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**To Have, or to Feel like Having:
The Effect of Psychological Ownership on Consumer Well-being**

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**To Have, or to Feel like Having:
The Effect of Psychological Ownership on Consumer Well-being**

By

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Abstract

To have, or to feel having: The effect of psychological ownership on consumer well-being

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This dissertation is among one of the first to introduce the concept of psychological ownership (Jussila, Tarkiainen, Sarstedt, and Hair, 2015) into consumer well-being research. Previous studies explored how “having” something makes people happy, but they all tend to view “having” as a state of legal ownership over the objects, and neglect the role of psychological ownership. According to self-determination theory, the author suggests that psychological ownership has a stronger impact on happiness than legal ownership, because the routes to psychological ownership satisfy the basic psychological needs including competence, autonomy, and relatedness. Through three experiments, the results show: 1) consumers feel happier when they have a higher psychological ownership over an item, e.g. a book rent from a library, regardless of whether they legally own the item. This effect is mediated by the satisfaction of basic psychological needs; 2) consumers anticipate greater happiness from a product that they customized as a gift either for themselves or for their friends. This effect is mediated by increased psychological ownership towards the gift through customization; 3) experiential framing of marketing

messages influence consumers' psychological ownership positively towards the advertised product, which in turn generates greater anticipated happiness.

Theoretically, this dissertation contributes to the literature by providing an enhanced understanding of consumer happiness by uncovering the role of psychological ownership in the buying process. Practically, the study will help marketers make their products/services as a better candidate for the target of psychological ownership through message design and user experience design. The research on psychological ownership in consumer well-being is still in infancy. Future research should examine the effect of psychological ownership on sustainable consumer behaviors including reducing overconsumption, encouraging recycling, and promoting sharing economy as ways to enhance well-being.

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CHAPTER 1: INTRODUCTION

Imagine a mother spending hours and hours in her garage making a Captain America shield for her children. The kids play with it for 30 minutes, throw it in the corner, and never touch it again. For this mom, the disappointing truth is that her kids are not as happy or excited about the handmade gift as she is. Consider another scenario: this same mother buys her children some Legos, which they play with for months and months; yet, this gift does not bring the same degree of happiness or satisfaction to her. Why the difference in the mother's emotional connection? In both situations, she does not own either of her kids' toys, so why does she feel happier making the shield versus buying the Legos? Similarly, the kids have both sets of toys, but why do they enjoy playing with Legos more than the handmade shield? This dissertation examines this phenomenon by distinguishing between the effects of legal ownership and psychological ownership on happiness. Whereas legal ownership refers to actual possession, psychological ownership refers to the sense of possessing something (Pierce et al., 2001). According to our findings, when you put time and effort into making the shield, you would feel that the shield is yours even if you gave it to your kids as a gift. In contrast, your kids might feel higher psychological ownership towards the Legos because they are able to take control and create anything they like.

Happiness is crucial for social and economic stability as well as for development. Governments have begun considering happiness as a joint goal of economic growth (Stevenson & Wolfers, 2008; Stratton, 2010). Japan, for example, has continuously collected data on subjective well-being in its "Life in Nation" surveys since 1958 (Stevenson & Wolfers, 2008). In 2010, David Cameron, Britain's then prime minister, asked the Office of National Statistics to measure the country's "general well-being", aiming to make happiness the new GDP (Stratton, 2010). As well, the United Nations publishes the World Happiness Report each year, and argues that measurements of well-being can be used effectively to assess the progress of nations (SDSN, 2017).

Beyond politics and national progress, this attention to happiness offers useful potential for business and marketing, too. Multi-national companies could refer to this report to evaluate target markets based on criteria other than political and financial ones. Happiness gained from consumption plays an important role in driving social prosperity. However, merely spending money does not, itself, guarantee happiness (Dunn, Gilbert, & Wilson, 2011). Rather, what is more important is the way that people spend money, such as what they buy. Thus, happiness researchers aim to answer a single yet challenging question – how can consumers spend money wisely to maximize happiness?

The pursuit of happiness has received growing attention in consumer research over the past decade (van Boven & Gilovich, 2003; Howell & Hill, 2009; Mogilner, Aaker, & Kamvar, 2012; Bhattacharjee & Mogilner, 2014). In an extensive long-term research program, Gilovich and his team demonstrate that consumers enjoy greater happiness derived from experiential than material purchases (Gilovich, Kumar, & Jampol, 2015). van Boven and Gilovich (2003, p. 1194) first defined experiential purchases as spending money with the primary intention of acquiring a life experience - an event or series of events that someone personally encounters or lives through, and material purchases as spending money with the primary intention of acquiring a material possession - a tangible object that someone obtains and keeps in his/her possession. Drawing on self-determination theory (Deci & Ryan, 2002), they identify three main reasons: first, experiential purchases enhance social connections; second, experiential purchases represent self-identity better than material purchases; and third, consumers tend to engage in less social comparison after experiential purchases (Gilovich, Kumar, & Jampol, 2015). Extending this line of research, researchers have argued that younger consumers prefer extraordinary over ordinary experiences as ways to express themselves (Bhattacharjee & Mogilner, 2014), and shared purchases generate

more happiness than solitary purchases due to increased relatedness with people (Caprariello & Reis, 2013). Further explicating the material versus experiential purchase dichotomy, Guevarra and Howell (2015) found that the category of experiential products, such as a guitar or a book, also brings greater happiness than material possessions because it increases consumers' competence, which is one of the three basic psychological needs (Deci & Ryan, 2002).

