Romanian Review of Social Sciences Vol. 6 (2016), No.11

rrss.univnt.ro

PERSPECTIVES UPON CONSUMPTION AND HAPPINESS

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Abstract:

Consumers are described by economists as rational people when making a decision and when interacting with different types of framing problems. Theories explaining rational "consumer's rational behaviour", assume that emotions can be controlled and even ignored so people be able to behave in a rational manner. An important issue was to establish the rational economic report between resources and needs and finding ways to optimize it. Rational consumer behaviour is considered to be one that ensures maximum consumer satisfaction with maximum efficiency at minimum cost. Each user asks himself at one point, if happiness is found in material goods and services. Economists would like that the consumers believe that in their attempt to explain buying behaviour. However, it is a matter of debate if psychological records tend to state otherwise. It is suggested that people buy goods and services hoping that they will substitute the factors that make them truly happy. It is debatable whether consumption is detrimental to human happiness and if the link between consumption and happiness extends to all buying experiences.

Keywords: consumption, consumer behaviour, regret, decision, utility

Introduction

There are countless empirical evidence, especially research in Western developed countries, where basic needs are over-satisfied, the fact that a strong materialistic orientation is associated with well-being, or low happiness.

So were developed two concepts in psychology and other studies of happiness: the eudaimonia well-being and the hedonic well-being. Basically this distinction was still present in Greek philosophy, when Aristotle created the notion of living a virtue that leads to happiness, or otherwise said, a life consistent with the values and personal requirements that lead to happiness (hedonism, for example). Epicurus saw the happiness in maximizing pleasure and minimizing pain. Research and modern theories within both directions easily reached the conclusion that they are related and that to be happy is needed both.

Extreme materialism is basically linked to the satisfaction of needs, some artificial, resulting in maximization pleasure and self-removal. At some point appears the addiction of shopping and purchasing items and services over the natural needs of the body and soul, with the main aim of maximizing pleasure and reducing suffering. This dependence leads to repeated use and a strong orientation towards the financial side of life. This is consumerism with its satisfactions and its negative sides.

The subject of happiness has been a playground for philosophers. Since the 1970s, it has become the object of empirical research in the social sciences. In the wake of the social indicators movement, happiness became a common topic in a large scale welfare surveys, and a key topic in psychological research on mental health and in medical research on 'health related quality of life'. The starting point of the literature on economics and happiness is an empirical finding, generally referred to as the Easterlin paradox: which states that individuals and countries that have higher income results in a higher happiness, but over time income growth is not associated to higher happiness levels (Easterlin 1974). Motivated by this puzzling result, a large number of studies in the economics and happiness literature have investigated the relationship between income and happiness.[1]

The concept of happiness has been most extensively analyzed by philosophers and historians. Most philosophers and historians agree that the concept of happiness in antiquity centered around good luck and fortune, whereas contemporary Americans view happiness as something over which they have control and something that they can actively pursue. The economics of happiness or happiness economics is the quantitative and theoretical study of happiness, with its positive and negative affect, well-being, quality of life, life satisfaction and related concepts, typically combining economics with other fields such as psychology, health and sociology. It typically treats such happiness-related measures, rather than wealth, income or profit, as something to be maximized.

[1] "Consumption and happiness-Introduction to this special issue", Lucca Stanca and Ruut Veenhoven.

After all, happiness is what Jeremy Bentham was out to maximize. In the 1950s and 1960s psychologists and sociologists reopened the question of whether if happiness could be quantified.

The economist Richard Easterlin imported the happiness discussion to his discipline with a 1974 paper pointing out that the results of national happiness polls did not correlate all that well with per capital income. Rich people were generally happier than poor people in the same country, but richer countries weren't necessarily happier than poorer ones; and beyond a certain level, rises in income over time failed to increase happiness. It took quite a while for the so-called Easterlin paradox to gain much attention from other economists. But the recent emergence of behavioral economics, which takes psychological research seriously, has caused an explosion of surveys about happiness and well-being.[2]

The psychologist and behavioural economics pioneer Daniel Kahneman has been working with the economist Alan Krueger on creating "national time accounts" in the U.S. These would combine time-use surveys conducted by the Bureau of Labor Statistics since 2003 with measures of economic value and maybe even happiness.

Content

Research in happiness economics has focused mainly on the effects of income and employment, that is, on how much and in what way money is earned. As yet, there has been relatively little interest in the effects on happiness of how earnings are spent.

In modern multiple-choice society we face several major consumer choices, such as when we buy a house, a car, or a life-insurance. Expectations about happiness play a key role in such decisions. People who spend a large part of their income on a spacious house typically expect that life will be more satisfying in a big house.

On the other hand, predictions of future happiness appear to be subject to many debates. Kahneman and Thaler (2006) distinguished between *expected utility* and

[2] Harvard business review -The economics of well-being, febr. 2012.

