

# Buying well-being: Spending behavior and happiness

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## Abstract

The relationship between money and happiness is complex. While a large literature demonstrates a small but significant positive association between overall income and well-being, a relatively new area of research explores the emotional consequences of everyday spending choices. Here we review this recent but rapidly growing area of investigation. We begin by briefly summarizing the link between money and happiness. Then, through the lens of 2 dominant models of human happiness, we suggest that seemingly inconsequential spending choices may provide an underappreciated and underutilized route to greater well-being. Finally, we review new empirical evidence demonstrating that individuals can use their disposable income to increase their happiness by investing in experiential (rather than material) purchases, more free time, routine, self-expression, and generosity.

## 1 | INTRODUCTION

Can money buy happiness? This seemingly straightforward question has occupied the minds (and in turn, the bank accounts) of marketers and consumers alike. In 2008, Americans spent a total of 11 billion dollars on self-improvement books, seminars, coaching, and the like, presumably driven in some part by the goal of experiencing greater happiness (Linder, 2009). If money can be used to purchase more frequent or more intense positive experiences, what is the price tag? And, perhaps more importantly, what is on the shopping list?

In this article, we briefly summarize the complex relationship between money and happiness. Then, drawing upon two models of human happiness, we highlight how ostensibly inconsequential everyday spending choices offer an underappreciated and underutilized route to greater well-being. Finally, we spend the bulk of the article presenting various research-supported spending tips one can apply to translate disposable income into greater well-being. While we are not the first to offer a scientifically informed spending guide (e.g., Dunn, Gilbert, & Wilson, 2011; Dunn & Norton, 2014), we aim to offer a brief, approachable, and current summary of the literature here. In doing so, we

(a) highlight new research, (b) ground findings in two overarching theories of well-being, where relevant, and (c) pose novel, testable research questions.

## 2 | MONEY AND HAPPINESS

Hundreds of studies have examined the relationship between money and happiness. Findings typically reveal a small but significant positive correlation, such that wealthier individuals report greater subjective well-being (e.g., Frey & Stutzer, 2000; Hagerty, 2000; for review, see Diener & Biswas-Diener, 2002). Subjective well-being is defined here, as it is in the literature, as higher positive affect, lower negative affect, and higher life satisfaction (Diener, 1984), though we use several terms reflecting greater well-being interchangeably (e.g., enjoyment, happiness, and satisfaction). Indeed, within countries, numerous cross-sectional analyses show that people with higher incomes tend to report higher levels of happiness (e.g., Diener & Oishi, 2000), and these findings often parallel cross-national surveys; citizens living in wealthier nations tend to report higher well-being on average than do citizens living in poorer nations (Diener & Biswas-Diener, 2002; Helliwell, Layard, & Sachs, 2017). The same positive relationship emerges when tracking changes in income growth over time. Although early findings by Easterlin (1973, 1974, 1995) sparked great interest by showing imperceptible changes in happiness over periods of exponential economic growth, recent analyses with large and rich datasets tell a somewhat different story. Individuals tend to become happier as their incomes rise (Diener, Tay, & Oishi, 2013), and the average level of citizen well-being increases along with their nation's gross domestic product (Stevenson & Wolfers, 2008). Interestingly, however, the relationship between personal income and happiness may not be perfectly linear for all components of well-being; while life satisfaction seems to climb alongside income, the benefits for positive and negative affect appear to flatten beyond earnings of \$75,000/year (Diener & Biswas-Diener, 2002; Kahneman & Deaton, 2010).

The positive association between income and happiness is something that many people recognize. In fact, lay conceptions typically *overestimate* the impact of money on well-being (Kahneman, Krueger, Schkade, Schwarz, & Stone, 2006). For instance, in one study, researchers asked participants to predict the happiness of individuals at various points along the income spectrum while also asking these same respondents to report their own income and happiness (Aknin, Norton, & Dunn, 2009). Researchers then compared the actual happiness reports of individuals in each income bracket to predictions for that same income group. Results revealed that participants overestimated the relationship between wealth and well-being, anticipating a tighter link between income and happiness than the actual data reveal. Indeed, respondents thought that the poor were quite miserable and the rich were very happy. In reality, the link between income and happiness was positive, but not nearly as strong as predicted. Other researchers have observed a similar pattern (Kahneman et al., 2006) wherein a sample of working women predicted that higher income individuals (>\$100,000 USD) spend less time in a bad mood than do lower income individuals (<\$20,000 USD). While true, participants' estimates greatly exaggerated the true difference (but see Cone & Gilovich, 2010).

