Does Consumer Well-Being Affect Hedonic Consumption?

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ABSTRACT

This article presents a theoretical model that reveals how consumers’ long-term subjective well-being (SWB) influences their spending on hedonic products. Using the longitudinal data from a large national panel survey, the study found that consumers’ SWB influences spending on hedonic products via the mediating effects of their positive interpretation of life circumstances and broadened set of activities resulting from positive emotions. The results are explained using cognitive tuning theory and broaden-and-build theory and have implications for hedonic products providers in terms of who their target audience is and how demand for their products is generated.

Keywords: subjective well-being, positive interpretation of life circumstance, broadened set of activities, mediating effect
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INTRODUCTION

Most research in relation between emotions and consumer behavior has focused on momentary mood effects and shows that consumers’ short-term emotions influence their thinking and decisions about the purchase and use of products (e.g., Barone, Miniard, & Romeo, 2000; Fitzmaurice, 2005; Isen, 1993, 2001; Kahn & Isen, 1993; Lee & Sternthal, 1999; Lewinsohn & Mano, 1993; Wood & Rettman, 2007; Luomala & Laaksonen, 2000). However, the effect of long-term emotions, such as subjective well-being (or happiness, as some researchers refer to it), has been ignored by consumer researchers (see Lyubomirsky, King, & Diener, 2005; Lyubomirsky, Sheldon, & Schkade, 2005). This is somewhat surprising because long term well-being\(^1\) is difficult to manipulate and, therefore, its role in consumers’ long-term and habitual buying behavior is more significant. In contrast, short-term emotions and mood states which are not long-lasting (Isen, Clark, & Schwartz, 1976; Schellenberg & Blevins, 1973) may be more important as motivations for less crucial buying decisions and/or decisions made under time pressure (Wood & Bettman, 2007).

Although research has investigated the effect of consumption behavior on well-being (Carter & Gilovich, 2010; Dunn, Gilbert, & Wilson, 2011; Nicolao, Irwin, & Goodman, 2009; Xiao & Kim, 2009; Zhong & Mitchell, 2010), it did not examine well-being’s impact on consumers’ spending. While there is evidence that well-being affects consumers’ preferences and enjoyment of leisure products and services (Csikszentmihalyi, 1999; Lu & Argyle, 1991; see Lyubomirsky, King, et al., 2005 for

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\(^1\) Well-being refers to an individual's overall state of psychological and physical health, and level of happiness or satisfaction with life. It encompasses various aspects such as subjective well-being, life satisfaction, and positive affect.
a detailed review), how much does well-being affect consumers’ actual spending on these products has not been examined. Therefore, the first question this research seeks to answer is how much more consumers will spend on hedonic products if they are happy. In addition, if happier consumers spend more on hedonic products, then the second question that may raise significant marketing interest is what type of hedonic products they spend it on. For example, do they prefer low-cost or high-cost hedonic products?

Finally, if there is such a relationship, the third question of how well-being affects consumers’ spending on hedonic products is important. Indeed, the question of what the (mediating) mechanism is of such an effect promises “to be an exciting direction for future scientific work” (Lyubomirsky, King, et al., 2005, p. 843). Such mediating variables might be the variety of desirable life outcomes that have been found to be related to well-being, such as a happy marriage, a comfortable income or good health, and/or changed thoughts and behaviors resulting from positive emotions (Lyubomirsky, King, et al., 2005).

This research seeks to answer these three related questions. In the following sections, the paper first provides a conceptual background and draw on cognitive tuning theory and broaden-and-build theory to present the hypotheses pertaining to the relationship between SWB and spending. Using data from a large national panel survey, the researchers report a test of these hypotheses using fixed-effects econometric models. Finally, the article discusses the psychological and marketing implications of the findings, as well as some limitations of the study and avenues for further research.

CONCEPTUAL MODEL
The Effect of SWB on Hedonic Product Consumption

There are two main constructs. SWB refers to how much a person experiences a positive affect compared to a negative affect during a particular period of their life (Bradburn, 1969; Diener, 1984; Diener, Suh, Lucas, & Smith, 1999; Lyubomirsky, Sheldon, et al., 2005), while hedonic products are those “whose consumption experience is primarily characterized by an affective and sensory experience of aesthetic or sensual pleasure, fantasy, and fun” (Dhar & Wertenbroch, 2000, p. 61; Hirschman & Holbrook, 1982). In terms of the relationship between these two constructs, research has noted the behavioral effects of happiness, such as extroversion, increased sociability, being interested in new things and being lively and energetic (Lucas, 2001), as well as more sensitivity to pleasurable stimuli – for example, social interactions and hobbies (Watson, 1988). Laboratory studies have shown that an induced positive affect causes feelings and interest in engaging in social interactions and leisure activities (Cunningham, 1988; Isen, 1999; see Lyubomirsky, King, et al., 2005 for a review). This should result in them engaging in a variety of leisure and social activities that are characterized by heterogeneity and interaction with friends, trying out new things that represent considerable innovation and variety, and thus, spending more on these products. As a result, happier people are more likely to engage in a greater frequency of leisure and social activities (e.g., spending more time socializing with friends, going to parties, engaging in sports and games, going out for meals, and going shopping more frequently) (Csikszentmihalyi, 1999; Csikszentmihalyi & Wong, 1991; Mishra, 1992; Watson, Clark, McIntyre, & Hamaker, 1992; see Lyubomirsky, King, et al., 2005 for a review). Accordingly, these high SWB
consumers should spend more money on these products and services per month compared to low SWB consumers. Therefore, it is hypothesized that:

Hypothesis 1: An increase in SWB leads to an increase in overall spending on hedonic products.