Largely missing from this research stream on happiness, however, is attention to the idea of psychological ownership. Building on work in anthropology, psychology, philosophy, and life-span development, Pierce et al. (2001, p. 299) define psychological ownership as “the state in which individuals feel as though the target of ownership (material or nonmaterial in nature) or a piece of it is ‘theirs’.” This dissertation is one of the first to explore consumers' psychological ownership of products as a factor in happiness and consumer well-being. Unlike legal ownership, which is more formal, psychological ownership reflects the personal sense of possession a consumer holds for a target (Jussila, Tarkiainen, Sarstedt, & Hair, 2015). Previous studies explored how “having” something makes people happy, but they all tend to view “having” as a state of legal ownership over the objects. They neglect the role of psychological ownership. For example, Guevarra and Howell (2015) suggest that experiential products, such as books, make people happy. Their research focused only on purchased books, which are legally owned by the participants. However, books are sometimes borrowed from others or rented from libraries, which does not give the readers legal ownership. This type of non-legal ownership consumption is not examined in Guevarra and Howell's study (2015), or the many other studies in consumer happiness.

Indeed, research into psychological ownership in the broader marketing context is still in its infancy. As a pioneering study, Jussila et al. (2015) proposed a theory of psychological ownership in the marketing context. They explored the implications of psychological ownership

in marketing and called for additional research to develop a more comprehensive understanding of the role of psychological ownership in marketing and consumer behavior. This dissertation answers that call by testing psychological ownership as an important factor impacting consumer well-being regardless of actual legal ownership.

Based on the notion of “to have in order to do” (Guevarra & Howell, 2015), this dissertation further examines the meaning of “to have” by distinguishing between legal and psychological ownership and testing the influence of psychological ownership on consumer happiness. The theoretical contribution of this dissertation is in making a clear distinction between psychological and legal ownership in terms of their positive emotional outcomes, and the role of psychological ownership in eliciting consumer happiness. Moreover, this dissertation examines the causal effect of advertising messages and marketing strategies that evoke psychological ownership.

The findings of this dissertation provide an enhanced understanding of consumer happiness by uncovering the role of psychological ownership in the relationship between certain marketing strategies and happiness. The dissertation identifies customization and experiential message framing as facilitators of psychological ownership, which in turn generates positive consumer emotions. Practically speaking, this dissertation helps marketers and advertisers make their products better candidates as targets of psychological ownership.

The next chapter is a literature review on psychological well-being, consumer happiness, and psychological ownership. Chapter three builds the relationship between psychological ownership and consumer happiness. Furthermore, chapters four, five, and six examine causal factors that generate psychological ownership, which in turn enhance well-being. Finally, chapter seven summarizes the findings and contributions with discussions on future research.

CHAPTER 2: LITERATURE REVIEW

This dissertation examines the effect of psychological ownership on consumer happiness. This chapter will review existing literature on psychological well-being, consumer happiness, and psychological ownership in order to clarify these constructs, to identify the gaps, and to propose potential relationships between them.

2.1 Psychological Well-being

Consumer well-being research stems from the broad field of psychological well-being. Psychological well-being and positive psychology emerged as an important field of study in psychology due partly to the overwhelming emphasis on negative states and emotions. From the 1960s to the late 1990s, the ratio between psychological articles examining negative states versus those examining positive states was 17 to 1 (Diener, Suh, Lucas, & Smith, 1999, pp. 276). Most articles explored anger, anxiety, and depression rather than joy, happiness, and life satisfaction. Despite this neglect paid by academia to positive emotional outcomes, research showed that across nations, the vast majority of people consider happiness and life satisfaction to be extremely important (Diener & Oishi, 2000). From the 2000s on, this lacuna was revisited and psychological well-being caught the attention of psychologists. Based on the acknowledgement that happiness is not simply the opposite or the negation of unhappiness, scholars have devoted considerable effort to psychological well-being with an aim of shifting the pendulum and strengthening people's psychological immune systems. This trend reflects a larger societal recognition of people's values, goals, and views in evaluating life that transcend economic prosperity.

Well-being is an abstract construct that encompasses many dimensions. Definitions of well-being can be categorized into two major types. One type of well-being is objective happiness, which concerns a person's affective state at particular moments in time. Objective happiness during an interval is the temporal integral of instant utilities for all the moments during the interval

(Kahneman, 1999). The term “objective” is used to indicate the objective rules used to make judgments of happiness (Kahneman & Tversky, 2003). For example, a study of the objective happiness of New York residents should use a sample of observations that reflects the relative amounts of time spent in stressful situations, such as driving on the highway, and time spent in restful things, such as in a hot tub. Additionally, the experience sampling methods (ESM) or ecological momentary assessment (EMA), e.g. blood pressure or saliva tests, are used to measure objective happiness, which do not rely on self-reported retrospection.

Unlike objective well-being, subjective well-being (SWB) is a broad notion that encompasses general satisfaction with one’s life, positive feelings and the absence of negative feelings, judged by the self (Diener et al., 1999). The measures of SWB are memory-based and require people to report an evaluation of the recent past according to their own chosen criteria (Kahneman & Tversky, 2003; Shin & Johnson, 1978, p. 478). Today, most research on well-being takes the second conceptualization, which examines both subjective life satisfaction and positive affect. This subjective view of well-being is also widely adopted by marketing scholars. For example, van Boven and Gilovich (2003) included one item to evaluate life satisfaction when measuring consumer happiness (“When thinking about this purchase, how much does it contribute to your overall happiness in life?”) (pp. 1195). Our study also incorporates this meaning of well-being into the inspection of psychological ownership.