Why is the link between money and happiness weaker than people suspect? One possibility is that it is not—or rather it does not have to be. People tend to focus on the association between overall income and happiness, but the research outlined below suggests that people may be more effective in using their money to increase their happiness by making smarter spending choices. This shift in money-focus—away from household income and toward everyday spending decisions—not only provides a host of options for consumers in search of happiness but also aligns with two broad theories of human happiness that we outline below and use as informative frameworks for our spending tips.

## 3 | THEORETICAL MODELS

According to Lyubomirsky, Sheldon, and Schkade's (2005) model, chronic happiness levels are determined by three components: one's genetic set point (e.g., inherited temperament and personality traits, responsible for

approximately 50%), stable life circumstances (e.g., employment or marital status, responsible for approximately 10%), and volitional activities (e.g., choices to exercise or volunteer, responsible for approximately 40%). Given that the first two components are difficult or impossible to alter, Lyubomirsky et al. (2005) suggest that focusing on volitional activity—the intentional actions in which one chooses to engage—provides the most fruitful route to sustainable happiness. Applying this theory to the association between money and happiness yields a hopeful solution; one need not modify their life circumstances by changing jobs to boost their annual earnings in order to experience greater happiness. Instead, people can adjust their volitional activities through everyday spending choices and reap greater happiness as a result.

But which purchases are most likely to boost well-being? The self-determination theory (Ryan & Deci, 2000) offers helpful guidance by positing that humans flourish when they fulfill three basic psychological needs: autonomy, competence, and relatedness. *Autonomy* refers to a sense of self-determination and control over one's own life, *competence* refers to a sense that one is a capable person, and *relatedness* refers to a sense of belonging and social connection. Crucially, a large body of research has demonstrated that satisfying these psychological needs in a variety of domains has myriad positive consequences. For example, individuals reporting higher levels of autonomy, competence, and relatedness also report higher well-being across cultures (Chen et al., 2015), display better job performance (Vansteenkiste et al., 2007), and report higher job satisfaction (Baard, Deci, & Ryan, 2004), higher athletic achievement (Adie, Duda, & Ntoumanis, 2008), and better overall physical health (Ng et al., 2012). Thus, using money to further feelings of autonomy, competence, and relatedness is likely money well spent.

## 4 | SHOPPING LIST

With this theoretical guidance in mind, we offer some more specific suggestions about using one's disposable income to buy greater happiness below.

### 4.1 | Buy experiences, not things

Most spending choices can be categorized as either material or experiential purchases. Material purchases are those made with “the primary intention of acquiring a material possession—a tangible object that you obtain and keep in your possession,” such as a new laptop, vase, or bracelet (Van Boven & Gilovich, 2003, p. 1194). In contrast, experiential purchases are those made with “the primary intention of acquiring a life experience—an event or series of events that you personally encounter or live through,” such as a trip to New York City, a whale watching cruise, or night out at the movies (Van Boven & Gilovich, 2003, p. 1194). While some purchases may fall into both categories, most people find these labels intuitive and can easily generate examples of each. Applying this distinction, one of the most robust findings to emerge over the past decade and half on the science of spending is that experiential purchases lead to greater satisfaction and enjoyment than do material purchases (see Gilovich, Kumar, & Jampol, 2015, for review).

In one of the first studies demonstrating the benefits of experiential purchases, participants were randomly assigned to recall either their last \$100 material or experiential purchase and then report how happy their purchase made them feel. Participants asked to reflect upon an experiential purchase reported higher happiness from their spending than did those asked to recall a material purchase (Van Boven & Gilovich, 2003). Similar findings were observed in a large and diverse national survey. A sample of nearly 1,300 adults were contacted for a financial questionnaire and, at the end, asked to reflect upon a previous material or experiential purchase they had made in their lifetime with the aim of increasing their happiness. When asked which of these two purchases made them happier, a significantly larger proportion of respondents said that the experiential purchase made them happier than did the material purchase (57%), as opposed to the reverse (34%). Interestingly, this same general pattern emerged quite

consistently across a wide range of demographic factors, such as age, gender, race, and geographic location (Van Boven & Gilovich, 2003). Subsequent research has shown that people are more likely to experience “inaction regret”—the disappointment felt after missing an opportunity one wishes to have taken—for experiential purchases than material purchases, while “action regret”—wishing one had not acted as they did—is more common for material purchases than experiential ones (Rosenzweig & Gilovich, 2012). Beyond the immediate and recalled consequences, experiential purchases tend to be more pleasant than material purchases in anticipation as well (Kumar, Killingsworth, & Gilovich, 2014).

