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# THE ART OF BUYING: COMING TO TERMS WITH MONEY AND MATERIALISM

ABSTRACT. Money and possessions hold strong attractions, but being driven to acquire them in order to enhance one's social standing is associated with lowered well-being. Literatures on money and happiness, materialism, and cultural mediators are reviewed. Consumer well-being is associated with being neither very tight nor very loose with money, with having relatively low financial aspirations, and with being low in materialism. Price-related behaviors – whether to spend low, spend high, or attempt to maximize value – are ways of responding to economic outlay vis-à-vis material wants, and these "strategies" offer a window into broader consumer lifestyles: the Value Seeker type is tight with money and materialistic; the Big Spender is loose with money and materialistic; the Non-Spender is tight with money and not materialistic; and the Experiencer is loose with money and not materialistic. Each of these types is described in terms of the potentials for well-being as well as the risks. Intrinsic motivation emerges as a key to well-being.

KEY WORDS: consumer psychology, money, materialism, well-being, lifestyle.

## 1. INTRODUCTION: CONSUMER'S DILEMMA

Being a consumer and having to deal with money and possessions are necessary and inevitable parts of life. Practically everything we do is some sort of consumer behavior, and this goes beyond the direct economic exchange of purchasing. Take a walk in the park and you are a consumer of the park environment. We consume even as we work to make money in order to consume. But it is particularly when it comes to economic exchange that we can run into difficulties. Money, the lifeblood of the economy, may "make the world go round", but it does not circulate around enough to supply everyone, and even those who are disproportionately endowed are apt to feel its lack. Money has great objective and symbolic power. Dealings with money – getting it, holding it, and spending it – are predicated on its scarcity. Although money may be scarce, there is no end to what it can buy.

We receive conflicting messages about money and consumption. Moralists of religious, philosophical and political persuasions denounce the spiritual emptiness and social ills that stem from monetary and material pre-occupations. Social scientists attempt an objective

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approach to the study of money behaviors and materialism, yet their findings are compatible with the moralists': being overly concerned with money and putting material goals at the center of one's life are detrimental to well-being. Nonetheless, there are few among us who are immune to material temptations. Our ongoing experience tells us (some or much of the time) that we need and want this or that *precisely* to enhance our well-being. These desires are further stoked by the cultural milieu that defines success by material achievement and holds out images of a consumer paradise. This brings us to the consumer's dilemma:

- It is psychologically unhealthy and morally wrong to be pre-occupied with money and materialism.
- Consuming is nonetheless attractive. It certainly *seems* as if more money and more of what money can buy would make life better.
- In order to be part of society, we simply must have commerce with money and possessions.

Our task as consumers is to find a way through the conflicting pushes and pulls and to come to terms with money and possessions. The task of this paper is to offer some guiding principles.

How people spend money – from how they respond to price to their consumer lifestyle in general – will be described in terms of money dispositions and materialism. Some people are tight with money and others are looser, and in their experiential worlds, money may be felt to be scarce or plentiful. People are also more or less materialistic, and in their worlds, possessions may be a central life pursuit or of merely passing concern. Objective circumstances may modify money disposition or material goals (and ought to in the interests of reality), but it will be seen that personality and early experience with deprivation or affluence are major determinants of adult money worlds. These worlds constitute systems that guide and interpret consumer behavior. For example, depending on one's mindset, one may praise others for being frugal or criticize them for being cheap; or one may admire others for their expensive possessions or chide them for being wasteful.

The model that will be used (Tatzel, 2002) describes a diversity of consumer styles in terms of money disposition and materialism. Each style will be assessed with respect to its potentials for fulfillment or frustration. The desired end-state is referred to variously as well-being, happiness, mental health, or subjective well-being (SWB).

The last term, coined by Diener (1984), refers to the cognitive appraisal of one's life as satisfactory and to the experience of positive effect. On a larger scale, we can speak of quality of life, which subsumes SWB and takes into account the political and cultural climate (e.g., civil liberties, women's rights, social welfare) (Schyns, 1998; Veenhoven, 1999).

Many basic social and psychological processes are implicated in consumer behavior: motivation, cognition, socialization, personality, socio-economic status, and culture. We can think of our behavior as the resultant of these influences. From within, come the subjective attitudes that one brings to life situations; these are referred to as internal, "top down", or dispositional factors. From without, come the objective circumstances that affect us, including one's particular circumstances (e.g., personal income) along with more general societal factors (national wealth, culture, and political freedom); these are referred to as external, "bottom up", or situational factors. In the buying situation, the internal and external influences converge when the person evaluates price in exchange for goods or services.

## 2. MONEY

Money stands for many things – power, security, achievement, even love and evil – and there are many ways in which people deal with money – budget it, spend it as it comes, obsess about it, go into debt, hoard it, and so on. This discussion of money emphasizes the symbolic meanings and money behaviors, but not how money is acquired, which is of course a large topic and not entirely irrelevant. The ways in which we acquire money – easily or with difficulty, through our own initiative or as a dependent, honestly or through crime – is part of our "money world" and figures into our attitudes and behaviors. Working and spending are in a sense the two sides of the coin. If working is how we make a living, then consuming is how we *buy* a living.

Scales have been developed to measure money symbolism and money behaviors. An early Money Attitude Scale by Yamauchi and Templar (1982) assessed the dimensions of security/pessimism, retention/obsessiveness, and power/prestige. Their original items were added to and factor analyzed by others (Furnham, 1984; Hanley and Wilhelm, 1992; Lim and Teo, 1997; Medina et al., 1996). The number of factors identified varies, and the following four are representative (from Medina et al., 1996): *distrust/anxiety* – worry about not having enough money and suspicion about overpaying; *retention/time* – keeping track of money and budgeting; *power/prestige* – attraction to money for its social influence and cachet; and *quality* – the belief that expense signifies quality, and wanting to pay more to get the best.