The psychological well-being of consumers has received growing attention over the past two decades (van Boven & Gilovich, 2003; Howell & Hill, 2009; Mogilner, Aaker, & Kamvar, 2012; Bhattacharjee & Mogilner, 2014). Considerable research has focused on the link between happiness and consumption regarding various dimensions, for example, the possession versus experience dimension (van Boven & Gilovich, 2003), and the shared versus solitary dimension

(Caprariello & Reis, 2013; Ratner & Hamilton, 2015). It is evident that there is a clear correlation between money and happiness (Deaton, 2008; Howell & Howell, 2008). For example, the correlation between the average income of nations and the average subjective well-being of these societies is often very high, around 0.70 (Diener & Biswas-Diener, 2002). Spending money is one way to improve subjective well-being. However, simply spending money does not guarantee happiness (Dunn, Gilbert, & Wilson, 2011). More crucial is the way that people spend their money. It is *what* they buy, not *how much* they spend that matters. Thus, happiness through purchasing and consumption behaviors plays an important role in the landscape of well-being research. In the next section, the key findings in consumer happiness literature will be reviewed.

2.2 Consumer happiness

Consumer happiness has received growing attention over the last twenty years (van Boven & Gilovich, 2003; Howell & Hill, 2009; Mogilner, Aaker, & Kamvar, 2012; Bhattacharjee & Mogilner, 2014). Most scholars use well-being and happiness interchangeably in this field of research. In most studies, happiness refers to “a state of well-being and contentment; a pleasurable or satisfying experience” (Mogilner, Aaker, & Kamvar, 2012, pp. 430). It is an emerging area of study in marketing and consumer psychology. In the early years, researchers focused on the question of what types of purchases make consumers happy. This line of research offered suggestions for consumers to spend money in smart ways that might improve well-being.

Within this focus, a large proportion of studies examined the difference between material purchases and experiential purchases. Extant literature provides consistent findings that investing in positive experiences makes people happier than investing in positive material possessions (van Boven & Gilovich, 2003; Howell & Hill, 2009). Extending the findings on experiential-material dimension, researchers further argued that younger consumers prefer extraordinary than ordinary

experiences (Bhattacharjee & Mogilner, 2014), and shared purchases generate more happiness than solitary purchases (Caprariello & Reis, 2013; Ratner & Hamilton, 2015). Besides the material versus experiential purchase dichotomy, Guevarra and Howell (2015) found that experiential purchases, such as a guitar or a book, also bring greater happiness than material possessions because they increase consumers' sense of competence, which is one of the three basic psychological needs (Deci & Ryan, 2002).

Dunn and Norton (2013) provided suggestions on ways that consumption might augment happiness. For example, consumers should try to make consumption experiences as treats rather than a daily routine. Due to adaptation, people feel bored when getting used to pleasant experiences (Dunn & Norton, 2013). Morning coffee can be more enjoyable when it becomes a special treat. They also suggest consumers pay now and consume later because anticipation provides an extended source of happiness. Meanwhile, it eases the pain of paying the cost.

As the field evolved, researchers began to examine another resource that consumers invest in the pursuit of happiness – time. To complement principles of spending money by Dunn et al. (2011), Aaker, Rudd, and Mogilner (2011) developed five principles for how to spend time to maximize happiness: spend time with the right people; spend time on the right activities; enjoy the experience without spending the time; expand time; and, be aware that happiness changes over time. Mogilner (2010) found that when people think about time rather than money, they prefer to be with friends and family and do less work, which enhances happiness. Mogilner and Aaker (2009) examined the “time versus money effect” on product evaluation. They argue that activating time leads to more favorable attitudes toward a product because people would pay more attention to experience rather than possession of the product. Researchers applied this effect to pro-social

behaviors, and found that when asked for time instead of money, consumers are more willing to donate money to charity (Liu & Aaker, 2008).

In recent years, researchers have expanded their focus beyond *what* makes consumers happy to examine *why* certain purchases make consumers happy, paying attention to the psychological mechanisms underpinning consumer happiness. In an extensive long-term research program, Gilovich and his team demonstrated that consumers derive greater happiness from experiential rather than material purchases (Gilovich, Kumar, & Jampol, 2015). They identify three main reasons for the findings. First, experiential purchases enhance social connections. Many studies support this claim. For example, Dunn and Norton (2013) argued that spending money on other people, like buying coffee for someone, makes consumers happier than spending money on oneself. Investing in others allows people to feel more closely connected with other people. Second, experiential purchases represent self-identity more than material purchases. People are more likely to use experiential purchases than material purchases in life narratives (Carter & Gilovich, 2012). In one experiment, participants were asked to draw a circle, representing either a material or experiential purchase, around a second circle representing him or herself. It turned out that people tend to draw circles representing experiential purchases more closely to the self circle. Kumar, Mann, and Gilovich (2014) found that people are more likely to feel more similar to others with the same experiential purchases rather than the same material purchases. Third, consumers tend to engage in less social comparison after experiential purchases. Carter and Gilovich (2010) found that the presence of a superior material product would diminish the enjoyment of a current purchase, whereas experiential purchases are not affected by such comparison.