Why might experiential purchases lead to greater satisfaction and lower regret than material purchases? Several mechanisms have been identified. First, experiential purchases tend to be more social in nature, which may help spenders fulfill the basic psychological need for belonging. Indeed, experiences are often enjoyed with friends and family, while material purchases tend to be more solitary in nature, frequently consumed alone (Caprariello & Reis, 2013). Given the importance of social relationships and belonging for human happiness and flourishing (Baumeister & Leary, 1995; Diener & Seligman, 2002; Ryan & Deci, 2000), it makes sense that people would derive more enjoyment from experiences than possessions. Supporting this notion, a large sample of adults were asked to recall a recent material purchase, a social-experiential purchase (i.e. a life experience that involved at least one other person), and a solitary-experiential purchase (i.e. a life experience that did not involve other people) and then report their happiness at the time of spending and in the current moment. As predicted, participants reported that social experiences made them happiest both now and at the time of purchase than did material and solitary experiences (Caprariello & Reis, 2013). Meanwhile, solitary-experiential purchases and material purchases did not lead to different happiness consequences. Interestingly, elevated levels of positive emotion upon consumption may also help to explain why giving experiential gifts fosters stronger relationships than do giving material gifts (Chan & Mogilner, 2017).

A second reason why experiential purchases lead to greater well-being than material purchases is that experiential purchases are less susceptible to comparison and therefore less likely to raise concerns about competence. A new digital camera can easily be compared to models owned by friends or alternatives forgone in-store, but a 2-week African safari shared with your closest friends is unlike any other. As such, people are more likely to ruminate over material purchases than experiential ones—questioning whether they made the best possible choice—and derive less enjoyment from them as a result (Carter & Gilovich, 2010).

Finally, experiential purchases tend to be more central to one's personal identity than do material purchases (Carter & Gilovich, 2012). Indeed, people indicate that experiences are more closely positioned to themselves than are material purchases and are more likely to list experiential purchases than material purchases in their life stories (Carter & Gilovich, 2012). In fact, people are more likely to talk about their experiences than material objects, and removing the opportunity for discussion diminishes the emotional rewards of experiential purchases (Kumar & Gilovich, 2015). This latter finding may be especially relevant now in an age of social media where one's purchases and experiences can be broadcast widely on personal blogs, Facebook, and Twitter. While posting information about one's purchases on social media sites has been shown to boost happiness (Duan & Dholakia, 2017), it seems possible that sharing news of one's experiential purchases may offer some of the greatest gains.

## 4.2 | Trade money for time

Time and money are both finite resources that people believe will bring them happiness. By working, people routinely trade their time for money, yet people seem reluctant to trade their money for time—though new research suggests that doing so would have noticeable benefits for well-being. Indeed, when thousands of Americans were asked whether they would want more money or more time, the majority stated they would prefer money (Hershfield, Mogilner, & Barnea, 2016; Whillans, Weidman, & Dunn, 2016). Interestingly, however, the minority of individuals who stated that they would prefer more time were significantly happier were than those who stated they would prefer money (Hershfield et al., 2016; Whillans et al., 2016).

This intriguing positive association between valuing time and happiness has led researchers to examine whether buying time can make people happier. Supporting this possibility, participants randomly assigned to write for 2 min about why they would want more time than more money reported greater well-being than did participants randomly assigned to write about why they want more money than time, or those in a control condition (Hershfield et al., 2016). Looking at the consequences of actual spending decisions, Whillans, Dunn, Smeets, Bekkers, and Norton (2017) gave a sample of working adults two installments of cash to spend over two weekends. On one weekend, participants were asked to spend the money on a time-saving expense (e.g., house cleaner, dog walker, and preprepared meal). On the other weekend, participants were asked to spend the money on a material purchase (e.g., a book, air freshener, and groceries). Participants were called during the evening hours of both spending days to report their well-being. As predicted, people were happier, on average, after using money to save time than after making a material purchase, and these hedonic benefits were mediated by lower feelings of stress that day. Thus, using money to save time can reduce stress and, in turn, promote well-being.