From the earliest studies onward, researchers have been interested in "money pathology". A *Psychology Today* survey of the money attitudes of its readers found that those "who are unable to deny themselves things, and who enjoy spending, are in fact healthier and happier than their tighter counterparts. Self-confessed tightwads earn a bit less than free-spenders, but more important, they think of themselves as poorer" (Rubenstein, 1981, p. 43). Similar results were found by McClure (1984) who administered a questionnaire to mall shoppers in order to differentiate "stingy from extravagant" spenders with respect to pathology. Both studies found that people who are tight with money have more negative emotions than those with looser purse strings: lower self-esteem, more anxious and controlling, unhappy about their finances and life situation, and pessimistic.

Furnham and Okamura (1999) administered a battery of scales, including Rubenstein's and Forman's Moneysanity scale, which delineates five pathological types: miser, spendthrift, tycoon, bargain hunter and gambler. Interestingly, *all* these "moneyinsane" types had negative emotions about money (anger, anxiety, depression, distrust). The tight-with-money types (miser and bargain hunter) tended, in addition, to be self-denying and pessimistic.

Are the tendencies of the pathological types (miser, spendthrift, etc.) necessarily pathological? We have already seen that those who are loose with money can be happy (Rubenstein, 1981; McClure, 1984). The traits of those who are tight with money – frugality and self-control – can also be assets and make a positive contribution to adjustment (Heslin et al., 1989; Lunt and Livingstone, 1991). The danger seems to lie in the extremes, when frugality turns into miserliness and self-control turns into punitive self-denial; likewise, the bonhomie of being loose with money may escalate into excessive, compulsive spending, along with its burdens of debt, guilt and low self-esteem (Faber and O'Guinn, 1992; Hanley and Wilhelm, 1992). The range between somewhat tight and somewhat loose with money would seem to hold the greatest promise for well-being.

## 3. MONEY, MOTIVES, AND WELL-BEING

Besides looking at the range of money dispositions (tight to loose), one can consider how strong the motive for money is. Motives are often described as intrinsic or extrinsic (this is an oversimplification: there can be degrees of intrinsic and extrinsic motivation and there can be mixtures of the two). Intrinsic motives are rooted in needs for personal growth and good feeling. Self-actualization, having good relationships, and engaging in activities that are inherently satisfying (i.e., done for their own sake) are intrinsic motives. Extrinsic motives are induced from without and are ultimately controlled by rewards and punishments. The behaviors so induced are means to an end, rather than ends in themselves. Seeking financial success is generally seen as an extrinsic rather than intrinsic motive. For example, the *Driver* orientation to money (Doyle, 1992) has as its goal gaining status through the display of wealth, an external orientation. Maslow (1970) regards self-esteem as a higher order need (along with self-actualization), but he warns of "the dangers of basing self-esteem on the opinions of others rather than on real capacity" (p. 21). Intrinsic motivation means that the "locus of evaluation" (Rogers, 1961) is within the person. As Rogers says about the process of "becoming a person", "Less and less does [the individual] look to others for approval or disapproval. . . . He recognizes that it rests within himself to choose; that the only question which matters is, 'Am I living in a way which is deeply satisfying to me, and which truly expresses me?'" (p. 119).

A significant line of research on money and motivation began with Kasser and Ryan (1993). They compared financial aspirations (a designated extrinsic goal) with other life goals that represented intrinsic motivation (self-development, interpersonal relationships, community feeling). The major finding was that the drive for money, especially when it is a dominant purpose in life, was associated with a high control orientation to life, low energy, and overall poor adjustment. Placing a high priority on financial success is also associated with dissatisfaction with one's job and pay (Tang, 1995). In follow-ups to the 1993 paper, Kasser, Ryan and colleagues (Kasser and Ahuvia, 2001; Kasser and Ryan, 1996; Ryan et al., 1999) extended the findings to other extrinsic motives, namely fame and image. In sum, it is psychologically unhealthy to be so attuned to the opinions of others that one

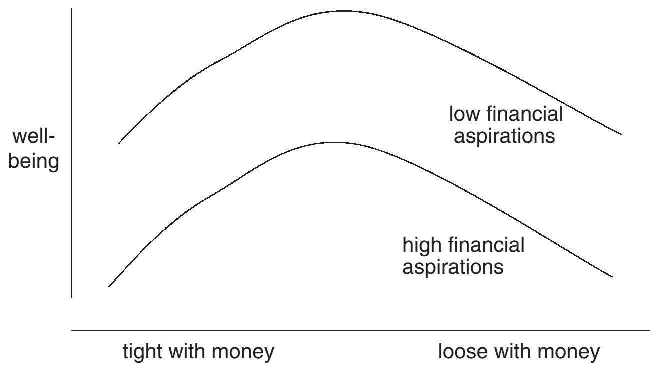


*Figure 1.* Schematic relationships among money dispositions, financial aspirations, and well-being.

loses one's self-direction. Extrinsic motivation in general, and not the drive for money per se, is associated with lowered self-actualization, vitality, health and happiness.

If we add financial striving to the tight/loose-with-money continuum, the relationship of the two variables to well-being can be depicted schematically as in Figure 1. Greatest well-being is associated with lower financial striving and with moderate money disposition, neither excessively tight or loose.

Can the drive for money ever be intrinsically motivated? After replicating the basic finding of a negative relationship between money motivation and well-being, Carver and Baird (1998) went on to show that "financial striving" and "community feeling" could be either intrinsically or extrinsically motivated (an intrinsic motive for making money might be "fun", and an extrinsic motive for helping others could be social approval). Positive relationships with self-actualization were found for both financial aspirations and community feeling when the motivation was intrinsic, and negative relationships for both when the motivation was extrinsic. But the effect was weaker for financial aspirations, and the overall relationship between financial goals and self-actualization remained negative, even after controlling for motive. Another study (Srivastava et al., 2001) found that wanting money to overcome self-doubt, to seek power over others, to compare oneself with others, and/or to show off, was negatively related to SWB. But when those motives were controlled for, the relationship between the felt importance of money and SWB became non-significant (instead of negative). Yet they did not find that other money motives (e.g., security, freedom) made a positive contribution to SWB. Together, these studies show that while the negative relationship between financial striving and well-being needs to be qualified, it does appear that extrinsic motivation is dominant after all. It should not be surprising that there is no “pure” intrinsic motive for money. In behaviorist terms, money is a secondary reinforcer; it gains its reinforcing power by being paired with primary reinforcers and consummatory behaviors.