The Relationship between SWB, Frequency, and Cost of Hedonic Products

In H1, the researchers argue that happier consumers will be more interested in hedonic products and spend more on these products. One key to this is understanding that the positive affect consumers feel, they feel most of the time and, therefore, they are prompted to actively engage in consuming hedonic products more regularly. This is the uniqueness of well-being – namely, that compared to a short-term, positive affect and emotions, it is more enduring, but less intense; “high well-being people feel a mild or moderate positive affect the majority of the time; they do not appear to experience frequent intense positive states” (Lyubomirsky, King, et al., 2005, p. 820). Therefore, although both long-term well-being and short-term positive emotions can lead to hedonic behaviors, that caused by well-being is likely to be more long lasting. For example, a short-term positive affect may stimulate hedonic consumption, such as spending money on an expensive meal to celebrate some successful endeavor, while the enduring positive emotions associated with SWB are more likely to result in continuous, but less expensive or elaborate, behavior that is more consistent with the level of emotion. Thus, when spending money, high well-being consumers are more likely to engage in a relatively large number of low-cost leisure activities, rather than a relatively small number of highly indulgent and expensive hedonic activities. This line of thinking is supported by research indicating that happiness is more closely associated with inexpensive leisure activities, such as socializing with friends, than with expensive indulgences (Csikszentmihalyi, 1990; Gershuny & Halpin, 1996;
Graef, McManama, & Csikszentmihalyi, 1981). Other research revealed that chronically happy people report engaging in a large number of leisure activities (e.g., Mishra, 1992; Veenhoven, 1994; Lyubomirsky, King, et al., 2005). Therefore, the hypothesis becomes:

Hypothesis 2: As SWB increases, people consume a greater number of lower-cost hedonic products.

The Mediating Mechanism of the Effect of SWB on Hedonic Product Consumption

In this section, the paper examines the mechanism for how H1 might occur. As argued in H2, high well-being consumers frequently experience a positive affect, which leads to hedonic behaviors. Here, the researchers argue that positive psychological theories associated with the effects of short-term positive emotions might explain the mechanism of how well-being affects hedonic buying behavior. The discussion draws on two theories – namely, cognitive tuning theory (see Schwarz, 1998; Schwarz & Clore, 2007) and broaden-and-build theory (Fredrickson, 1998, 2001) to explain this mediating mechanism.

First, when consumers experience a positive affect or emotion, they interpret the general situation as desirable and satisfactory, as their goals are being met and their resources are adequate (e.g., Cantor et al., 1991; Carver & Scheier, 1998; Clore, Wyer, Dienes, Gasper, & Isbell, 2001; Schwarz & Clore, 2007). Cognitive tuning theory proposes that these positive interpretations, such as feeling satisfied with life, lead consumers to avoid high cognitive effort, but make them willing to take risks; prefer simple heuristics over more effortful, detail-oriented, causal reasoning judgments and analyses (Schwarz, 1998; Schwarz & Clore, 2007); and thus, act in ways that correspond to their intrinsic feelings that might include encouraging him or
her to engage in hedonic rather than utilitarian or goal-oriented consumption. The essential idea is that when consumers feel happier, they tune in their cognitions to be consistent with this and become more satisfied with more aspects of their life, and the more satisfied they are, the more they will spend on reflecting that satisfaction. Therefore, the researchers argue that one mediator of the SWB-hedonic spending relationship is the positive interpretation or feelings of satisfaction with life in general and propose that:

Hypothesis 3: SWB affects consumers’ spending on hedonic products through the mediating effect of the positive interpretation of life circumstances.

A second possible mechanism is proposed by the broaden-and-build theory, which suggests that in a benign situation where goals are being met and resources are adequate, people are ideally placed to broaden the scope of their cognitive attention and their momentary thought-action tendencies. For example, happiness is found related to being more social and more active, attending club meetings more frequently (Bahr & Harvey, 1980; Lebo, 1953), holding more organizational affiliations (Bahr & Harvey, 1980; Mishra, 1992), and being more interested and informed (see Lyubomirsky, King, et al., 2005 for a review), which all lead to long-lasting personal resources such as health, skills, knowledge, and social connectedness. These suggestions based on the broaden-and-build theory are supported by conceptual analyses of a range of positive emotions and an abundance of empirical evidence (see Fredrickson, 1998, 2001; Fredrickson & Branigan, 2005). For example, the positive emotion of joy creates the urge to play and to be active in sports club and engage in various sports in their leisure time, which in turn lead to building people’s long-term physical health and developing game skills. Joy might also prompt consumers to be active in social groups and social activities, which in turn improves their long-lasting
social connections and social-affective skills (Aron et al., 2000; Boulton & Smith, 1992; Ellsworth & Smith, 1988; Frijda, 1986). Other positive emotions, such as interest, contentment, love, and pride also increase consumers’ desires to savor, integrate, share, and envision, which will all increase their spending on corresponding (hedonic and/or leisure) products and activities. In the long term then, these broadened momentary thoughts and actions develop personal resources such as friendships, intellectual skills, optimism, and creativity (see Fredrickson, 1998, 2001). Increased levels of well-being cause people to engage in more activities and it is this increased engagement that accounts for the increased spending on hedonic products. Therefore, it is suggested that a second mediator of the SWB-hedonic spending relationship is the broadened set of activities resulting from positive emotion.

Hypothesis 4: SWB affects consumers’ spending on hedonic products through the mediating effect of broadening their set of activities.

