

Do experiences or material goods make us happier?

February 23 2009

Should I spend money on a vacation or a new computer? Will an experience or an object make me happier? A new study in the Journal of Consumer Research says it depends on different factors, including how materialistic you are.

Even though conventional wisdom says choose the vacation, authors Leonardo Nicolao, Julie R. Irwin (both University of Texas at Austin), and Joseph K. Goodman (Washington University, St. Louis) say the answer is more complicated than previously thought.

"Dating as early as David Hume and through Tibor Scitovsky and many others, the sentiment has been that individuals will be happier if they spend their money on experiences (theatre, concerts, and vacations) as opposed to material purchases (fancy cars, bigger houses, and gadgets)" write the authors.

The authors say this advice holds true for purchases that turn out well. But when it comes to negative purchases (a disappointing sofa, a bad vacation), their research shows that experiences decrease happiness more than material goods. "In other words, we show that the recommendation should include a caveat: Purchases that decrease happiness are less damaging when they are material purchases than when they are experiential purchases," the authors explain.

Highly materialistic individuals, the authors found, were equally happy with their positive purchases and equally unhappy with negative

purchases whether they were experiences or material goods. The researchers also found that emotional intensity decreases more quickly after material purchases than experiential ones.

Consumers should be especially cautious when choosing among experiences, say the authors, because making a negative choice can lead to lasting unhappiness with the experience. Risky material purchases, on the other hand, are less potentially damaging.

Overall, the authors agree with conventional wisdom: "Given a good probability of a positive experience, our research echoes past research in suggesting that money is well spent on vacations, concerts, amusement parks, and restaurants over comparably priced objects and trinkets," they conclude.

More information: Leonardo Nicolao, Julie R. Irwin, and Joseph K. Goodman. "Happiness for Sale: Do Experiential or Material Purchases Lead to Greater Happiness?" *Journal of Consumer Research*: August 2009.

Source: University of Chicago

Citation: Do experiences or material goods make us happier? (2009, February 23) retrieved 19 April 2024 from <https://phys.org/news/2009-02-material-goods-happier.html>

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