***experienced utility*, the latter being the ultimate effect on happiness. The concept of mis-predicting utility, describes the loss of happiness.**

The need to consume more and more can be also induced emotionally as a manipulative marketing strategy. Consumers are described by economists as rational people in the decisions they make and how they interact with different types of consumer. Theories explaining "consumer's rational behaviour " , assuming that emotions can be controlled and even ignored in order that people be able to behave in a rational manner. Some researchers believe that emotions do not perform a real function therefore their impact on consumer decision should not be taken into account. However, many other researchers are trying to prove the serious role of emotions in shaping buying decisions (Damasio , 1994). Thus , emotions cannot always be controlled , and consumers do not always act in a rational manner . For example , giving people a negative feedback can decrease self-esteem and changing moods and , consequently , can be difficult to determine which of the factors has generated more choice or less correct. Related to the emotional consumer , is introduced the concept of *emotional intelligence* which refers to the ability of individuals to recognize their emotions and feelings , to understand their message and their consequences on people around . Emotional intelligence involves an interdependent relationship with other market participants.

American psychologist Daniel Goleman defines emotional intelligence through five elements[3]:

- **self-awareness, which highlights the fact that individuals who are aware of their inner life are more self-confident because of their intuition and confidence and have the power to examine objectively their purchases. Thus, during the decision making, emotional consumers are able to realize the weaknesses and strengths, acting more decisively.**
- **motivation, reflecting a characteristic of people with high emotional intelligence , they are inclined to give up the immediate results in favor of long-term success , demonstrating greater efficiency .**
- **empathy, which is the ability to identify and understand the wishes and opinions of**

[3] „Emotional intelligence”, Daniel Goleman, ed. Curtea Veche, 2008.

other individuals . Such people know how to capitalize on social relationships and avoids stereotypical behaviors and decisions runaway, which reduce the chance of cognitive dissonance following the acquisition of a product.

- **social skills that characterize those people very accessible and with strong teamwork skills . They prefer others to support them to evolve and are inclined to communication and social interaction.**

It can be seen that individual rationality must nest somewhere and its emotional and social capacities in order to tackle the modern consumer in a comprehensive perspective. The role of emotions that can induce the creation of a purchasing mood is an essential counterpoint to describe the contemporary consumer behavior that can be precisely targeting marketing manipulation by having into consideration affective aspects.

To make people experience certain feelings is something quite difficult, so researchers choose to induce moods of purchasing. Even when successfully induced emotions are to be tested, it is important that the dependent variable to be measured shortly after the experiment because emotions are conducted in a smaller timeframe.

(Isen, Clark and Schwarty, 1976).

Two particular areas demonstrates the important role of emotions in how the consumer processes the information and how they have selective attention and recall. Both show that emotions are an integral part when it comes to understanding how individuals act when their attention is influenced by certain factors. Most economists want to know what drives some consumers to focus more on products than others and whether specific product attributes their attention more than others. Perhaps the feeling it appears at some point in the acquisition process can be explained by observing consumer behavior.

In a study conducted by Bower, Gillian, Montiero (1981), it was revealed that learning selective state can be caused. In a study, participants were given a good or a bad state of hypnosis and then were asked to read the answers in some psychiatric interviews. Those with a sense of well focused mood have recalled a number of positive facts, those with a bad one remembered only negative facts. Therefore, the study shows that emotions

triggered by subconscious experiences can divert focus or information which are imprinted in the memory. An explanation should be provided that the material is more congruent with the mood that people are more likely to remember. (Bower, Cohen 1982).

Other research supports the idea that the state of mind may influence people in the leading of their attention. Participants were given one task of generating a certain state of joy or sorrow. After generating state, they were asked to evaluate a piece of clothing with certain attributes. The results demonstrated that participants pay more attention to information that matched the feelings experienced then, although these had no connection with the garment. So emotions may play a role in how much attention is given to certain information about a product unless the information is similar with the state of mind of the evaluator. These emotional states can have a significant effect on the purchasing decision. Emotional reactions precede and are independent of cognitive reasoning. When confronted with services and products to choose from, consumers analyze how they perceive stimuli which are exposed to (Schwarz, 1990).

Heuristic "how this makes me feel" can be used as a basis for making a judgment. Variables are affecting consumer decision, even if the way these are felt do not have a direct link with the decision. It is important that the mood of consumers to be a good one when deciding on what they consume, otherwise they will end up associating a product with their negative status and, consequently, will evaluate the product in a disadvantageous way. Individuals with a positive mood tend to assess stimuli in a more favorable manner. However, positive emotions can influence the very least a very familiar stimulus because consumers are guided by previous assessments that are already part of their mental schema. For example, if a consumer is experiencing anxiety, it is less likely to participate in a risky buying action therefore will buy something that will guarantee him benefits and safety.