## 4. MONEY AND HAPPINESS

If striving for money does not bring happiness, maybe attaining money does. Are richer people happier than poorer people? The answer appears to be both a qualified “no” and a qualified “yes”. What is established is that for the very poor, money does increase well-being. But once basic needs are met, the role of money for well-being is open to interpretation.

On the “no” side is the evidence that, above the poverty level, there is but minimal increase in SWB with increases in income (Ahuvia and Friedman, 1998; Csikszentmihali, 1999; Diener, 2000; Myers, 2000; Oishi et al., 1999; Oropesa, 1995; Richins and Rudmin, 1994; Schyns, 1998, 2000). Given all that money promises – security, freedom, power, the good life – it is hard to understand why it has so little impact. The missing link is subjective perception. It is not the absolute amount that seems to matter for well-being, but whether the amount is above or below some standard, with the standard based on social comparison, what one thinks one deserves, what one thinks one needs, and the like (Ahuvia and Freedman, 1998; Hagerty, 2000). Multiple Discrepancies Theory (MDT) (Michalos, 1985) correlates the comparisons people make to multiple standards. The overall “have–want” gap explains more of the variance in SWB than single measures can. An example: best prediction of pay satisfaction comes when multiple discrepancies are assessed between actual salary and standards (deserved salary, others’ salary, average salary and minimum salary) (Rice et al., 1990).

Increases in income do raise SWB, but the impact wears off in time. Due to habituation or “preference drift”, people’s expectations for money rise along with rising income (Ahuvia and Friedman, 1998; Diener, 2000). This effect helps explain the seemingly insatiable, “greedy” nature of money motivation (Schor, 1998).

On the “yes” side for money and happiness is the position that the consistent, albeit small, relationship should be taken seriously. Cummins (2000) proposes a homeostatic theory to explain both why the relationship is positive and why it is small: our happiness level varies within a pre-set range that is built into our personality (a “top down” factor). Happiness goes up somewhat when we experience self-esteem, control and optimism, and it goes down when those qualities falter. Increased income raises these personality “buffers” and moves us toward the upper end of our happiness range. Thus, the “bottom up” external factors do matter, but their effect is delimited by our individual personalities. Compatible with this view is a meta-analysis of research on the relationship between socio-economic status and self-esteem: there is a small but significant positive relationship (Twenge and Campbell, 2002). Moreover, the positive relationship may be self-reinforcing: happy people make more money, which makes them happier still (Diener and Biswas-Diener, 2002).

Comparisons among nations support the view that yes, income and SWB are related, with correlations on the order of 0.6 to 0.7. (Ahuvia and Friedman, 1998; Schyns, 1998). But it is the diminished well-being of the poorer nations that mostly accounts for the high correlation. In parallel with the within-nation findings, increases in wealth between nations is associated with diminishing increases in well-being, presumably because once basic needs have been met, “top down” factors become more important for happiness.

After extensively reviewing the literature on money and SWB, Diener and Biswas-Diener (2002), conclude with this advice: “avoid poverty, live in a rich country, and focus on goals other than material wealth” (p. 161). There are undeniable advantages to having money (good health care, for one), and rich countries tend to come with benefits such as political freedom and social welfare. But even after controlling for all the benefits of income, Diener and Biswas-Diener (2002) find that a direct relationship between income and SWB remains. However, it appears that overall, *not* having money accounts for a greater measure of unhappiness than having money accounts for happiness. The main sources of happiness and fulfillment in life seem to lie elsewhere: in personality (Cummins, 2000); culture (e.g., Veenhoven, 1999); marriage, friendship and faith (Myers, 2000), family and work (Schyns, 2000); education, and the experience of “flow” (Czikszentmihali, 1999).

## 5. MATERIALISM

### 5.1. Individual Differences

Pre-occupation with acquisition is a defining characteristic of materialism. Materialism as a cultural phenomenon is routinely lamented by social critics as a defining characteristic of our age, one leading to spiritual emptiness, environmental degradation, and social inequity (e.g., Ewen, 1988; Leach, 1993; Wachtel, 1989). In order to closely study its various effects, social science researchers compare those who are high and low in materialism and assess individual and group differences.

Materialism as an individual difference variable has been most effectively defined by Richins and Dawson (1992). Their materialism scale assesses three values: that happiness comes from possessions, that acquisition is the central goal in life; and that success in life is measured by material achievement. High scorers, compared to low, are less satisfied with life, want more money, are less apt to share, and in general seem to suffer from poor adjustment. Holt (1995) expresses a similar sentiment when he conceptualizes materialism as "the consumption style that results when consumers perceive that value inheres in consumption objects rather than experiences and people" (p. 13).

The other widely used measure of materialism is Belk's (1985) scale which approaches the construct via the broad personality traits of envy, possessiveness, and non-generosity. This more global and indirect measure has weaker reliability than the Richins and Dawson scale, although the two are positively related (Micken, 1995; Schroeder and Dugal, 1995). Richins and Dawson's scale taps cognitive values and beliefs (e.g., "I admire people who own expensive homes, cars and clothes"), while Belk's taps emotions, often bitter ones (e.g., "When friends have things I cannot afford it bothers me"). Ahuvia and Wong (2002) found that perceived material deprivation in childhood is associated with Belk's "personality materialism", whereas the values in one's socializing milieu are associated with Richins and Dawson's "personal values materialism." Their findings regarding Belk's scale are compatible with Inglehart's socio-political theory of materialism (which in turn is based on Maslow's need hierarchy) that early economic deprivation leads to concern with lower order material needs, while prosperity allows for attention to high order growth needs (i.e., "post-materialism").

