the positive range, what means that people feel happy in the majority of cases (Diener & Diener, 1996).

The theory of the happiness baseline level implies that it is impossible to change it. The tendency is that individuals are “highly adaptive creatures” (McEwan, 1997, p. 141) and revert to their individual states of happiness. However, there are theories, which oppose to the common understanding of the natural level of happiness. More and more scientists emphasize that through certain activities, such as gratitude (Emmons & McCullough, 2003; Lyubomirsky, Sheldon & Schkade, 2005), acts of kindness (Otake, Shimai, Tanaku-Matsumi, Otsui & Fredrickson, 2006), and meditation (Fredrickson Cohn, Coffey, Pek & Finkel, 2008) we can boost our short-term happiness level (Boehm, Lyubomirsky, Sheldon, 2011).

Another important finding about happiness was brought up by Kahneman (2010). He made a considerable contribution in the behavioral economy and defining happiness. Kahneman demonstrated that there are two other types of happiness: happiness about one’s life and happiness in one’s life. For instance, during an experience, we can go
through some negative moments: waiting lines in an amusement park, spilled coffee on clothes, poor service in a hotel, food allergy, etc. Obviously, nothing is perfect and there will be always things, which happen against our expectations and can spoil the experience in that particular moment. However, later on the negative part of the experience won’t be as important for the afterglow happiness, as it used to be before. We may even forget about the negative moments, and eventually will perceive this experience in our memory as a wonderful time with our family and friends. This feeling will be referred to as “happiness about one’s life”. This distinction is important when looking into differences between experiential and material purchases, their outcomes, and how happy a person feels, when he or she thinks about a certain purchase.

In the academic circles different terms describing overall life satisfaction can be met – subjective well-being (further SWB) and happiness. For the purpose of this study these both terms are used interchangeably. SWB or happiness demonstrates how an individual evaluates his or her life circumstances (Diener & Diener, 1996). To sum up, it includes following dimensions: positive emotion, engagement, satisfaction, and meaning, according to Seligman (2002).

Definition Of Material And Experiential Purchases

For the aim of the research two types of purchases should be clearly defined. This paper is focused on material and experiential purchases. On the one hand, the distinction may seem to be clear (i.e. going to a restaurant is an experience; buying a piece of clothes is a material purchase). On the other hand, the classification criteria may not always be obvious or even sometimes impossible and very subjective (is buying a car a material purchase or an experiential one?). The clear definitions are, nevertheless, helpful not only for the study purposes, but also may help future consumer behavior research.

Despite the definition issues Gilovich and Van Boven (2003) were the first researchers, who introduced and made a clear line between types of purchases – material and experiential. They laid a focus on the intention criteria of a consumer. If
the purpose of a purchase is to obtain a life experience, then it can be defined as an *experiential purchase*. This may include a one-time event or a series of them. For instance, these can be any entertainment events, going on vacations or having a meal in a restaurant. Carter and Gilovich (2012) also note that experiential purchases can be therefore related to the service economy. Whereas material purchases relate to the manufacturing economy. If the consumer’s goal is to get an ownership of an object that is tangible and stays in one’s possession, then it is a *material purchase*.

Most common examples of material purchases, which people think of, are electronics, clothing, and jewelry. As for experiential purchases, the most widespread ones are going on vacation, eating out or visiting amusement parks (Thomas & Millar, 2013).

Still, some certain difficulties exist when classifying purchases, which stay in the grey zone. For example, bicycles, boats, kayaks, and other material items which are able to create an experience eventually. For one it can be not clear, is it just a possession or a “vehicle for experiences” (Van Boven, 2005)? However, as a number of studies have demonstrated (Van Boven & Gilovich, 2003, Carter & Gilovich, 2010), participants from similar empirical experiments managed well to distinguish types of purchases discussed above.

Such a distinction is paramount and essential. As pointed out (Carter & Gilovich, 2012), a person, whose aim is to *have* a thing, makes a material purchase. On the contrary, the one, who plans to *do* something with a purchase, is acquiring an experience. So an individual can recognize him- or herself, whether an object is a material or an experiential purchase. If we take an example with a bicycle, it wouldn’t be wrong if one person identifies it as a material object and the other as an experiential purchase. In the end it is for a consumer to decide, what his or her purchase was meant to be, and sometimes it can be very subjective and probably unusual.
Differences Between Material And Experiential Purchases

Although the definitions of purchase types might arouse disputes, there are some certain differences, which are helpful for the understanding of material and experiential purchases.

