Case Report

Spending on doing promotes more moment-to-moment happiness than spending on having

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ABSTRACT

People derive more satisfaction from experiential purchases (e.g., travel, entertainment, outdoor activities, meals out) than material purchases (e.g., clothing, jewelry, furniture, gadgets), both in prospect and retrospect. Because different types of well-being can have different determinants, we examined whether experiences have the same advantage over possessions in the here-and-now of consumption as they do in anticipation or remembrance. Participants in two large-scale experience-sampling studies were contacted in the midst of consuming an experiential or material purchase and asked about their momentary happiness. Experiential consumption was consistently associated with significantly greater happiness than either non-consumption or the consumption of material goods. In-the-moment happiness, furthermore, was greater for all subcategories of experiential purchases than for any category of material goods. Experiences thus appear to be a more promising route to enhancing well-being than possessions, irrespective of when happiness is measured.

1. Introduction

People are good at spending money. Indeed, consumer spending constitutes nearly 70% of the U.S. economy (World Bank, 2018). But whereas consumers are often satisfied with their purchases, spending does not always advance well-being. Although people generally know what will make them happy or unhappy, they sometimes have difficulty predicting the intensity or duration of either (Wilson & Gilbert, 2003).

Research indicates that people derive more happiness from experiential purchases (concerts, vacations) than material purchases (clothing, gadgets; see Gilovich & Kumar, 2015, and Gilovich and Gallo, 2020, for reviews). But happiness is a complex term with multiple meanings. For instance, scholars often distinguish between hedonia, or pleasure, and eudaimonia, or the satisfaction that comes with being virtuous, prosperous, and having a sense of purpose and meaning in life. More recent scholars have distinguished between anticipatory utility, experienced utility, and remembered utility (Kahneman, 2000). As their names suggest, anticipatory utility refers to the value people derive from thinking about and savoring an upcoming event; experienced utility refers to the value people derive from the in-the-moment “consumption” of an event; and remembered utility refers to the value people derive from the memory of the event and from considering it part of one’s “endowment.” Researchers have found that experiences advance happiness more than possessions both in prospect (Kumar & Gilovich, 2015, 2016; Kumar, Killingsworth, & Gilovich, 2014) and retrospect (Caprariello & Reis, 2013; Carter & Gilovich, 2010, 2012; Guevarra & Howell, 2015; Howell & Hill, 2009; Nicolao, Irwin, & Goodman, 2009; Pchelin & Howell, 2014; Van Boven & Gilovich, 2003; Walker, Kumar, & Gilovich, 2016).

But what about happiness in the here-and-now of consumption? Although anticipated and remembered enjoyment are important components of utility, there are times when enjoyment in prospect or retrospect departs from feelings in the moment. In one study, for example, people’s here-and-now enjoyment of a vacation was notably worse than how they remembered it, and their willingness to repeat the vacation was driven by their inaccurately-rosy memory rather than their true momentary experience (Wirtz, Kruger, Napa Scollon, & Diener, 2003). It is accordingly possible that people’s positive anticipation and remembrance of experiences (Mitchell, Thompson, Peterson, & Cronk, 1997) is not reflected in their actual moments of consumption, but instead result from rose-colored beliefs about their feelings during the here-and-now of experience.

The only existing research of which we are aware that examines contemporaneous (or nearly contemporaneous) enjoyment of material and experiential purchases is that of Weidman and Dunn (2016) who, in one study, gave participants $20 and randomly assigned them to spend...
it on an experiential or material purchase at some point during the next two weeks. The participants then kept a diary each night for those two weeks and they indicated whether they consumed the purchase that day and, if so, “how happy they were during this occasion” (p. 392). Participants who had made an experiential purchase reported being non-significantly happier when consuming it than those who had made a material purchase. In a second study, participants were asked to identify either a material or experiential gift they had received over holiday break and then were sent 3–5 text messages a day for two weeks asking them how much the gift they had identified was “contributing to your happiness in life right now” (p. 396). Participants who had been asked about an experiential purchase reported that it had contributed significantly more to their happiness than those who had been asked about a material purchase.

