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Edited by Michael I. Norton, Derek D. Rucker and Cait Lamberton
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Introduction

Understanding Consumers in the Here, the Now, and the Tomorrow

Michael I. Norton, Derek D. Rucker, and Cait Lamberton

> Study the past if you would divine the future.
>
> – Confucius

The words of Confucius define the architecture of this handbook. As editors, we made a decision to seek out a set of scholars that we agreed had conducted some of the most exciting and novel research in their areas of expertise in recent years, and who we felt were likely to play a leading role in shaping the agenda for consumer behavior research in the years to come.

Although we left details of the chapter contents to our authors, as editors we gave all authors the same core blueprint to build the foundation of their chapters. First, we asked our authors to look backward into the literature to offer a discussion of key developments, theoretical arguments, and empirical findings to provide readers with a critical summary of a subject central to consumer psychology – with a focus on research conducted over the last decade, to make each chapter a tour of those research papers likely to become "classics" in the years to come. Second, we asked each author to set a research agenda to address unanswered questions and topics of study that they felt should become part of the future canon of their research area. As a result, while each chapter has its own particular feel and design, the volume as a whole is linked by the common motifs of both the past and future of a research area.

In this introduction, we provide a brief overview of the chapters to come. The handbook is divided and organized by three central lenses on consumer psychology: individual, social, and societal.

Chapters in Part I of the volume emphasize consumer decision making and behavior at the level of the individual. The first five chapters explore the building blocks of consumer behavior from a variety of theoretical orientations, from understanding consumer well-being (Mogilner and Norton), to persuasion (Tormala and Briñol), to predictions about the future (Morewedge and Hershfield), to emotions (Andrade), to evolutionary perspectives (Griskevicius and Durante). Two chapters focus on promising, yet underutilized, approaches to consumer psychology, from neuroscientific techniques (Plassmann and Karmarkar) to developmental approaches (Chaplin and Connell). The final two chapters discuss novel developments in two areas of marketing with rapidly changing landscapes: branding (Avery and Keinan) and co-creation (Townsend, Kaiser, and Schreier).

Part II emphasizes interpersonal and social aspects of consumer psychology. Here the focus shifts to understanding how consumer behavior is affected by the real or even imagined presence of others. Discussions of how others are central to self-definition are introduced with implications for consumption as a means of signaling one's desired identity to others (Gal) and for coping with threat (Han, Duhachek, and Agrawal). This section also recognizes hierarchy – the ranking of individuals – as a fundamental aspect of social relations. To understand the implications of hierarchy for consumer behavior, perspectives are provided with regard to both power (Rucker and Galinsky) and status (Dubois and Ordabayeva). The section continues with an examination of social dynamics regarding the sharing of information between consumers (Berger), the giving of gifts (Ward and Chan), and interpersonal influence (Kristofferson and White). Finally, several emerging perspectives are brought to bear with regard to the role of agentic versus communal orientations (Kurt and Frimer) and online consumer interaction (Gershoff and Mukherjee).

In Part III, authors focus on consumers' embeddedness in – and, often, definition in terms of – broader societal structures. Chapters suggest that rather than consisting of individually constructed identities, consumers' self-definitions are radically shaped by the cultures in which they live (Torelli and Cheng), the economic constraints they face (Shah), the political and moral forces with which they align (Winterich, Mittal, and Aquino), and the experiences of public and collective spending by which they are legally constrained (Olivola and Sussman). At the same time, consumers are not passive actors in their culture – they can choose to purchase in ways that create positive outcomes for others (Reczek and Irwin) or to pool resources in ways that lead not only to survival but to creativity and production (Lamberton). Further, they can make active decisions about their own well-being, whether physical, as in the case of healthcare decisions (Schwartz), or psychological, as they create boundaries between themselves and others (John). Finally, the ways that government works to both protect the individual and empower better decision making are explored (Kees, Burton, and Andrews).

As the chapters reveal, understanding consumers – from individual to social to societal – necessitates drawing on a wide range of theory and approach, ranging from anthropology to behavioral decision theory to neuroscience to economics to developmental psychology. Our authors have done an impressive job of beginning the process of integrating these disparate perspectives; this integration will be crucial in exploring and understanding consumer phenomena as they continue to evolve. We hope this this volume, by bridging both the past and looking to the far horizon of the future, will serve not simply as an archive but as an inspiration for research that will form the building blocks of future handbooks.