**Comparison.** As Carter and Gilovich (2010) note, one factor becomes very influential when it comes to the impact of a purchase type on one’s happiness level. In general people tend to compare various options, and this evaluation affects our behavior in the end. Although everything is comparative, experiential purchases tend to be less comparable to alternative experiences. For instance, it seems to be difficult to compare a booked vacation with other locations, where you could have gone to, and eventually know, from what you will deprive more satisfaction. In the end, an individual can only make some assumptions, which will be merely forecasts. On the contrary, having bought an electronic device you can still easily compare its performance with others. To add, for most people this purchase will be also very determinative, which means that after having invested a considerable amount of money in an expensive device, possibly they will hardly be able to afford a newer substitute for the next few years.

It is also crucial to emphasize that it is hard to evaluate experiences after they have been consumed. Experiences evoke less regret in comparison with material purchases, because there are less comparable examples of experiences, which are foregone. Also, it may be complicated to compare hypothetical experiences, which didn’t take place. Whereas there may be more regret in the post-purchase period in case of a material purchase. The objects can be easily compared with both past purchases and alternative objects in stores (Carter & Gilovich, 2010).

Moreover, social comparison also takes place. Individuals observe, what their peers have acquired and compare purchases almost unintentionally. Thus, due to their nature material purchases appear to be more comparison-based than experiential ones. This may imply more negative emotions and feelings.
**Tangibility.** Also, material purchases are tangible, whereas experiences are not. Material possessions can be moved in the space and time, and most of them are non-perishable (Nicolao et al., 2009). The only things that stay after experiences are memories, feelings and emotions in retrospect.

**Social nature.** Another difference between material and experiential purchases is, that due to their nature experiences appear to be more social, as individuals tend to go to events with friends, undertake some activities with others and fulfill needs for belonging (Howell & Hill, 2009; Maslow, 1943). Whereas material purchases can rarely be shared and are less socially engaging. Moreover, people rather tell stories made up from their experiences than material goods, what will be discussed later in the current paper.

**Momentary happiness.** As it was mentioned before, happiness can be in one’s life (Kahneman, 2010), which means that a person feels happy at a particular moment while consuming a product or service. An experiment of Weidman and Dunn (2015) has exhibited that participants felt more “frequent momentary happiness” from material goods than experiential ones. This can be attributed to the fact that you can live an experience only once and you cannot repeat it, although you can have a similar one, but it will never be the same. Whereas you can derive pleasure again and again from a material good, for example, a jewelry piece, which you put on from time to time and feel pretty and attractive in it. It can, also, bring you back to some memories and particular people, who are somehow related to this piece of jewelry. Due to more frequent interactions with material items in possession, they offer a certain potential for producing happiness.

However, the intensity of happiness is obviously different. Participants of the same test have reported more “intense momentary happiness”, when they consumed experiential gifts. Later on people also felt happier after experiences than material goods, what means that the “afterglow happiness” correlated more with the intensity of happiness than with its frequency. So when people discuss about their feelings in the present about happiness in the past, experiential purchases appear to be superior opposed to the material goods (Weidman & Dunn, 2015). Obviously, these
observations support the experiential advantage. Nevertheless, they also show some benefits of material goods over experiences, for instance, more “frequent happiness”.

**Theory Of Hedonic Treadmill And Reasons For Slower Adaptation To Experiences**

Pleasure gains from both types of purchases cannot last constantly and their perception changes over time. We get used to new objects purchased with an excitement before, and they don’t appeal to us anymore as they used to before we bought them. Overall, the purchases make us hardly happier than we were. Unfortunately, such an accommodation cycle is inevitable and has a certain psychological background.

In order to study the relation between purchases and happiness, it is necessary to explore the *hedonic treadmill*. This psychological phenomenon was explained by Brickman and Campbell in 1971, who described the “hedonic treadmill” as an adaptation mechanism to life events, activities and any kind of purchases. This theory has been one of the most influential ones when investigating individual well-being (Diener & Oishi, 2005). Chancellor and Lyubomirsky (2013) explain that pleasures, which individuals get from positive activities and things, dissolve over time. Eventually no change will be noticeable and it will become just a part of the habitual setting. What happens is that our happiness level comes back to the natural set point (Easterlin, 2003). In their research about adaptation to some major life events, for example, marriage, divorce, birth of a child, Clark et al. (2008) observed a full adaptation after a certain period of time. Having used a long-run panel data, the studies provided the evidence of the baseline level of happiness, and that an individual’s life satisfaction tends to return to this level due to the mechanism of adaptation, except for some extreme conditions, which can negatively affect our well-being (Diener & Oishi, 2005).