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RESEARCH METHOD

Measures

Sample and data collection. The data for this study come from the British Household Panel Survey (BHPS), which is an annual survey designed to “further understand social and economic change at the individual and household level in Britain, and to identify, model, and forecast such changes, their causes, and consequences in relation to a range of socioeconomic variables” (Taylor, Brice, Buck,
The initial selection of households to include depends on a two-stage, stratified, systematic method. The frame used to select the sample units employs the small users’ postcode address file (PAF) for Great Britain. The first stage selects 250 postcodes from an implicitly stratified listing of all sectors on the PAF, according to a systematic sampling method. The population of addresses was stratified according to an ordered listing by region and three sociodemographic variables. Efforts to interview all resident household members aged 16 years or older resulted in a nationally representative sample of more than 5,000 households, including approximately 10,000 individual interviews.

Data collection for BHPS relies on face-to-face interviews, telephone interviews, and self-report surveys. Response rates vary by survey type, ranging from 85% to 91%. The results of proxy interviews are available for all eligible members of a household who cannot be interviewed because of illness or absence. In such cases, the proxy interview takes place over the telephone (or by mailed letter for those without a phone number), followed by a visit from an interviewer. This research used data from the BHPS waves 9, 13, and 15, collected from late 2000 to early 2001, late 2004 to early 2005, and late 2006 to early 2007, respectively. The number of observations for these three waves exceeds 40,000. However, the data used to test the relationship among well-being, frequency of hedonic consumption, and the cost of hedonic products are from BHPS wave 8, 10, 12, 14, which were collected in late 1999 to early 2000, late 2001 to early 2002, and so on.

Independent variables. The BHPS uses the GHQ12 as the measure of SWB (Goldberg, 1972). This scale consists of 12 items that reflect the enduring positive and negative affective states associated with SWB. More specifically, SWB is the average mood, or the frequency of positive and negative affective experiences, in a specified
period of time (Eid & Diener, 2004) (See Appendix A.1 for details of the questions and the response alternatives). Following the custom in most SWB studies in the UK, the researchers used the inverse of the GHQ12 binary scores (1 and 0). For example, 0, which originally meant the absence of negative affect or the presence of positive affect, was recoded as 1. The researchers then summed these reversed binary codes to obtain the final measure. The total scores range from 0 to 12, with higher scores indicating better psychological health or greater SWB\(^3\) (Clark, 2003; Shields & Price, 2005).

**Dependent variables.** Consistent with the definition of hedonic spending as a consumer’s regular expenditure on hedonic products, this research measures it as a consumer’s monthly spending on leisure activities, entertainment, and hobbies (see Appendix A.2 for specific examples). Six items to measure the frequency of engaging in leisure activities were used: walk/swim/play sports, watch live sports, go to the cinema, go to the theater/concert, go out for a drink, and attend evening classes. All items rely on a five-point scale (see Appendix A.3). The scale of each item was reversed and recode it as 0 (never/almost never) to 4 (at least once a week). The frequency of engaging in leisure activities equals the sum of the recoded responses to each related item, for a score ranging from 0 to 23.

**Mediators.** To measure positive interpretation of life circumstances, this research used a multi-item variable of individuals’ general life satisfaction, which was based on six specific life domains – namely, satisfaction with health, satisfaction with household income, satisfaction with house, satisfaction with social life, satisfaction with the amount of leisure time, and satisfaction with the use of leisure time. Each specific life domain satisfaction was measured using a single-item, seven-point
Likert-type scale, which is a well-validated measure and frequently used to measure domain satisfaction in previous research (e.g., Lee, Sirgy, Larsen, & Wright, 2002; Leelakulthanit, Day, & Walters, 1991; Lyubomirsky, Tkach, & DiMatteo, 2006; Michalos, 1985) (for the questions about satisfaction and possible responses, see Appendix A.4). The principal components analysis yielded a single factor with eigenvalues greater than 1. Cronbach’s alpha for the general life satisfaction variable was 0.81, which is particularly acceptable compared with ranges of 0.5 to 0.7 in some prior research (e.g., Atkinson, 1982).

The variable used to measure the broadened activities was how many organizations an individual is active in and the researchers used the sum of the responses to the 16 items representing these organizations (see Appendix A.5 for the question and organizations in BHPS).

Control variables. On the basis of previous research on consumption and SWB (Ameriks, Caplin, & Leahy, 2002; Smith, 2006; Oropesa, 1995), the researchers chose as control variables gender, age, income, marital status, number of children and preschool children, education, vocational qualifications, job status and partner’s job status, household size, property ownership, and region.

Model Specification and Estimation

Data analysis was performed using Stata 10 software. The researchers estimated fixed-effects econometric models of the mediating effect of positive interpretation of life circumstance (measured by general life satisfaction) and broadened activities (measured by being active in various organizations) associated with a positive affect and emotions on the relationship between SWB and spending on hedonic products as follows:
\[ C_{it} = \alpha + \beta SWB_{it} + \delta M_{it} + \gamma X_{it} + \mu_i + \epsilon_{it}, \]  

where \( C_{it} \) represents individual i’s spending on hedonic products at time t; \( SWB_{it} \) denotes individual i’s SWB at time t; \( M_{it} \) is a vector of mediators, \( X_{it} \) is a vector of control variables, \( \mu_i \) is unobservable individual characteristics that affect SWB (e.g., personality) and \( \epsilon_{it} \) is the random error.

The BHPS measure of spending on leisure uses the average monthly value per year. The frequency measure refers to how regularly consumers participated in leisure activities during the year. The SWB measure also includes estimates of the number of positive and negative affective experiences during the year, as previously described. The researchers believe it is most reasonable to look at the consumption in the same year as SWB, rather than in the following year; therefore, they estimated causality by measuring the independent and dependent variables for the same year.