Although suggestive of the possibility that people get more in-the-moment enjoyment from experiential purchases than material purchases, there are obvious limits to what can be concluded from purchases that cost $20 or from gifts that participants have received. Would similar results be obtained when it comes to the enjoyment people derive from the full range of experiential and material purchases people make in the context of their daily lives?

To find out, we conducted two experience-sampling studies in which we asked a large sample of respondents how they felt while consuming or having just consumed an experiential or material purchase. In both studies, the data were not analyzed before data collection based on prior experience-sampling research (Hofmann, Wisneski, Brandt, & Skitka, 2014). Participants were instructed to answer the ensuing questions with respect to their most recently consumed purchase if they had consumed more than one.

If a respondent answered “Yes” they had consumed the specified purchase in the past hour, they were asked five follow-up questions: (1) whether their consumption was primarily for work or play; (2) whether it was primarily for themselves or someone else; (3) whether it was freely chosen or an obligation; (4) what the purchase was (open-ended); and (5) its price.

2.2. Results

Participants received the experiential-purchase question in 3762 reports. Of these, participants had consumed an experiential purchase in the last hour 18% of the time. Most were for play/leisure (81%), primarily for themselves (73%), and of their own choosing (88%). Participants received the material-purchase question in 3808 reports. Of these, participants reported having just consumed a material purchase 52% of the time.1 Most were for play/leisure (62%), primarily for themselves (80%), and of their own choosing (79%). Thus, recent consumption was roughly three times as frequent for material than for experiential purchases. Nevertheless, the two types of purchases followed a similar profile otherwise, except that experiential purchases were a bit more likely to have been made for play/leisure than material purchases.

Multilevel regression models with random, person-level intercepts were used to estimate the relationship between happiness and both experiential and material consumption. Consuming experiential purchases was associated with significantly greater happiness than consuming no purchase at all (67.79 vs. 62.84; b = 4.95, 95% C.I. = (3.14, 6.76), d = 0.27, t = 5.37, p < .000001). In contrast, consuming material purchases was associated with much lower levels of happiness that were not significantly different than that associated with not consuming a purchase (63.72 vs. 62.64; b = 1.09, 95% C.I. = (−0.30, 2.47), d = 0.06, t = 1.53, p = .13). The preceding analyses compare the happiness ratings of respondents providing “Yes” and “No” responses for each of the two consumption questions (material or experiential), but they don’t provide a comparison between the levels of happiness associated with material and experiential consumption. To test the significance of that comparison, we created a contrast variable

Note that it is possible that those who were asked about material purchases may have included items consumed in the past hour but purchased much earlier. Possessions, unlike experiences, by their nature, “last” in the physical sense and can continue to be used over time. They might not, however, continue to provide as much momentary happiness as time passes and the length of ownership increases. We return to this issue in the General Discussion. But to be clear, what we tested in this study was whether, on average, consuming an experiential purchase results in greater momentary happiness than consuming a material purchase (or not consuming a purchase at all) whenever the purchase in question may have been made.

1-L-Values are reported based on lme4 output in R. P-values are calculated with lmerTest (degrees of freedom estimated using Satterthwaite’s method). If the calculated p-value is smaller than 0.000001, it is reported as an inequality.
that was populated only for the “Yes” answers to each of the two purchase questions (1 = experiential consumption; 0 = material consumption), and used multilevel regression with a random, person-level intercept to estimate the difference in happiness. When directly compared, experiential consumption was associated with higher happiness than material consumption (b = 4.58, 95% C.I. = (2.66, 6.49), d = 0.25, p = .000003). A sensitivity power analysis indicated that our design had 80% statistical power to detect a minimum effect of b = 2.60 for the experiential versus no consumption contrast (where the observed value was b = 4.95), and 80% statistical power to detect a minimum effect of b = 1.99 for the material versus no consumption contrast (where the observed value was b = 1.09).