The same principle of the hedonic treadmill works for negative events. Even if it’s a tragedy, after which we experience an emotional down, anxiety or a depressive mood, we tend to overestimate the duration of our emotions. Due to the strong ability
to adapt, our emotional state bounces back to the baseline level after a certain period of time (Myers, 2015).

The psychological principle of adaptation explains the fact that individuals have a habit of comparing present events with the past ones. What means, that improvements, which happen in our life, become our future neutral happiness state, though causing a lot of euphoria in the beginning. Consequently, our expectations towards future events rise, while we adjust to “our new normal” happiness level, where previous positive experiences are included (Myers, 2015). The more favorable and at the same time continuing the consequences of the purchases are, the higher personal aspirations are. Inevitably individuals may become more disappointed, as their rising needs cannot be met constantly and expectations are just too high (Chancellor & Lyubomirsky, 2013).

When it comes to a time period, during which the effects either of positive or negative events still last and have impact on SWB, Myers and Diener (1995) note, that it has been demonstrated, that it takes around 3 months. The more recent a life event is, the more perceptible its influence on our SWB is. That implies an important consequence that in fact our life satisfaction is made up by frequent little positive moments.

It should be noted that the mechanism of the hedonic adaptation is obviously relevant for two different types of events: events, which happen repeatedly, and events, which occurred only once. As it has been done by the majority of the recent studies about happiness (Lee & Ahn, 2016; Bhattacharjee & Mogilner, 2013; Thomas & Millar, 2013; Van Boven & Gilovich, 2003; Nicolao et al., 2009), the focus of this paper is also on adaption to one-time life events. These events are more meaningful for marketing and personal consumption recommendations, and are correspondent with the purpose of this research to test the moderators of the experiential recommendation.

The mechanism of the “hedonic treadmill” is more or less the same for all kinds of events, but the main difference lies in the adaptation strength.
Concerning experiences, this purchase type can be less affected by the adaptation mechanism. As mentioned before, experiences provide a higher social value. People remember stories connected with different events, go back to them in their memories (Van Boven & Gilovich, 2003) and which may well have more impact on an individual’s life (Frank, 2004).

The other interesting finding is that as the adaptation rate for experiences appears to be slower in contrast to material purchases, the full adaption will happen later. This will concern not only positive experiential purchases, but also negative ones in comparison to material purchases (Nicolao et al., 2009). Whereas in case of material purchases, which can turn out not to meet individual’s expectations, he or she will get used to it easier and faster. This underlying proposition may demonstrate the preference of material things over experiences.

These findings show, first of all, that life experiences may be more preferred over material purchases due to a slower adaptation process. However, this characteristic implies that experiences with a negative outcome may be more disadvantageous for consumers than material purchases with a negative outcome.

The theoretical background of the nature of various purchase types and the hedonic treadmill provides some crucial ground for this paper, and will help in gaining further scientific insights in this field of research.
Experiential Advantage

Theory And Definition Of Experiential Advantage

The relation between a purchase type and the level of well-being has been a concern for many scientists for the last decades. A number of studies (Van Boven et al., 2003, Nicolao et al., 2009, Gilovich et al., 2014) confirm and support the idea that spending money on experiences may be more helpful and bring more happiness. Due to higher resistance to the mechanism of hedonic adaptation and the nature of experiences, the effects of experiential purchases may last longer and provide several benefits for consumers.

Overall, the results have shown that acquiring experiences and participating in activities can arouse more pleasure and greater satisfaction in comparison with material purchases. On the base of the empirical findings, psychologists and scientists recommend that consumers spend more of discretionary funds for life experiences rather than material items. The term, which describes this phenomenon, is experience recommendation (Nicolao et al., 2009). It can also be referred to as experiential advantage.

This term also appeared in other writings (Zhang et al., 2014; Carter & Gilovich, 2012; Howell & Hill, 2009) and its practical application has been proven by empirical researches (Van Boven & Gilovich, 2003).

