## Money and Subjective Well-being

* Deleire & Kalil (2010): analyzed data from Health and Retirement Study (HRS) -- nationally representative portrait of adults over 50, longitudinal study that collects data every other year
  + Looked at spending patterns and psychological outcomes (optimism, loneliness, depression)
  + Only spending on *LEISURE* had any influence on psychological wellbeing (increased optimism, reduced loneliness, reduced depression)

## Experiences make us feel connected

* **Tough mudder**: a **social value experience**
* Howel & Hill (2009): participants wrote about a material or experiential purchase
  + Reported how much the purchase contributed to:
    - Relatedness
    - Autonomy
    - Competence
    - Social comparison
    - Envy
  + Experiential purchases led to more happiness, more feelings of relatedness, less social comparison
* Social comparison:
  + Material goods: easy to compare!
  + Experiences: unique -- helps to protect against buyer's remorse!
* Van Boven, Campbell, Gilovich (2010): pairs of strangers instructed to have a conversation about purchases (material or experiential) that had increased their happiness, participants privately report impressions on their conversation partner, enjoyment of the conversation
  + Partner had higher impression, enjoyed conversation more when person was talking about experiential purchase
  + These impressions represent of the **fundamental attribution error** -- participants knew the conversation topic was determined by the experimenter, still made personal attributions about their partners

## Material purchases are more interchangeable than experiential

* Interchangeable purchases: many other things like it, easy to substitute/replace
* Singular purchases: feel unique, not easily replaceable
* Rosenzweig and Gilovich (2012): how does making something **interchangeable** affect regrets of action or inaction?
  + **Regrets of action:** purchasing something when we later wish we hadn't
  + **Regrets of inaction:** not purchasing something and later wishing we had
  + Four spending conditions:
    - Material, interchangeable (mall)
    - Material, singular (estate sale)
    - Experience, interchangeable (annual)
    - Experience, singular (one time)
  + Rated on a scale whether regret would be stronger making or not making the purchase
  + Experiential: most regrets (83%) are of inaction
  + Material: most regrets (63%) are of action
  + Regrets of inaction were far higher for a singular purchase, wasn't as much difference between material and experience

## So, does money buy happiness?

* It can, if you buy experiences that do each of the following:
  + Brings you together with other people, fostering sense of social connection (Howell & Hill, 2009)
  + Makes a memorable story that you'll enjoy retelling for years to come (Van Boven, Campbell, Gilovich, 2010)
  + Provides a unique opportunity, eluding easy comparison with other available options (Rosenzweig & Gilovich, 2012)

* Kemp, Burt, Furneaux (2008): students gave daily happiness ratings while on vacation (length varies)
  + One month after vacation, reported overall happiness during the vacation
  + Being on vacation is rated more highly than not being on vacation
  + Recalled happiness is significantly higher than the actual happiness during the trip
  + Duration of the vacation had no effect on actual OR recalled happiness
  + Over time, as we tell the story of vacation, we don't talk about bad things, give attention to positive moments --> higher recalled happiness
  + Memories for events consist of **a few stills** rather than a continuous record

## Hedonic adaptation

* The more we're exposed to something, the more its impact diminishes
* Quoibach & Dunn (2013): participants given two pounds of chocolate, told to eat as much as they comfortably could over the next week, given a handful of chocolate at beginning and end
  + Two conditions: abundant (eat as much as you can), restricted (abstained for the next week)
  + Abundant condition: positive affect and savoring decreased when given chocolate at end of experiment
  + Restricted condition: neither PA nor savoring diminish