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Americans spending, gambling, saving: Who's happiest, who's most at risk?

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For some, spending in today's tumultuous economy is not a problem, especially for those who don't care what everyone else has. But for others, casino splurges, not saving enough or buying the latest iPhone on impulse can lead to emotional turmoil or financial troubles, according to several new studies on consumer behavior.

These studies, presented at the 116th Annual Convention of the American Psychological Association, show how various approaches to spending can lead to contentment or problems. The studies cover the buying habits and emotional well-being of spenders, the demographics of gamblers and who is at risk for trouble, the strategies people use to save and the emotional reactions of impulse buyers.

In one study, psychologist Miriam Tatzel, PhD, of Empire State College, State University of New York, compared peoples' spending habits with their sense of well-being.

"Those who don't worry too much about prices and like to spend their money on travel or dinners rather than new cars are generally happier than those who spend a lot on expensive purchases and carry credit card debt," said Tatzel.

Her study of 329 students examined what types of spenders are the happiest. She found that value seekers are both materialistic and frugal. They look for sales on high price items. Big spenders are materialistic and not frugal. They tend to have credit card debt, use all their money to

buy things and are the least happy. Non-spenders are frugal and not materialistic. They save every penny. Finally, experiencers are not frugal and not materialistic. They pay little attention to prices, don't care what others have and are the happiest.

In another study, psychologist Arch G. Woodside, PhD, of Boston College, and Ralph Perfetto, PhD, of the University of Rhode Island, found that while most people do not gamble, the majority who do gamble, do so most weeks of the year. They have moderate incomes and are at the highest risk for financial and psychological trouble.

Using data from the annual DDB Needham Life Style Survey, Woodside and Perfetto looked at casino gambling patterns among 20,568 adults from 1993 to 1998. They found that less than 2 percent of all casino gamblers are responsible for nearly 25 percent of all casino gambling wins and losses – referred to as the extreme or X-gamblers. The authors identified three sub-types of X-gamblers. "Whales," are mostly white, middle-aged men with high incomes who go to casinos most weeks of the year. They spend the most money. "Jumbo shrimp" are mostly older white females with very low incomes and visit casinos most weeks of the year. Finally, "big fish" are very frequent gamblers with moderate incomes and make up more than half the X-gamblers. Most middle-income X-gamblers come from mixed demographic backgrounds. X-gamblers visited casinos 25 times or more a year.

"Understanding the demographics and the different influences that play into gambling can help psychologists tailor their interventions for people who get into trouble," said Woodside. "Moderate-income X-gamblers – 'big fish' – are at the most risk for losing the most money and suffering the most overwhelming financial and psychological consequences. The 'whales' can afford to lose money and the 'jumbo shrimps' don't have much money to lose."

In a third study about spending, researchers conduced five experiments with 678 adults to find out why people have trouble saving and what they can do to save more. Leona Tam, PhD, of Old Dominion University, and Utpal M. Dholakia, PhD, of Rice University, looked at a number of variables that influence saving money, such as whether estimates of saving a certain amount of money increases savings and whether savings estimates influence financial decision-making.

Financial planners advise people to think ahead about their savings. But maybe they shouldn't think too far ahead, said Tam. Those who plan and estimate their savings more than a month in the future are twice as likely to save less money compared to those who only plan a month at a time, said Tam.

While keeping the savings goal in mind, planning to save in a shorter time frame, like one month, leads to the most success, said Tam. "This type of time frame helps people see steady progress along the way while not feeling too much pressure. This is similar to some of the dieting regimens – not too close so you don't see progress but not too far away either so you don't get discouraged."

Another study looked at negative emotions resulting from an impulse buy and how impulse buyers cope differently with each emotion. Researcher Sunghwan Yi, professor at the University of Guelph in Ontario, asked 222 college students how they felt after buying something on impulse and what coping strategies they used to handle the situation.

Students reported feeling guilt and/or shame after making an impulsive buy. Guilt instills remorse or regret over giving into a "particular transgression," whereas shame brings on revelations of deep-seated personal flaws, said Yi.

"Even though guilt and shame are often interchangeably used, each is a

distinct emotion," Yi said. "Participants who felt guilty about the impulse buying used proactive coping strategies, such as adjusting budgets and planning to reduce impulse buying in the future. On the other hand, shameful buyers used more avoidant emotion-focused strategies, such as denial and reframing the incident to be less injurious to the self."

Source: American Psychological Association

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