Reasons For The Experiential Advantage

The underlying reasons of the hedonic superiority of life experiences have been described by several researchers (Peng & Ye, 2015; Zhang et al., 2014; Carter & Gilovich, 2012; Van Boven, 2005) and comprise at least five main principles: (1) experiences tend to improve with time; (2) “experiences have a closer contact with the self”; (3) they are unlikely “to cause social comparison”; (4) experiences “meet psychological needs better” and foster relationships and (5) are “easy to share with others”.


**Experience improved over time.** Life experiences have a specific quality of becoming better in retrospect. Over time not very pleasant or even negative events become more positive or completely positive in the memory of an individual. Individuals forget unpleasant situations or factors and remember almost only positive sides of the experience. Thus, after a retrospective evaluation bad experiential purchases become better than they objectively were (Van Boven, 2005). More positive retrospective perception of an event depends not only on time distance, but also on spatial distance (Peng & Ye, 2015). Past experiences stay in our memory and become something abstract. Each experience is unique and cannot be repeated. Our brain processes the events and can interpret it even more positively. Whereas material possessions stay around us, until we throw them away, sell, donate, etc.

One of the main reasons why experiential purchases have this quality is that experiences may obtain some “deeper meaning” or favorable features (Van Boven, 2005). As mentioned above, experiences include various activities, such as going to a concert, to a museum, visiting a TED Talk, for example. All these will be considered as experiences and all of them can be more rewarding than a material good. Not only we get pleasure, but we also learn, obtain some knowledge, inform ourselves about culture, history or influential people. This gives a special value to experiences, which hasn’t been observed with material goods.

**Experience has a closer contact with self.** Another benefit of experiences over material goods is that our life experiences can become a part of our own identity and can reflect ourselves better than material purchases. The concept of “the self” has interested philosophers and psychologists since ages. “The self” has been mostly described as “memory structure”, what implies that memories play an important role in how people identify themselves. As our memories are created most of the time by our life experiences and events, experiences appear to be much closer to our self than material goods (Carter & Gilovich, 2012).

Actions and purchases, which people make, in general can say a lot about a person. Experiences even have a stronger influence on how people are perceived and which impressions they make on others. The background for that is that individuals who are more “experiential” have a better image in the society nowadays. In contrast, people
striving for material possessions are viewed negatively. Thus, experiences may contribute more to better perceptions of oneself, and by others (Van Boven, 2002).

**Experiential purchase is unlikely to cause social comparison.** As everything in life people always make evaluations about everything and compare advantages and disadvantages of what they have, could have and would like to have.

A number of surveys have shown (Solnick & Hemenway, 1998), that experiences appear to be more resistant to comparisons and arouse less negative judgments and status concerns (Van Boven, 2005). In contrast, individuals tend to compare material possessions and get more disappointed or regretful by this, as imperfections may be more obvious.

Scientists have a difficulty in finding out actual explanations, why people are more unlikely to compare experiences and their drawbacks. Van Boven (2005) mentions, that one of the reasons may well be that life events seem to be something unique every time and, thus, it is impossible to compare them. Moreover, an experience can be referred to as a “personal feeling”, which is invisible and can be hardly measured, making comparison almost impossible (Peng & Ye, 2015).

**Experiential purchase can meet basic psychological needs better, especially the relationship needs.** One of the powerful recent findings of the positive psychology from the longest study about happiness (it lasted 75 years) by the Harvard researches (Waldinger, 2015) has proven that “good relationships keep us happier and healthier”. Taking this into account it can be admitted that because of their nature experiences may provide more happiness in comparison to material purchases, because they “build more social capital” (Gilovich et al., 2014). They connect people more easily. For example, there is a very high probability that we’ll go to a concert or theatre with a relative or a friend. Together we’ll experience either a fantastic or a terrible show, but this event will deepen our relationship and bind us together more closely.
Moreover, social relationships may be deepened when one finds out that somebody else made the same or a similar experience. A person will feel more closeness and connectedness to the other one. (Gilovich et al., 2014).

These individuals can also share their memories and emotions about the experience, asking each other and giving feedback on the experiences. People tell stories and get into long conversations. In this case experiences prompt more enduring satisfaction, because when remembering them and telling stories to your friends and relatives, these experiences bring even more pleasure and joy. Studies show, that people tend to tell more about their experiences, and not material purchases. Also, people don’t have a high need to express excitement about a very exciting material good, which they have acquired. In contrast, they are almost always eager to share the excitement about a great experience (Gilovich et al, 2014).