The fixed-effects equation with SWB as a critical determinant of the frequency of spending on hedonic products contains two sets of predictors:

\[ F_{it} = \alpha + \beta SWB_{it} + \gamma X_{it} + \mu_i + \epsilon_{it}, \]  

where \( F_{it} \) is person i’s frequency of engaging in leisure activities at time t; \( SWB_{it} \), \( X_{it} \), and, \( \mu_i \) are as previously defined.

**RESULTS**

Table 1 presents the means, standard deviations, and pairwise correlations among the independent and dependent variables and mediators. The average SWB score is greater than 10, which indicates that most people are happy.\(^5\) The average spending on leisure score is 3–4 (£20–39 per month). The average frequency of
engaging in various leisure activities is 9\(^6\). The signs of the correlations are all in the expected direction.

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The results from a series of nested panel-fixed effects estimations on the relationship between well-being and consumers’ spending on leisure are shown in Table 2. Model (1) shows the results of a regression that includes only the control variables, all of which move in the expected directions. People who earn more income and/or own property spend more on leisure. Compared with those who are self-employed, people who are employed spend more on leisure, while people who are unemployed or claim some other job status spend much less on leisure. Compared with people who have a degree, those who have A-levels are no different in their spending on leisure, while those who do not have any qualifications spend much less. Those with preschool children and/or those whose spouses are employed do not spend as much as others. As expected, compared with those who are married, single people spend more, whereas those who are separated, divorced, or widowed are no different in their spending on leisure. Other controls, such as age, household size, having vocational qualifications, and living in London do not have significant effects on spending on leisure. The researchers dropped gender from the analysis due to collinearity.

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Insert Table 2 Here

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Turning to the model, in H1 the researchers posited that SWB is positively associated with consumers’ spending on leisure. As expected, the results in Model (2) show that SWB has highly significant effects on consumers’ spending on leisure. The total effect of well-being on spending on leisure is 0.0255 (\( p > |t| = .0000 \)), holding all other variables constant. That is, the marginal effect of spending on leisure increases by 0.0255 units when well-being increases by one unit. Therefore, H1 is supported.

In H2, the researchers posited that SWB affects spending on leisure because high well-being consumers more frequently spend on lower-cost hedonic products and are, thus, able to engage in various leisure activities more frequently. To test this hypothesis, the research regressed SWB on the frequency of engaging in leisure activities, holding consumers’ spending on leisure constant. The results of the fixed-effects regression in Model (5) show that the coefficient of SWB is highly significant. Specifically, when holding spending on leisure constant, the effects of SWB on frequency variable is 0.0528 (\( p > |t| = .0000 \)) and the marginal effect of frequency of engaging in a variety of leisure activities increases by 0.0528 when SWB increases by one unit. Therefore, H2 is supported. The results indicate that well-being has a significant positive effect on the frequent spending on lower-cost leisure activities.

Turning to the mediation hypotheses H3 and H4, which argue that well-being affects consumers’ spending on hedonic products via the mediating effects of positive interpretation of life circumstances and broadened activities consumers are engaged in, which result from feeling a positive affect. Recall that the positive interpretation of life circumstances is measured by general life satisfaction and broadened activities is measured by how many organizations a consumer is active in. Therefore, the research regressed general life satisfaction and the number of organizations a consumer is active in separately. The results of the fixed-effects regressions are shown in Models
(3a) and (3b), respectively. As expected, SWB is statistically significant in both models, which suggests that general life satisfaction and the number of organizations a consumer is active in are primary drivers of the mediation. Then, in the full mediation model, with all SWB and general life satisfaction and the number of organizations a consumer is active in (see Model 4), the study found that adding the mediators caused the coefficient of SWB to become insignificant. These results suggest that the model completely meet Baron and Kenny’s (1986) mediation requirements. Specifically, the total effect of well-being on spending on leisure is significant in the absence of general life satisfaction and the number of organizations a consumer is active in (Model 2). The regressions of general life satisfaction and the number of organizations a consumer is active in on SWB both yield statistically significant coefficients (Models 3a, 3b). General life satisfaction and the number of organizations a consumer is active in are also statistically significant when SWB is held constant (Model 4). Finally, SWB becomes insignificant when general life satisfaction and the number of organizations a consumer is active in are added to the equation (Model 4). Therefore, the results support H3 and H4 – that is, general life satisfaction and the number of organizations a consumer is active in completely mediate the effect of well-being on consumers’ spending on leisure.

DISCUSSION AND IMPLICATIONS

Theoretical Implications

The present research contributes to the existing literature in several ways. First, it supports existing work that positive mood states promote variety-seeking in consumers (e.g., of food such as crackers, soups, and snacks) (Kahn & Isen, 1993).
However, it also extends it by suggesting that the literature on point-of-purchase stimuli, self-gifting, impulse buying, and compulsive buying, which infers that these behaviors may be motivated by a desire to change or manage momentary moods (Elliott, 1994), might be looked at from a different viewpoint. Rather than these behaviors causing mood changes, one might engage in self-gifting or impulse buying because of an elevated mood state. This challenges this literature to consider the bi-directional effects of their phenomena and highlights the key role of consumers’ long-term well-being in affecting buying behavior. It also confirms that short-term theories of enhanced mood can be useful in explaining how longer-term enhanced mood affects purchase decision-making.

