

Chapter 2

Money for Happiness: The Hedonic Benefits of Thrift

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1 In Tolstoy's "How Much Land Does a Man Require?" Pahóm, a nineteenth century
2 Russian peasant, aspires to be a landowner. Yet, after a small plot fails to satiate
3 his hunger, he begins chasing larger and larger acquisitions. Eventually, a wealthy
4 man offers him an unusual "all-you-can-eat" real estate buffet: Pahóm can own as
5 much land as he can circle on foot while the sun is shining. Although Pahóm stakes
6 an enormous claim, after hours of overexertion, he unexpectedly drops dead. As a
7 servant digs a grave for Pahóm's body, Tolstoy concludes, "Six feet from his head
8 to his heels was all he needed."

9 If Tolstoy's Pahóm had lived in the early twenty-first century, he might have been
10 feverishly flipping houses during the property bubble, carelessly trading stocks on
11 his iPhone while driving, and unexpectedly dying at the wheel of his Mercedes.
12 Whatever the time period, success in commercial business does not always translate
13 into success in the business of life. As preachers, poets, and philosophers through-
14 out history have cautioned, the breathless pursuit of material wealth may leave one
15 disappointed, depressed, or yes, even dead (Kasser and Ahuvia 2002; Kasser and
16 Ryan 1993; Eckersley 2006).

17 Furthermore, overconsumption is not only deleterious for the individual: the re-
18 sultant consumption of scarce resources and pollution of the environment harms
19 the collective. As global economic progress affords millions' entry into the middle
20 class, the world can only hope their possessions do not overflow their garages as do
21 those of middle-class Americans (Arnold et al. 2012).

22 The virtue of thrift, a lifestyle of strategic underconsumption, offers an intriguing
23 alternative: living richly, without being rich. In this chapter, we present the benefits
24 of practicing thrift, a relatively neglected construct in consumer psychology. First,
25 we summarize decades of research on the surprising relationship between money
26 and happiness. Next, we investigate three chief reasons that more money fails to
27 produce more happiness (and can actually detract from it). Then, we discuss the
28 meaning and history of practicing thrift, with an emphasis on how it contrasts with

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29 modern mindsets and habits. Finally, we draw from decades of research in social and
30 consumer psychology to suggest ten ways that individuals can practice thrift in their
31 daily lives—spending and consuming less, but becoming happier in the process.

32 **2.1 What Money Buys**

33 Money is essential for living, but insufficient for thriving. Hundreds of investi-
34 gations conducted in almost every country in the world support this simple truth.
35 Altogether, research over the past several decades reveals six major findings, de-
36 scribed later, about the nuanced relationship between objective indicators of prosper-
37 ity (e.g., income and wealth) and subjective measures of well-being (e.g., positive
38 affect, negative affect, and life satisfaction).

39 **2.1.1 Money Buys (Some) Happiness**

40 The first major conclusion from the money and well-being literature is that money
41 matters. Income relates to numerous beneficial outcomes throughout a person's life.
42 Children born to wealthier families are less likely to die as infants (Kramer et al.
43 2000) and more likely to start kindergarten with better academic performance, even
44 before instruction begins (Lee and Burkam 2002). Richer people are relatively more
45 likely to have good physical health (Furnée et al. 2011; Lynch et al. 2000), and
46 less likely to experience stressful life events (Brady and Matthews 2002), suffer
47 from mental health conditions (Hudson 2005), and be the victims of violent crimes
48 (Levitt 1999). The rich even benefit at the end of life, living longer than everyone
49 else, a finding that persists after accounting for preexisting differences in health
50 behaviors and chronic conditions (Bassuk et al. 2002).

51 Considering the numerous benefits of extra income, the biggest surprise is that
52 these advantages do not always translate to greater happiness. Although income
53 does correlate with happiness (see Diener and Biswas-Diener 2002, for an exhaus-
54 tive review), the magnitude of the relationship is relatively weak. Surveys across
55 19 nations, for example, show that the poor are only 20% less likely to report being
56 satisfied with their lives than the rich (Diener and Biswas-Diener 2002). Although
57 money buys entrance into better schools, more lucrative careers, and safer neigh-
58 borhoods, it brings less happiness than people assume.

59 **2.1.2 Earning More but Mattering Less**

60 The second major finding from the money and well-being literature is that income
61 most strongly correlates with happiness when one is poor, but the size of the rela-
62 tionship wanes as income rises (Deaton 2008; Diener et al. 2010; Eckersley 2005;

63 Howell and Howell 2008; Inglehart 2000). In other words, the money that makes
64 a person happiest is that which keeps her out of poverty. Looking at the data an-
65 other way, as income increases, the relative amounts matter more than their ab-
66 solute values (Kahneman and Deaton 2010). Researchers have even calculated the
67 dollar amount above which salary ceases to matter: a modest \$ 75,000 in the USA
68 (Kahneman and Deaton 2010), which is a surprise to those aspiring to “six-figure”
69 incomes.

70 ***2.1.3 Not All Types of Happiness Require Money***

71 Psychologists measure the components of well-being in several different ways, and
72 not all of these measures correlate highly with income. When asked to evaluate their
73 lives as a whole, people often base their answers on their salaries or their savings
74 accounts. As a result, money is more strongly correlated with overall life satisfac-
75 tion (Diener et al. 2010; Tay and Diener 2011). A moderate income also means not
76 experiencing the misery of lacking basic necessities and freedoms, reflected in its
77 association with less negative affect (Tay and Diener 2011).

78 But, do the wealthy feel happier than everyone else at every minute of the day?
79 Hardly. Moment-to-moment feelings, especially positive ones, are less strongly re-
80 lated to people’s incomes and more strongly related to the extent to which their
81 psychological needs are being met through their daily activities and their immediate
82 context (Diener et al. 2010; Lyubomirsky et al. 2005b; Schwarz et al. 2009). In
83 other words, if researchers picked an individual off the street at random, they could
84 infer more about his present feelings from what he is doing and whom he is with
85 than from rifling through his wallet.

86 ***2.1.4 National Prosperity May Not Trickle Down***

87 Political leaders can be forgiven for believing that building a strong economy in-
88 evitably breeds happy constituents: A nation’s changes in prosperity (as measured
89 by growth in Gross Domestic Product [GDP] or income) correlate with changes in
90 its citizens’ life satisfaction. However, as prosperity rises and falls, corresponding
91 shifts in positive or negative emotions fail to materialize (Diener et al. 2011; but see
92 Easterlin et al. 2010; Easterlin and Angelescu 2010; Stevenson and Wolfers 2008,
93 for alternative perspectives). Even when income or GDP does increase, a number
94 of barriers make surges in life satisfaction less likely. For example, GDP makes less
95 of a difference if household material wealth remains unchanged (i.e., the nation’s
96 wealth does not “trickle down” to ordinary people; Diener et al. 2011). Additionally,
97 extra income only benefits citizens when they are satisfied with their incomes and
98 optimistic about their futures (Diener et al. 2011).

99 Intriguingly, in special cases, subjective and objective indicators can even diverge.
100 When the Berlin Wall fell, for example, the economic fortunes of East Germans

101 increased over time along with their life satisfaction. However, West Germans grew
102 less satisfied with life over time, despite the fact that their incomes were also rising
103 (Easterlin and Zimmerman 2006).

104 Modern economic development brings its citizens a mixed bag of blessings and
105 curses (Easterlin and Angelescu 2010). National prosperity may mean more jobs
106 and rising incomes, but also increasing urbanization, obesity, job obsolescence, va-
107 rious kinds of pollution, and social upheaval. Also, although the fortunes of many
108 may rise, their relative standing often remains intact. Relative standing matters a
109 great deal to well-being because after positive improvements in their lives, human
110 beings are inclined to increase their expectations (e.g., “My new house needs new
111 furniture”) and make social comparisons (e.g., “Everyone else has an iPhone”;
112 Boyce et al. 2010; Clark et al. 2008; Clark and Oswald 1996; Ferrer-i-Carbonell
113 2005; Luttmer 2005)—two tendencies that serve to undermine such improvements.

114 **2.1.5 *Happiness Attracts Wealth***

115 An important caveat about the relationship between money and happiness is that
116 this relationship is not solely explained by the fact that money makes people happy.
117 A number of longitudinal studies document that happier people at Time 1 proceed
118 to earn higher incomes at Time 2. For example, self-reported happiness predicted
119 subsequent increases in income in Australians (Marks and Fleming 1999), and hig-
120 her income and lower unemployment in Russia (Graham et al. 2004). Similarly,
121 cheerfulness in undergraduates was found to predict their incomes 16 years later,
122 even after controlling for parental income (Diener et al. 2002). Optimistic insu-
123 rance agents (who tend to be happier) sell more insurance (Seligman and Schulman
124 1986), and optimistic CEOs garner better performance ratings and produce bigger
125 returns on investment for the companies they lead (Pritzker 2002). Although many
126 assume that possessing money precedes and therefore causes subsequent happiness,
127 happiness often precedes the procurement of wealth and explains at least part of the
128 relationship between the two.