In summary, the field of consumer happiness has developed substantially in the 21st century. Researchers have extended knowledge on what to buy and how to gain happiness through

purchasing behaviors. The current literature is largely based on self-determination theory (Deci & Ryan, 2002), which suggests that when a purchase is evoked by intrinsic motivation, i.e. satisfying the psychological needs for competence, autonomy, and relatedness (Ryan et al., 1996), the consumer will enjoy greater happiness than making a purchase due to extrinsic motivation.

However, previous research on consumer happiness focused only on the effect of acquiring legal ownership. A large number of studies (e.g. Gilovich, Kumar, & Jampol, 2015; Mogilner & Aaker, 2009) examined the emotional outcome due to owning an object. For example, scholars compared owning an experience to owning a material product, or to owning an experiential product (van Boven & Gilovich, 2003; Howell & Hill, 2009; Guevarra & Howell, 2015). It implies that legal ownership of certain types of objects fulfills intrinsic motivation and improves well-being. However, attaching too much importance and/or paying too much attention to legal ownership is often associated with materialism, social comparison and extrinsic motivation, regardless of purchase types (e.g. buying luxury handbags that are not affordable, taking and posting excessive number of pictures when travelling). Materialism is defined as the importance ascribed to the acquisition of material goods (Richins & Dawson, 2004). Studies show that materialism undermines well-being (Richins, 2013; Shrum et al. 2013). Furthermore, studies indicate that spending money on others also produces substantial happiness (Aknin, Dunn, Sandstrom, & Norton, 2013). Although the scholars did not point it out explicitly, the act of buying things for other people results in non-legal ownership for the buyer. In one experiment, participants who received a Starbucks gift card were happier if they spent it on a friend rather than on themselves. It suggests that happiness can exist without having legal ownership of a product, yet this distinction is missing in the literature.

This dissertation argues that psychological ownership is a more important factor in influencing happiness than legal ownership. Unlike legal ownership, which is formal, psychological ownership refers to the *feelings* of owning objects. The routes to psychological ownership give consumers the opportunity to exercise control over, gain knowledge about, and invest efforts into the object they want to possess (Pierce, Kostova, & Dirks, 2001, 2003; Pierce & Jussila, 2011). This process allows consumers to facilitate their intrinsic psychological needs of competence, relatedness and autonomy. Therefore, consumers are highly likely to experience enhanced well-being. This dissertation compares the effect of legal ownership and psychological ownership on happiness, especially the types of psychological ownership elicited from investing the self into a product and exercising control over a product. The next section introduces psychological ownership as a more influential factor in the pursuit of happiness.

2.3 Psychological Ownership

The theoretical underpinnings of psychological ownership have been well documented in the field of management in the beginning of the 21st century (Pierce, Kostova, & Dirks, 2001, 2003), yet, it is a relatively new concept in consumer behavior and marketing research. Etzioni (1991) described psychological ownership as a “dual creation, part attitude, part object, part in the mind, part ‘real’” (p. 466), and Heider (1958) found that “attitudes of ownership” are common among people. Based on the works in anthropology, psychology and philosophy, scholars define psychological ownership as “the state in which individuals feel as though the target of ownership (material or nonmaterial in nature) or a piece of it is ‘theirs’.” (Pierce et al., 2001, p. 299). Researchers further elaborate on the key features of psychological ownership. First, according to Pierce et al. (2001, 2003), the core of psychological ownership is the feeling of possessiveness towards a target. It deals with the question “What do I feel is MINE?” Due to this feature,

psychological ownership is distinct from related constructs in management such as organizational commitment, which answers the question “Should I maintain membership/affiliation with this organization?” and identification, which concerns the question “Who am I?” (See Pierce et al. 2001 for a review).

Second, psychological ownership indicates an association between an individual and an object. With high psychological ownership, people feel tied to things, whereas low psychological ownership fails to connect people with objects. When an object is experienced as having a close connection with the self, it becomes part of the “extended self” (Belk, 1988). As Sartre (1969, p. 591-592) noted: “I am what I have... What is mine is myself.” Developmental psychologists suggest that the feelings of ownership and the close connection between “me” and “mine” emerge because of humans’ innate motive to control objects and to be effectant in early ages (Furby, 1991). For example, researchers observed strong reactions (“MY car, ME!”) among young children when a child picks up another child’s toy (Isaacs, 1933; Levine, 1983).

Third, the state of psychological ownership is composed of both cognitive and affective elements. It reflects an individual’s awareness, perceptions, thoughts, and beliefs regarding the target of ownership. Besides cognition, affective feelings arise as people claim that the target is theirs. It is believed that feelings of ownership produce pleasure (Furby, 1978a; Beggan, 1992). In contrast, negative emotions are sparked when other people invade things that you feel are yours (Pierce, Kostova, & Dirks, 2001). This affective element of psychological ownership pertains to the endowment effect (Reb & Connolly, 2007). Shu and Peck (2011) suggest that psychological ownership influences the judgment of whether an experience is a loss. When an individual feels greater psychological ownership towards an object, the endowment effect would be stronger, thus the loss is experienced as more painful.

The construct of psychology of ownership has been studied in a variety of contexts, including child development (Isaacs, 1933), among the elderly (Cram & Paton, 1993), across different socioeconomic status (Rochberg-Halton, 1980), within philosophical discussions of “being” (Heidegger, 1967; Sartre, 1969), in the workplace (Dirks, Cummings, & Pierce, 1996) and, finally, in consumer behavior (Shu & Peck, 2011). The next sub-sections discuss the roots of and routes to psychological ownership.