Because the distribution of consumption profiles differed somewhat between material and experiential purchases, we also sought to assess whether our main result held for comparable purchases of the two types. To do so, we filtered the data to include only the most common consumption profile (i.e., a purchase made for play/leisure, for oneself, and of one’s own choosing). In this restricted (but typical) dataset, both types of purchase were significantly positively related to happiness compared to “No” responses, but the effect of experiential purchases was over three times as large [68.82 (experiential) vs. 62.82 (no consumption), b = 6.00, 95% C.I. = (3.69, 8.31), d = 0.33, t = 5.10, p < .000001; 64.52 (material) vs. 62.64 (no consumption), b = 1.88, 95% C.I. = (0.22, 3.54), d = 0.10, t = 2.23, p = .026]. When directly compared using the same contrast method described above, experiential consumption was again associated with significantly greater happiness than material consumption (b = 4.79, 95% C.I. = (2.24, 7.33), d = 0.26, t = 3.69, p = .00023).

Because cost was entered in local currency, three blind coders (α > 0.99) computed the cost of each purchase in US dollars based on the exchange rate for the participant’s country on the first day of the month following the completion of data collection. The material purchases tended, on average, to be more expensive than the experiential purchases (mean cost: $1126.91 vs. $373.60, respectively). Controlling for the type of purchase (material vs. experiential), cost did not predict people’s happiness when consuming that purchase (t = 0.82), but log (cost) did (b = 0.48, t = 1.89, p = .040), with more expensive purchases associated with greater reported happiness. Experiential purchases were associated with higher happiness than no consumption even when controlling for cost and log (cost), b = 5.31, 95% C.I. = (3.25, 7.38), d = 0.29, t = 5.05, p < .000001.

To assess the robustness of our central finding, purchases were coded into categories by five independent raters. When there were disagreements, the modal option was used. The five experiential categories were food/drink (43%), entertainment (21%), travel (10%), outdoor activities/recreation (8%), and other (17%). The material groups were electronic goods (51%), clothing/accessories/jewelry (15%), home goods/furniture (8%), transportation (3%), and other (23%). Happiness when consuming four of the five experiential categories was significantly greater than after no consumption (62.83): outdoor activities/recreation (71.40; b = 8.60, t = 2.83, p = .0047), travel (70.73; b = 7.90, t = 2.85, p = .0044), entertainment (69.72; b = 6.90, t = 3.66, p = .00026), and food/drink (66.95; b = 4.10, t = 2.99, p = .0028). This result was not significant for the “other” category (65.61; b = 2.80, t = 1.32, p = .19). Happiness when consuming any of the material categories was not significantly higher than after no consumption (62.64); electronic goods: 63.39; b = 0.74, t = 0.82, p = .41; clothing/accessories/jewelry: 65.31; b = 2.67, t = 1.87, p = .067; home goods/furniture: 65.09; b = 2.40, t = 1.32, p = .19; transportation: 64.06; b = 1.40, t = 0.49, p = .62; other: 63.44; b = 0.80, t = 0.68, p = .50. Happiness was at least directionally higher for every experiential purchase category than every category of material purchase (see Fig. 1).

These data support our hypothesis that people get more in-the-moment enjoyment from experiential than material purchases, extending previous research demonstrating that experiential consumption yields more prospective and retrospective satisfaction than material consumption. Beyond reaching a large number of participants as they are in the midst of consumption, another advantage of the experience-sampling method is that it can allow for the collection of within-person data. This can address a possible limitation of this first study: potential differences between the types of consumers who frequently engage in experiential consumption and those who frequently engage in material consumption. Because only a few observations were collected from each participant in Study 1, most reported only a single consumption type, material or experiential. Multiple data points involving both purchase types from the very same person can control for the influence of selection effects. We designed Study 2 with this in mind, and also obtained the specific subcategory of purchase from participants themselves (rather than relying on outside raters to code open-ended responses).

3 Note that this percentage is lower than the compliance rate we observed in Study 1, which we believe was due to the use of push notifications to contact participants in Study 2, rather than the text messages used in Study 1. It is worth mentioning that all results for Study 2 replicate when only highly compliant people (threshold: ≥ 75% compliance; median compliance = 90.4%) are included in the analysis (all ps < 0.000001; see Supplemental Materials for full details).