129 **2.1.6 *Chasing Possessions but Missing Happiness***

130 A significant downside of money, however, is the danger that arises from fixating on
131 it. Studies show that materialism means floundering, not flourishing (Kasser 2002).
132 Materialistic individuals report less satisfaction (Richins and Dawson 1992), more
133 unhappiness (Belk 1985), and lower levels of relatedness, competence, autonomy,
134 gratitude, and meaning in life (Kashdan and Breen 2007). Materialists enjoy their re-
135 lationships less (Kasser and Ryan 2001), an opinion their friends and families share
136 (Nickerson et al. 2003; Solberg et al. 2004). Furthermore, high financial aspirations
137 are associated with lower social functioning and more antisocial behavior in young
138 adults (Kasser and Ryan 1993). Low income materialists report particularly high di-
139 stress, but even as their incomes rise, wealthy materialists never reach the happiness

140 of everyone else (Nickerson et al. 2003). Even in places that revere financial achieve-
141 vements, such as business schools, students with strong, internalized materialistic
142 values are more anxious, less happy, and have poorer physical health (Kasser and
143 Ahuvia 2002). In experiments, participants exposed to materialistic cues—such as
144 viewing luxury products or playing the role of a consumer in a game—feel worse,
145 display less social involvement, and act more competitively (Bauer et al. 2012). Al-
146 together, the evidence suggests that an overly strong focus on acquiring money and
147 possessions negatively impacts well-being across a broad number of life domains.

148 **2.2 Why Dollars Disappoint**

149 Why does money matter less than people think? Psychologists have identified at
150 least three reasons why possessions and money fail to translate into greater happi-
151 ness, and can in certain cases even undermine it.

152 **2.2.1 *We Choose Poorly***

153 Although a Yiddish proverb holds that “the heart is half a prophet,” people’s accu-
154 racy in prophesying what will make them happy routinely disappoints. Individuals
155 often mispredict what pursuits will make them happy, how large of a hedonic boost
156 they will earn, and how long the rewards will last. For example, many suppose
157 that winning the lottery is a ticket to perpetual happiness, but studies suggest that
158 the effects are relatively short-lived (Brickman et al. 1978). To nonmillionaires,
159 the downsides of wealth are hard to imagine, yet they exist—endless appeals for
160 money, worries about children becoming spoiled, and constant suspicions of oth-
161 ers’ motives (Wood 2011). In general, people overestimate the happiness they can
162 garner from any isolated event, like the purchase of a new home or a raise in sala-
163 ry (Wilson and Gilbert 2005), and underestimate their ability to adapt to negative
164 events, like a financial downturn (Bonanno 2004; see Wilson and Gilbert 2003, for
165 a review). When pursuing happiness, especially by purchasing it, forecasting errors
166 increase the likelihood of feeling buyer’s remorse.

167 **2.2.2 *We Adapt Promptly***

168 No blessing brings perpetual bliss. People quickly reach a point where, as B. B.
169 King memorably belted, “the thrill is gone.” Hedonic adaptation, the psychologi-
170 cal term for this phenomenon, explains how the happiness that comes from ow-
171 ning a new widget or securing a pay raise erodes via two key pathways: decreased
172 pleasures and increased aspirations (Lyubomirsky 2011; Sheldon and Lyubomirsky
173 2012; Wilson and Gilbert 2008). As time passes, the pleasures of a positive change
174 evaporate. One enjoys a newly remodeled bathroom for a season, but over time,

175 it becomes less noticeable and produces fewer positive feelings. Eventually, the
176 change becomes unnoticeable, fading into the psychological background. Further-
177 more, positive changes often increase one's expectations and desires, impeding the
178 full effect of the next positive change. After remodeling the bathroom, one begins
179 noticing the drabness of the den.

180 Hedonic adaptation explains why constant luxury becomes banality. Faced with
181 chronic surpluses, aspirations can ultimately become so high that they choke off all
182 of life's pleasures, leaving one miserable even in the midst of favorable circum-
183 stances. After achieving success in every military campaign he led, Alexander the
184 Great resolved to conquer the entire known world. However, after marching to In-
185 dia, his soldiers almost mutinied and forced him to return home, and he died shortly
186 thereafter. An epitaph summarized his brief, ambitious life: "A tomb now suffices
187 him for whom the whole world was not sufficient" (Benham 1907, p. 686). Only
188 by accounting for rising aspirations is it possible to grasp why continuing positive
189 changes lead to diminishing hedonic returns; and when outcomes fall short of one's
190 expectations, disappointment is the price of presumption.

191 **2.2.3 We Spend Profligately**

192 Left unchecked, poor choices and fleeting thrills can drive people to overcon-
193 sume—provided that their pocketbooks can keep up. Fully 20% of wealthy American
194 households owning assets of \$ 1–10 million spent all of their incomes or more in
195 2004 (Frank 2008). In 2006, the American personal saving rate, already low by
196 worldwide standards, went negative for the first time since the Great Depression
197 (Danger time for America 2006).

198 Psychologists call the endless cycle of acquisition and adaptation the *hedonic*
199 *treadmill* (Brickman and Campbell 1971), and its function provides insight into why
200 people continue to purchase and possess, never reaching a point when their life is
201 sufficiently pleasurable and satisfying. The consequence is runaway materialism, in
202 which more and more money is spent and less and less happiness is derived from it.

203 In sum, at least three human tendencies—choosing poorly because of affective
204 forecasting errors, adapting quickly to positive experiences, and chronic overspen-
205 ding—conspire to nullify or reverse the hedonic benefits of extra wealth. Given the
206 limited resources of our planet and how easily these resources are wasted, we argue
207 that the practice of thrift offers a unique opportunity to simultaneously reduce con-
208 sumption while boosting fulfillment.

209 **2.3 Thrift and Frugality: Definition and Brief History**

210 Thrift is an ancient virtue that alludes to the curbing of consumption and boost-
211 ing of fulfillment (Chancellor and Lyubomirsky 2011). It is highly relevant both
212 in times of scarcity (when resources must be conserved) and in times of surplus

213 (when temptations for unsatisfying pursuits abound). Although many associate
214 *thrift* with being miserly or stingy, the word actually originates from the term *thrive*
215 (Skeat 1993). We define thrift as “a voluntary lifestyle choice involving the careful
216 stewardship of finite resources, such as time, money, and possessions, with opti-
217 mal long-term material and psychological gain.” Thrift has close associations with
218 the virtues of industry (as the harder one labors for benefits, the less likely one is
219 to squander them), generosity (to use one’s surplus to benefit others), temperance
220 (consuming in moderation), and wisdom (to avoid wasting resources on frivolous
221 pursuits).

222 In the consumer literature, thrift is often called frugality, which researchers de-
223 fine as consumer restraint in the acquisition of goods, and resourcefulness in using
224 them to achieve long-term goals (Lastovicka et al. 1999). Voluntary simplicity, a
225 related concept, is an intention to reduce expenditures to focus on nonmaterialistic
226 satisfaction and meaning (Craig-Lees and Hill 2002). Thrift is conceptually distinct
227 from tightwadism (the reluctance to spend money at all, even on the necessities;
228 Rick et al. 2008) and hyperopia (a tendency to overwork and deprive oneself of any
229 enjoyable experiences; Kivetz and Simonson 2002). Throughout this chapter, we
230 use the terms thrift and frugality interchangeably, but always in the sense of mana-
231 ging time, money, and possessions with optimal long-term results.

232 The practice of thrift spans history and cultures. Almost 2,500 years ago, So-
233 crates saw his life mission as persuading people to pay less attention to the pursuit
234 of money, reputation, and honors and more attention to seeking truth, wisdom, and
235 self-improvement. King Solomon, the richest man of his day, noticed that people
236 who loved money were never satisfied with their incomes and lost sleep because
237 they worried about losing their wealth (Ecc. 5:10, 12). Buddhist texts recount how
238 monks practiced extreme thrift by squeezing maximum utility out of their meager
239 possessions: they recycled old robes into quilts, old quilts into covers, old covers
240 into rugs, old rugs into dusters, and eventually, old dusters into a mixture of clay and
241 cloth to repair the monastery’s walls (de Silva 2010).

242 Thrift arose as a key virtue in North American culture, arising from a combina-
243 tion of religious tradition and practical circumstances (Witkowski 2010). The sur-
244 vival of early colonists, for example, depended entirely on their own competence
245 in managing scarce resources. Puritan and Quaker communities encouraged hard,
246 productive labor for the common good and strongly discouraged wasteful and ex-
247 cess consumption (Shi 1985; Witkowski 2010).