Second, the study extends the prior literature on SWB, which often highlights the importance of SWB in affecting physical health, income, and social support, to include its influence on consumer behavior in the marketplace. High well-being consumers prefer lower-cost, everyday pleasures to expensive indulgences, irrespective of their wealth (Ozari, 2007). This finding is consistent with exploratory research suggesting that happy people typically report enjoyment from pursuing low-cost pleasures, such as taking a bath, going swimming, or engaging in their favorite hobby (Hatcher et al., 2008).

Third, previous research argues that hedonic products are emotionally driven, while utilitarian products are cognitively driven (e.g., Khan & Dhar, 2004). In this research, the authors found that hedonic product spending (e.g., spending on leisure activities) is the result of both emotional motives (e.g., well-being) and cognitive motives (e.g., functional needs such as social connectedness related to team leisure activities).

Fourth, this was one of the first studies to empirically validate the effects of two
major theories on mood effects – namely, broaden-and-build theory (Fredrickson, 1998, 2001; Fredrickson & Branigan, 2005) and cognitive tuning theory (Schwarz, 1998; Schwarz & Clore, 2007) on consumption and expose the mediating mechanism by which SWB influences consumption thus filling the significant gap in existing research and presenting an exciting direction for future work (Lyubomirsky, King, et al., 2005). Indeed, this research demonstrated that the mediating effects of the interpretation of life circumstances (rather than the specific single product or its related life domain) and broadened activities are particularly important to understanding hedonic consumption behavior.

Finally, the research addressed some of the methodological limitations of previous studies, which have often been an experimental and manipulated affect only temporarily, using small or unrepresentative student samples (Lyubomirsky, King, et al., 2005; Sheldon & Lyubomirsky, 2006). The use of a large, nationally representative sample allows generalization of the findings, which is crucial whenever marketers hope to use research findings to determine their marketing strategies. In addition, the use of longitudinal panel data, which has been argued to be a high priority for the future (Lyubomirsky, King, et al., 2005), enabled the research to filter out stable personality differences that were systematically correlated with consumption, as well as with factors associated with the consumption function (e.g., SWB). Furthermore, in contrast to most previous research, this study has quantified the strength of this relationship and found that a consumer’s spending on leisure increases by 0.0255 units when his or her well-being increases by one unit.

**Practical Implications**

The practical implications of the findings are straightforward. First, consumers’ long-term SWB reflects a characteristic level of happiness (Diener et al.,
1999; Lyubomirsky, Sheldon, et al., 2005), which means that it is relatively stable and enduring. Because such SWB influences long-term, regular, and habitual consumption, it may be even more important than momentary mood as a determinant of the regular purchase of hedonic products (e.g., pay for a monthly gym membership) and possibly other categories of expenditure yet to be investigated.

Second, by identifying that SWB affects hedonic consumption, this research has assisted hedonic products providers in gaining a better understanding of how demand for their offerings is generated. At a strategic level, the findings suggest that hedonic products providers could use SWB as an additional variable for predicting product demand and plan future service levels. By applying these predicted levels of SWB from national data sources, hedonic product providers could make better predictions of the demand for gyms, cinemas, pubs, restaurants, etc. Such predictions would be especially relevant for providers of lower-cost hedonic products. Manufacturers and dealers involved with recreational facilities and sports clothes, as well as trainers, could make better forecasts of the market and better plan their capacity.

There are also tactical marketing implications. For example, it seems clear that hedonic products companies should target high SWB consumers. According to the demographic data, these consumers tend to be men or women, who are 32 to 60 years of age, married, employed or claim other job status, and with an annual income between £15,000 and £40,000. These happy consumers prefer lower-cost hedonic products, which serve to develop long-lasting personal resources such as physical health and social connectedness. These desires have marketing communications implications for such companies who could emphasize that their hedonic products can satisfy these alternative consumer expectations. For example, advertisers for gyms could note that their services not only help with weight control and physical health,
but also that they provide a good opportunity to have fun with friends and enhance these friendships. Gyms that organize team sports, such as badminton, football, and evening running in groups, reinforce the social connectedness point; they also can attract new people who want to make new friends with the same interests. To promote consumer spending on hedonic products, companies could emphasize consumers’ positive interpretation of life circumstances (e.g., comfortable material life, satisfactory social life, and sufficient leisure time on weekends) and their broadened activities (e.g., pleasure and fun of joining new organizations to build social connectedness) in their marketing communications. Marketers may also need to raise consumers’ short-term affect or mood in order to arouse their positive interpretation of general life circumstances.

Third, the research pointed out to policymakers the economic benefits of enhancing people’s SWB. The hedonic products industry is fast-growing and of increasing economic importance in countries throughout the world. For example, data from the UK shows that the increase in consumption of recreational and cultural services has increased by 8.6 times over the past four decades and reached 10.68 billion pounds in 2009 (inflation adjusted). Thus, policies that enhance the SWB of a country’s residents will boost market consumption in this domain, thereby benefiting the economy overall. Also, as most people say they are happy (75% of this research’s sample with a well-being score of 10 or more, which is considered high, according to Clark 2003), the findings suggested that more public entertainment and recreational sites could be built and more leisure activities organized to satisfy their increasing requirements for lower-cost entertainment.

CONCLUSIONS, LIMITATIONS, AND FUTURE RESEARCH
Previous research suggested that happy people are more social, active, energetic, and likely to participate in various leisure activities than unhappy people (Csikszentmihalyi, 1999; Lucas, 2001; Lyubomirsky, King, et al., 2005). The researchers have quantified the strength of this relationship by considering how SWB affects consumers’ spending on hedonic products. Furthermore, the findings demonstrate that happy consumers prefer spending on lower-cost leisure activities primarily to develop long-term personal resources, including physical health and social connectedness. Perhaps more important, this relationship is explained by showing that it is achieved via the mediating mechanism of positive interpretation of life circumstances and broadened activities associated with feeling a positive affect (Fredrickson, 1998, 2001).