3. Study 2

3.1. Method

Participants were 5254 adults recruited as in Study 1, except that participants were contacted via push notification rather than text message. Their median age was 31 (mean = 34.0, SD = 11.9), 70% were female, 78% were from the U.S., and the median income for U.S. participants was $40,000 (mean = $62,586, SD = $81,126). The median compliance rate (the percentage of notifications participants responded to) was 52.2%. As in Study 1, participants answered a happiness question that asked how they felt “right now” on a sliding scale with endpoints labeled very bad (0) and very good (100). They were then asked a purchase question:

“Within the past hour, have you used, enjoyed, or consumed a purchase you bought? We are specifically interested in purchases that are either material or experiential. Material Purchases are those made with the primary intention of acquiring a material good: a tangible object that is obtained and kept in one’s possession. These are things like furniture, clothing, jewelry, electronic goods, etc. Experiential Purchases are those made with the primary intention of acquiring a life experience: an event or series of events that one personally encounters or lives through. These are purchases like concert tickets, trips, restaurant meals, going to sporting events, etc. If you used, enjoyed, or consumed more than one purchase in the past hour, please answer this and the questions that follow with respect to the purchase you used, enjoyed, or consumed most recently.”

Participants responded by choosing one of three options: (1) Yes—a MATERIAL PURCHASE, (2) Yes—an EXPERIENTIAL PURCHASE, or (3) No—NEITHER type of purchase. They were then asked about the details of the purchase. When participants reported consuming an experiential purchase, they were asked, “Which of these categories best describes the experiential purchase you consumed most recently?” and could respond with one of five options—Food and Drink, Entertainment, Travel, Outdoor Activities/Recreation, and Other. When participants reported having just consumed a material purchase, they likewise indicated which subcategory it best fit—Electronic Goods, Clothing/Accessories/Jewelry, Home Goods and Furniture, Transportation (cars and other vehicles), and Other.
3.2. Results

Participants provided 53,434 responses to the purchase question. Of these, participants reported consuming an experiential purchase in the past hour 11.1% of the time (5940 responses), a material purchase 26.0% of the time (13,904 responses), and neither type of purchase 62.9% of the time (33,590 responses).

A multilevel regression model with a random person-level intercept was used to estimate the relationship between happiness and material and experiential consumption. As in Study 1, consuming experiential purchases was associated with significantly greater happiness than not having consumed any type of purchase (67.84 vs. 60.72; $b = 7.12$, 95% C.I. = (6.55, 7.69), $d = 0.41$), $t = 24.6$, $p < .000001$). Consuming material purchases was also associated with a higher level of happiness than no consumption (63.61 vs. 60.72; $b = 2.89$, 95% C.I. = (2.44, 3.34), $d = 0.17$, $t = 12.6$, $p < .000001$), but (again) with significantly lower happiness than when consuming an experiential purchase (67.84 vs. 63.61; $b = 4.23$, 95% C.I. = (3.59, 4.88), $d = 0.24$, $t = 12.8$, $p < .000001$).

To control for possible selection effects, we conducted direct pairwise comparisons between consumption types for people who reported having made both types of purchases. To do this, we computed, for each person, their average level of happiness after each purchase type, and then computed a person-level difference score for each pairwise comparison (experiential/material, material/neither, experiential/neither). We compared each difference score to the null value of zero in a series of one-sample t-tests. At the person-level, participants were happier consuming an experiential purchase than consuming a material purchase (within-person difference = 4.93, 95% C.I. = (3.91, 5.95), $d = 0.28$, $t = 9.5$, $p < .000001$) and compared to not having consumed any purchase (within-person difference = 7.62, 95% C.I. = (6.81, 8.45), $d = 0.44$, $t = 18.2$, $p < .000001$). Participants were also happier right after having consumed a material purchase compared to no consumption (within-person difference = 3.65, 95% C.I. = (2.99, 4.32), $d = 0.21$, $t = 10.8$, $p < .000001$). These results indicate that the greater satisfaction people derive from their experiential purchases in the here-and-now holds even when comparisons are made within-person, ruling out the possible influence of selection artifacts. A sensitivity power analysis indicated that our design had 80% statistical power to detect a minimum effect of 1.46 for the material versus experiential within-person difference value (where the observed value was 4.93).