248 As American history unfolded, thrift and frugality came in and out of fashion
249 depending on the economic, political, and social climate (Witkowski 2010). For
250 example, during the American Revolution, the Civil War, World War I, and World
251 War II, frugality campaigns redirected scarce resources to the war effort. At these
252 crucial moments in history, governments sanctioned thrift, citizens widely prac-
253 ticed it, and it contributed to wartime success. In the modern era, however, due
254 to the overdependence of the American economy on consumer spending, govern-
255 ment leaders often steer citizens away from the widespread practice of thrift. For
256 example, following the terrorist attacks of September 11, 2001, President Bush,
257 fearing an economic recession, encouraged Americans to “go shopping” instead

258 (Kasser 2011). In fact, according to Keynesian economic theory, which enjoyed a
259 resurgence during recent global recessions and drove policy decisions in both the
260 Bush and Obama administrations (The Keynes comeback 2009), excessive saving
261 actually prolongs depressions, and governments can spur growth by discouraging
262 thrift in favor of consumption and investment (Tucker 1990). Ironically, those feel-
263 ing the sting of economic depressions come to the opposite conclusion; they wish
264 they had been better prepared for tough times by having saved more and spent less
265 (Tucker 1990).

266 In times of scarcity, thrift ensures physical survival. But even in times of plenty,
267 thrift aids in psychological survival, by helping individuals avoid unfulfilling
268 distractions and orient their lives toward need-satisfying pursuits. However, even
269 when shunned by the masses, a wealth of research suggests that under the right
270 conditions, thrift provides a number of financial and psychological benefits to its
271 practitioners.

272 **2.4 Practicing Thrift to Earn Hedonic Dividends**

273 How can people manage to squeeze more happiness out of less money? The conse-
274 quences of practicing thrift have not been well documented in extant psychological
275 research, and the few studies that do exist report conflicting outcomes (see Kasser
276 2011, for a brief review). Thus, whether individuals derive benefits from conserving
277 more or spending less depends on a number of intervening factors, such as their
278 motivation, goals, expectations, specific practices, and social support. We survey a
279 broader literature on well-being, emotions, economics, and consumer psychology to
280 offer ten psychologically and financially sound principles on how to increase happi-
281 ness without spending much money, and in many cases substantially less.

282 **2.4.1 *Cure Ills Before Seeking Thrills***

283 In one of Aesop's fables, a pair of mice samples each other's lifestyles. Although the
284 country mouse subsides on crumbs, the city mouse serves fine wines and cheeses
285 stolen from his homeowners' cupboards. But their sumptuous dinner ends abruptly
286 when the drunken homeowners return and ravenous dogs give chase. As the country
287 mouse heads home, he confesses to his friend, "I'd rather have a crust in peace and
288 safety than all your fine things in the midst of such alarm and terror."

289 Happiness is not just about feeling good—it is also about seldom feeling bad
290 (Diener et al. 1999). Hence, one can become happier by either increasing positive
291 affect or decreasing negative affect. Although maximizing positive affect is the
292 most obvious strategy, minimizing negative affect has one strong but overlooked
293 advantage: pain is much more potent than pleasure. As the country mouse discov-
294 ers, even bland is better than best with bad.

295 Decades of research supports that, indeed, bad is stronger than good (Baumeis-
296 ter et al. 2001; Taylor 1991). All else being equal, preventing or halting a negative
297 experience provides a three- to fivefold return on investment over adding a positive
298 one (Fredrickson and Losada 2005). Negative experiences and emotions affect people
299 more than do positive experiences and emotions when they perform different kinds
300 of tasks, including being subconsciously primed with photos (e.g., Smith et al. 2006),
301 memorizing information (e.g., Bless et al. 1992; Ohira et al. 1998; Porter and Peace
302 2007), filtering information (e.g., Pratto and John 1991), and detecting emotions (e.g.,
303 Oehman et al. 2001). Also, negative information attracts more attention and relative
304 importance in interpersonal interactions (e.g., Gottman and Krokoff 1989), first im-
305 pressions (e.g., Peeters and Czapinski 1990), and when decoding nonverbal messages
306 (e.g., Frodi et al. 1978). Daily diary studies demonstrate that positive changes are wea-
307 ker than negative changes, and that their effects also evaporate more quickly (e.g.,
308 Nezlek and Gable 2001; Sheldon et al. 1996; see also Oishi et al. 2007). In a daily diary
309 study of college students, a bad day lowered well-being on the following day (Sheldon
310 et al. 1996); the effects of a good day, however, did not transfer to the next.

311 Likewise, pleasure fades, but misery lingers. Humans adapt to positive stimuli
312 more quickly and completely, but to negative stimuli more slowly and partially.
313 For example, lottery winners were no happier from less than 1 month to 18 months
314 after news of their prize than those who had experienced no such windfall (Brick-
315 man et al. 1978). During an unprecedented economic expansion in the USA lasting
316 over 50 years, mean happiness levels barely budged (Lane 2000)—if anything, they
317 slightly decreased. In prospective longitudinal investigations, those who marry re-
318 ceive a boost in their happiness, but revert to their baseline after 2 years on ave-
319 rage (Lucas et al. 2003; see also Lucas and Clark 2006), and high-level managers
320 who purposely change jobs experience a burst of satisfaction immediately after the
321 move, but bounce back within a year (Boswell et al. 2005). By contrast, studies of
322 negative experiences such as disability, unemployment, widowhood, and divorce
323 indicate that their levels of well-being take a “hit” from the negative occurrence
324 and, on average, never fully rebound (Lucas 2005; Lucas et al. 2003, 2004).

325 When shopping, people err when they fixate only on thrilling or life-enhancing
326 products. However, the relative strength of bad over good suggests that a product that
327 relieves pain or discomfort could be a more hedonically potent purchase. For exam-
328 ple, a troubled couple might try counseling before cruising, or when shoe shopping,
329 a wise consumer might consider bunions first and fashion second. Although less suffer-
330 ing and more pleasure both lead to greater happiness, the pain-relieving path offers
331 the biggest payoff. Thomas Fuller observed that “one cloud is enough to eclipse all
332 the sun.” If clouds do appear, a most satisfying purchase could be an umbrella.

333 **2.4.2 Meet Needs Before Indulging Desires**

334 “Our necessities are few,” wrote George Bernard Shaw, “but our wants are endless.”
335 Because of the finitude of human needs, the meager financial cost of meeting them,

336 and the misery of doing without, utilitarian products, more than luxurious ones,
337 garner the most happiness for the dollar. Mindful of these reasons, thrifty people
338 prefer products that meet practical needs, rather than superfluous ones (Craig-Lees
339 and Hill 2002).

340 Studies have enumerated a set of limited but important biological, psychological,
341 and social conditions necessary for optimal human functioning (Hill and Buss 2008;
342 Sheldon et al. 2001; Kenrick et al. 2010; Maslow 1954; Ryan and Deci 2000; Ryff
343 and Keyes 1995). Physically, people need food, water, clothing, shelter, and safety.
344 Psychologically, people need to feel competent, autonomous, and fulfilled. Socially,
345 people need to feel respected and connected with others. Altogether, the fulfillment
346 (or deprivation) of this short list of human needs explains 10–23% of variation in
347 happiness across countries and cultures (Tay and Diener 2011). Spending money
348 to meet a need offers an immediate benefit to happiness because human needs are
349 neither mysterious nor insatiable. In fact, Kasser (2011) proposes that the degree to
350 which thrifty behavior meets core psychological needs likely explains differences
351 in the outcomes of apparently thrifty practices.

352 A necessity is generally more effective at boosting well-being because of the
353 subjective strength of bad over good. A utilitarian purchase, by definition, meets a
354 practical need, without which one presumably would be wanting, whereas a luxu-
355 rious purchase aims for extra (but nonessential) enjoyment. Thus, a utility prevents
356 continual suffering, while a luxury only bestows a momentary pleasure. For exam-
357 ple, a polio vaccine prevents paralysis. A Botox shot removes fine lines and wrinkles
358 (ironically, through paralysis). Even if both injections are later taken for granted,
359 by preventing the more negative outcome, the vaccine is of greater objective bene-
360 fit. Similarly, although a five-course meal at a trendy restaurant makes an enjoyable
361 evening, even rice gruel eliminates the pangs of hunger. The poor spend the highest
362 percentage of their income on basic necessities, needs that are most strongly related
363 to life satisfaction and negative affect (Tay and Diener 2011).

364 Utilities are also the best bargains. The difference between the lowest and high-
365 est price offerings of the same kind of product can be 10–1,000-fold. A bowl of soup
366 can cost pennies (in Africa) or \$ 215 (at a tony restaurant in London). The world's
367 cheapest mass-produced car (from India's Tata Motors) retails for \$ 2,500, while the
368 world's most expensive (the Bugatti Veyron from Germany's Volkswagen) sells for
369 \$ 2.4 million. Despite the differences in cost, feature-for-feature drivers obtain more
370 hedonic benefit from the motor than the moon roof. In sum, buyers benefit more
371 when they direct their dollars to no-frills utilities rather than frivolous purchases.

