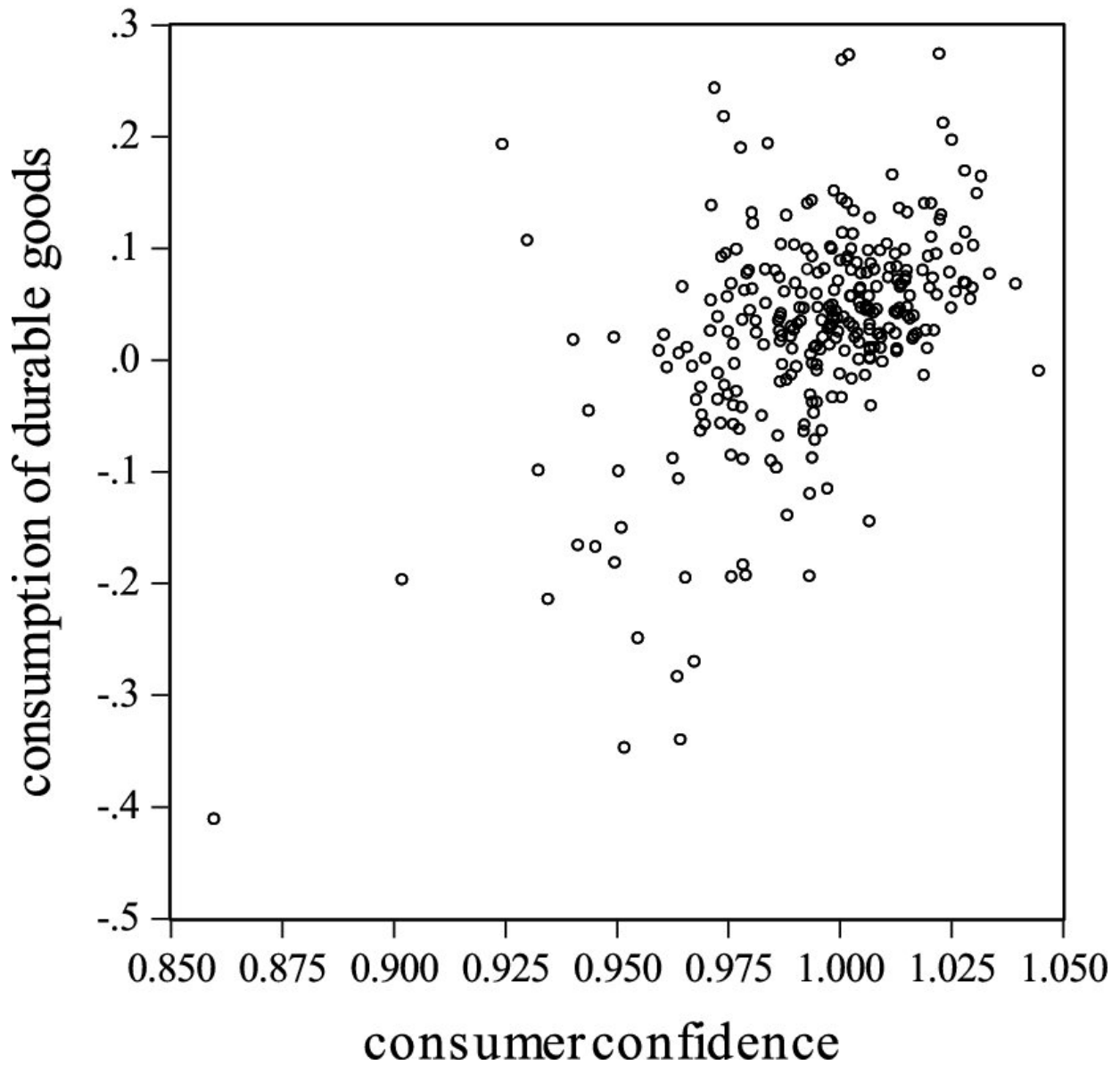


Happy people spend less on consumption, study suggests

December 15 2022



Relationship between consumption of durable goods and consumer confidence.
Credit: *Journal of Happiness Studies* (2022). DOI: 10.1007/s10902-022-00603-5

Psychology and economics can contribute to a better understanding of consumer behavior. While purchasing power depends on real income and wealth, willingness stems from the consumers' confidence and expectations about national and personal economic conditions.

Consumer [confidence](#) measures the perceptions of customers about their recent and future financial situation and [economic climate](#). Views on the possibility of using the Consumer Confidence Index (CCI), a measure of the prevailing consumer sentiment, to analyze private consumption, vary, and the efficacy of the CCI in analyzing and forecasting economic phenomena is not universally accepted. The predictive power of [consumer confidence](#) is more obvious during exceptional events such as political or economic shocks, environmental crises, etc.

Researchers from the University of Chemistry and Technology in Prague found that the CCI always plays a positive and statistically significant role in the development of consumption. This means that an increase in the CCI increases the growth of total consumption and expenditures on durable and semidurable goods and services.

We may expect that consumer confidence influences spending on nondurable goods, especially during exceptional events when consumer priorities are centered on basic needs. The uncertainty of the external situation may lead to panic buying and over-purchasing of nondurables to restore the sense of security by creating a supply of food and beverages to be prepared for possible bad times.

"It is important to understand how our level of happiness or overall well-

being affects our choices in various aspects of our life, consumers' behavior included. Our study contributes to the area of research on the relationship between various aspects of well-being and consumption by adding the variable of consumer confidence, which is considered an important psychological factor affecting consumers' spending," says Lenka Mynarikova, Ph.D.

The work is published in the *Journal of Happiness Studies*.

More information: Lenka Mynaříková et al, The Effect of Consumer Confidence and Subjective Well-being on Consumers' Spending Behavior, *Journal of Happiness Studies* (2022). [DOI: 10.1007/s10902-022-00603-5](https://doi.org/10.1007/s10902-022-00603-5)

Provided by University of Chemistry and Technology Prague

Citation: Happy people spend less on consumption, study suggests (2022, December 15) retrieved 23 June 2024 from <https://phys.org/news/2022-12-happy-people-consumption.html>

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