Like all research studies, this one has its limitations. First, the researchers considered only spending on leisure. The complicated relationship between a consumer’s SWB and his or her spending suggests that the results may not generalize to other categories of hedonic products – for example, hedonic durables, luxury furniture, or cars. The effect of SWB on these categories might differ from what the researchers found because low well-being consumers, who frequently experience a negative affect and emotions, may always turn to hedonic durables (e.g., DVDs, big screen TVs), which are characterized by passive involvement and require minimum effort, to alter their negative mood immediately (Greenberg, 1974; Tkach & Lyubomirsky, 2006).

Second, additional research could test the study’s predictions using non-hedonic consumption categories. For example, might a similar relationship exist for products intended exclusively to promote long-term goals and benefits such as higher education,
vocational training, or financial planning? In addition, emotional desires can sometimes dominate functional buying (e.g., an emotional feature, such as the nice view of the golf course from the bedroom window) and can be a more influential factor than being close to work (Khan & Dhar, 2004). Does this emotional function apply to the relationship between well-being and buying a house? Replications of the present study in such service environments could be fruitful in terms of understanding the role of SWB in consumption behavior.

Third, since there is no direct effect of SWB on spending on hedonic products – rather, the effect is completely mediated by consumers’ interpretation of general life circumstances and broadened activities – future research might consider the other subjective cognitive mechanisms that relate to well-being. For instance, there might be other variables that affect consumers’ subjective interpretation of general life circumstances and being more active in various beneficial activities, which could, in turn, influence their spending on hedonic products.

Finally, this research employed secondary data collected at one-year intervals. However, habitual consumption might be affected by other factors besides SWB, such as life events that could cancel out or mitigate the effect of SWB on hedonic consumption. Accordingly, future research might collect more primary data on hedonic consumption levels one to two months following the measurement of SWB. This approach should provide a more accurate estimation of the direct effect of SWB on hedonic consumption.
REFERENCES


happiness studies, 7, 183-225.


FOOTNOTES

1. Although the concepts of mood, affect, and emotion have different meanings in the relevant literature, the interest is in enduring happiness or SWB, which represents an average level of positive affect over a period of time (Lyubomirsky, King, et al., 2005). Therefore, the researchers follow previous SWB research in not making the tripartite distinction of short-term experiences.

2. In most of the relevant literature (e.g., hedonic consumption, leisure consumption, and intrinsically motivated consumption; see Hirschman & Holbrook, 1982; Holbrook, Chestnut, Oliva, & Greenleaf, 1984; Hopkinson & Pujari, 1999), consumption refers to the experience of product usage. Thus, the researchers use the term consumption experience rather than leisure consumption, to represent it herein and differentiate it from leisure consumption (expenditure).

3. In the literature, GHQ scores are clearly treated as indicators of SWB level; according to Clark (2003), this was the purpose of the instrument.

4. Income, defined as the log-equivalent of household income, is the most commonly used measure of household income internationally (see Graham, Eggers, & Sukhtankar, 2004).

5. Happy consumers are defined as those with a SWB score of 10 or higher on the GHQ12; those with an SWB score of less than 10 appear to have an increased probability of psychiatric issues (Clark, 2003).

6. This number is not shown in Table 1, because the researchers use a different dataset to test the relationship among SWB, frequency of engaging in various leisure activities, and spending on leisure.

7. The researchers suggested this time lag because SWB correlates with life events
that have happened in the past three months, and the effect dissipates over time (Suh, Diener, & Fujita, 1996).
**TABLE 1**

Main Variable Means, Standard Deviations, and Pairwise Correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Spending on Leisure</td>
<td>3.75</td>
<td>3.33</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. SWB</td>
<td>10.13</td>
<td>2.97</td>
<td>0.09***</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. General Life Satisfaction</td>
<td>-1.14e-11</td>
<td>0.11***</td>
<td>0.05***</td>
<td>0.11***</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Number of organizations active in</td>
<td>0.64</td>
<td>0.89</td>
<td>0.13***</td>
<td>0.05***</td>
<td>0.11***</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5. (Log equivalent household annual) Income</td>
<td>9.53</td>
<td>0.91</td>
<td>0.24***</td>
<td>0.07***</td>
<td>0.07***</td>
<td>0.09***</td>
<td>-</td>
</tr>
</tbody>
</table>

