

Research Dialogue

# The pot-holed path to happiness, possibly paved with money: A research dialogue

Joseph R. Priester<sup>a,\*</sup>, Richard E. Petty<sup>b</sup>

<sup>a</sup> Department of Marketing, University of Southern California, Marshall School of Business, 3660 Trousdale Parkway, Los Angeles, CA 90089, USA

<sup>b</sup> Department of Psychology, Ohio State University, 1885 Neil Avenue, Columbus, OH 43210, USA

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## Abstract

The path to happiness is not always clear. Research suggests that even money (when one has enough to take care of basic needs) does not enhance happiness. This Research Dialogue explores how individuals can take steps to use money in a way that does increase happiness. In addition, four commentaries provide suggestions above and beyond money as possible paths to happiness, as well as the reason why money may not lead to happiness.

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Intuitively, money should lead to happiness. The more money one has, the more easily one can afford to spend time on those activities that ought to bring us pleasure. The more money one has, the more easily one can afford to purchase those products and services that ought to bring us pleasure. And up to a certain point, this relationship holds. However, research suggests that beyond having enough money to avoid being impoverished, this relationship does not hold. Having more money does not lead to more happiness. Stated simply, once one has enough money to take care of basic needs, one's happiness does not increase with additional money. This robust failure to find that lots of money lead to lots of happiness has been a topic of interest to both academics (e.g.; Aaker & Akutsu, 2009; Posavac, 2009; Sundie, Ward, Beal, Chin, & Geiger-Oneto, 2009; Zhong & Mitchell, 2010) and the general public (e.g., *The rich, the poor, and Bulgaria*, 2010; Rosenbloom, 2010). The effect, or lack of effect, of money on happiness is the focus of this Research Dialogue which includes a target article and four commentaries all written by experts on the subject of happiness.

The target article, *If money doesn't make you happier then you probably aren't spending it right*, is authored by Elizabeth

Dunn, Daniel Gilbert, and Timothy Wilson. These authors provide a challenge to the now common wisdom that money does not buy happiness by arguing that individuals do not know how to properly spend their money in order to bring about happiness. If only they did, then happiness would follow. In the target paper, the authors suggest that the lack of a relationship between money and happiness emerges because people lack a fundamental understanding of what makes them happy. Indeed, many of our beliefs about what will make us happy have the ironic effect of making us less happy. To remedy this insufficiency, the authors provide eight principles. For example, the first principle provides guidance that that additional money is better spent on experiences such as vacations and dates than on material possessions such as a new sports car and sunglasses. These principles consolidate many of the extant empirical findings on happiness to provide an overall framework from which happiness can be more fruitfully pursued.

The first commentary, *If money doesn't make you happy, consider time*, is provided by Jennifer Aaker, Melanie Rudd, and Cassie Mogilner. These authors suggest that in addition to focusing on money and happiness, it is helpful consider the influence of time on happiness. A better understanding of how time can lead to happiness provides a complimentary perspective to the money = happiness equation, and provides a fuller understanding of how happiness can be achieved. Aaker, Rudd,

\* Corresponding author.

E-mail addresses: [priester@marshall.usc.edu](mailto:priester@marshall.usc.edu) (J.R. Priester), [petty.1@osu.edu](mailto:petty.1@osu.edu) (R.E. Petty).

and Mogilner provide five principles to include along with the eight offered in the target paper. For example, their first principle suggests that one spend time with the right people. Spending time with family and friends engenders greater happiness than time spent with bosses, coworkers, and mere acquaintances. A more sophisticated understanding of the uses time of time can lead to happiness.

The second commentary, *Happiness and thrift: When (spending) less is (hedonically) more*, is provided by Joseph Chancellor and Sonja Lyubomirsky. In contrast to the assumption that spending more should lead to greater happiness, these authors instead focus on how spending less can also lead to greater happiness. They point out that over-consumption is deleterious not only to the individual, but to the environment and national economy, as well. Individuals adapt to however much money they have, and such adaption undermines the influence of money on happiness. That is, people quickly adapt to more money, and are left with greater aspirations, rather than happiness. Chancellor and Lyubomirsky provide five suggestions for how thrift can lead to greater happiness than spending. For example, they argue that thrift can result in the elimination of distressing debt, which can in turn lead to greater happiness. A focus on thrift as a path to happiness has considerable potential to not only lead to happiness, but to provide a buffer for when unexpected financial difficulties and demands arise.

The third commentary, *What's the use of happiness? It can't buy you money*, is authored by Kathleen Vohs and Roy Baumeister. These authors question the assumption of the target article, and instead propose that rather than serving as an antecedent to happiness, money is better conceptualized as a resource in and of itself. To wit, money motivates specific behaviors and these behaviors develop defenses that solve problems and avert suffering. As one example, individuals reminded of money are less bothered by physical pain and social ostracism than individuals not reminded of money. As such, the authors propose that actual money and thoughts about money can be a valuable resource in and of itself, regardless of its influence or not upon happiness.

The fourth commentary, *Why don't we learn from poor choices? The consistency of expectation, choice, and memory*

*clouds the lessons of experience*, is provided by Norbert Schwarz and Jing Xu. These authors propose a psychological process to understand why money does not lead to happiness. They argue that individuals' understanding of what has made them happy in the past is systematically distorted and this distortion leads individuals to make choices that cause them to be less happy than they had hoped. Specifically, Schwarz and Xu propose that the experience of happiness is ephemeral, and when individuals try to remember a happy episode, they rely upon their general knowledge of happiness, rather than the experience itself. Part of this general knowledge of happiness is their hedonic prediction. This mis-construal leaves individuals with the mistaken impression that their beliefs about what makes them happy are correct. In actuality, these beliefs lead to future mis-prediction of what will lead to happiness, and as such, individuals make choices based upon incorrect information. Money does not buy happiness, because the fleeting nature of happiness leaves people unable to understand what does cause happiness.

This Research Dialogue provides a thoughtful and insightful view into the relationship of money and happiness. At the conclusion, readers will be left with a more rich and complex understanding of money and happiness, as well as other factors such as time, thrift, money (as a resource) and why naïve theories of money are often incorrect.

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