372 However, two caveats should be mentioned. First, the distinction between utili-
373 ties and luxuries is not clear-cut and abounds with ambiguities (Alba and Williams
374 2013). Luxury cars can commute and economy cars feature stereos. Real-world
375 purchases are subtle gradations of utility and luxury. Also, two people may buy the
376 same product with different motivations: a fisherman buys a boat for labor, but the
377 yuppie for leisure. Complicating matters further is the tendency of people to confla-
378 te their needs and desires. Ask a materialist or spendthrift about a recent purchase,
379 and he/she may overstate the utility of his/her acquisitions. Conversely, a tightwad
380 may even forgo necessities to the detriment of his own well-being.

381 Second, a few (but not all) of today's luxuries are tomorrow's necessities, especi-
382 ally in the realm of new technologies. Charles Fay, General Manager of the Chicago
383 Telephone Exchange, argued in 1887 that, "the telephone, like the telegraph, post
384 office, and the railroad, is only upon extraordinary occasions used or needed by the
385 poor" (Lasar 2011). But today, people of all classes depend on former luxuries such
386 as cars, cell phones, and computers to participate in the modern economy. New
387 technologies have a way of becoming ubiquitous and essential. Although frugal
388 billionaire Warren Buffett routinely decried the wastefulness of corporate jets, he
389 eventually bought a used airplane in 1986 (Bianco 1999). Trading up to a more ex-
390 pensive jet in 1989, he named it The Indefensible. "Whether Berkshire will get its
391 money's worth from the plane is an open question," Buffett later wrote to sharehol-
392 ders, "but I will work at achieving some business triumph that I can (no matter how
393 dubiously) attribute to it." Although his humility made it difficult to admit, if any
394 CEO could justify such an expense on purely economic grounds, Buffet could. The
395 happiest shoppers are likely those who can set their preferences aside and approach
396 such matters rationally.

397 In sum, our happiness and wallets are generally best served by seeking utilities
398 and shunning luxuries. A need-meeting product saves people from suffering and
399 can often be obtained at a bargain, provided that one honestly considers all the op-
400 tions. Frugal shoppers happily visit thrift stores, garage sales, and used car lots to
401 buy functional products at a fraction of the original cost. Benjamin Franklin wrote,
402 "Poverty wants some things, luxury many things, avarice all things." Heeding needs
403 shortens shopping lists, but without sacrificing happiness.

404 **2.4.3 Do Not Borrow. Buy It Outright**

405 The Book of Proverbs warns, "The borrower becomes the lender's slave" (22:7).
406 How an individual pays for a purchase can affect how much he enjoys it, especially
407 if he goes into debt to procure it. The thrifty boost their happiness and build their
408 wealth by paying in advance, avoiding long-term financing, and profiting from their
409 financial acumen (Rick et al. 2008).

410 Spending hurts. When shoppers say "Ouch!" after finding the price tag, they
411 are feeling the activation of their insula (Knutson et al. 2007), the same brain area
412 associated with noxious odors (Wicker et al. 2003), being treated unfairly (Sanfey
413 et al. 2003), and experiencing social exclusion (Eisenberger et al. 2003). Of course,
414 retailers know that spending hurts and scheme to sell more by lessening the pain
415 of paying. Two common techniques are postponing a payment or financing it over
416 time. For example, consumers brandishing credit cards, the most popular way of
417 postponing payments, spend more than they would if they were paying by cash or
418 check (Prelec and Loewenstein 1998; Prelec and Simester 2001; Soman 2001).

419 Shrewd shoppers use credit cards to accrue perks like cash rebates, points, or air-
420 line miles, and then promptly pay off the balance. In general, financing only beco-
421 mes advantageous when the loaned capital produces more than the premium paid to

422 obtain it. Frugal shoppers may borrow money because they can use it cheaply (e.g.,
423 taking out a zero-percent auto loan), while investing their own money at a higher
424 rate of return (e.g., in a money market fund). Although these shoppers borrow mo-
425 ney, they are actually earning rewards, and undoubtedly enjoying them. Any pain
426 they may feel parting with their cash is offset by the product and the perks. For this
427 class of disciplined and savvy shopper, debt is not distressing. Any borrower who
428 can pay off a debt instantly has little reason to worry. Even if frugal shoppers do pay
429 upfront (most likely while procuring a discount for using cash), they finish the un-
430 pleasant, painful part of the transaction at the beginning (i.e., decoupling payment
431 and enjoyment, see Prelec and Loewenstein 1998), and are now free to fully enjoy
432 their purchase.

433 Impulsive shoppers, however, borrow because they covet the goods, but cannot
434 otherwise currently afford them. Financing lessens the immediate pain of paying,
435 but with accumulating long-term consequences (Brown et al. 2005). Debtors live
436 in financial servitude. Borrowers who owe more than they own worry constantly
437 about keeping up with payments and the disastrous implications of losing their jobs
438 (Price et al. 2002). When they do miss payments, penalties proliferate and credi-
439 tors call. An actual default on a loan can lead to further unpleasant—unpleasantly
440 variable and unanticipated (cf. Lyubomirsky 2011)—experiences, such as having
441 one's credit ruined, utilities shut off, automobiles repossessed, or homes foreclosed.
442 Altogether, 48% of US residents confess worrying some of the time or most of the
443 time about the debts they owe (GfK Roper Public Affairs & Media and Associated
444 Press 2010), and, in 2010, almost 13% of all mortgages in the USA were behind on
445 payments, seriously delinquent, or in the process of foreclosure (Comptroller of the
446 Currency and Office of Thrift Supervision 2010). Debt also adds stress and conflict
447 in families (Conger and Elder 1994). Dollar for dollar, debt has a higher psycho-
448 logical cost than saving has a psychological benefit (Brown et al. 2005).

449 Troublingly, over many decades in the USA and other Western nations, financing
450 options that were once reserved for shrewd investments (e.g., a business loan, a col-
451 lege education, or rental property) have become the norm for all kinds of frivolous
452 and fleeting purchases (e.g., cars, furniture, jewelry, vacations, and fancy dinners).
453 Ironically, debt and reoccurring payments can drain the enjoyment out of a hedonic
454 purchase (Prelec and Loewenstein 1998). In some cases, governmental policy ac-
455 tively encourages the accumulation of debt (e.g., mortgage interest tax deduction),
456 while punishing savers with low interest rates and fewer tax benefits for having
457 planned ahead.

458 Some intriguing studies suggest that debt, by itself, is not psychologically harm-
459 ful. Instead, one's dissatisfaction with debt may be the culprit that actually engen-
460 ders stress, anxiety, and emotional instability (Kasser 2011). This line of thinking
461 implicates thrifty attitudes in working *against* well-being in cases where accumu-
462 lating debt is unavoidable (e.g., financing a university education or purchasing a
463 house). Along the same lines (but at the opposite end of the spectrum), satisfaction
464 with one's level of savings predicts higher well-being and less stress in samples of
465 Germans and among women (Barnes et al. 1999; Berger et al. 1988; Bergermaier
466 et al. 1984). Taken together, these findings suggest that greater well-being arises as

467 one's financial aspirations match one's present financial circumstances. However,
468 given the real stress posed by people facing financial problems (Addler et al. 1994)
469 and that simply lowering one's aspirations in response to money problems predicts
470 lower well-being across the lifespan (Wrosch et al. 2000), we hesitate to simply
471 advise debtors to "be happy and not worry." Financial difficulties are probably best
472 solved by setting realistic goals and working to achieve them (Wrosch et al. 2000).

473 Debt is a powerful financial tool, and much like a circular saw, it requires ex-
474 pertise and an abundance of caution. Used correctly, a saw can build a house, but
475 placed in the wrong hands, it may sever them. If a purchase price is higher than the
476 available funds, one would do well to consider a cheaper alternative in lieu of bor-
477 rowing or reexamine whether the purchase is truly necessary. Those carrying debt
478 would gain far more happiness by reducing or eliminating it (Prelec and Loewens-
479 tein 1998) rather than spending money on new purchases. Although crawling out
480 of a financial hole is not glamorous, the benefits of living life without the crippling
481 weight of debt cannot be overemphasized. A brief frolic in the sunshine is no sub-
482 stitute for complete financial emancipation.

483 **2.4.4 Postpone Pleasure**

484 "One-half of the troubles of this life can be traced to saying yes too quickly," noted
485 H. W. Shaw, "and not saying no soon enough." Frugal shoppers resist the temptation
486 for instant gratification—they are less impulsive, more self-controlled, and delibe-
487 rate in their shopping habits (Lastovicka et al. 1999). Delays can actually increase
488 happiness by allowing us time to gather crucial information, consider our future,
489 practice self-control, and experience the joy of anticipation.

490 When deciding on ostensibly pleasurable purchases, our impulsiveness may lead
491 us to overlook minor but consequential details. As humorist Dave Barry (1992)
492 recounts, only after a hasty boat purchase did he learn the many ways to die on the
493 ocean. After he tired of scrubbing the hull after every voyage, his boat became a per-
494 manent fixture in his driveway. Similarly, a study on regretful purchases confirmed
495 that buying impulsively predicted later unmet expectations and social embarrass-
496 ment when using the product (Trocchia and Janda 2002).