*Notes: *0.01 < p < 0.05; **0.000 < p < 0.01; ***p = 0.000.*
### TABLE 2

Fixed-Effects Estimates of SWB on Spending on Leisure

<table>
<thead>
<tr>
<th></th>
<th>Spending on Leisure (1)</th>
<th>Spending on Leisure (2)</th>
<th>Spending on Leisure (4)</th>
<th>General Life Satisfaction (3a)</th>
<th>Number of Organizations Active in Leisure (3b)</th>
<th>Frequency of Engage in Leisure Activities (5)</th>
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<tbody>
<tr>
<td><strong>SWB</strong></td>
<td>0.0255***</td>
<td>-0.0008</td>
<td></td>
<td>0.0716***</td>
<td>0.0078***</td>
<td>0.0528***</td>
</tr>
<tr>
<td><strong>General Life Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Organizations Active in</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Spending on Leisure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Dropped)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>0.1019***</td>
<td>0.1053***</td>
<td>0.0998***</td>
<td>0.0198**</td>
<td>-0.0018</td>
<td>0.0090</td>
</tr>
<tr>
<td><strong>House ownership</strong></td>
<td>0.2170**</td>
<td>0.2166**</td>
<td>0.1344</td>
<td>0.1777**</td>
<td>0.0322</td>
<td>0.0156</td>
</tr>
<tr>
<td><strong>Professional qualification</strong></td>
<td>0.099</td>
<td>0.0784</td>
<td>0.1533</td>
<td>-0.1139</td>
<td>-0.1524*</td>
<td>-0.5621**</td>
</tr>
<tr>
<td><strong>Household size</strong></td>
<td>-0.0075</td>
<td>-0.0091</td>
<td>-0.0032</td>
<td>-0.0211*</td>
<td>-0.0081</td>
<td>-0.0038</td>
</tr>
<tr>
<td><strong>Region (in London or out)</strong></td>
<td>0.2753</td>
<td>0.3005</td>
<td>0.2776</td>
<td>0.0572</td>
<td>-0.0505</td>
<td>-0.0669</td>
</tr>
<tr>
<td><strong>Spouse job status</strong></td>
<td>-0.2736***</td>
<td>-0.2787***</td>
<td>-0.2575***</td>
<td>-0.0481**</td>
<td>0.0100</td>
<td>-0.0609</td>
</tr>
<tr>
<td><strong>Number of kids in Household</strong></td>
<td>-0.0762</td>
<td>-0.0745</td>
<td>-0.0859*</td>
<td>0.0003</td>
<td>0.0589***</td>
<td>-0.1535***</td>
</tr>
<tr>
<td><strong>Number of pre school Kids</strong></td>
<td>-0.5168***</td>
<td>-0.5107***</td>
<td>-0.4543***</td>
<td>-0.1213***</td>
<td>-0.0776***</td>
<td>-0.8226***</td>
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<tr>
<td><strong>Highest academic qualification</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>First degree or above</strong></td>
<td>Reference</td>
<td></td>
<td></td>
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<td></td>
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</table>

*Standard errors in parentheses.
<table>
<thead>
<tr>
<th>A level or equivalent</th>
<th>0.1940</th>
<th>0.2031</th>
<th>0.1670</th>
<th>0.0679</th>
<th>-0.0500</th>
<th>0.0582</th>
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<tbody>
<tr>
<td></td>
<td>(0.1557)</td>
<td>(0.1571)</td>
<td>(0.1583)</td>
<td>(0.0429)</td>
<td>(0.0482)</td>
<td>(0.1554)</td>
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<tr>
<td>O level or equivalent</td>
<td>-1.0513***</td>
<td>-1.0593***</td>
<td>-1.1236***</td>
<td>0.0625</td>
<td>-0.0684</td>
<td>-0.3824*</td>
</tr>
<tr>
<td></td>
<td>(0.1911)</td>
<td>(0.1936)</td>
<td>(0.1954)</td>
<td>(0.0531)</td>
<td>(0.0594)</td>
<td>(0.1896)</td>
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<tr>
<td>None of these</td>
<td>-1.4474***</td>
<td>-1.5920***</td>
<td>-1.6397***</td>
<td>-0.0216</td>
<td>0.0448</td>
<td>-0.9038**</td>
</tr>
<tr>
<td></td>
<td>(0.2999)</td>
<td>(0.3056)</td>
<td>(0.3085)</td>
<td>(0.0840)</td>
<td>(0.0938)</td>
<td>(0.3130)</td>
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<tr>
<td>Job status</td>
<td></td>
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</tr>
<tr>
<td>Self-employed</td>
<td>Reference</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>0.2281*</td>
<td>0.2347*</td>
<td>0.2417*</td>
<td>-0.0124</td>
<td>-0.0190</td>
<td>-0.0208</td>
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<tr>
<td></td>
<td>(0.0964)</td>
<td>(0.0992)</td>
<td>(0.0996)</td>
<td>(0.0271)</td>
<td>(0.0304)</td>
<td>(0.0935)</td>
</tr>
<tr>
<td>Unemployed</td>
<td>-0.8614***</td>
<td>-0.8651***</td>
<td>-0.8580***</td>
<td>-0.0265</td>
<td>-0.0100</td>
<td>0.2887*</td>
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<tr>
<td></td>
<td>(0.1342)</td>
<td>(0.1380)</td>
<td>(0.1389)</td>
<td>(0.0377)</td>
<td>(0.0423)</td>
<td>(0.1266)</td>
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<tr>
<td>Other</td>
<td>-0.4036***</td>
<td>-0.4049***</td>
<td>-0.3989***</td>
<td>0.0124</td>
<td>-0.0083</td>
<td>0.0683</td>
</tr>
<tr>
<td></td>
<td>(0.1042)</td>
<td>(0.1072)</td>
<td>(0.1076)</td>
<td>(0.0293)</td>
<td>(0.0329)</td>
<td>(0.1016)</td>
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<td>Marital status</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>Reference</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post marriage</td>
<td>-0.0181</td>
<td>0.0229</td>
<td>0.0296</td>
<td>-0.0129</td>
<td>0.0758**</td>
<td>0.6395***</td>
</tr>
<tr>
<td></td>
<td>(0.0920)</td>
<td>(0.0950)</td>
<td>(0.0961)</td>
<td>(0.0261)</td>
<td>(0.0291)</td>
<td>(0.0930)</td>
</tr>
<tr>
<td>Single</td>
<td>0.4350***</td>
<td>0.4362***</td>
<td>0.4032***</td>
<td>0.0339</td>
<td>0.0052</td>
<td>0.6147***</td>
</tr>
<tr>
<td></td>
<td>(0.1090)</td>
<td>(0.1115)</td>
<td>(0.1117)</td>
<td>(0.0303)</td>
<td>(0.0341)</td>
<td>(0.1094)</td>
</tr>
<tr>
<td>_cons</td>
<td>3.3490</td>
<td>2.9539</td>
<td>3.0796</td>
<td>-0.9160</td>
<td>-1.3588*</td>
<td>10.6342***</td>
</tr>
<tr>
<td></td>
<td>(2.1369)</td>
<td>(2.2149)</td>
<td>(2.2322)</td>
<td>(0.6058)</td>
<td>(0.6781)</td>
<td>(1.9906)</td>
</tr>
<tr>
<td>Observations</td>
<td>43618</td>
<td>42086</td>
<td>41266</td>
<td>41495</td>
<td>42286</td>
<td>52057</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.78</td>
<td>0.78</td>
<td>0.78</td>
<td>0.82</td>
<td>0.72</td>
<td>0.85</td>
</tr>
<tr>
<td>F-test (2/4)</td>
<td>92.18***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *0.01 < p < 0.05; **0.000 < p < 0.01; ***p = 0.000.
Figure 1
Conceptual Framework of the Mediating Mechanism of the Effect of SWB on Hedonic Product Consumption