The developmental origins of materialism stem from emotional as well as material deprivation. Drawing upon longitudinal archival data (the classic 1957 Sears, Maccoby and Levin study of childrearing, with a 26-year follow-up) Kasser et al. (2002) make the case that in low socio-economic families, parents raise their children to be able to meet security needs and to work in occupations that will limit their self-expression. Such parents inculcate conformism and material striving by adopting a "restrictive" (controlling, cold) parenting style. In higher SES families, parents adopt a "non-restrictive" (accepting, warm) style and encourage children to be self-directed and to be prosocial (i.e., not materialistic). The effect of parenting style on adult values was found to be significant, even after controlling for SES.

Materialism and extrinsic motivation are positively correlated (Kasser and Ahuvia, 2001), and we might expect that personality traits associated with extrinsic motivation will also be associated with materialism. In children, materialism is related to being influenced by peers (Achenreiner, 1997), and materialistic adults tend to be socially anxious, self-conscious, and conforming (Schroeder and Dugal, 1995). Those who score high in self-monitoring (sensitivity to the impression they make on others and adjusting their self-presentation accordingly), like those high in materialism, are concerned with appearances and use possessions for impression management (Browne and Kaldenberg, 1997; Chatterjee and Hunt, 1996). One might predict, then, that high self-monitors will consume differently in public than in private. In an experiment on this point (Ratner and Kahn, 2002), college students chose a number of candy bars, with either another student knowing their choices (public condition) or not (private condition). In private, participants tended to indulge in a few of their favorites; in public however, high self-monitors, but not low self-monitors, choose a greater variety, in conformance with the norm that "variety is better" and the belief that interesting people prefer variety. This is an example of how having an external frame of reference can lead people to modify their consumer behavior, and to miss out on what they really prefer, in order to make a good impression.

Those who are high or low in materialism have different emotional attachments to their possessions. The possessions that are most important to those high in materialism tend to be those that are costly, high status, and have public visibility (Holt, 1995; Richins, 1994; Wong, 1997). In contrast, the most meaningful possessions for those lower in materialism are apt to be those that bring pleasure (such as a musical instrument) or that carry remembrances of relationships

(Richins, 1994). In a study of automobile preferences, those high in materialism were more attracted to cars with a luxury image (Lexus) than with a nostalgic image (the new VW Beetle) (Rindfleisch et al., 2000). The reasoning is that nostalgia is a private emotion, an echo of the past, while materialism emphasizes display in the present.

Those who are less materialistic are more experiential in how they consume. They place greater value on experiences, such as recreation, than those who are more materialistic, and this difference in emphasis may help explain their greater satisfaction in life (Holt, 1995; Richins, 1994). High materialists are apt to treat their experiences as "objects" which are represented by tangible things like photographs and souvenirs (Belk, 1985; Ger and Belk, 1990; Holt, 1995). The materialist belief that happiness comes through acquisition is bolstered by the stereotype of materialism as a form of hedonistic self-indulgence. The evidence, however, suggests that the truly hedonistic find their pleasures in experience, not in ownership.

In sum, materialists are responsive to externals (appearances, prestige), are other-directed (conformist, socially anxious) but also self-centered (less generous and place less priority on interpersonal relationships than those lower in materialism), and they are dissatisfied with what they have. As consumers, they are apt to buy in order to impress others more than to satisfy their own wants.

### 5.2. Ambivalence about Materialism

The Consumer's Dilemma is expressed in the mixed message, "Don't be materialistic, but buy, buy, buy". We deride materialism (to call someone "materialistic" is a criticism, not a compliment) and at the same time we are lured by the charms of acquisition. The resulting mixed feelings about materialism can be seen, for example, in fashion trends that deny materialism or glorify it, in the ways people try to be materialistic and non-materialistic at the same time, and in the mixed relationship between materialism and social class.

Materialism itself goes in and out of style. There were the "opulent" 80's and the "frugal" (early) 90's (e.g., Goldberg, 1995; Kasulis, 1991). Various forms of radical chic express an anti-materialism materialism, such as counter-culture "naturalism" or high-priced already-ripped jeans (see Wilson, 1985, on the "aesthetic of the ugly"). A solution to the ambivalence is to be materialistic but appear not to be. The "new materialists" (Chiagouris and Mitchell, 1997) align their values with the ethos of "simple and natural" borrowed from the voluntary simplicity and downshifting movements. Then they justify their expensive purchases (cars, clothing, equipment of various kinds) on the grounds that they are spending for functionality, durability, and quality. Yet their concern about their social standing, their frustration and desire for "more", bespeak their hidden materialism; and, like the more deliberately conspicuous, they tend to be dissatisfied with their lot. In another example, the apparently anti-thetical relationship between nature and technology has been bridged by "cell phone naturalists" (Brooks, 1999) who subscribe to the values of environmentalism and enjoy expeditions to rare and pristine settings, but they do so by sporting the latest in high tech, high cost, and high status outdoor gear.

If materialism is a "crass" value, then people of refined tastes should shun material posturing. High status people, in the sense of being educated and having sophisticated tastes (high cultural capital) (Holt, 1998, after the French sociologist, Bourdieu) are lower in materialism than the common folk. Ironically, it is those of lower social class who are drawn to the material display of what they consider to be high status acquisitions. Yet, this makes sense if materialism is indeed a lower-order, extrinsic motive with roots in childhood deprivation. This is not to suggest that the rich will not be materialistic; they have the "economic capital" (as distinguished from cultural capital) to consume in a legendary manner and thus secure their "secular immortality" (Hirschman, 1990).

## 6. MONEY, MATERIALISM AND CULTURE

An individual's attitudes toward money and possessions are embedded in a total life environment of cultural, economic and socio-political systems. Richer nations, on the whole, tend toward the cultural value of individualism (IND), which stresses personal uniqueness, self-expression and self-determination. Poorer nations tend toward collectivism (COL), which by contrast, stresses group-based identity, traditional roles, and concern for group harmony and group status. (Ahuvia, 2002; Diener et al., 1995; Oishi et al., 1999; Veenhoven, 1999).

These cultural forms are in part adaptations to economic conditions. Given economic means, individuals have the freedom to be self-directed and to make choices in the interests of their personal development and happiness. Lacking economic means, individuals are more dependent on their group for material and social support and are therefore more susceptible to pressures to conform to group norms. Collective values of family and tradition reflect this interdependence.