Roots of Psychological Ownership

Scholars from various disciplines have been interested in the roots of psychological ownership (Etzioni, 1991; Furby, 1991; Litwinski, 1942). Some argue that people have an innate need to possess (Burk, 1900; Darling, 1937; Porteous, 1976), which explains psychological ownership from a genetic perspective. As McDougall (1923) noted, "The impulse to collect various objects is displayed by almost all human beings, and seems to be due to a true instinct" (p75). Litwinski (1942) observed the impulse to act possessively and to claim ownership among children in very early ages. Yet other scholars take a social constructionist view and suggest that psychological ownership is learnt in the early human development process and shaped by socialization practices (Kline & France, 1899; Lewis & Brook, 1974; Seligman, 1975; Furby, 1978b). Young children tend to regard objects that can be controlled as part of the self, whereas things that cannot be controlled are in the not-self region (Furby, 1978b; Seligman, 1975).

Integrating these two perspectives, Pierce et al. (2001, 2003) proposed that psychological ownership stems from both genetic factors and social experiences, thus the genesis of the possessive state is a combination of biological tendencies toward territoriality and accepted social practices (Buss, 1990; Wilson, 1975). They suggest that the roots of psychological ownership can be found in three human motives including efficacy and effectance, self-identity, and having a

place. Psychological ownership is able to fulfill these motives even when legal ownership is absent. Previous studies that addressed psychological ownership in marketing contexts concur with these motives as the premise of their research (Asatryan & Oh, 2008; Fuchs, Prandelli, & Schreier, 2010; Gineikiene, Schlegelmilch, & Auruskeviciene, 2017). For example, Gineikiene et al. (2017) examined the role of psychological ownership in shaping evaluation and preferences of domestic versus foreign products. They pointed out that domestic psychological ownership is driven by the motive of associating the possessions with self-identity and regard it as part of the extended self (Belk, 1988; Dittmar, 1992)

Routes to Psychological Ownership

Knowing why psychological ownership comes into being is not sufficient. To thoroughly examine the concept, one must also explore its emergence. Extant theory identifies three interrelated routes to psychological ownership (Pierce et al., 2001, 2003; Pierce and Jussila, 2011): (a) controlling the ownership target; (b) gaining intimate knowledge about the target; (c) investing the self into the target.

Controlling the ownership target. It is found that the amount of control over an object has a positive impact on feelings of ownership toward that object (Csikszentmihalyi & Rochberg-Halton, 1981). Recently, research in the marketing field has also investigated the role of control for consumer perceptions and behaviors (Fuchs, Prandelli, & Schreier, 2010; Pierce & Jussila, 2011; Kirk, Swain, & Gaskin, 2015; Brasel & Gips, 2014). Fuchs et al. (2010) found that allowing consumers to participate in selecting the product concepts to be produced and marketed by a firm fosters more preference, even compared to other products with identical quality. “People assume psychological ownership of such decisions because they are partly responsible for the outcome, and this tends to elicit positive feelings” (Fuchs, Prandelli, & Schreier, 2010, p. 67). As Pierce and

Jussila (2011) noted, it is critical that people feel they are “the cause.” Consumers have more positive perceptions of their customized products. This effect also holds in technology consumption. Kirk et al. (2015) argue that interactivity in technology elicits the emergence of psychological ownership. Brasel and Gips (2014) support this finding by demonstrating that haptic interfaces (e.g. iPad) can increase perceived psychological ownership, which in turn influences product evaluation.

Gaining intimate knowledge about the target. According to Beaglehole (1932), a fusion of the self and an object occurs when an individual has intimate knowledge of the object. For example, the gardener “comes to be rooted in the garden” because he becomes more familiar with its needs (Weil, 1952). The more information possessed about the ownership target, the closer becomes the association between the individual and the target (Beggan & Brown, 1994). People tend to value their own possessions more highly than others’ belongings even of a similar kind, because “we know them better, realize them more intimately, feel them more deeply” (translation from James, 1890, p. 326). This path to psychological ownership is less examined in marketing literature.

Investing the self into the target. Based on Locke’s (1690) notion, we own our labor. Individuals connect their labor with the resulting products or creations, thus people think that they own what they create, shape, or produce. In recent years, firms have begun to view their consumers as insiders and partners during value creation (Prahalad & Ramaswamy, 2004). In the marketing field, the concept of co-creation has emerged, which refers to “joint creation of value by the company and the customer (involving active dialogue, problem definition and solving, personalization, innovation, etc.)” (Jussila et al., 2015, p. 127). Co-creation of products and services is regarded as a type of consumers’ investment of self (Anne Garretson Folse, Guidry

Moulard, & Raggio, 2012). However, there is little research regarding this route to psychological ownership.

In general, psychological ownership has unique genesis and approaches. It serves the needs for efficacy and self-identity, which facilitates intrinsic motivations as outlined by self-determination theory (SDT) (Deci & Ryan, 2002). SDT addresses the key psychological needs including competence, autonomy, and relatedness. According to SDT, gaining a high level of psychological ownership should give rise to consumer happiness. This potential relationship between psychological ownership and consumer well-being has been neglected in extant happiness literature. This dissertation argues that, in accordance with self-determination theory, satisfaction of the basic psychological needs through routes to psychological ownership of target products (i.e. exercising control, investing the self) should be a means of enhancing well-being regardless of legal ownership.