497 Unless one is an experienced sailor, boating fantasies rarely include shoals, do-
498 cking fees, or barnacles. In fact, the more distant any event is, whether in time or
499 space, the more abstract and ideal one tends to imagine it (Fujita et al. 2006; Liber-
500 man et al. 2002). People also overestimate how much happiness they can squeeze
501 out of any single solitary event (Wilson and Gilbert 2005). Once the boat becomes
502 theirs and the thrill of acquiring it fades, seamanship's mundane details become
503 much more consequential to their enjoyment.

504 Altogether, happiness is less about life's great peaks and valleys and more about
505 small pleasures and hassles (Diener et al. 1991; Kanner et al. 1981). One's imme-
506 diate environment, more so than our enduring circumstances, drives moment-to-
507 moment feelings. Enduring circumstances do leave their mark, but only when one is

508 conscious of them (Schwarz et al. 2009). Patriotic Americans may feel happy when
509 pondering the fortune of living in a stable, democratic country. But these thoughts
510 mostly occur while watching *Saving Private Ryan* or grilling burgers on Independence
511 Day. On a normal day, we may be fuming about the driver who just cut us
512 off in traffic, worrying about the next electric bill, or beaming because of saving 50
513 cents on granola. The little things matter, and individuals ignore them at their peril.

514 Even when recognizing all the drawbacks does not change a decision to buy, people
515 are better off knowing them in advance. While salivating over a new riding lawn
516 mower, one may not want to read the disappointing *Consumer Reports* reviews. But
517 receiving negative information after buying makes a person more dissatisfied with
518 a purchase than if he/she had simply known beforehand (Cooke et al. 2001). Short
519 on pertinent facts, impulsive buying may leave one more regretful than grateful.

520 A delay can also boost happiness by bending one's judgment toward virtue and
521 away from vice. For example, when choosing between snacks, participants pick
522 unhealthy treats to eat now, but healthy ones for the future (Read and Van Leeuwen
523 1998). In choosing between high-brow and low-brow movies, participants tend to
524 select a low-brow movie to watch immediately and high-brow movies for a later
525 time (Read et al. 1999). The movie *Schindler's List*, for example, was selected 13
526 times when picked days ahead of time, but for immediate viewing only once. St.
527 Augustine, expressing his own mixed feelings about virtue, asked in his memorable
528 prayer, "Grant me chastity ... but not yet." By simply distancing the decision from
529 the delivery, one can employ more intellect and less id.

530 People vary in how they experience and process the flow of time, especially
531 the present and the future. Some people view the world through a microscope—
532 completely focused on the present moment, while the future seems distant, fuzzy,
533 and irrelevant. Other people, by contrast, see the future through binoculars—
534 magnified, prominent, and close. One's time perspective greatly affects decision
535 making. For example, overly present-oriented people tend to make relatively poor
536 short-term decisions that carry negative long-term consequences, such as using
537 drugs (Keough et al. 1999; Wills et al. 2001). Conversely, the frugal, who are more
538 future-focused (Bearden et al. 2006; Lastovicka et al. 1999), use relatively fewer
539 cigarettes (Kasser 2005) and are less likely to abuse alcohol in college (Rose et al.
540 2010). When buying, present-oriented people want to consume the product now, but
541 pay later (Amyx and Mowen 1995). Future-oriented people, however, are relatively
542 more willing to pay immediately. Developing future-mindedness, therefore, can
543 lead to wiser financial choices and greater long-term happiness.

544 Another quality relevant to postponing pleasure, the ability to delay gratification,
545 leads to many positive outcomes for children, adolescents, and adults. Adolescents
546 who could delay gratification as children earn higher SAT scores, are more socially
547 competent, and better manage stress (Mischel et al. 1989). Similarly, adults who
548 were better able to delay gratification as children are relatively happier, more socially
549 competent, better goal setters, and more capable of coping with frustration and
550 stress (Ayduk et al. 2000; Mischel and Ayduk 2002).

551 Fortunately, research suggests that people can learn patience and self-control
552 (Muraven et al. 1999; Oaten and Cheng 2006; Schnitker 2012). The ability to

553 self-regulate, like a muscle, can be strengthened through effortful practice (Muraven
554 et al. 1999; Oaten and Cheng 2006). Strategies that appear to increase patience include
555 perspective taking, practice in emotional regulation, mindfulness exercises, and cogni-
556 tive reframing (Schnitker 2012). Although resisting an impulse is tiring in the moment,
557 regular practice builds a greater capacity for self-regulation in the future (Muraven and
558 Baumeister 2000). The more one practices waiting, the better at it one gets.

559 Finally, postponing pleasure offers an underappreciated, but pleasurable side be-
560 nefit—the joy of anticipation (Dunn et al. 2011). People who practice anticipation
561 are happier than those who do not (Bryant 2003). In a longitudinal study, vacatio-
562 ners wrote more positively in their diaries about their vacations before the trip than
563 during it (Mitchell et al. 1998). As discussed earlier, people tend to hold overly
564 abstract and general views of future events, and most construe upcoming vacations
565 quite positively. However, people often find that the actual trip does not live up to
566 their rosy expectations. They still enjoy their vacations, of course, but they enjoy
567 them slightly less positively and in a more nuanced way than they initially expected
568 (Mitchell et al. 1998). Anticipation, therefore, is a free and enjoyable ride, “unsul-
569 lied by reality” (Dunn et al. 2011, p. 15).

570 As Carrie Fisher (1987) bemoaned in her semiautobiographical novel, “instant
571 gratification takes too long.” For those without self-control, even brief delays are
572 excruciating. Conversely, by using time to our advantage, we can spend money
573 wisely, armed with relevant facts, resolute future-mindedness, stronger self-control,
574 and more anticipatory pleasure.

575 **2.4.5 Learn the Thrill of Saving**

576 When Nathan Engels, an “extreme couponer,” buys groceries, he boasts of his 90%
577 discount (Jervis 2011). Though hyperfrugal shoppers have risen to prominence
578 through reality television, gleeful frugality is as old as bartering and commerce.
579 The Bible records how ancient buyers disparaged products as a bargaining tool, and
580 then bragged about their acquisition to others (Proverbs 20:14). Nonthrifty people,
581 by contrast, do not enjoy frugal practices. Instead, they may feel self-conscious
582 when asking for a discount, whipping out a stack of coupons, or perusing a thrift
583 store. Frugal shoppers, on the other hand, are happier precisely because they obtain
584 such a rush out of scavenging for bargains and saving money.

585 Shoppers can be classified on the spendthrift–tightwad scale according to the
586 pain they feel when spending money (Rick et al. 2008). Spendthrifts feel less pur-
587 chasing pain. They are captivated by the prize and not dissuaded by the price. They
588 buy more luxuries, break more budgets, and carry more debt. By contrast, tightwads
589 are oversensitive to the pain of paying, and desperately avoid spending, even on
590 what they need or might enjoy. Frugal shoppers are like tightwads—they also spend
591 less—but for an entirely different reason: while pain motivates a tightwad, the thrill
592 of saving drives a frugal shopper (De Young 1996; Jin and Sternquist 2004; Rick
593 et al. 2008). Misers mope, but savers smile.

594 Frugal shoppers describe saving money as “a hobby,” “a treasure hunt,” or
595 “playing a game” (Bardhi and Arnould 2005). They enjoy searching for good deals
596 (Babin et al. 1994; Mano and Elliott 1997; Price et al. 1988; Schindler 1989) and
597 describe stumbling upon a one-of-a-kind bargain as “thrilling” and “surprising”
598 (Bardhi 2003; Wergin 2009). Unlike a tightwad, they can enjoy spending money
599 on trivial pleasures. But unlike a spendthrift, they are deliberate and controlled in
600 their extravagance. Frugal shoppers can indulge their fantasies precisely because
601 they spend so carefully everywhere else (Bardhi and Arnould 2005). Because they
602 also carry less debt, they feel freer than consumers with highly leveraged lifestyles
603 (Bernthal et al. 2005). Ironically (and distressingly), spendthrifts find saving money
604 more painful than spending it (Rick 2008). To a spendthrift, every penny saved is
605 a lost consumption opportunity—a meal that cannot be ordered or a gadget that
606 cannot be acquired. Tightwads also do not find spending to be especially enjoyable.
607 They find all spending painful, and thus holding on to money is simply the least
608 painful option.

609 In sum, the practice of thrift can be pleasurable and profitable. Although wanton
610 spending surely has its own short-term pleasures, frugality involves feeling the rush
611 of both spending and saving. The name of a popular extreme couponing website,
612 The Grocery Store Game, aptly captures the thrill of frugal shopping. Bargain hun-
613 ting can be as engrossing and enjoyable as a board game, but the advantage of thrift
614 is that when the game is finished, one can keep the winnings.