PART I

Individual Consumer Decision Making and Behavior

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1 Consumer Happiness and Well-Being

Cassie Mogilner and Michael I. Norton

What has consumer research taught us about how to make our lives better? By "better," we mean according to *us* consumers, in terms of how happy we feel in our lives and with the choices we make: our subjective sense of well-being. Having surveyed the research, it is our pleasure to report that over the past ten years, consumer research has taught us quite a lot in terms of things we can do, choices we can make, and ways that we can think to increase our happiness. Still, for as much as we have learned, there is even more yet to learn, which makes consumer happiness a ripe topic for future research.

We can attribute much of the impetus for consumer happiness research to two sources: Martin Seligman's American Psychological Association Presidential Address in 1998 and David Mick's Association of Consumer Research Presidential Address in 2005. Both of these speeches implored their respective fields, Seligman's psychology and Mick's consumer research, to shift the research agenda toward improving subjective well-being. In Seligman's 1998 address, he redefined the mission of psychology to "making the lives of all people better," and in doing so carved out the subfield known as Positive Psychology: "a science and profession whose aim is the building of what makes life most worth living." In Mick's 2005 address, he suggested that the field should pursue "investigations that are framed by a fundamental problem or opportunity, and that strive to respect, uphold, and improve life in relation to the myriad conditions, demands, potentialities, and effects of consumption," terming this pursuit "transformative consumer research."

This chapter reviews research over the past decade that heeded these urgings and sought to transform consumers' lives by increasing their happiness and well-being. This research has typically taken one of two approaches: investigating the happiness consumers feel in their lives at a broad level, or investigating the happiness consumers feel with respect to more specific consumption episodes. The chapter is organized as such. To begin our review, since consumption typically relies on the expenditure of either or both of our two fundamental resources – money and time – we first discuss research (including some of our own) that relates these resources to happiness in general. For instance, we review research that addresses whether having money contributes to happiness, and research that identifies particular ways of spending money that contribute to happiness. We also review research that examines what happens when consumers shift their attention away from money and toward time, and research that explores particularly happy ways of spending time. We wrap up this first section by highlighting work that shows the effect of feeling happy on subsequent thinking and behavior. The second section then surveys research examining the happiness that consumers feel from their choices and consumption experiences more specifically. Finally, we conclude the chapter by identifying some of the many unanswered questions that remain for future research.

Since the two presidential addresses that urged discoveries in this area, a notable body of research has emerged, filling the pages of such books as Aaker and Smith's (2010) *The Dragonfly Effect* and Dunn and Norton's (2013) *Happy Money*. And even though it keeps the two of us very busy reviewing papers and conference submissions, we are thrilled to see the increasing enthusiasm, especially among junior scholars, for this topic of consumer happiness and well-being. It is tremendously encouraging to observe the efforts within our field to provide empirical insights into the age-old question of what makes people happy.

Life Happiness

Happiness from Money

Despite people's intuitions to the contrary, it turns out that more money does not tend to be associated with much more happiness, particularly after people's basic needs are met (Aknin, Norton, & Dunn, 2009; Kahneman & Deaton, 2010; Kahneman, Krueger, Schkade, Schwarz, & Stone, 2006). To be sure, more money has not been shown to make people *less* happy – it is simply the case that the relationship tends to be modest (Diener & Biswas-Diener, 2002; Frey & Stutzer, 2000). But do these correlational studies suggest that money cannot buy happiness, or rather that people are not using their money in ways that maximize their "happiness bang for the buck"? Recent research suggests that when people shift from spending their money on material possessions to other categories – such as prosocial spending and buying experiences – money can in fact pay off in more happiness.

Prosocial Spending

What would make consumers happier – receiving a $5 windfall and being instructed to spend it on themselves, or receiving that same $5 windfall and being asked to spend it on someone else, say, by taking a friend to lunch, or donating to charity? Despite people's strong belief that spending on themselves would make them happier, research shows that people who engage in prosocial spending are reliably happier than those who spend on themselves

(Dunn, Aknin, & Norton, 2008; Hill & Howell, 2014; for a review, see Dunn, Aknin, & Norton, 2014). Moreover, people who chronically spend on others are happier people overall: the more people give, even controlling for how much money they make, the higher their well-being (Dunn, Aknin, & Norton, 2008). These results are not limited to affluent consumers in the United States. Indeed, in countries ranging from Canada to Uganda, from India to South Africa, spending on others is both correlated with happiness and causes people to become happier (Aknin et al., 2013). Happiness from giving even occurs among toddlers – a consumer segment seemingly full of "mine-o-saurs" whom we do not expect to be particularly generous (Aknin, Hamlin, & Dunn, 2012).