### 4.3 | Do not overlook the ordinary

Many shoppers may think that using money to outsource stress and purchase experiences would be enjoyable because of their novelty. While this may be true, there is also value in using one's money to provide order and routine, which may help to fulfill needs for competence. Indeed, meaning in life, a close correlate of subjective well-being, is thought to be composed of three components—purpose, personal significance, and integrative connections (King, Hicks, Krull, & Del Gaiso, 2006)—which may be why recent research shows that exposure to coherent (as opposed to incoherent) stimuli can boost meaning in life. Participants were shown photos of trees in all four seasons (blossoms, leaves, fall colors, bare with snow), with some viewing stimuli in a coherent seasonal order, and other participants viewing photos in random or arbitrary pattern. Interestingly, participants who saw photos presented in a coherent seasonal order reported higher meaning in life than did participants in the other two conditions, but reports of positive and negative affect did differ across conditions (Heintzelman, Trent, & King, 2013). These findings suggest that pattern and predictability could prove beneficial for well-being, and as such, money spent in service of securing routines or patterns (e.g., a subscription to your favorite newspaper or magazine that you read every Sunday morning) may be money well spent.

If coherence and order boost meaning in life, might introducing repetition and routine reduce stress in times of loss? New work supports this possibility by demonstrating that reflecting upon or engaging in everyday rituals minimizes grief and negative feelings (Norton & Gino, 2014). In one study, participants learned that they did not win a draw for a \$200 cash prize and were then randomly assigned to complete a ritual (i.e. draw how you are feeling, sprinkle your drawing with salt, rip up paper, and count to 10 five times) or simply draw how they were feeling for a similar amount of time. Afterward, participants reported their feelings of control and grief over the loss. As predicted, participants who completed the ritual reported higher feelings of control and, in turn, lower grief. Critically, the benefits of such ritualistic behavior appear to be detectable after a range of losses, such as the death of a loved one or romantic ending, and are experienced by those who do not believe in the benefits of rituals (Norton & Gino, 2014). Thus, while this research did not directly examine the consequences of spending choices, it does suggest that spending in service of the same goals—routine, order, and control—may provide well-being benefits.

Despite the benefits of rituals and predictability, people routinely overlook the value of everyday experiences and seek exceptional ones instead. These days, many people are able to document most moments of their lives via photos, videos, or a hand-written journal, yet people choose not to do so for many reasons, one being that they fail to appreciate how much their future self will appreciate those memories (Zhang, Kim, Brooks, Gino, & Norton, 2014). Indeed, people seem to underappreciate how curious they will be and how much they will enjoy reminders of their everyday experiences like previous conversations and favorite songs—and as such, leave scant traces for their future selves to enjoy. Exceptional experiences, on the other hand, such as a movie screening with your favorite celebrity, are rarely

overlooked as sources of happiness. And while living through extraordinary events may certainly be more enjoyable than everyday events, exceptional experiences come with social costs (Cooney, Gilbert, & Wilson, 2014). The unique nature of the encounter means that others have little in common and, as such, may have fewer opportunities to connect in subsequent interactions. Supporting this possibility, participants assigned to watch a superior movie than their peers enjoyed the experience more but felt excluded in subsequent conversations, reducing their postexperience well-being (Cooney et al., 2014). Thus, while people may be tempted to splurge on extraordinary adventures, these findings indicate that they can be surprisingly isolating when experienced alone, suggesting that we may be well advised to turn to our everyday experiences, especially those with others, and wring greater enjoyment from those by capturing them for our future selves.

#### 4.4 | Spend to express yourself

Another route to happiness involves using money in ways that are congruent with one's personality and self-concept. For example, recent work with 150,000 UK banking customers revealed that people who spent more of their monthly income on products that matched their personality (i.e. bought items that aligned with their personality as captured on the Big Five personality test) reported higher levels of life satisfaction (Matz, Gladstone, & Stillwell, 2016). Importantly, subsequent research has revealed that buying goods that reflect one's personality have a causal impact on happiness. In one experiment, highly extroverted and introverted individuals were randomly assigned to receive either a high extraversion payment (voucher for a bar) or low extraversion payment (voucher for a bookstore) payment, which they were instructed to spend within 3 days. When participants were contacted later, those who had engaged in personality-matched consumption (e.g., extroverts at the bar and introverts at the bookstore) reported a significant increase in positive affect, perhaps because this spending helped fulfill the psychological needs of autonomy and competence. Meanwhile, participants who engaged in mismatched consumption (e.g., extroverts at the bookstore and introverts at the bar) reported decreased positive affect (Matz et al., 2016).

