

# Social class determines whether buying experiences or things brings greater happiness

October 3 2018

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What is the best way to spend money to increase your happiness? It may depend, in part, on how wealthy you are, according to findings published

in *Psychological Science*, a journal of the Association for Psychological Science.

In a series of studies, researchers Jacob C. Lee of Ulsan National Institute of Science and Technology (UNIST), Deborah Hall of Arizona State University, and Wendy Wood of the University of Southern California found that only individuals who were relatively higher in [social class](#) showed the well-known effect of greater [happiness](#) from purchasing experiences, such as going to a concert or the movies, compared with purchasing material goods, such as a pair of shoes or accessories.

Lower class individuals, on the other hand, did not show the same pattern—in some cases, they reported the same degree of happiness from experiential and [material purchases](#), whereas in others they actually reported that material purchases made them happier.

The conclusion that buying experiences yields more happiness than buying tangible objects is known as the *experiential advantage*.

"However, this simple answer to the question of how to best spend your money does not consider the huge economic disparities in our society," Wood notes. "We reasoned that the basic motives that shape consumer decisions would vary between higher-class and lower-class consumers. Thus, we anticipated that the degree of happiness obtained from different types of purchases would also vary by social class."

Individuals of higher social class have an abundance of resources, which means they can afford to focus more on internal growth and self-development. Because [experiential purchases](#) are more closely related to the self than material ones, higher-class individuals should derive more happiness from an investment in an experience.

People who have fewer resources, on the other hand, are likely to be more concerned with resource management and making wise purchases.

"For lower-class consumers, spending money on concert tickets or a weekend trip might not result in greater happiness than buying a new pair of shoes or a flatscreen TV," Hall explains. "In fact, in some of our studies, lower class consumers were happiest from purchasing things, which makes sense given that material goods have practical benefit, resale value, and are physically longer lasting."

In an initial meta-analysis, the researchers examined data from over 20 studies investigating the experiential advantage among college students at private and public institutions. Consistent with the idea that social class moderates experiential advantage, students with higher tuition costs and those attending private institutions reported greater experiential advantage than did students with lower tuition costs and those attending public schools.

In their next study, Lee, Hall, and Wood had participants recall both an experiential and a material [purchase](#) they had recently made and indicate which purchase made them happier. Participants of higher social class reported that their recent experiential purchases provided greater happiness. Conversely, individuals of lower social class reported greater happiness from recent material purchases.

Another study, in which participants were randomly assigned to recall a recent purchase of either an experience or material good, also showed an experiential advantage for participants who had an annual household income of \$80,000 or more and at least a bachelor's degree. In this case, participants who had relatively lower income and education (less than \$30,000 annual household income and a high school degree or less) reported similar levels of happiness, regardless of whether they thought about a recent experiential or material purchase.

But participants didn't actually have to have lower income to show this pattern of results. The final study revealed that those who simply imagined that their monthly income had just decreased by 50% reported feeling similar levels of happiness from recent material and experiential purchases that they had made. In contrast, participants who imagined that their monthly income had just increased by 50% reported greater happiness from experiential purchases. That is, the experiential advantage was muted or amplified in response to even momentary changes in consumers' mindset regarding their financial resources.

The pattern of results was similar regardless of how the researchers measured social class, whether by income, education, or participants' subjective judgments. Furthermore, the relationship between social class and purchase happiness seemed to hold over time, even months after purchases were made, and regardless of how much the purchases cost.

"The take-home message is that, when it comes to increasing one's happiness through discretionary spending, there is no single 'right' answer of what to buy," Lee says. People's available resources are an important factor when deciding whether to purchase experiences or [material goods](#) to be happier.

The authors are currently conducting additional studies to better understand the specific consumer motives that underlie class-based differences in the experiential advantage.

**More information:** Jacob C. Lee et al, Experiential or Material Purchases? Social Class Determines Purchase Happiness, *Psychological Science* (2018). [DOI: 10.1177/0956797617736386](https://doi.org/10.1177/0956797617736386)

Provided by Association for Psychological Science

Citation: Social class determines whether buying experiences or things brings greater happiness (2018, October 3) retrieved 22 May 2024 from <https://medicalxpress.com/news/2018-10-social-class-greater-happiness.html>

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