These cultural orientations have implications for consumer behavior. Studies of the culture–materialism connection have typically found that people in the COL cultures of the Far East are more materialistic than Westerners (Webster and Beatty, 1997; Wong and Ahuvia, 1998). When IND–COL are actually measured (rather than assumed on the basis of ethnicity) the results do not fall out as straightforwardly as expected. Some examples from a meta-analysis by Oyserman et al., 2002a,b: among ethnic groups of the US, European Americans were not more IND than African Americans or Latinos, nor in cross-cultural comparisons were they less COL than Japanese or Koreans.

The conclusion to which Oyserman and colleagues come, is that IND–COL is not one continuum, but rather two dimensions that can and do co-exist. (Indeed, who has not experienced the conflict between personal and group needs?) "It seems reasonable to assume that all societies socialize for both individualism and collectivism but differ in the likelihood that one or another of these systems will be triggered" (Oyserman et al., 2002b, p. 115). From a cognitive point of view, we can think of IND-COL as two mindsets that are called into play by circumstances. A consumer example: when primed to think of themselves as individuals, participants chose products for fun and excitement (an approach orientation); but when primed to think of themselves as family members, they chose products for safety (an avoidance orientation) (Aaker and Lee, 2001).

Individualism as a philosophy and way of life has had its fair share of critics. There are grounds for viewing IND as a cultural failing, and it is not at all obvious that IND and happiness should go together. Among the pathologies of IND that are said to accompany affluence are alienation, spiritual emptiness, chronic stress, and loss of *Gemeinshaft* (e.g., Lasch, 1991; Putnam, 2000; Slater, 1990). Yet the data do not show such widespread dissatisfaction. There is a connection among IND, national wealth, and happiness (Ahuvia, 2002; Diener et al., 1995; Schyns, 1998; Veenhoven, 1999). "The more individualized the nation, the more citizens enjoy their life. This suggests that the benefits of individualism are greater than its costs" (Veenhoven, 1999, p. 157). There are, of course, trade-offs: “Fewer people in collectivist societies ‘do their own thing’, but fewer individuals are left to fend for themselves” (Diener, 2000, p. 40).

## 7. THE ACT OF BUYING: PRICE STRATEGIES

It is in the act of making a purchase that attitudes toward money and material values come together. The literature on the ways people approach price, their “strategies”, provides a framework for integrating these two dimensions.

Price can be viewed negatively or positively (after Lichtenstein et al., 1988). When viewed negatively, there is reluctance to spend and high prices are a deterrent (this corresponds to being tight with money). When viewed positively, high prices are attractive and there is an eagerness to spend (corresponding to loose with money). Price in its negative role finds expression in value consciousness (getting the most for one’s money), price consciousness (paying as little as possible) and price “mavenism” (being well-informed about prices) (Lichtenstein et al., 1993). Price in its positive role finds expression in paying more in order to get high quality and/or spending conspicuously in order to signal to others that one is of high status (Lichtenstein et al., 1988, 1993; McGowan and Sternquist, 1998).

Similar price strategies are seen in a shopping game experiment (Tellis and Gaeth, 1990) in which participants “bought” boots out of a fixed dollar amount, learned if they had to pay for repairs, and then bought another pair. The “winner” at the end of a series of trials was the one with the most money. Participants were given either full or incomplete information on quality (operationalized as the probability of repairs). Fully informed participants tended to adopt a best-value, optimal utility strategy (value consciousness). Given incomplete information, participants either chose high-priced boots, using price as an extrinsic cue for quality (price-seeking), or they chose low-priced boots to minimize immediate costs (price aversion).

Consumers have a range of prices (lowest to highest) they expect to pay for a product. Less knowledgeable consumers tend toward lower prices because they have lower product involvement and because they may be suspicious of high prices and not believe that price signals quality (Rao and Sieben, 1992). At the same time, less knowledgeable shoppers are more dependent on price as an information cue and they may be more swayed by price than experienced shoppers would be. Inexperienced shoppers are more likely to accept unusually high reference prices (Yadav and Seiders, 1998) or price discounts (Grewal et al., 1998) than those who know more. If quality is an important criterion, they may choose high prices. Experienced shoppers may rely less on price as a quality cue because they can judge quality directly by examining the merchandise, although for some categories they may know that price and quality go together (Rao and Monroe, 1988).

Two major consumer attributes that affect price behavior are knowledge (about product quality, pricing, retail outlets, etc.) and product involvement (enduring interest); not surprisingly, the two tend to be related. High involvement is associated with "ongoing search" (Bloch et al., 1986), i.e., enjoyment with keeping abreast of the latest offerings, even in the absence of an intention to buy. Although knowledge and involvement are positively related (higher involvement leads to ongoing search which leads to learning), "when one examines who chooses the best value brands, these two independent variables can lead in different directions" (Bei and Heslin, 1997, p. 151). The search for best value calls for the kind of cool judgment that high involvement is apt to override. The combination of high knowledge plus low involvement leads to best value choices.

If we think of the act of buying as the intersection of the desire to acquire (materialism) and the willingness to spend (tight to loose with money), we can align the three price strategies we have been describing (value seeking, price seeking and price aversion) with different combinations of materialism and money disposition (Table I). Value seeking and price aversion have in common being tight with money. They differ in that the value seeker tries to maximize quality for minimal outlay, while the price averse consumer focuses on low price, with less concern about quality. Value seeking and price seeking have material desire in common, but for value seekers, the desire to acquire is tempered by the reluctance to spend, while price seekers experience no such conflict. Thus, the value-seeking consumer can be seen as tight with money and materialistic, the price-seeking consumer as loose with money and materialistic, and the price averse consumer as tight with money and not materialistic. There is a fourth combination, loose with money and not materialistic, which does not align with a particular price strategy.