#### 4.5 | Buy for others

While treating oneself to experiences or more free time may bring greater happiness, additional research suggests that another way to buy happiness comes from giving it away, or spending money on others as opposed to oneself, perhaps, in part, because kind gestures can build or strengthen social bonds that may fulfill one's relational needs.

Consistent with this logic, using one's financial resources to help others, called prosocial spending, is associated with higher well-being. For instance, responses from a nationally representative sample of Americans revealed the amount of money people spent in an average month on gifts for others and donations to charity predicted respondents' happiness (Dunn, Aknin, & Norton, 2008). Meanwhile, how much money participants spent on themselves in the form of rent, bills, debt payments, and even gifts for themselves did not predict well-being (Dunn et al., 2008). Similar results emerge in large international surveys; data from over one million respondents in over 150 countries in the Gallup World Poll reveals that individuals who report donating money to charity in the past month report higher levels of life satisfaction (Helliwell, Huang, & Wang, 2017). In fact, this measure of prosocial spending is one of the six best predictors of life satisfaction around the globe (Helliwell, Layard, & Sachs, 2017).

Importantly, a number of experimental studies indicate that the link between prosocial spending and well-being is causal. For example, in one study, students were randomly assigned to spend a windfall of either \$5 or \$20 on themselves or someone else by the end of the day. When students were called in the evening to report their happiness, those who were assigned to spend their windfall on someone else were happier, regardless of whether they spent \$5 or \$20 (Dunn et al., 2008). Similar experimental findings have been demonstrated in rich and poor countries (Aknin et al., 2013), and in small-scale traditional villages (Aknin, Broesch, Hamlin, & Van de Vondervoort,

2015). For instance, parallel experiments conducted with students in Canada and South Africa as well as villagers in Vanuatu have shown that individuals randomly assigned to purchase edible treats for others report greater positive emotion afterward than do individuals randomly assigned to purchase the same edible treats for themselves. Even 22-month-old toddlers show greater smiles when giving away edible treats than when receiving treats themselves (Aknin, Hamlin, & Dunn, 2012).

When is prosocial spending most likely to boost happiness? To date, four key contexts have been studied. First, prosocial spending is likely to produce greater happiness when givers feel their spending was volitional and not coerced or forced. Research by Weinstein and Ryan (2010) shows that when participants were allowed to choose how much money they would like to give to a fellow student, the more money they gave, the happier they reported feeling. However, when participants were required to provide identical, yoked donations, giving had very little emotional benefit.

Second, prosocial action is also more likely to lead to happiness when acts of generosity facilitate social connection with others. For instance, individuals randomly assigned to engage in prosocial spending were happiest at the end of the day when their actions allowed for time spent with the recipient, such as taking a friend out for coffee, as opposed to quickly handing over a gift card to Starbucks (Aknin, Dunn, Sandstrom, & Norton, 2013).

Third, prosocial spending is more likely to generate happiness when it is motivated by concern for others as opposed to oneself. Supporting this claim, participants randomly assigned to recall a time they spent money on someone else with the goal of helping that person reported higher positive emotions than did participants assigned to recall a time they spent money on someone else with the goal of helping themselves (Wiwad & Aknin, 2017). These findings align with longitudinal research demonstrating that the morality risk benefits of volunteering are only present for volunteers who express other-oriented motives (Konrath, Fuhrel-Forbis, Lou, & Brown, 2012).

Finally, spending money on others is most likely to increase happiness when one feels as if they have made a positive impact on others. When donors know how their dollars will be used to help others, larger donations lead to greater well-being, yet when information about impact is minimized or absent, larger donations do not predict greater well-being (Aknin, Dunn, Whillans, Grant, & Norton, 2013). This offers additional insight into why people prefer to support local charities—they are more likely to see the impact of their gift and experience emotional rewards as a result (Touré-Tillery & Fishbach, 2017).

Of course, there are numerous occasions in which one wants to or needs to spend money on themselves. To avoid feelings of guilt or dampened positive emotion, research suggests that thinking about self-directed spending as a reward permits spenders to enjoy the hedonic benefits of pleasurable purchases (Berman & Small, 2012). Thus, when buying something for yourself, consider the purchase a treat or reward.

