Happiness From Experiences: Its All in the Mind(Set)
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Extant research shows that experiences bring more happiness than possessions. However, this may not be true for all consumers. We propose that belief in malleability (vs. fixedness) of personality drives preference for experiences. Three studies demonstrate that incremental-theorists value experiences more than entity-theorists due to experiential purchase’s contribution to self-growth.

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EXTENDED ABSTRACT

“Want to be happy in life? Buy experiences instead of things.”
(Dunn, Gilbert, and Wilson 2011, p. 115)

Extant research on happiness and well being shows that the first principle of using money to increase happiness is to spend it on experiences and not possessions (Van Boven and Gilovich 2003). Experiences (going to a Broadway show, hiking) bring more happiness than possessions (designer dress, electronic gadget). There are several reasons underlying this preference – experiences are less prone to adaptation (Nicolao, Irwin, and Goodman 2009), more amenable to positive re-interpretation (Van Boven and Gilovich, 2003), more social (Caprariello and Reis 2013) and less prone to comparison (Carter and Gilovich 2010). Thus far, research seems to suggest that preference for experiences is almost universal – with few purchaser characteristics (lower income consumers and those high in materialism, Van Boven and Gilovich 2003; Zhang et al. 2014) and a solitary purchase characteristic (valence of the purchase, Nicolao et al. 2009) leading to a lack of preference for experiences (over material possessions).

However, we propose that this may not be true for all consumers. Not all consumers will derive similar happiness from experiential consumption. Specifically, mindsets or, belief in malleability (vs. fixedness) of personality will drive the preference for experiential purchases (over material possessions). Incremental theorists, who believe in malleability of self and others, are actively seeking opportunities for self-growth and advancement (Elliot and Dweck 1988). Hence, they would likely derive greater value from experiential consumption, as they believe that experiences add to their personalities and help them grow as individuals. In contrast, entity theorists who believe in the immutability of the world (Dweck 2000) are less likely to view experiences as a tool for self-development, thus not preferring experiences over material possessions. Hence, incremental theorists will be more positively disposed towards experiences (over material goods) than entity theorists. Further, we propose that incremental theorists’ preference for experiences is driven by the belief that experiences contribute to self-growth. Even a negative experience may be construed positively as a learning opportunity.

We test these hypotheses across three studies. Driven by the belief that experiences contribute to self-growth, incremental theorists (vs. entity) are more likely to favor experiences over material goods. We show this by measuring the general tendency to make experiential purchases (Study 1), self-generated purchase (Study 2) and manipulating the type of purchase to be recalled (Study 3). Participants were from US and recruited via MTurk.

Study 1 measured participants’ habitual propensity to buy experiences using the Experiential Buying Tendency Scale (EBTS;α=.89) by Howell et al. (2012). This 4-item scale was developed to measure the general tendency to make experiential rather than material purchases. We measured implicit theory orientation (α=.96) using the 3-item measure (Levy et al.1998). As hypothesized, incremental theory orientation and experiential buying tendency were positively correlated, r(49)=.36, p<.05. Specifically, entity theory orientation (+1SD) was linked with a lower propensity to buy experiences (M ENT=3.6) compared to incremental theory orientation (-1SD, M INC=4.74, p<.05).

In line with prior research, Study 2 asked participants to self-generate a recent purchase that they “thought would make them happier” (Guevarra and Howell 2014, p. 31), with the prediction that incremental theorists will be more likely to recall an experiential purchase. Implicit theory orientation (α=.93) was measured using the 8-item scale (Levy at al. 1998). We measured materialism (Richins 2004) and asked for wealth and income details as prior research shows that these two variables moderate the relationship between purchase type and happiness (Van Boven 2005). Participants’ purchase descriptions were coded into two categories - material(1) and experiential(0) using the Van Boven and Gilovich’s (2003) definition. Ordinal logistic regression using this coding as dependent variable, implicit theory score as predictor, and controlling for materialism and wealth/income levels, revealed an overall significant model (Chi square=8.46, p<.05, df=3) and significant effect of implicit theory orientation on type of purchase recalled (Chi square=3.94, p<.05). As hypothesized, participants with incremental theory orientation were more likely to recall an experiential purchase.

Study 3 manipulated purchase type in a post-consumption recall task. Participants were asked to recall a recent purchase, either material or experiential (Nicolao et al. 2009). Then they evaluated the subjective economic value of the purchase (Guevarra and Howell 2014). To investigate the role of self-growth as the mechanism, we asked participants to respond to “To what extent did this purchase help you grow as a person?” from 1 (not at all) to 9 (very much). Participants completed the implicit theory (Levy et al. 1998) and materialism (Richins 2004) scales.

Regression type of purchase, participants’ score on implicit theory scale, their interaction, and belief in materialistic values (as control variable) on subjective economic value (SEV) resulted in a significant interaction (F(2,136)=9.46, p<.05). Spotlight analysis showed that incremental theorists assigned higher SEV to their experiential purchases (M INC=8), compared to entity theorists (M ENT=6.67, p<.05). No such difference was found for material purchases (M INC=7.15, M ENT=7.59, p=NS). Further, incremental theorists derived higher economic value from their experiential purchases vis-à-vis material objects (M INC=8, M ENT=7.15, p<.05) whereas entity theorists rated their material purchases (M INC=7.59) to be more economically beneficial than experiential purchases (M INC=6.67, p<.05). To test self-growth as the process, we performed moderated mediation analysis using Hayes’ (2012) Model 7. Bootstrapping with 5000 iterations revealed a significant indirect effect (95%CI=[.07,.53]) and was significant only for incremental theorists.

The experience-over-goods effect is thought to be near universal with only a few moderators investigated till date. Our research shows that difference in mindsets or implicit theory orientation has a tangible impact on consumers’ preference for experiences. Our research contributes to happiness and well-being literature by highlighting a key difference that drives value derivation from experiential purchases. Further, we show experiential purchase’s ability to contribute to self-growth as the underlying mechanism. We contribute to growing consumer research that establishes implicit theory as a meaningful individual difference variable with impact on choice and preferences (Mathur et al. 2015). This research
has practical relevance for developing compelling products and communication for different consumers. While we used chronic and post-consumption measures, future research may look at predicting choice and also manipulate mindsets.

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