615 **2.4.6 Do Not Impress. Enjoy**

616 Some people show up for the feast, but fill up on the garnish. Modern life is like
617 an endless buffet overflowing with alternatives, but what people actually chose de-
618 termines how much (and how long) of a boost they enjoy. Psychologists make a
619 distinction between two types of goals that produce radically different outcomes—
620 intrinsic and extrinsic pursuits (Kasser and Ryan 1993, 1996; see Ryan and Deci
621 2000, for a review). Intrinsic goals involve activities that are personally rewarding
622 and meaningful, such as spending time with friends or taking a ceramics class. They
623 are “soul food”—activities that satisfy our core psychological and social needs for
624 competence, connection, and autonomy. When one’s life is full of activities that
625 meet these needs, one feels happy and fulfilled—in other words, psychologically
626 satiated.

627 By contrast, extrinsic goals, such as strivings for fame, money, or favorable
628 outward appearances, are merely food-like substances. Like a bowl of wax fruit,
629 extrinsic goals look edible, but offer no nutritional value. In fact, some may even
630 be harmful. Just as a junk food addict starves his body of proper nutrients, extrin-
631 sic goals lead to ever-increasing desires for psychologically unfulfilling commodi-
632 ties (Myers 2000). The relentless pursuit of wealth or fame, for example, appears
633 to be fundamentally incompatible with close relationships. People may spend so
634 much time and money chasing fame and fortune that they neglect intrinsic pursuits

635 altogether owing to limits on their attention, time, energy, and money (Vohs et al.
636 2006). An entrepreneur investing in a new company with the aim of striking it rich
637 might neglect his true interests and hobbies to invest all his energy into his busi-
638 ness, and thus miss the need-satisfying personal growth, flow, and joy derived from
639 more authentic pursuits. Finally, any overreliance on external contingencies such
640 as becoming famous, wealthy, or attractive may lead to having a fragile self-worth
641 (Sheldon et al. 2004), rendering one psychologically feeble and frail.

642 Research suggests that positive events generated by the fulfillment of intrinsic
643 goals produce more happiness than those generated by extrinsic goals (Dunn et al.
644 2008; see also Kasser 2002; cf. Dunn et al. 2011). Even simply reflecting on in-
645 trinsic values can boost happiness 1 month later (Lekes et al. 2012). Building close
646 relationships, making new self-discoveries, and investing in the community directly
647 activate feelings of satisfaction and contentment. Intrinsic goals can also trigger
648 “upward spirals”—for example, streams of positive moods and prosocial behavior
649 that gain momentum and reinforce one another as they unfold (Aknin et al. 2011;
650 Lyubomirsky et al. 2005a; Norton et al. 2009; Otake et al. 2006). Also, intrinsic
651 pursuits are likely to be cheaper. Learning a new skill or spending time with others
652 costs little or nothing.

653 When people simply pursue what they enjoy, regardless of what is trendy or
654 popular, their pocketbooks may also benefit. For example, social pressure drives a
655 majority of purchasing decisions among young adults (Penman and McNeill 2008).
656 Thrifty people can resist spending money to follow expensive trends because they
657 are less subject to social influence (Bearden et al. 2006; Lastovicka et al. 1999)
658 and care less about how they appear to others (Stammerjohan and Webster 2002).
659 Happy people also use social comparisons very selectively, in adaptive ways that
660 make them feel better (e.g., Ahrens 1991; Buunk et al. 1990; Gibbons 1986; Lyu-
661 bomirsky 2001; Lyubomirsky and Ross 1997; Lyubomirsky et al. 2001; Taylor and
662 Lobel 1989). They are less negatively affected when others do well and tend to rely
663 on their own personal, internal standards.

664 Conversely, chronically unhappy people monitor others carefully and are especi-
665 ally sensitive to relative comparisons (Lyubomirsky 2001; Lyubomirsky and Ross
666 1997; Lyubomirsky et al. 2001). In one study, unhappy people felt better after re-
667 ceiving poor personal feedback than after receiving favorable feedback, provided
668 that a peer’s evaluation was even worse (Lyubomirsky and Ross 1997). Relative
669 comparisons are a pernicious trap because one can always find someone else who
670 appears better off. A notorious New York tabloid editor confessed that he was “part
671 of that strange race of people aptly described as spending their lives doing things
672 they detest to make money they don’t want to buy things they don’t need to impress
673 people they dislike” (Gauvreau 1941).

674 In sum, evidence suggests that when looking to spend money, the most satisfying
675 pursuits involve learning new skills (e.g., mastering a new instrument or learning a
676 foreign language), spending time with others (e.g., taking out one’s family to dinner
677 or having coffee with a friend), or doing something good for someone else (e.g.,
678 buying Christmas decorations for an elderly neighbor or sending a care package to
679 a sick friend). Fortunately, many of these kinds of activities are inexpensive and can

680 satisfy several needs simultaneously. Donating time and money to a local nonpro-
681 fit, for instance, is a service to the community, but is also an opportunity to make
682 new friends. A trip can be a social activity, but is often educational—especially the
683 further one ventures from home and the more one wanders off the beaten path.

684 2.4.7 *Do Not Hoard. Share*

685 “The true source of cheerfulness,” wrote William Goodwin “is benevolence.” Gene-
686 rosity can be both enjoyable and inexpensive. Prosocial behavior is associated with
687 a number of positive outcomes, such as well-being, life satisfaction, and positive
688 affect. For example, in studies of adolescents and university students, helping be-
689 havior toward siblings, parents, and friends correlates with higher well-being (Deci
690 et al. 2006; Telzer and Fuligni 2009; Weinstein and Ryan 2010). Similarly, adults
691 who volunteer or help their families are happier than those who do not (Piliavin and
692 Siegl 2007; Stevens 1992). Philanthropic acts even activate brain areas associated
693 with euphoria and pleasure (Moll et al. 2006).

694 Controlled, experimental studies of generosity reveal that generosity not only ac-
695 companies happiness but also produces it. In one study, participants received either
696 \$ 5 or \$ 20 to spend on themselves or on others before the end of the day (Dunn
697 et al. 2008). Those who spent the money on others, such as buying a toy for a sibling
698 or purchasing a meal for a friend, reported feeling happier than those who spent the
699 money on themselves. The actual amount of money did not actually matter—the
700 benefits of generosity were the same regardless of the amount spent. Also, helping
701 others does not only mean spending money but also spending time or performing a
702 service. In two studies, college students who practiced different acts of kindness, for
703 example, holding doors open for strangers or doing a roommate’s dishes, became
704 happier as a result (Lyubomirsky et al. 2005b; Sheldon et al. 2012).

705 The benefits of kindness even linger past the activity’s conclusion to its recollec-
706 tion. Individuals who simply kept track of their kind behaviors for 1 week became
707 happier up to 1 month later (Otake et al. 2006), and the more kind acts they reported,
708 the greater benefit they received. These results suggest that one way acts of kind-
709 ness boost happiness is by helping people gain more confidence in their ability to
710 enact positive changes and improve their relationships with others (Lyubomirsky
711 et al. 2005b; Otake et al. 2006). Similarly, generous children maintain a more in-
712 ternal locus of control (Fincham and Barling 1978) and higher self-esteem (Miller
713 et al. 1981), and preadolescents prompted to be kind to friends and family become
714 more popular with their peers (Layous et al. 2012).

715 A simple act of kindness could be to share something one has enjoyed but is not
716 using—a book, novel, or movie—with another. Sharing a known pleasure with a
717 new person draws on social interaction and empathy to overcome hedonic adap-
718 tation. For example, even though one has watched *A New Hope* dozens of times,
719 seeing it with a *Star Wars* neophyte feels like a first-time experience. When shared
720 with friends, things already owned, but adapted to, become doorways to new and
721 pleasurable experiences.

722 Finally, sharing with the less fortunate is not just a moral good but also a shrewd
723 investment in the well-being of others. Given that money impacts happiness less
724 as wealth increases, directing money downward increases its hedonic “purchasing
725 power.” For example, to a middle-class family in America, \$ 100 buys an enjoyable
726 dinner at a favorite restaurant. But to a rural family in a developing country, \$ 100
727 buys a semester of school or the launch of a microenterprise. Investing and improv-
728 ing the lives of other people builds happiness in others that may ultimately spill
729 over to us.

730 In sum, the benefits of generosity show that people can live on less, but enjoy
731 their earnings more. According to Andrew Carnegie, the second wealthiest man in
732 history, “The man who dies rich ... dies disgraced.” Rather than hoarding his enor-
733 mous wealth, he funded libraries, schools, and universities. By the time of his death,
734 Carnegie had already given away over \$ 4 billion (in today’s dollars)—almost 90 %
735 of his wealth. Sharing from our abundance—whether it is money, time, or skills—
736 to those who lack it means multiplying the impact of what one gives and boosting
737 one’s own happiness in the process.

738 **2.4.8 Do Not Have. Do**

739 Although his lavish later years appeared to diverge from his earlier puritanical sim-
740 plicity, Benjamin Franklin always maintained that “wealth is not his that has it, but
741 his that enjoys it.” Happy people are happy from the abundance of their experien-
742 ces, not their possessions (Carter and Gilovich 2010; Howell and Hill 2009; Howell
743 et al. 2012; Van Boven 2005; Van Boven and Gilovich 2003), a finding that even
744 holds for highly materialistic people (Millar and Thomas 2009).