To add, the story-telling about our life experiences can be very valuable. The tests have demonstrated, that people, who talk about experiences, are more liked by others and such conversations bring more joy and fun than the ones about material purchases (Gilovich et al. 2014; Van Boven et al., 2010). In the end, our life and we aren’t made up by things, which we possess, but by experiences and life events we had.

Also, individuals with low materialistic values, who are more into experiences, have a better image nowadays. Others, who spend their time shopping and “wasting” their money on “material possessions” are portrayed more negatively. As a consequence, such people don’t make good impressions on others and are less liked by their peers. This prevents from creating new friendships and deeper relationships (Van Boven, 2005). Whereas experiences as a topic for conversations appear to be “more socially rewarding (Gilovich et al., 2014).

**Experience is easy to share.** While buying material items, whatever it is, i.e. clothing, electronics, is usually a solitary activity, experiences are likely to be shared (Van Boven, 2005). However, this may encourage a debate, as people tend to share exceptional material goods. For instance, give a ride to a friend in a new car or play a video game on a new game console. These activities will undoubtedly evoke some
joy and pleasure, but it won’t happen often that you share these goods and the sharing won’t be permanent. In most cases people play and commute on their own (Gilovich et al., 2014).

**Scope Of Universality Of The Experiential Advantage**

Although consistent findings have demonstrated that experiences bring more multiple happiness than material purchases, the question is, if this rule is the same for everybody and universal under different terms and conditions. Should everybody listen to this advice and invest more of his or her discretionary funds in experiences without taking into account any other factors?

First of all, as it was already mentioned above, this topic is more applicable for the well-developed affluent nations, whose basic needs are already met. The other ones, who struggle to put aside money for an investment in a house for a family instead of a shelter, for example, will obviously be more worried about that and shouldn’t take the experience recommendation at face value.

Second, although researchers recommend that people consume more experiences than material goods, there are some certain moderators of this recommendation, which have to be considered (Caprariello & Reis, 2013; Nicolao et al., 2009; Thomas & Millar, 2009; Richins & Dawson, 1992). These are described later in this study and their relevance for purchase-related happiness has been tested empirically. The previous findings have shown, that some characteristics not only moderate the experiential recommendation, but also under certain conditions people prefer material goods to experiential purchases.

The experience recommendation supported by the psychologists and scientists to spend discretionary funds on experiential purchases instead of material possessions is widely recognized and has proven to be reliable and relevant for achieving true happiness. However, some factors demonstrate that experiential advantage isn’t absolutely universal and cannot be applied as one and only recommendation towards how to spend money in order to be happy.
Individual Difference Moderators of the Experiential Advantage

Individual Moderators Of The Purchase Types, Links to Happiness And Classification

Having described the experience recommendation and reasons behind it, some questions remain unanswered. As people aren’t the same and conditions under which they purchase things vary, can the experience recommendation be considered as universal for everybody and be applicable for different situations? Are there any individual characteristics which moderate the effects of this recommendation? How strong may they influence the purchase type and happiness link?

To answer these questions, individual difference moderators have to be explained and discussed. Some of the moderators have been introduced and described by several scientists (Zhang et al., 2014, Thomas et al., 2013; Hill & Howell, 2014), who studied one or two individual characteristics at the same time for the same group of participants.

Individual moderators can be split up into two groups – personality moderators of the experience advantage and purchase moderators of the experiential advantage (Zhang et al., 2014). Moderators, which refer to the personality and individual characteristics of a consumer, belong to personality moderators. Among others these may include the socioeconomic status of a person (Thomas & Millar, 2013), the age (Bhattacharjee & Mogilner, 2013), the strength of materialistic values (Lee & Ahn, 2016; Richins & Dawson, 1992), the self-transcendence values (Hill & Howell, 2014). The other group of moderators comprises characteristics of a purchase, for instance, if a purchase is shared or not (Caprariello & Reis, 2013), and how the outcome of the purchase was (Nicolao et al., 2009).

Obviously, this list isn’t complete and there are other factors, which haven’t been under research yet.
Due to the limited resources the focus of this paper is on the four following individual difference moderators, which may moderate the relation between a purchase type and SWB: valence of outcome, involvement of others, materialistic values, socioeconomic status. These are described further.

**Personality Moderators Of The Experiential Advantage**

*Socioeconomic status.* First, it is highly insightful to learn if socioeconomic status (further SES) has an impact on the experience recommendation and how strong or weak its moderating influence is. SES is a “person’s position within a hierarchical social structure and a distribution in relation to others based on opportunity, prosperity, and standing” (Thomas & Millar, 2013; Mirowsky & Ross, 2003).