As in Study 1, we also examined whether this experiential advantage generalized across different subcategories, with the determination of purchase subcategory made by the participants themselves. As we found in Study 1, every category of experiential consumption was associated with higher happiness ratings than every category of material consumption (see Fig. 2).

4. General discussion

There is considerable evidence that experiential purchases provide more remembered happiness and enduring satisfaction than material purchases (Gilovich, Kumar, & Jampol, 2015), and that experiential purchases provide more enjoyment in prospect, with waiting to consume an experience being more pleasurable than waiting to receive a material good (Kumar et al., 2014; Kumar & Gilovich, 2015, 2016). The present results indicate that the greater hedonic return on experiential investments is broader still, with consumers getting more experienced utility from their experiential than their material purchases. Compared to buying possessions, purchasing experiences results in greater anticipatory, remembered, and experienced utility.

This final result is important because, as Kahneman (1999) noted, distinguishing different types of happiness is essential to a comprehensive analysis of well-being. An examination of the effects of different variables—like material versus experiential consumption—on different types of happiness is especially important in light of the extensive focus in past research on remembered happiness. The present results are therefore an important addition to the literature on what some have called the “experiential advantage” (e.g., Zhang, Howell, Caprariello, & Guevarra, 2014) because they demonstrate that the greater hedonic boost that experiences provide is “real” and not just a result of people’s higher-order beliefs about the relative value of material versus experiential purchases influencing their anticipation and recall.

Kahneman’s call for a more broad-based examination of different types of happiness was embraced by Weidman and Dunn (2016) who reported that their participants (a) derived more frequent utility from material purchases, but (b) derived more intense pleasure from their
experiential purchases. Our results align with theirs in that our participants also reported consuming material goods more often than experiences, but reported deriving greater happiness from their experiential purchases.

The consistency of our results and those of Weidman and Dunn (2016) is notable given the different methods employed. As discussed earlier, they gave participants in their first study $20 and randomly assigned them to spend it on either a material or experiential purchase. Participants in their second study were asked to identify either a material or experiential gift they had received over holiday break and then were asked several times a day for two weeks how much their gift contributed to their happiness. Participants in the experiential condition of both studies reported more enjoyment than their counterparts in the material condition, directionally so in the first study and significantly so in the second. There are obvious limits to the inferences that can be drawn from purchases restricted to $20 or less, or from material and experiential gifts received from others. These limitations make the converging evidence obtained from our much larger-scale experience-sampling studies especially noteworthy and important.

At the same time, the results reported by Weidman and Dunn help to assuage a potential concern about the meaning of our own results. That is, by asking participants whether they had consumed a purchase in the past hour, our results may reflect a comparison between older material purchases (which physically endure) and newer experiential purchases (which typically endure in the mind only). We believe that that is the appropriate comparison, given our interest in the amount of enjoyment people derive from their material and experiential purchases whenever and wherever they are consumed in the natural flow of life. And given the nature of material and experiential purchases, people will quite naturally consume experiential purchases of more recent vintage than material purchases. The methods used by Weidman and Dunn prevented any such difference in time-since-purchase and so the consistency between our results and theirs is reassuring—and serves as a testament to the robustness of the tendency for people to get more in-the-moment enjoyment from their experiential purchases.