745 The potency of experiences over possessions is simultaneously obvious and
746 counterintuitive. Straightforwardly, when most people look back on their lives,
747 they value their life experiences—even the difficult ones. Lying on their deathbeds,
748 few pine for a final look at a luxury car. Instead most yearn for more time—more
749 experiences—with people and causes that they care about. And yet when shopping,
750 people underestimate how satisfied they will be with having spent money on an
751 experiential purchase (Pchelin 2011). People gravitate toward buying possessions,
752 even though in the end, they will be less happy about them.

753 Why do experiences eclipse possessions in producing happiness? Psychologists
754 posit seven major reasons why experiences are superior.

755 A possession is a potential pleasure, but an experience is active enjoyment. Peo-
756 ple can only experience something when they actually use it, by touching, seeing,
757 hearing, tasting, and smelling. A Rembrandt inspires no one if never beheld. A ten-
758 nis racket serves no purpose buried in the closet. Enjoyment arises as one squeezes
759 positive experiences out of possessions. The best possessions to own, undoubtedly,
760 are those that foster the greatest quantity and variety of positive experiences. Rather
761 than constantly buying new possessions, a thrifty strategy is taking what one al-
762 ready owns and doing something new with it. For example, one could take along

763 family and friends in an adventure in one's car, throw a party on a new deck, or
764 download a new app for one's smartphone.

765 Possessions are predictable, but experiences are full of surprises. In general,
766 people adapt to possessions much more quickly than to experiences (Nicolao et al.
767 2009). A key reason is that variable stimuli resist adaptation longer than unchanging
768 ones (Leventhal et al. 2007; Wilson and Gilbert 2008). Variety, in both thoughts and
769 behaviors, appears to be innately stimulating and rewarding (Berlyne 1971; Rolls
770 et al. 1981). An ocean cruise to the same island varies substantially each time, but a
771 decorative vase only manages to accumulate dust. Of course people can add variety
772 to possessions, too. Simply rearranging the furniture makes it stand out again, just
773 like when it was first acquired, if only for a short time.

774 Possessions break, but memories keep getting better. In the same way that a
775 family story gets more exaggerated and funny each time grandpa tells it, memories
776 become more positive as time passes—a phenomenon known as “rosy recollection”
777 (Mitchell et al. 1997). When recalling college, people may fondly remember cher-
778 ished friends and zany weekend adventures, but not the homesickness or the stress
779 of term papers. When replaying experiences in our mind's eye, like a zealous movie
780 editor, we often leave the boring and forgettable scenes on the cutting room floor
781 to produce a more enjoyable flick. But possessions, such as cars and gizmos, just
782 accumulate scratches and dents, until they end up in a junkyard or landfill.

783 Many experiences are free. Nearby historical markers, hiking trails, city parks,
784 and beaches cost practically nothing to visit. Enjoying the view from a beachside
785 hotel lobby requires no room reservation. Browsing an ethnic grocery store feels
786 like a jaunt to a foreign country. Creative people can make an adventure out of
787 almost anything. Of course, frugal people can acquire possessions cheaply too, by
788 shopping at thrift stores, garage sales, and online websites. But even then, the thrill
789 arises as much from the experience of bargain hunting as the bargain itself.

790 Possessions do not satisfy our deepest needs, but the right experiences do. Even
791 when basic physical needs are met, people still crave competence, autonomy, and
792 connections with other people. An experience, rather than a possession, is more
793 likely to address one or more of these needs. For example, even the most munda-
794 ne activity, such as buying groceries or visiting the doctor, becomes fun when a
795 friend comes along. Activities are more naturally shared, anticipated, and relived
796 with others, and doing so can build and strengthen relationships. Experiences often
797 involve unexpected challenges or adventures, which can help us learn and build
798 competence. Conversely, once bought, continuing to possess something is rarely a
799 challenge, unless one has overspent and a creditor is repossessing.

800 Products invite comparisons, but experiences stand apart. No sooner does one
801 buy a 30 GB iPod than a 40 GB version hits the market at the same price. But trips,
802 adventures, and excursions, because they are richer, more variable, and more indi-
803 vidualized, resist comparisons to a larger degree. One pair of newlyweds explores a
804 California beach, while another jets to a Costa Rican rainforest. Unless one works
805 as a travel agent, equating the two vacations takes a good deal of effort and ima-
806 gination. Also, the crucial aspects of any memorable experience may be the most
807 difficult to compare. Even if Sally had gone scuba diving like her roommate, she

808 would not have had the same awe-inspiring glimpse of a whale shark. Although
809 Ben's honeymoon was shorter than that of his friends, only he enjoyed the company
810 of his wife.

811 We are the sum of our experiences, not our possessions. People identify with
812 their experiences far more than their possessions (Carter and Gilovich 2012; Van
813 Boven and Gilovich 2003). Possessions always remain apart from us—tucked away
814 on a shelf or in storage. But experiences are encoded into our existence and our
815 “affective endowments” (Liberman et al. 2009; Tversky and Griffin 1991). They
816 become a part of us—in our minds and memories. One cannot help but carry them
817 everywhere.

818 For all of these reasons, experiencers are happier than collectors. With a little
819 creativity, pleasurable experiences can be obtained without spending much money.
820 However, experiences have one major disadvantage: They can be easily forgotten.
821 Forgetfulness, of course, is why travelers take snapshots and collect souvenirs. A
822 physical reminder increases the likelihood of triggering pleasant memories. Active
823 remembering, as we are about to see, is a critical part of maintaining happiness.

824 **2.4.9 Do Not Forget. Focus**

825 “Every blessing ignored becomes a curse,” wrote novelist Paulo Coelho. Rather
826 than spending money on something new, gratitude and reminiscence allow people
827 to continue to enjoy what they already have longer. William James noted that “My
828 experience is what I agree to attend to.” When one focuses attention on something,
829 it becomes something one remembers, feels, and factors into one's judgments and
830 decisions (cf. Wilson and Gilbert 2008). By contrast, when something fails to attract
831 attention and fades into the background, one has adapted to it. Therefore, atten-
832 tion can be intentionally focused to forestall adaptation to any positive changes.
833 For example, owners of luxury sedans are no happier during car trips than owners
834 of compact two-door coupes, unless their cars' attributes are on their minds while
835 driving (Schwarz et al. 2009). Similarly, people who continue to be aware of a posi-
836 tive activity change in their lives have been shown to be less likely to adapt to that
837 change (Sheldon and Lyubomirsky 2009).

838 Another term for focused, positive attention is appreciation or gratitude, which
839 aims to extract the maximum possible satisfaction from positive circumstances.
840 Grateful people are happier, more hopeful, more self-actualized, and maintain more
841 fulfilling interpersonal relationships (Emmons and Shelton 2002). The practice of
842 gratitude helps practitioners relish the good aspects of their lives and keep them
843 from being taken for granted. Furthermore, experiments have demonstrated that the
844 regular practice of gratitude can boost happiness (e.g., Boehm et al. 2011; Lyubo-
845 mirsky et al. 2011; Seligman et al. 2005).

846 Even when positive experiences, such as family trips, memorable vacations,
847 wedding days, or very first homes, have long since passed, one can still extract
848 positive feelings from them rather than perpetually anticipating (and paying for) the

849 next adventure. When people reflect and reminisce, perhaps while flipping through
850 a photo album or watching smartphone videos, they relive the positive experience
851 and the associated positive feelings (e.g., Havighurst and Glasser 1972; Pasupathi
852 and Carstensen 2003). As they reminisce, a photo might remind them of a pleasant
853 detail that they had forgotten, such as how much they liked the lobster at the seaside
854 restaurant or a funny misunderstanding that happened along the way. Reminiscing
855 allows the past to enhance the flavor of the present.

856 Another cognitive exercise that directs attention toward existing positive chan-
857 ges or events is counterfactual thinking. This strategy involves mentally subtracting
858 a purchased positive experience from ever having taken place and enumerating all
859 the subsequent blessings that also would have disappeared (Koo et al. 2008). For
860 example, a happily married man who met his wife while studying abroad might
861 contemplate how a minor change (such as missing the university's deadline) would
862 have kept him from ever encountering her. After imagining all the rewarding expe-
863 riences he would have missed (e.g., romantic dates, memorable vacations, births of
864 children, and other special moments), his return to reality will be accompanied by
865 newfound appreciation for having spent the money on a semester in a foreign land
866 and how things actually worked out.

867 **2.4.10 Do Not Binge. Savor**

868 “If you taste something, you’re not at the maximum of your ability” advises world
869 champion hot dog eater Takeru Kobayashi, who derives his satisfaction from com-
870 peting and not consuming. Although few have swallowed a frankfurter without che-
871 wing, most have scarfed down a sweet desert in a few bites. Kierkegaard observed
872 that “most men pursue pleasure with such breathless haste that they hurry past it.”
873 Savoring means slowing down, focusing on the present moment and taking breaks
874 to more fully enjoy what one has.