TABLE I
Money disposition, materialism, and price strategy

| | Price in its negative role/tight with money<br>Worry about money | Price in its positive role/loose with money<br>Enjoy spending |
|---|---|---|
| *High materialism*<br>Dissatisfied<br>"Thingify" experiences<br>Public meaning of things<br>Self-monitoring | Value-seeking | Price-seeking |
| *Low materialism*<br>Private meaning of things<br>Non-material values | Price aversion | ? |

## 8. MONEY WORLDS AND WELL-BEING

Table II outlines the money worlds of consumers based on the integration of the literatures on money disposition, materialism, and price strategies. What are the possibilities for well-being – the opportunities and the risks – in these worlds? The guidelines we have identified are as follows: be neither extremely tight nor extremely loose with money, and follow intrinsic motivation as manifested in low financial striving, low materialism, and (at least for purposes of being a consumer) an individualist orientation.

### 8.1. Value Seeker: Tight with Money and Materialistic

Given the combination of high materialism and tight with money, we might expect the Value Seeker to be especially unhappy – anxious about money, other directed, dissatisfied, and in conflict between material desires and reluctance to spend. Yet this combination of qualities is fundamentally rational – the search for high quality at low price – and the negative characteristics cannot be the whole picture. The successful Value Seeker is above all a skilled shopper, knowledgeable about products, prices, and retail outlets. Value Seekers enjoy price comparison shopping, through which they derive knowledge and hedonic benefits (Mamorstein et al., 1992). This is a "smart shopper" who can outwit the retailer and thus save money by paying less than the going price (Mano and Elliott, 1997).

TABLE II
Consumer styles based on money disposition and materialism

| | Tight with money | Loose with money |
|---|---|---|
| High materialism | Value seeker<br>Bargain hunter<br>Hold possessions<br>Enjoy price comparison shopping<br>Cool involvement<br>"Save-to-spend" | Big spender<br>Exhibitionist<br>Replace possessions<br>Price–quality schema<br>Trend conscious<br>Debt prone |
| Low materialism | Non-spender<br>Saver<br>Ascetic lifestyle<br>Price averse<br>Quality less important | Experiencer<br>Spend for recreation, self-development, and services<br>Generous |

Good value can be thought of as the lowest price for a given level of quality (Bei and Heslin, 1997). Bargain hunters can ply their skills at virtually all points along the quality continuum, even for luxury goods. Thus there is a range of good value buys, what Bei and Heslin (1997) call a Perfect Information Frontier, or PIF. These researchers tested product knowledge and involvement for jeans, coffee, or loudspeakers, using price/quality coordinates based on product evaluations in *Consumer Reports*. They found that the closest PIF decisions were made by those with high knowledge and low involvement – the uninvolved experts. "Those who selected the best value brands had product knowledge and did not invest their ego or self-concept in the brand name they use" (p. 155). The Value Seeker is a disinterested sort of materialist, and this stance may contribute to well-being.

Coolly-involved Value Seekers are willing to bide their time. Instead of the "hot" materialism of "I must have it now", they can wait for the synchrony of the right product at the right price. The pleasure of delayed acquisition is sweetened by the triumph of the good buy. A preference for saving for expensive purchases ("save-to-spend"), rather than borrowing, is also a form of delayed gratification. The Value Seeker should be debt averse. Debt is a form of loss of control over money. Not only has one not held on to money (as the tight-with-money prefer to do), not only has one spent what one has, one has also spent what one does not have. Furthermore, paying interest on a loan is a “waste” of money for which one gets nothing (no thing) in return. Patience also plays a role in taking a long view of one’s possessions. Ideally, the money that was spent on a purchase was not “lost” but was in a sense transformed into a possession that will hold its value over time. Spending for experiences (dining out, travel) may be resisted, because once the experience elapses, the money is gone with it.

The retentiveness of keeping possessions over time can entail maintenance, recycling or re-inventing new uses for old things, and collecting. Collecting can range from happenstance accumulation to careful and deliberate search (Belk, 1995; Belk et al., 1988). Successful collecting requires shopping around, patience, and the ability to recognize a good buy, the very traits of the Value Seeker.

Many traits of the Value Seeker can support well-being: this is a competent consumer, who enjoys shopping, enjoys saving money, and enjoys possessions. The Value Seeker has the wisdom to take a rational approach to buying and the maturity to be able to delay gratification.

Yet being tight with money and materialistic are both associated with lowered well-being. The risks to well-being for this type come from being extreme in these traits plus having strong financial aspirations (the third factor). The Value Seeker could become a fretful individual, who feels poor, agonizes over purchases, and is a compulsive bargain hunter.

### 8.2. Big Spender: Loose with Money and Materialistic

The Big Spender enjoys spending money and displaying high status possessions. Compared to the Value Seeker, who feels successful with frugal purchases, the price-seeking Big Spender feels successful with conspicuously expensive purchases. The apotheosis of this type can be seen in the following descriptions of the CEO consumer lifestyle: “[I]t is about the sheer amusement of throwing money away”. “[They] don’t enjoy the purchase unless they have spent a lot of money for it”. “You’re supposed to walk in and be impressed and think, ‘Good grief. What a way to spend your money’, but in the end it is supposed to make you a little cowed” (Kuczynski, 2002, p. 8). Less exalted Big Spenders can partake of these same characteristics, if on a lesser scale: attraction to spending, the belief that expensive things are better, and prestige-seeking, with its overtones of competitiveness.

While the Value Seeker wants to acquire possessions that will last, the Big Spender is concerned with consuming in a showy manner. Thus possessions that *hold* value may be of less interest, and money would flow into renewable possessions, like cars, and into replacing outdated possessions, such as furniture. The Big Spender wants the latest and the best. In terms of the money attitude scales, *power/prestige* and *quality* apply to the Big Spender. When high price is seen as a quality signifier, the individual may be willing to pay considerably more for relatively small increases in quality (as might apply, for example, to high end electronics or fine wines).

While for the Value Seeker, collecting is a form of conservation, for the Big Spender, collecting is a form of "luxury consumption" (Belk, 1995). Such collectors may be obsessed to the point of harmful addiction; the negative consequences for well-being include loss of time and money, absence from family, guilt and secretiveness (Belk, 1995).