Regarding the attitude to risk, you should catalog the status of consumers into two types: those who are willing to take risks when they have a good mood, excepting when the chances of loss are small and those who are not willing to accept if the chance of risk is high. This is due to the desire to preserve a good feeling that would have altered the

eventual loss. Unfortunately, researchers studied the people's willingness to accept a risk in adverse conditions, has not reached the same documentation as those regarding the impact of positive states. Some suggest that negative moods may increase the chance for individuals to accept the risk (Leith, Baumeister, 1996), while others have found that negative emotions are making people more risk averse. It cannot be assumed that all negative emotions now generates the same results, however, one can distinguish between different types of negative emotions

For this purpose has been achieved Zellmann theory of emotions that is based on the idea that emotions can be transferred from one stimulus to another, fact which is known as emotional transfer. There are four aspects of emotions:

1. **The stimulus can augment positive or negative emotion ;**
2. **People tend not to observe small changes in stimulus ;**
3. **Normally , people assume that what it is known has a single cause ;**
4. **Perceived external stimuli tend to disappear more quickly than psychological ones.**

The third and fourth parts of emotions indicates that there is a very small window of opportunity, where emotions are transferred from one stimulus to another. Individuals assume that there is something particular in emotions that stimulates the buyer therefore it is outlined that this will produce a very small transfer emotionally, and once the stimulus decreases, it will not be long until there will be nothing left to transfer.

So the best time to create an emotional transfer that could result in a bill of sale is between two states of concentration on a single stimulus. This theory can be used in particular for media planning implications or programming when the commercials are put in the air.

Observing the decision, taking into account all factors that influence the market, the consumer feels a greater or lesser satisfaction after the product purchase, the utility minimizes the opportunity cost of choosing and regret may appear in the Post Review stage of the decisional process. It has been analyzed how psychological factors affect the revealed preferences and how individually utility is felt the as the ultimate goal of the acquisition (is the resentment of pleasure from meeting the need? so what was the utility

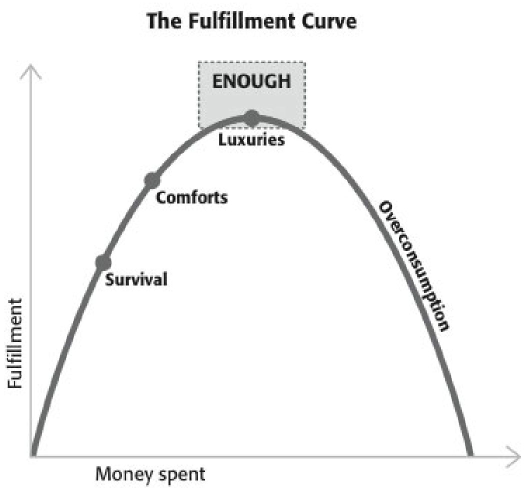
of the buying decision). It should also be examined how behavioural economics improvements in terms of the classic explanation of the utility consumer, thus complement economic vision with psychological issues related to consumer decision .

On the other hand, another issue regarding the consumption and the happiness is the regret problem that can occur after the purchasing is made.

This is to say that the happiness and the experienced utility can be diminished by the feeling of regret that appears after the consumer buys the product.

There are two types of regret*: a priori regret* and *post-decision regret*. The first type of regret appears before the decision is made, having into consideration the alternatives that lay in front of the consumer. The feeling that one can make a bad decision can paralyze the buying decision having the prospective of a negative post-acquisition experience.

The post-decision regret appears after the purchase is made, so the buyer feels unmet with the chosen alternative. If the purchases make consumers happier or not is demonstrated by the kind of activities that are studied regarding consumer behaviour. There are different levels of happiness, which make your life happier as a whole or only momentarily, which are related to instant gratification or satisfaction. Overall happiness cannot be achieved by consumption.



In the above imagine (Fig.1 The fulfillment curve; Source: www.gentrichslowly.org) that illustrates the fulfillment curve, inverted U shape is made up of three parts, an ascending curve

that leads to a higher level of satisfaction, a middle part and a downward curve relatively flat . Great satisfaction is obtained after a number of options. The feeling of happiness continues to grow as consumers add more options to the consumer experience because in such way they believe will find out what they ideally want.

Conclusions

Utility function is often chosen in shaping certain preferences to economic agents. The fundamental assumption of the concept is that the "actor" is seen as a rational maximizer who aspires to make a decisions that will bring the greatest usefulness possible. This is the concept of happiness in the economic perspective of the consumer behaviour, but as we observed the utility can be influenced by emotional factors and the rationality of the economic agent can be altered.

Consumption is a complex process that depends on many factors. The complexity of the buying decision is linked largely to the complexity of consumer needs. Thus today's consumer is no longer satisfied, generally are covered some basic needs, but the quality and social status. Such as rationality purchasing decisions must be analyzed in terms of these factors. Also rationality of unplanned purchase of products based on impulse, depends very much on the reasons that led the consumer to act in this way.

Consumer behavior remains a tense area in the human development research and it is a matter of debate primarily in economic terms, in terms of rational agents seeking the best alternatives and taking the best decision, but also psychologically, revealing motivations that violates this principle of rationality and that reflects and explains, in an appropriate manner, the contemporary economic life meaning.

In other words, research suggests that the decision maker behaves as a rational individual in most cases, but for a proper analysis of attitudes and mechanisms of decision consumption, there must be considered limited situations that can be influenced by subjective issues.

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