## 4.6 | Saving

While saving is the opposite of spending, it is worth recognizing that financial strain can bring large emotional costs. Indeed, several studies indicate that debt is associated with stress, depression, and suicidal thoughts (Bridges & Disney, 2010; Brown, Taylor, & Price, 2005; Meltzer et al., 2011). Because high levels of subjective well-being include low levels of negative affect, reducing debt through saving can boost overall happiness. As such, forgoing frivolous or unwise spending with disposable income may be another path to greater happiness through smart spending choices (Chancellor & Lyubomirsky, 2011). Indeed, doing so may help to fulfill one's need feel competent and autonomous.

## 4.7 | Beyond buying

In addition to making research-supported spending choices, people may also benefit from two money-related reminders.

### 4.7.1 | Prioritizing

In many life domains, as with spending, people are frequently faced with the decision of whether to trade some of one resource for another. For instance, should Angela buy a more expensive condo in the city to save 45 min on her daily commute? Should David follow his long-time and beloved manager to a new firm where his pay will decrease? In these situations, like many others, people are forced to decide whether to prioritize money over pleasant everyday experiences, such as more free time with friends or working alongside a boss one sees as an equal. When choosing, people may find it helpful to remind themselves that the relationship between money and happiness is weaker than most expect (Aknin et al., 2009; Kahneman et al., 2006) and that one of the most important predictors of happiness is social relationships (Diener & Seligman, 2002; Lyubomirsky et al., 2005).

### 4.7.2 | Savoring

Rather than purchasing new items, shoppers looking to increase their happiness may consider savoring what they already own or have experienced in the past. This suggestion draws attention away from accumulation through further spending by encouraging appreciation of both the mundane and exceptional that one has already enjoyed. More than simply saving money, this strategy may function like a gratitude journal or counting blessings intervention (Emmons & McCullough, 2003); by focusing attention on what one already owns or has experienced, consumers may reap additional enjoyment from their current stock and save funds for later (Chancellor & Lyubomirsky, 2011).

## 5 | LIMITATIONS AND FUTURE DIRECTIONS

### 5.1 | Limitations

While scientific insight into happier spending choices has grown rapidly, several important limitations should be noted. First, a sizeable portion of the data amassed thus far relies on correlational investigations or recollection paradigms, both of which are open to alternative explanations. Although we have tried to highlight experimental contributions where applicable, future work will benefit from additional investigations, especially those adopting longitudinal and experimental designs.

Another limitation worthy of consideration is the extent to which the spending advice offered here applies in other countries and cultures. It is certainly possible that strategies may differ in their effectiveness across cultures, especially since the majority of the research reported here was conducted in North America or other Western Educated Industrialized Rich and Democratic countries (Henrich, Heine, & Norenzayan, 2010). Indeed, while past research has shown some consistency in predictors of well-being across countries (Helliwell, Layard, & Sachs, 2017), other research demonstrates that happiness interventions are more effective in some samples than others. For instance, Boehm, Lyubomirsky, and Sheldon (2011) found that Anglo-Americans showed larger happiness gains than did Asian Americans after completing an optimism or gratitude intervention, perhaps because individualism within Anglo-American culture places more value on self-improvement and agency. To this end, certain spending suggestions, such as self-expression, may be less effective in other cultures. Future research is needed to explore this question more broadly; however, it is worth noting that an increasing number of published papers are examining results across various cultures (e.g., Aknin et al., 2013/2015; Layous, Lee, Choi, & Lyubomirsky, 2013; Whillans et al., 2017).

### 5.2 | Future directions

Fortunately, a new wave of researchers seems poised to tackle these issues as well as other relevant and theoretically grounded research questions. For instance, given new work showing the emotional benefits of purchases that reflect one's self (Matz et al., 2016), it seems plausible that investing in products that allow for positive self-

reflection and are consistent with self-concept may boost happiness as well. Self-categorization theory (Haslam, Oakes, & Turner, 1996; Turner & Oakes, 2010) suggests that individuals will identify with other members of a salient in-group as a means of constructing meaningful social identities. These identities often provide individuals with a sense of meaning, purpose, and belonging—resulting in positive psychological consequences and well-being (Haslam, Jetten, Postmes, & Haslam, 2009). As such, purchasing products that signal alignment with valued social groups or causes may result in well-being.

## 6 | CONCLUSION

We opened this chapter asking whether money can buy happiness, and our review of the literature suggests that it can. Specifically, existing research demonstrates that individuals can use their disposable income to increase their happiness by investing in experiential (rather than material) purchases, more free time, routine, self-expression, and generosity. By adopting these strategies, spenders need not overhaul their lives to earn a higher salary but can instead use their discretionary funds to alter volitional experiences. Doing so will likely help people translate their disposable wealth into greater well-being.

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