The Big Spender lifestyle is especially treacherous for those with limited means. Low inhibitions about spending can lead to buying on credit, the reverse of the save-to-spend approach of the Value Seeker (Heslin et al., 1989), and debt in itself is detrimental to well-being (Ahuvia and Friedman, 1998). If living within one's means requires buying a used car, the trend-conscious Big Spender may instead lease an outsized sport utility vehicle, even if it means stretching credit to the limit.

The Big Spender can be seen as the willing victim of consumer culture, playing the role of the ideal consumer who spends lavishly and often. At the same time, the Big Spender illustrates what is wrong with consumer culture: in the elusive quest for the "good life", the driven consumer overworks (Schor, 1992), overspends (Schor, 1998), and goes into debt in order to own too many possessions (Dominguez and Robin, 1992).

The Big Spender, perhaps more than any other type, illustrates the Consumer's Dilemma and ambivalence about materialism. It is easy to be critical of this way of consuming, and yet the objectives represent what others, in perhaps more modest ways, aspire to – the good life of abundance. Can one find in this lifestyle a path to well-being? In picturing a content, well-adjusted Big Spender, we envision someone who takes pleasure in a richly appointed material environment and who is easy-going about parting with money. The Big Spender can appreciate the style and/or technological prowess of his/her possessions. There is a justified (rather than overweening) pride in material achievement that is enhanced by appreciation from others. Making one's possessions visible to others and being fashionable both bespeak sociability. In its positive aspect, we can find in the Big Spender a healthy extraversion, even though the need for admiration hints at the social anxiety and competitiveness that motivate materialism.

Being overly loose with money and highly materialistic, however, are both risk factors for well-being. So is strong financial motivation, particularly for these ends, and it is likely that the Big Spender will need lots of money to support a lifestyle of free spending and endless material wants. Thus, on the one hand, the Big Spender has the potential to enjoy a life of abundance in congenial company, but on the other hand, he or she is at risk for compulsive spending, social anxiety, guilt, low self-esteem, and dissatisfaction with life.

### 8.3. Non-Spender: Tight with Money and Not Materialistic

Unlike the Value Seeker who is in conflict between wanting to hold on to money and wanting to buy things, the Non-Spender is in relative harmony, being unmoved by the temptations of materialism. In terms of money attitude scales (Medina et al., 1996), *distrust/anxiety* and *retention/time* capture the mindset of the Non-Spender. There is anxiety over parting with money and the fear over being cheated, and on the other hand there is the enjoyment of holding money, tracking it, and perhaps watching it grow.

Along with having little desire for possessions, the Non-Spender is probably ill-at-ease in the marketplace and relatively unskilled. He or she suspects that prices do not reflect quality, and this suspicion strengthens the resolve to buy "low" and spend as little as possible (Rao and Sieben, 1992). The Value Seeker, who is also tight with money, takes a more enterprising approach to reducing expenditures. Ailawadi et al. (2001) report a distinction between two types of value conscious grocery shoppers: those who buy store brands and those who buy national brands on sale. The latter corresponds to the Value Seeker, a knowledgeable shopper who is both quality conscious and price conscious. "Consumers who enjoy shopping have been found to be heavier users of feature ads and coupons, perhaps because they enjoy making use of market information" (p. 73). Store brands are perceived as lower quality than national brands, and the store brand user (our Non-Spender) is "not very quality conscious" (p. 81). As with other studies of money attitudes, psychographics turned out to be more important than actual economic need in describing value conscious consumers (the influence of demographics was indirect).

There are several pathways that can lead one to becoming a Non-Spender. Most obviously, not spending is an adaptation to being poor, a strategy for survival in constrained circumstances. In less constrained circumstances, such self-restraint can be a route to financial independence and may even be the road to riches. The "millionaire next door" (Stanley and Danko, 1996) lives modestly while amassing a fortune through scrimping, saving and investing. A secretive quality to living below one's means can be seen in the occasional stories of humble persons leave a fortune to charity when they die. An example (Frum, 1998) is of a couple who deprived themselves and those around them of ordinary comforts (like heat in winter) and who, upon their death, bequeathed a fortune to higher education. Those who have to live with such master savers may come to despise them as misers, even as the general public admires their legacy. Simmel (1924/1971) defines misers as those who amass money as an end in itself, as an untouched but potential source of power. This meaning may underlie the life plan of those who live poor but die rich.

Financial independence for most people depends not so much on getting rich than on learning to get by with less, less money and fewer possessions (Dominguez and Robin, 1992). "Downshifters" are those who have lowered their standard of living, sometimes voluntarily and sometimes not (e.g., Schor, 1998). Often they came to the realization that material values dominated their lives, displacing self-development and close relationships. "Simple livers" have committed themselves to an ascetic, anti-materialistic lifestyle. Such people are part of a movement to opt out of consumer culture with its work-and-spend "trap" (Schor, 1992) and its waste of natural resources. Non-Spenders may be escapees from the competitive money-driven stresses of modern life.

The image of the Non-Spender can range from a Scrooge-like miser to a modern-day Thoreau. In these contrasts we see potentials for well-being and ill. On the positive side, the Non-Spender, free from the lures of consumer culture and free from the needs for social approval that induce consumer conformity, may be particularly individualistic, self-reliant, and self-controlled.

The Non-Spender is also prone to the drawbacks of being overly tight with money – worried, suspicious, stingy, withholding. Although low materialism is mostly a positive force for well-being, one can imagine that a life of severe material denial would be bleak and unstimulating with little to nourish growth. If the motive to hoard money supercedes other life values, there would be little to counter the barrenness.

### 8.4. The Experiencer: Loose with Money and Not Materialistic

Let us consider how the same consumer choice may be assessed in the four money worlds. Given a choice between replacing old, shabby furniture and going on vacation, the Value Seeker might shop around for furniture sales or else refurbish the old furniture, the Big Spender might upgrade and update the furniture in the latest style, the Non-Spender might neither go on a vacation nor do anything about the furniture, and the Experiencer is likely to opt for the vacation and make do with the shabby furniture for a while longer. The Experiencer is someone who is relaxed about spending money and lacks material motives, and so likely to spend on the transitory intangibles that enhance life.