Why does prosocial spending pay off more than personal spending? Several studies offer hints by identifying critical moderators that enhance the emotional benefits of giving. First, spending on strong ties leads to more happiness than spending on weak ties. Although both lead to more happiness than spending on the self, spending on a friend tends to lead to more happiness than spending on a charity (Aknin, Sandstrom, Dunn, & Norton, 2011). Relatedly, seeing the recipient of one's generosity increases the happiness gained from giving, which underscores the "social" value of prosocial spending (Aknin, et al., 2013). So, are charities and non-profits doomed to have unhappy donors? Luckily, research suggests another critical moderator: the feeling of having had a specific impact. As a result, framing charitable donations as impacting a specific recipient leads to more happiness (Aknin, et al., 2013).

Buying Experiences

A growing set of findings in psychology and consumer research advises that despite the allure of acquiring material possessions, people should acquire experiences to enjoy greater happiness (for a review, see Gilovich, Kumar, & Jampol, in press). Researchers have shown that positive experiences tend to bring greater enduring happiness than positive material purchases (Howell & Hill, 2009; Nicolao, Irwin, & Goodman, 2009; Van Boven & Gilovich, 2003). Compared to material purchases, experiential purchases are more self-defining (Carter & Gilovich, 2012), more interpersonally connecting (Chan & Mogilner, 2014), harder to compare against forgone alternatives (Carter & Gilovich, 2010), more unique (Rosenzweig & Gilovich, 2012), and subject to slower rates of hedonic adaptation (Nicolao, Irwin, & Goodman, 2009). Indeed, even the experience of waiting for an experience is superior to that of waiting for a material good: whereas the former feels like excitement, the latter feels more like impatience (Kumar, Killingsworth, & Gilovich, 2014). Lastly, shared experiences tend to be more enjoyable than solitary experiences (Caprariello & Reis, 2013), suggesting – as with spending on others – the hedonic benefits of using money to create social connection.

Happiness from Time

Thinking about Time

In his famous adage, "Time is money," Benjamin Franklin equates time to money as a scarce resource. Like money, time can be saved, budgeted, wasted, and spent. Although a considerable amount of research in the fields of marketing and psychology focuses on money, dealing with questions of price, willingness to pay, materialism, and wealth; and although searches on Google reveal consumers to be similarly absorbed with money (Gino & Mogilner, 2014), recent research argues for a shift in attention toward time by showing the positive downstream consequences of thinking about time rather than money. This work doesn't look at the effect of *having* money or *having* time, but instead at the arguably broader and more controllable impact of merely thinking about one resource versus the other.

In her 2010 paper, Mogilner demonstrated that directing attention to time instead of money increases individuals' happiness (by motivating them to socialize more and work less). This effect was shown among typical Americans and low-income Americans planning their days, and among café patrons' visiting a local coffee shop. In this latter experiment, people entering a café were asked to take part in a questionnaire that involved unscrambling a series of sentences that surreptitiously exposed them to time-related words, money-related words, or only neutral words. Unbeknownst to them, these participants were then observed to see how they spent their time in the café (i.e., socializing with fellow patrons or doing work), and when exiting the café were asked to complete a second questionnaire about how happy and satisfied they felt. Those who had been primed with time upon entering the café spent a greater proportion of their time socializing and left happier, whereas people who had been primed with money spent more time with their noses buried in books and left less happy. So, even though focusing on money motivates people to work more (which is useful to know when looking for that extra push to meet a looming deadline), passing the hours working does not translate into greater happiness. Spending time with loved ones does, and a shift in attention toward time proves an effective means to motivate this happy behavior.

Gino and Mogilner (2014) later tested how focusing on time (vs. money) influences morality, and in so doing provided insight into the mechanism underlying the positive effect of thinking about time on happiness. Whereas thinking about money makes people more likely to cheat, thinking about time makes people less likely to cheat, which happens because thinking about time pushes people to reflect more on themselves. The researchers showed this through both the mediating role of self-reflection and the presence of a mirror, which elicited the same effect as priming time. Thus, drawing attention to time seems to nudge people to consider their time in life as ultimately finite, which encourages them to act in ways they can be happy with when holding up this figurative mirror to who they are.