It is important to point out, however, that Weidman and Dunn draw a somewhat different conclusion from this pattern of results than we do. In particular, they focus on the “unsung benefits” of material purchases, principally that people consume them more often than they consume experiential purchases. Thus, even though people may not get as much pleasure in any one moment of material consumption, there are more such moments. But note that it is unclear whether the amount of time spent consuming a purchase—which serves as the basis of Weidman and Dunn’s claim—is necessarily a telling measure of aggregate momentary happiness. A core finding in the study of well-being is the strength and rapidity of adaptation (Brickman, Coates, & Janoff-Bulman, 1978; Frederick & Loewenstein, 1999; Gilbert, 2006; Gilovich & Ross, 2015). Frequent encounters with purchases to which people have adapted are unlikely to provide much of a hedonic boost over the long term. Although material goods may have physical longevity and can continue to be consumed over time, our results suggest that the momentary happiness one derives from using them is quite noticeably lower than that derived from experiential purchases.

Note, furthermore, that our documented difference in the happiness people report in the here-and-now consumption of experiences and possessions almost certainly underestimates the full benefit of experiential consumption. Experiential consumption provides hedonic benefits that would not show up on the measures used either by us or by Weidman and Dunn. People’s experiential purchases contribute more to their sense of self, something they carry with them all the time (Carter & Gilovich, 2012; Kumar, Mann, & Gilovich, 2019). Experiential purchases also do more to build social capital than material purchases. Shared experiences make people feel closer to others than shared material goods do (Kumar et al., 2019), people are more likely to talk to others about their experiences (Kumar & Gilovich, 2015), and listeners get more enjoyment when they do (Van Boven, Campbell, & Gilovich, 2010). People’s experiential purchases, in other words, live on longer and are likely to provide more active, moment-to-moment happiness as they lead people to feel better about themselves and connect more with others. Material goods, in contrast, tend to fade away psychologically so that even if people continue to use them with some frequency, they may not continue to derive the same level of enjoyment from them.

We pursued this line of research in part because it offers an easy lesson people can apply to better their lives. We fear that readers of Weidman and Dunn (2016) might conclude that, “if I want to be happier for longer, perhaps I should spend my money on material things instead of experiences.” We believe such a conclusion would be misguided. A different interpretation—and one in line with both our

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Fig. 2. Comparison of person-centered happiness scores for each of the detailed purchase types. All categories of experiential consumption (light bars) were at least directionally higher than all categories of material consumption (dark bars). Error bars represent standard errors.
findings and those of Weidman and Dunn—is that people actually derive greater happiness from experiential purchases than material purchases in the moment, but they spend more of their time consuming material possessions. If one cares about maximizing momentary happiness, a critical consideration with respect to material versus experiential consumption is whether they would be happier if they spent more of their moments consuming experiences or material goods. Both our studies and those reported by Weidman and Dunn provide the same answer: consumers are better off spending on doing than having.

It is worth noting, however, that our studies involved WEIRD participants only and so we can’t be sure that people tend to get more enjoyment from experiential than material purchases the world over (Simons, Shoda, & Lindsay, 2017). In fact, it is fair to say that our participants may be weirder than weird: Besides coming from western, educated, industrialized, rich, and democratic parts of the world, our participants volunteered to participate in an experience sampling study focused on happiness. Perhaps such people are different than those who are uninterested in responding to brief, in-the-moment surveys. Only additional research can tell. In the meantime, the two studies reported here involve much larger, more diverse samples than any previous investigation of this topic and they assess the happiness derived from a full range of experiential and material purchases people often enjoy in the course of their daily lives. And the results make it clear that at least among educated people in a rich, industrialized, and democratic part of the Western world, experiences provide more in-the-moment happiness than material goods.

When Kahneman describes his notion of moment-based happiness, he characterizes it as measured by whether people report laughing, smiling, feeling happy, or enjoying the preceding day (Kahneman, 2000; Kahneman & Krueger, 2006; Kahneman & Riis, 2005). We suspect that all of these measures are more likely to be maximized by experiential than material consumption. These reactions can be triggered by experiential purchases while they are actually being consumed, as we examined here. But because experiences also lend themselves more to re-living and sharing memories with others, individuals can also advance their momentary happiness through these types of extended consumption as well. Indeed, as a result of both studies we report in this paper and the research that preceded them, we believe that considerable confidence can be placed in the claim that experiential purchases are a more assured route to enduring satisfaction.

Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.jesp.2020.103971.

References