The previous research demonstrates that people with lower SES (basic meets are unmet; physical safety isn’t provided) will deprive more pleasure from material goods than people with higher SES (for example, citizens of Western countries). As these people feel insecure and strive to improve their life conditions (i.e. afford a housing, have an access to medical insurance), they will primarily acquire material purchases, and feel happier eventually (Thomas & Millar, 2013; Kasser & Ahuvia, 2002). Indeed, the lower income levels are, the stronger the correlation between income and subjective well-being is. In this case basic needs satisfaction will play a key role in achieving more happiness, as many studies have demonstrated it (Howell & Hill, 2009). No surprise, that these people won’t be bothered by figuring out, how to better spend their money to be happier, as for them the sources of their happiness seem to be pretty clear.

When primary needs are met, the correlation between income level and life satisfaction will become weaker. Every increase in discretionary funds won’t boost one’s happiness level significantly, unless “the income is being used to meet higher-order psychological needs” (Howell & Hill, 2009).

*Materialistic values.* Richins and Dawson (1992) defined materialism as a key value, which implies three dimensions. First, people with strong materialistic values believe that “possessions are a source of happiness”. Second, material goods are a
measure of success. Last, “possessions are central in one’s life”. They also developed a concept of how to measure materialism as an individual consumer value, which has been employed in this paper.

As the findings of the previous research works have found, materialism negatively influences happiness levels, when considering well-developed nations, whose basic needs are met (Lee & Ahn, 2016; Burroughs et al., 2002). Some of the factors, which may have impact on the negative correlation between materialism and SWB, are a “lack of control over consumption”, “self-centred and money-oriented traits”. Lee & Ahn (2016) describe, that such individuals, first of all, aren’t reflective about their consumption, and possessions become the center of their lives. Moreover, traits, such as envy, selfishness, greediness, preoccupy these individuals’ minds and make focus on accumulating wealth, and not consider other issues, such as environmental issues, community. In pursuit of materialistic goals, these people don’t enjoy investing in higher psychological needs, such as self-actualization (Maslow, 1954), thus not achieving eudemonic happiness (Howell & Hill, 2009). Also, as soon as they aren’t able to afford themselves a certain material possession, they’ll feel dissatisfied, because their expectations about wealth are already very high and cannot be met (Lee & Ahn, 2016).

People with stronger materialistic values are defined to have the following characteristics (Richins & Dawson, 1992). (1) First, they make more materialistic purchases than others. It is necessary to admit, that materialistic purchases shouldn't be confused with material purchases. While material purchases are primarily physical items acquired with the goal of owning them, materialistic purchases are bought to show and emphasize the status and the wealth of its owner. (2) Second, materialistic consumers are indeed happier when they show off their wealth. (3) Third, for them the wealth defines the personal success. (4) At last, they judge others according to their wealth and purchases.

It is crucial to mention that not only tangible material purchases can be perceived as materialistic. Expensive experiences, such as going on vacation to luxurious hotels or visits to posh restaurants and parties, for instance, can be defined as materialistic. Again, the intention behind the action is a key criteria for considering an experience
materialistic or not despite the amount of money spent on it. If the purpose is to signal the status to others, then it is materialistic (Carter & Gilovich, 2012).

**Purchase Moderators Of The Experiential Advantage**

**Involvement of others.** The fact, that people prefer to share their experiences with relatives or friends, leads to the question: is it always true that “happiness shared is doubled and sadness shared is halved” and how is it applicable for experiential and material purchases? Social influence and sharing is a significant factor, which may influence the satisfaction with any type of purchase.

The findings of Caprariello and Reis (2013) show that involvement of others in experiences is highly desirable for individuals. This satisfies the need of belonging, connectedness and relatedness. Experiences in a joint contest are more preferable than solitary ones. Moreover, their study has demonstrated that people prefer material possessions to experiences in a solitary contest. In this case this individual characteristic of a purchase moderates the experiential advantage and material purchases may well make people happier. This finding implies that the value of an experiential purchases increases, when other people are also involved.

Clearly, most of the experiences are usually consumed in a joint context, i.e. going on vacations, playing football, dining out, going to a theatre, whereas material goods are more suitable for a solo context (i.e. watching series, listening to music on a new smartphone, reading a new book). The previous findings have shown that people feel more connected when sharing an experience, what influences the overall satisfaction about a life experience (Bhargave & Montgomery, 2013).