CHAPTER 3: PSYCHOLOGICAL OWNERSHIP AND HAPPINESS

Based on the literature review outlined in the previous chapter, this chapter explains the rationale underpinning the propositions and the hypotheses for study 1. Through an experiment, the results demonstrate the link between psychological ownership and happiness. Moreover, the study shows that the link is built through the satisfaction of basic psychological needs.

3.1 Satisfaction of Basic Psychological Needs

Studies indicate that feelings of ownership produce pleasure (Furby, 1978a; Beggan, 1992). However, little research has been done to examine the specific effect of psychological ownership on consumer happiness, which refers to a pleasurable and satisfying experience. Most of the research findings regarding consumer happiness are based on self-determination theory (Guevarra & Howell, 2015; Raghunathan, 2016). Self-determination theory is a meta-theory, which argues that human beings are actively engaged in tendencies toward striving, growing, mastering new skills, and extending themselves (Deci & Ryan, 2002). The theory is an approach to human motivation and personality (Ryan & Deci, 2000) and argues that people have three basic psychological needs including competence, relatedness, and autonomy (Ryan et al., 1996). The need for competence demonstrates that human beings seek to control the outcome and experience mastery (White, 1963). The need for relatedness refers to the will to interact, be connected to, and experience caring for others (Baumeister & Leary, 1995). The need for autonomy refers to the desire to be causal agents of one's own life and act in harmony with one's integrated self (Deci, 1975). These essential needs facilitate the natural tendency for growth, social development and well-being. Furthermore, these psychological needs are universal across all cultures (Deci & Ryan, 2008).

SDT has helped marketing scholars in explaining and predicting consumer happiness. Drawing on self-determination theory, research suggests that satisfaction of the three basic

psychological needs would generate more happiness (van Boven & Gilovich, 2003; Howell & Hill, 2009). For example, due to greater representation of the self, it is found that younger consumers prefer extraordinary rather than ordinary experiences (Bhattacharjee & Mogilner, 2014), and shared purchases generate more happiness than solitary purchases because of increased relatedness with others (Caprariello & Reis, 2013). In a similar vein, Guevarra and Howell (2015) discovered a new type of purchase – experiential products, such as electronic devices, musical instruments, and sports equipment – that shares the features of material items and life experiences. Based on SDT, they found that consumers gain more feelings of competence but fewer feelings of relatedness when purchasing experiential products (e.g., book, guitar) than mere experiential purchase without related material features (e.g., going to a concert, traveling).

As discussed in section 2.3, psychological ownership is strongly associated with the satisfaction of basic psychological needs. First, psychological ownership has a unique genesis. With high psychological ownership, people feel closely connected to things, whereas low psychological ownership fails to associate people with objects. When an object is tied with the self, it becomes part of the “extended self” (Belk, 1988). In buying and consumption, through gaining psychological ownership towards a product, a consumer feels more capable in self-expression through the product (Carter & Gilovich, 2012), which contributes to the need for autonomy. Second, the routes to psychological ownership could fulfill psychological needs. Exercising control over a product, for example an iPod, should be able to elicit greater competence and autonomy for consumers. Moreover, emphasizing the time spent on a using a product, which is another route to gain psychological ownership (investing time and energy), generates greater happiness from the users (Mogilner & Aaker, 2009). Additionally, this route pertains to “do-it-yourself” purchases like Legos, which make consumers feel more competent (Guevarra & Howell,

2015). Thus, according to SDT, gaining a high level of psychological ownership should satisfy the basic psychological needs, which ultimately gives rise to consumer happiness. However, this potential relationship between psychological ownership and consumer well-being has been neglected in the existing happiness literature. This dissertation argues that, in accordance with SDT, the routes to psychological ownership of target products (i.e. exercising control, investing the self, and getting intimate knowledge) should be a means of enhancing well-being regardless of legal ownership.

3.2 Distinctiveness of psychological ownership and legal ownership

Although psychological ownership is a newly emergent construct in marketing research, extant literature suggests psychological ownership creates customer satisfaction, relationship intentions, word-of-mouth, and willingness to pay (Asatryan & Oh, 2008; Fuchs, Prandelli, & Schreier et al., 2010; Shu & Peck, 2011). Jussila et al. (2015) called for more research on psychological ownership in the marketing domain. This dissertation answers their call by examining the interaction between psychological and legal ownership.

Researchers conceptualize psychological ownership in a way to highlight its distinction from legal ownership (Pierce et al., 2001, 2003; Jussila et al., 2015). Legal ownership refers to an enforceable claim or title to an asset or property, and is recognized as such by law (Business Dictionary). Although related, legal and psychological ownership differ in significant ways. First, legal ownership is recognized most widely by society, thus the rights associated with legal ownership are specified and protected by the legal system. In comparison, psychological ownership is recognized more by the individual who has the feeling of ownership. Therefore, only the individual can claim the felt rights that come with psychological ownership. Furthermore, psychological and legal ownership can operate separately from each other. Psychological

ownership can exist in the absence of legal ownership (Furby, 1980; Isaacs, 1933). Specifically, psychological ownership can be induced among non-legal owners through ways including imagery, touch, or creative design (Fuchs, Prandelli, & Schreier, 2010; Peck & Shu, 2011; Reb & Connolly, 2007). In contrast, if an owned object does not connect with the owner's self-identity, he or she might not have feelings of ownership towards the object (McCracken, 1986; Pierce et al., 2001), even if it is legally owned.