The self-reflecting quality of time also impacts the happiness consumers enjoy from their products. Activating the concept of time leads consumers to be both more likely to purchase and more likely to enjoy products than when the concept of money is activated. Mogilner and Aaker (2009) demonstrated this effect among customers purchasing a cup of lemonade from a lemonade stand, university students thinking about their iPods, restaurant patrons asked about eating out, and typical consumers evaluating their cars. As an example, students first asked how much time they had spent on their iPod liked their iPod significantly more than students who were first asked how much money they had spent on their iPod. This was because thinking about their temporal investment made the students feel that the product said more about who they are than did thinking about their financial investment. (Notably, activating money leads to a more favorable effect than activating time for prestige possessions and highly materialistic consumers – where instead of one's experience with the product, one's possession of the product is a clearer reflection of the self.) The benefits of directing consumers' attention to time rather than money have also been documented in the context of charitable giving (Liu & Aaker, 2008). Because thinking about giving time to a charitable cause evokes greater happiness than thinking about giving money to that cause, donation solicitations that first ask for time produce greater donations – both in the form of time and money.

Not only can thinking about the broad construct of time influence happiness, but so can the *way* people think about time. In particular, how much time people feel like they have left in life and their associated appreciation of the present moment influence how happiness is experienced. Mogilner, Kamvar, & Aaker (2011) studied the emotions expressed on millions of personal blogs in order to understand how people experience feeling happy. This analysis, along with a series of laboratory experiments and surveys, identified two primary forms of happiness: one associated with feeling excited and the other associated with feeling calm. Moreover, through using the bloggers' profile information, the researchers could examine who was expressing each type of happiness and identified a gradual, age-based shift, such that people in their teens and twenties were more likely to experience happiness as excitement, but as people got older, they became more likely to experience happiness as calm.

These researchers' subsequently dug into the psychology underlying this shift and examined how it plays out to influence the choices consumers make (Mogilner, Aaker, & Kamvar, 2012). They concluded that because younger people typically have a longer future ahead of them, the more future-oriented emotion of excitement tends to feel more positive in its alignment with these youngsters' eagerness for that future. However, as people get older, their future becomes more limited and calm starts to feel more positive in its alignment with these more "mature" adults' appreciation of the present moment. Therefore, in pursuit of products that will make them feel happy, younger consumers (or those who eagerly await their futures) are more likely to choose exciting options, whereas older consumers (or those who appreciate the present) are more likely to choose calming options. Notably, an individual's temporal orientation toward the future or present can be manipulated such that young people can instead pursue and experience happiness from calm, and older people can instead pursue and experience happiness from excitement. This means that although the way people experience happiness is dynamic and naturally shifts over the course of life, it is also malleable. Furthermore, whether people experience happiness more from excitement or calm plays into the choices they make, such as the music they listen to, the type of tea they drink, and the brand of water they buy.

Even though young people generally view the remainder of their lives to be relatively long (Carstensen, Isaacowitz, & Charles, 1999), when asked the question, "Is life short or long?" the majority of people (irrespective of age) answer that life is short. They also tend to believe that life is hard rather than easy, which puts the majority of people in agreement with Hobbes's view of life as "nasty, brutish, and short." Norton, Anik, Aknin, and Dunn (2011) tested whether such a philosophy of life relates to happiness. They asked people two binary choice questions – "Is life short or long?" and "Is life easy or hard?" – and measured their happiness. The results revealed that holding the short-hard philosophy is associated with less happiness compared to a long-easy philosophy. Larsen and McKibban (2008) investigated another philosophy proposed by Rabbi Hyman Schachtel in 1954: "Happiness is not having what you want, but wanting what you have." To test this maxim, the researchers asked people whether or not they had, and the extent to which they wanted, fifty-two material items. This allowed the researchers to quantify how much their participants wanted what they had and how much they had what they wanted. The results showed that both variables had distinct and positive effects on happiness, and wanting what you have helps explain the positive effect of gratitude on happiness.

Together these findings suggest that focusing on the broad notion of time increases happiness and that thinking about time in a particular way (as long or short, and with respect to the future or the present) can influence not only how much happiness people feel but also how they experience happiness.

Spending Time

How does spending time influence happiness, and are there particular ways of spending time that produce greater happiness? A group of papers examining the former showed that investing time in product creation can increase how happy consumers subsequently are with that product. Two papers by Norton, Mochon, and Ariely in 2012 uncovered what they called the "IKEA effect." Their findings showed that individuals who built IKEA boxes, folded origami frogs, or constructed sets of Legos were willing to pay more for their finished product than were individuals who had been presented with these same products already assembled by an expert. Whether a self-proclaimed "do-it-yourselfer" or not, it turns out that spending time to successfully assemble a product makes