Spending for experience can take various forms. *Activities* is one category. Examples include recreation, travel, self-improvement workshops, entertainment. Another category is *service*, the willingness to pay to have someone tend to one's needs. Dining at good restaurants and shopping at boutiques and specialty stores can provide the personal attention and pleasant surroundings that are hard to come by in serve-yourself supermarkets and in stark, impersonal discount stores. Experiencers can be expected to have less resistance to *giving* than the other types. Richins and Dawson (1992), in validating their materialism scale, found that those lower in materialism were more willing to give to charity. Materialists are reluctant to share, but to the extent that they are prestige sensitive they will want to give obviously costly gifts, and so will be in a state of conflict (Richins and Rudmin, 1994). The Experiencer, on the other hand, may be simply generous and enjoy the recipient's satisfaction – "agapic" giving rather than social exchange (Belk and Coon, 1993). When money is spent on material objects, the value for the Experiencer lies more in using the possessions than in showcasing them (Holt, 1995).

It seems that of all the types, the Experiencer, who spends for personal growth and pleasure and is low in materialism, is the most attuned to intrinsic motivation and is therefore the most likely to enjoy well-being. Yet for the Experiencer, too, there are risk factors, and one lies in the motive when spending for experience. Just as objects can satisfy intrinsic or extrinsic motives, so can experiences. Tourism is one such example: it can be a way of authentically participating in the spirit of other cultures, or it can be a source of ego gratification, especially when the tourist destination has been fashioned so as to flatter the tourist (MacCannell, 2002). Is the motive for travel to savor the experience or to boast about having been to the in-spots and thereby enhance one's social standing? When experiences are valued as status symbols (and certainly one can spend conspicuously for experiences as well as for things), the Experiencer has moved toward the Big Spender type.

Another risk factor is being overly loose with money. A lack of concern about spending, or a lack of self-control, can eventuate in the money problems and debt associated with compulsive spending. When a large inflow of money is required in order to feed the stream of spending, the pressure to acquire more money, which can strengthen financial drives, can have negative consequences for well-being.

## 9. CONCLUSION AND DISCUSSION

Money and the things money can buy hold tremendous attractions. The news is filled with stories of the crimes and malfeasance that people will perpetrate in their drive for wealth, power and the material accoutrements that announce success. Law-abiding citizens may also feel these attractions, even if their ambitions and methods are more restrained. It is all too easy to get caught up in the desire for more – more money, more possessions, and more esteem.

The drive for money and possessions is likely to lead to feelings of frustration and dissatisfaction, and even if one is successful, it appears that they contribute little to happiness. It is as if the quest for a better life through consuming gives us a worse life. And yet, as participants in society, we must come to terms with money and possessions. To do so means finding a route between being overly tight or overly loose with money, and toning down the siren call of materialism.

The review of the literature on money attitudes and materialism opened large questions concerning the relationship between money and happiness (and the many mediators between the two) and the role of culture. The relationship between culture and materialism is complex and involves socio-economics, personality differences, and cognitive styles. If we focus only on happiness as a consumer, the IND cultural orientation has the edge; buying to satisfy one's own needs and tastes (intrinsic motivation) enhances personal well-being. The COL orientation is concerned with fulfilling one's duty to family and group, and materialism may serve interpersonal and communal values.

Intrinsic motivation emerges as a key to happiness. It is expressed in an orientation to life that emphasizes personal growth, self-determination, good relationships and ideals such as wanting to make the world a better place. In terms of Maslow's hierarchy of needs, these are the higher order needs (Maslow, 1970). By contrast, extrinsic values stem from lower order needs for safety and belonging, and are seen, in part, in other-directedness and seeking social approval through wealth, fame or image. This is not to suggest there is anything wrong with worldly success, or that intrinsic motivation is incompatible with success. But chasing success as an end in itself seems not to be the road to happiness, nor does consuming for impression management at the expense of personal satisfaction. Aside from these cautions, it should be possible to find satisfaction as a consumer in a diversity of lifestyles.

It appears that the goal underlying materialism is to overcome insecurity by attaining social prestige (extrinsic motivation). Kasser (2002) connects money, fame, and image with materialism, because all are means of gaining social esteem. The meaning of materialism in this paper is more narrowly on acquisitiveness, although the motive of impressing others remains an essential part. Moreover, distinctions are drawn in this paper among concepts that are often linked. Financial striving is often seen as part of materialism, and it may be so for the Big Spender, but not for the Non-Spender, for whom amassing money may be an end in itself. Spending money for objects or for experiences is often seen as equivalent with respect to materialism, but the materialism of the Value Seeker leans more toward objects than toward transitory events, and spending for experiences may not have materialistic motives at all (the Experiencer).

As we saw earlier, those low in materialism valued their possessions for personal reasons (pleasure, sentiment) while those high in materialism valued their expensive, high status possessions (Richins, 1994). In theory and research it may be easier to distinguish between intrinsic and extrinsic motivation than in practice. People may not always be able to recognize their intrinsic motives. They may not know what they want or may not trust their judgment. Even when there is a burning object of desire, how does one know if the motive (for, say a luxury car) is intrinsic or extrinsic? Indeed, the motives for spending may be mixed: "People admire my car and it's a dream to drive" or "Yes, I was enriched by the experience and I am also glad that people find me more interesting for it".

A final question about materialism is whether it can have a basis in intrinsic motivation. Some research has shown that money can be sought for intrinsic as well as extrinsic reasons. Could high material values be associated with intrinsic motivation and well-being under some circumstances? People may take pleasure in their music system, their wardrobe, or remodeled kitchen. Art is a material commodity that has spiritual value, and appreciating art is in keeping with self-actualizing motives. The advice to such materialists is to emphasize the experiential: in buying and owning, attend to aesthetics (beauty, design, effect on the senses), functionality (technological prowess, convenience, satisfaction in using), and pleasure. And, of course, do not overspend.

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