The relationship as well as distinction between psychological ownership and legal ownership suggest that they could generate different outcomes. Although researchers believe that the situations where psychological and legal ownership occur separately do exist, it is unclear under what conditions these situations are possible. The first potential situation proposed in this study is borrowing things from others, in which the legal ownership status does not change whereas the level of psychological ownership might be different. As discussed in 3.1, during the process of gaining psychological ownership through the routes including exercising control, gaining intimate knowledge and investing in the self, consumers should be able to experience satisfaction of basic psychological needs, which will ultimately generate happiness for them. Higher levels of psychological ownership should be positively associated with happiness, no matter whether it is toward one's own objects or objects borrowed from others. Thus the following is hypothesized (Figure 1):

H1: People will report greater happiness with an object when they have high psychological ownership compared to low psychological ownership toward the object.

H2: The effect of psychological ownership on happiness is mediated by the satisfaction of basic psychological needs including autonomy, competence and relatedness.

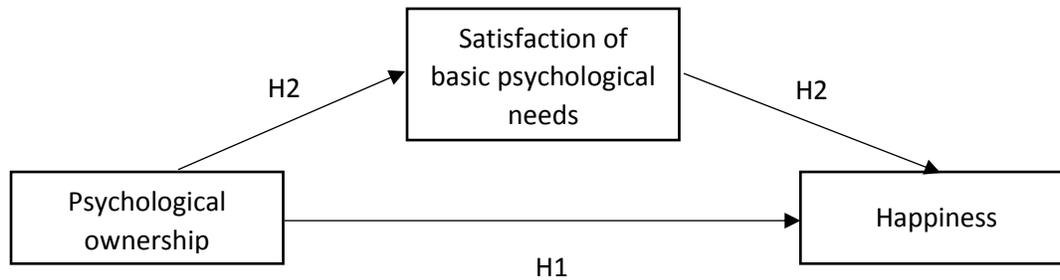


Figure 1: Model for study 1

3.3 Study 1

This study aims to explore whether there is a strong relationship between psychological ownership and consumer happiness. It is an exploratory study that brings the concept of psychological ownership into the field of happiness research. Furthermore, this study compares the effect of psychological and legal ownership through an experiment. To test H1 and H2, an online experiment was carried out to test the effects of legal and psychological ownership via a 3 (legal ownership: mine vs. borrowed from other people vs. borrowed from a market mediator) \times 2 (psychological ownership: high vs. low) mixed experimental design, with legal ownership being manipulated and psychological ownership being measured.

Participants

A total of 252 college students from a southwestern university were recruited to participate in the experiment for course credit. The participants in this study are between the age of 18 and 31 (49 male; $M_{\text{age}} = 20.27$, $SD_{\text{age}} = 1.73$).

Procedures

Considering the unique characteristics of the student sample, and previous studies in consumer happiness (Guevarra & Howell, 2015), “book” was employed as the target of

investigation. The study was conducted online. The author measured participants' current emotion, materialism, experiential buying tendency, and past reading habit as control variables. Using "book" as the stimulus, participants were randomly assigned to one of the three conditions. Legal ownership was measured by asking the participants to recall different experiences. In the buying condition, the participants were asked "to think about a recent time when you used your money to pay for a hard copy book you thought would advance your happiness and enjoyment in life. (i.e. excluding textbooks, dictionaries, e-books, etc.)" In the borrow condition, the participants were asked "to think about a recent time when you borrowed a hard copy book from someone you know, and you thought the book would..." In the library condition, the participants were asked "to think about a recent time when you borrowed a hard copy book from a library, and you thought..." The buying condition represents legal ownership of the book, whereas the borrow and library conditions represent non-legal ownership of the book. The participants described the book in terms of genre, content, time spent in reading, and how much they completed reading the book. Then the participants rated their psychological ownership towards the book and the satisfaction of basic psychological needs. Lastly, they indicated their happiness with the book.

Measures

Psychological ownership was measured using a five items scale (Van Dyne & Pierce, 2004) including: I sense the book is mine; I feel a very high degree of personal ownership towards the book; I feel personally connected to the book; it is hard for me to think about the book as mine; the book does not make me feel that it is mine. Participants indicated their opinion on a 7-point scale (1 = strongly disagree; 4 = neither agree nor disagree; 7 = strongly agree). Higher average scores indicated greater psychological ownership towards the book ($M = 4.64$, $SD = 1.54$, $\alpha = .91$).

The satisfaction of human needs was measured by a scale adopted from Guevarra and Howell's study (2015). The scale consists of 16 items. Three items were used to measure autonomy (e.g. How much was this book a true expression of who you are?). Three items were used to measure competence (e.g. To what extent did you feel a sense of accomplishment because of the book?). Three items were used to measure relatedness (e.g. How much did this book allow you to relate to others in a meaningful way?). The other seven items were used to measure subjective vitality, which also contributes to general psychological need satisfaction (e.g. How much did this book make you feel alive?). Participants rated each item on a 7-point scale (1 = not at all, 7 = very much). Higher average scores indicate greater satisfied psychological needs ($M = 4.56$, $SD = 1.27$, $\alpha = .94$).

The level of happiness was measured by three items modeled after van Boven and Gilovich (2003). The first item asks, "How much does this book contribute to your happiness right now?" The second item asks, "How much has this book contributed to your overall life's happiness?" The third item asks, "How much do you think this book increased your overall life satisfaction?" Participants rated the item on a nine-point scale (1 = not at all, 5 = moderately, 9 = very much). The score average of the three items represents the individual's happiness level with the book ($M = 6.08$, $SD = 1.13$, $\alpha = .93$).