**Valence of outcome.** Another characteristic of a purchase is valence of the outcome. It was tested only once by Nicolao et al. (2009) in terms of its moderation of the experience recommendation. They agree with the supposition that people adapt slower to experiences. However, Nicolao et al. admit that empirical experiments done before were concentrated only on purchases, which were eventually positive. According to their findings the way, how a purchase turns out to be (positive or negative), influences retrospective happiness and moderates the experiential
advantage. Their findings have shown that when purchases are negative, “experiences have no advantage over material goods, and sometimes material purchases even induce more happiness than do experiences” (2009). In contrast to the experiential recommendation, material purchases may still be not just basic needs fulfillment and a waste of money.

The characteristics described above are under investigation of the current survey, and will help to achieve its purpose in terms of their moderation of the experience recommendation.

**Other Individual Moderators Of Experiential Advantage**

Obviously, this list isn’t complete, and opens space for potential future research in the field of consumption and positive psychology.

**Spending target or gift giving.** There can be various options, what or who to spend money on. More commonly the research in the field of the purchase-related happiness is focused on the questions such as how consumers should spend their money on themselves to achieve the best outcome in terms of self-satisfaction. When it comes to individual happiness, one may think that spending the discretionary funds on oneself is the only way to achieve more happiness in life. However, a number of studies show, that a target is a decisive factor, when it comes to money spending (Dunn et al., 2008; Goodman, 2015). The study of Dunn et al. (2008) has demonstrated that people feel happier, when they make a prosocial spending and spend money on others. They also note, that the majority of people aren’t aware of this fact as well. Goodman (2015) has made a contribution to the research about gift giving and happiness, and found out that recipients of gifts feel happier from experiences, than from material gifts. However, gift-givers tend to choose material items instead.

Considering these findings, it can be insightful to investigate, if gift giving of different purchase types has an influence on the gift-giver’s happiness, and find out if there is any moderation of the experience recommendation. Acquiring (or creating and customizing) various types of gifts can involve different activities, social
interactions with others, handmade work, etc. All these parts of preparing a gift might well boost one’s happiness.

**Age.** The age of a person might well have an effect in terms of purchase-related happiness, and can be also classified as a personal moderator. Bhattacharjee and Mogilner (2014) have made a research in a field of experience-related consumption, and evaluated, how different age groups feel about ordinary and extraordinary experiences. They found out, that due to the need for self-definition younger people prefer extraordinary experiences to ordinary ones. Whereas persons of the older age associate ordinary experiences with more satisfaction.

Although the age was explored in terms of the moderation of the preference for extraordinary experiences, the age can also be a moderator for the experience recommendation in terms of a purchase type. The investigation of the age isn’t the purpose of the current study, as the survey doesn’t focus on particular age groups. However, it would be interesting to see, if there is a moderation of the experience recommendation under the influence of the age factor.

To sum up, there may be also other moderators, which are not known to researchers or haven’t been investigated yet.
Summary And Outlook

The goal of this paper was to first give a general introduction to the topic of happiness and in particular in the context of modern happiness research. We then focused on the relationship between consumption and happiness by introducing the differentiation between material and experiential purchases. When in doubt if a purchase is more of a material or an experiential purchase the intention criteria of the consumer can help to put the purchase in the respective category. We discussed a selection of differences between material and experiential purchases in more detail such as comparison, tangibility, social nature as well as duration of happiness, where we put a focus on the phenomenon of the hedonic treadmill.

We introduced the concept of experiential advantage and gave five reasons why experiential purchases lead to higher levels of happiness compared to material purchases. We then gave some examples of individual difference moderators of the experiential advantage such as socioeconomic status, materialistic values, age and spending target or gift giving.

Further studies could focus on the research question already suggested above: “What are the individual factors, both characteristics of a person (i.e. wealth, values) and a purchase (i.e. sharing, outcome), which may influence the relation between a purchase type and happiness, and how do they moderate the experiential advantage?” Here we suggest analyzing the question in certain contexts such as different countries and/or cultures or different generations. Initial observations show that the Generation Y and especially Generation Z is more and more focused on conscious consumption. Companies that understand to offer products and services in the respective way will be able to cater the needs and interests of future consumer generations much more successfully than companies who only focus on sales numbers in a 20th century way of doing business.
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