Subjective well-being

Causal (+)

Positive interpretation of life circumstances

Causal (+)

No

Lower-cost Hedonic product consumption

Causal (+)

Broadened activities

Causal (+)
Appendix A1: The General Health Questionnaire (GHQ) 12

Have you recently…

1. been able to concentrate on whatever you’re doing?
(1 Better than usual; 2 Same as usual; 3 Less than usual; 4 Much less than usual)

2. lost much sleep over worry?
(1 Not at all; 2 No more than usual; 3 Rather more than usual; 4 Much more than usual)

3. felt that you were playing a useful part in things?
(1 More so than usual; 2 Same as usual; 3 Less so; 4 Much less)

4. felt capable of making decisions about things?
(1 More so than usual; 2 Same as usual; 3 Less so than usual; 4 Much less capable)

5. felt constantly under strain?
(1 Not at all; 2 No more than usual; 3 Rather more; 4 Much more)

6. felt you couldn’t overcome your difficulties?
(1 Not at all; 2 No more than usual; 3 Rather more; 4 Much more)

7. been able to enjoy your normal day-to-day activities?
(1 More so than usual; 2 Same as usual; 3 Less so than usual; 4 Much less than usual)

8. been able to face up to problems?
(1 More so than usual; 2 Same as usual; 3 Less so than usual; 4 Much less than usual)

9. been feeling unhappy and depressed?
(1 Not at all; 2 No more than usual; 3 Rather more; 4 Much more)

10. been losing confidence in yourself?
(1 Not at all; 2 No more than usual; 3 Rather more; 4 Much more)

11. been thinking of yourself as a worthless person?
Appendix A2: Measures of Consumption of Leisure Activities, Entertainment, and Hobbies

How much do you personally spend in an average month on leisure activities, and entertainment and hobbies, other than eating out?

0 = nothing; 1 = under £10; 2 = £10–£19; 3 = £20–£29; 4 = £30–£39; 5 = £40–£49; 6 = £50–£59; 7 = £60–£79; 8 = £80–£99; 9 = £100–£119; 10 = £120–£139; 11 = £140–£159; and 12 = £160 or more.

Appendix A3: Measures of Frequency of Engaging in Leisure Activities, Entertainment, and Hobbies

The researchers are interested in the things people do in their leisure time. A list of some leisure activities will be read. Please look at the card (V4) and respond how frequently you do each one.

1) Play sport or go walking or swimming
2) Go to watch live sport
3) Go to the cinema
4) Go to a concert, theatre or other live performance
5) Go out for a drink at a pub or club
6) Attend leisure activity groups such as evening classes, keep fit, yoga etc

All responses were made on five-point Likert-type scales (1 At least once a week; 2 At least once a month; 3 Several times a year; 4 Once a year or less; 5 Never/almost
never). To make the results easier to interpret, the researchers then reverse-coded the responses such that, for example, 0 = Never/almost never and 4 = At least once a week. The frequency of engaging in leisure activities, entertainment, and hobbies equals the sum of the recoded responses to each relevant question, giving a score range from 0 to 23.

Appendix A.4: Measures of Satisfaction with Life Domains

How dissatisfied or satisfied are you with........

1. Your health
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

2. Your income of household
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

3. Your house/flat
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

4. Your social life
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

5. Amount of your leisure time
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

6. The way you spend your leisure time
   (1 Not satisfied at all; 4 Not satisfied/dissatisfied; 7 Completely satisfied)

Appendix A.5: Measures of Organizations Being Active In

Do you join in the activities of any of these organizations on a regular basis?

1) Political Party; 2) Trade Unions; 3) Environmental Group; 4) Parents’/School Association; 5) Tenants’/Residents’ Group or Neighborhood Watch; 6) Religious
group or church organization; 7) Voluntary services group; 8) Pensioners’ Organization; 9) Scouts/Guides Organization; 10) Professional Organization; 11) Other community or civic group; 12) Social club/Working men’s club; 13) Sports Club; 14) Women’s Institute/Townswomen’s Guild; 15) Women’s Group/Feminist Organization; 16) Other group or organization

The responses to all these questions are:

0 = Not mentioned and 1 = Active (e.g., Political Party)