875 Speed is a saboteur of savoring. Slowing down a positive experience naturally
876 heightens enjoyment of it and slows satiation (Galak et al. *in press*). One expe-
877 riences little of Germany by flying over it in a 747, seeing only what flashes by an
878 airplane window. A train ride is better, allowing extended views of the countryside.
879 But to really experience Germany, one must walk the streets, taking in the sights
880 and smelling the fragrances. In the same way, savoring life means slowing down,
881 living in the moment, and consciously focusing on the pleasure one is experiencing
882 in order to heighten and prolong it (Bryant and Veroff 2007). Multiple studies have
883 now shown that the practice of savoring promotes happiness (Bryant 1989, 2003;
884 Bryant et al. 2005; Jose et al. 2012; Meehan et al. 1993; Quoidbach 2009; Tugade
885 and Fredrickson 2007), and does so economically, because it squeezes more pleas-
886 ure out of what one already has.

887 Interestingly, unlimited access to positive experiences actually undermines the
888 enjoyment of any one of them. Why make the most of a single experience, when the
889 next one is around the corner? Wealth is negatively correlated with savoring, and

890 even being primed with money reduces the enjoyment of a simple pleasant expe-
891 rience, like consuming a chocolate bar (Quoidbach et al. 2010). People's awareness
892 of the ease of attaining things—through past experiences or the expectation of futu-
893 re ones—makes them treat the present as though it is less precious. Savoring helps
894 combat this tendency, by treating every bite as though it is one's last.

895 “Sleep, riches, and health, to be truly enjoyed, must be interrupted,” wrote no-
896 velist Jean Paul. Who would actually want to stop something they were enjoying?
897 Counterintuitively, however, interrupting a positive experience actually increases
898 its enjoyment. Research supports the idea that breaks are beneficial for positive
899 experiences, such as being amused by a television program, but detrimental for ne-
900 gative experiences, such as enduring a dental drill (Nelson et al. 2009). While in the
901 midst of a movie, mystery novel, or massage, hedonic adaptation has already begun
902 working to undermine pleasure. What began as an extra boost has quickly become
903 the norm. Taking even a short break resets adaptation so that when people return to
904 their activity, they enjoy it more than they did before they left it.

905 Similarly, because the frequency of positive experiences boosts well-being more
906 than their intensity (Diener et al. 1991), segregating pleasurable experiences is a
907 simple, thrifty strategy that can reduce consumption and increase pleasure. When
908 relishing a positive experience—whether it's a thrilling movie, a sensuous massage,
909 or a delicious piece of lemon cake—“the banquet is in the first bite” (Pollan 2009).
910 Dividing doses over time multiplies such “first bites,” and subsequently, one's en-
911 joyment. But watch out for oversegregation: a cookie divided into too many pieces
912 becomes a pile of crumbs (Morewedge et al. 2007).

913 Fasting heightens feasting—or so say its practitioners. Consider that five of the
914 world's major religions, Judaism, Christianity, Islam, Buddhism, and Hinduism,
915 all promote temporary abstinence from food, sex, or other common pleasurable
916 activities for periods of time. In the month of Ramadan, for example, during day-
917 light hours, adherents abstain from eating, drinking, and sexual relations in order to
918 cultivate humility, enhance spiritual strength, practice self-control, identify with the
919 poor, and express devotion to God (Tamney 1980). In Orthodox Judaism, married
920 couples abstain from even touching while the wives are menstruating. To accom-
921 plish this unnatural feat, couples must take careful, deliberate steps to avoid inad-
922 vertent touching while eating, doing housework, and otherwise going about their
923 day. To modern readers, voluntarily abstaining from any natural desire may appear
924 hopelessly antiquated. However, considering the benefits of interrupting positive
925 experiences, building anticipation, exercising self-control, and practicing gratitude,
926 fasting may be an ancient practice with special relevance in cultures of abundance.

927 **2.5 Limitations and Future Directions**

928 Thrift is comparatively understudied in consumer psychology (Chancellor and Lyu-
929 bomirsky 2011; Kasser 2005, 2011; Lastovicka et al. 1999). Consumer psycho-
930 logists often apply their craft to selling products, refining pitches, and increasing

931 profits. Although many consumer research findings have implications for impro-
932 ving consumers' welfare, researchers often overlook those implications. For exam-
933 ple, an oft-cited study on self-limiting purchases found that when consumers buy
934 unhealthy products (e.g., potato chips, alcohol, or cigarettes), they purposefully re-
935 duce the quantity they buy as a way of exerting self-control (Wertenbroch 1998).
936 If one cannot muster the willpower to quit smoking altogether, buying a pack in-
937 stead of a carton shrewdly limits the damage. Regrettably, the article's practical
938 applications reflect the themes of consumerism: Charge a premium price for small
939 quantities of unhealthy products (i.e., earn more profit) or offer price discounts
940 instead of quantity bonuses (i.e., spur more consumption). Despite the weighty life-
941 and-death implications of smoking, alcoholism, and obesity, only three sentences
942 in the 30-page article (winner of the American Marketing Association Dissertation
943 Award) discuss ideas for limiting consumption: easily tempted individuals should
944 carry less cash and policymakers might consider protecting consumers from being
945 price gouged for self-rationing. In sum, consumer psychology could benefit from
946 a broader aim to improve the well-being of consumers, even if getting there means
947 less consumption rather than more.

948 Toward this lofty goal, consumer research would do well to target life improve-
949 ment by measuring and predicting more global outcomes (e.g., life satisfaction
950 instead of product satisfaction) and tracking participants over longer periods of time
951 (e.g., months instead of minutes). A great deal of consumer research takes place in
952 laboratories where participants sample music or morsels (Alba and Williams 2013).
953 Although such controlled approaches are valid for specific research questions, they
954 may have limited generalizability to naturalistic settings and may neglect broad
955 domains that are relevant to ordinary people (Rozin 2006).

956 We envision future naturalistic longitudinal studies employing a more macro
957 level of analysis. For example, what consumer choices affect the enjoyment of a
958 summer vacation? Is a faraway cruise actually better than a staycation (i.e., not
959 venturing far from home)? What is the best way to spend a hundred dollars? When
960 purchasing a car, what factors affect one's quality of life 5 years later? What are
961 the implications of radically simplifying and de-cluttering one's life (e.g., cleaning
962 out the garage and divesting oneself of unneeded possession)? Questions such as
963 these are on the minds of consumers, and consumer psychologists have the tools to
964 answer them.

965 Lest we sound like naïve do-gooders, we expect answers to these broader re-
966 search questions to also have enormous product, pitch, and profit implications. For
967 example, if a tennis racket bestows more happiness than a decorative vase, sporting
968 goods stores will want to know. If a staycation confers 80% of the relaxation of a
969 visit to a faraway land, but at a fraction of the cost, consumers will be hearing from
970 their neighborhood hotels. As individuals cope with rising rates of depression, ob-
971 esity, and continuing economic uncertainty, they need (and will reward) companies
972 who are looking out for their customers' best interests. Consumers and corporations
973 can thrive together, and the right kinds of consumer research can spur these mutu-
974 ally beneficial relationships.

975 Finally, is thrift a personality trait or a learned skill? Can anyone learn to save
976 more and enjoy it and, if yes, how? Research into the practice of thrift remains in
977 its embryonic phase and has not progressed far past the preliminary stages of re-
978 fining measures, investigating differences between known groups, and identifying
979 correlates. Future researchers should aim to develop relevant theoretical models
980 and, ultimately, well-designed longitudinal interventions to increase thrift and thrif-
981 ty practices. Much of the extant research on thrift has been purely descriptive, and
982 no experiments to promote thrift have been conducted. An open question remains
983 about the extent to which differences in individuals' spending habits reflect static
984 dispositions or practices that are amenable to change. Given the success of interven-
985 tions aimed at increasing happiness and self-control (for reviews, see Baumeister
986 et al. 2006; Lyubomirsky and Layous 2013) and the considerable overlap in the
987 practices of happy, self-controlled, and frugal individuals, we feel confident that
988 thriftiness can be implemented with success by those wishing to practice it.

989 2.6 Concluding Remarks

990 Although income and happiness are related, a large proportion of happiness is inde-
991 pendent of wealth. Even considering the influence of both genetic and circumstan-
992 tial factors, a large portion of the differences in individuals' levels of happiness are
993 unexplained and thus potentially amenable to change (Lyubomirsky et al. 2005b).
994 The virtue of thrift in particular holds special relevance to the modern era. In a
995 world of unlimited resources, the choice to consume or conserve might be strictly
996 philosophical. However, in an increasingly populated and interconnected world,
997 one's lifestyle choices not only affect neighbors down the street but also across the
998 ocean. Promoting sustainable happiness means helping people transcend set points
999 and setbacks to live more rewarding lives. Thrift can complement this endeavor by
1000 extending the meaning of sustainability, ensuring that the collective can flourish as
1001 well as the individual.

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