Control variables were measured in the survey before stimuli exposure. Emotion was measured by Positive and Negative Affect Schedule scale (PANAS) (Watson, Clark, & Tellegen, 1988). The PANAS scale consists of 20 adjectives of emotions such as "interested", "distressed", and "inspired." The participants reported their affect at the time of taking the survey by rating each adjective on a 5-point scale (1 = very slightly or not at all, 5 = extremely). The scores of ten positive emotional items were summed up to indicate positive affect (ranging from 11 to 50, $M = 27.80$,

$SD = 7.48$, $\alpha = .88$), whereas the sum of scores of the other ten negative emotional items indicated negative affect (ranging from 10 to 46, $M = 18.31$, $SD = 7.34$, $\alpha = .88$). Materialism was measured by the Material Value Scale, which is a 7-point, 9-item scale (Richins, 2004). Example items are “I admire people who own expensive homes, cars, and clothes.” ($M = 4.30$, $SD = 1.00$, $\alpha = .82$). Buying preference was measured with the Experiential Buying Tendency Scale, which is a 4-item 7-point scale (Howell, Pchelina, & Iyer, 2012), including items like “In general, when I have extra money I am likely to buy (a material item/a life experience).” ($M = 4.71$, $SD = 1.18$, $\alpha = .73$). Past reading habit was measured by two questions including “how much time do you spend on reading books daily?” and “how often do you read books?” ($M = 2.35$, $SD = .98$).

Results

Based on the ratings of psychological ownership towards the object, participants were put into two groups using a median split. Participants in the high psychological ownership group have a score larger or equal to 4.80, whereas those in the low psychological ownership group have a score smaller than 4.80. Along with random assignment to the legal ownership groups, participants were divided into six groups in total.

Tests of random assignment confirmed that participants did not differ across conditions in terms of demographic variables including age ($F(2,249) = 1.29$, $p = .28$), gender ($F(2,249) = 1.60$, $p = .20$), educational level ($F(2,249) = .34$, $p = .71$), and income ($F(2,249) = .74$, $p = .48$). As well, there were no significant differences between the three groups in terms of negative affect ($F(2, 249) = .278$, $p = .76$), material value ($F(2,249) = .313$, $p = .73$), experiential buying tendency ($F(2,249) = .20$, $p = .82$), and past reading habit ($F(2,249) = .52$, $p = .60$). However, participants did differ on positive affect ($F(2,249) = 4.605$, $p = .011$). Positive affect was controlled for the following analysis.

A two-way ANCOVA was employed to test the effect of psychological ownership and legal ownership on happiness (Figure 2). Controlling for positive affect ($F(1,245) = .329, p = .567$), the results show a significant main effect of psychological ownership on happiness ($F(1,245) = 50.978, p < .001$). Legal ownership does not influence happiness ($F(2,245) = 1.243, p = .29$). Participants in the high psychological ownership condition ($M = 6.53, SD = .65$) reported greater happiness than those in the low psychological ownership condition ($M = 5.58, SD = 1.33$). H1 is supported by the data.

To determine if the increase in happiness from psychological ownership is mediated by psychological need satisfaction when controlling for positive affect, a multiple regression was conducted to allow for a mediation analyses. As predicted by H2, this model supported mediation (Figure 3) by demonstrating that (a) psychological ownership was associated with increased happiness ($\beta = .47, t = 8.31, p < .001$), (b) psychological ownership was associated with increased psychological need satisfaction ($\beta = .49, t = 8.95, p < .001$), (c) increased psychological need satisfaction was associated with increased happiness ($\beta = .59, t = 11.01, p < .001$), and (d) there was still a significant direct path after entering the mediators into the model ($\beta = .18, t = 3.37, p = .001$). Thus, this model supports H2: The impact of psychological ownership on happiness is partially mediated by the satisfaction of psychological needs.

3.4 Discussion

The results indicate that people feel happier when they feel higher psychological ownership towards a product. This effect is consistent across all conditions in legal ownership status. In this study, college students reported greater happiness from books that they perceived as theirs. No matter whether the students bought the book, borrowed the book from someone, or checked the book out of the library, the impact of psychological ownership is influential on happiness. Students

who felt greater ownership of a book also gained overall enhancement in basic psychological needs including competence, autonomy and relatedness. This satisfaction of basic needs partially explained the effect of psychological ownership on happiness.

This study distinguished the impact of psychological ownership from legal ownership on happiness. It indicates that legally owning products is not a “must” for consumers to enjoy the consumption experience, for example, reading a book that is borrowed from the library. The essential factor is the feeling of owning a product. The implication provides a better understanding of the meaning of “to have” in happiness research. It supports the suggestion by happiness researchers on experiential buying preference, in that the experience of using a product helps foster the feeling of possessing, compared to owing something without using it much. For example, the thinking of “this is my book” gives rise to much higher joyfulness than “I bought this book”. Moreover, the results help to explain the negative impact of materialism on well-being (Zhang et al., 2014). Studies show that materialistic buyers tend to report similar levels of happiness regardless of the things they purchase (Zhang et al., 2014; Millar & Thomas, 2009), implying that materialistic consumers are hard to please and have difficulty deriving happiness from purchased goods. According to study 1, one reason for unhappy materialistic buyers is that they might put too much focus on legal ownership. Shifting focus from legal ownership to psychological ownership could be a possible solution to reduce materialism, which in turn enhances well-being. Study 2 explores this possibility.



Figure 2: Study 1 results

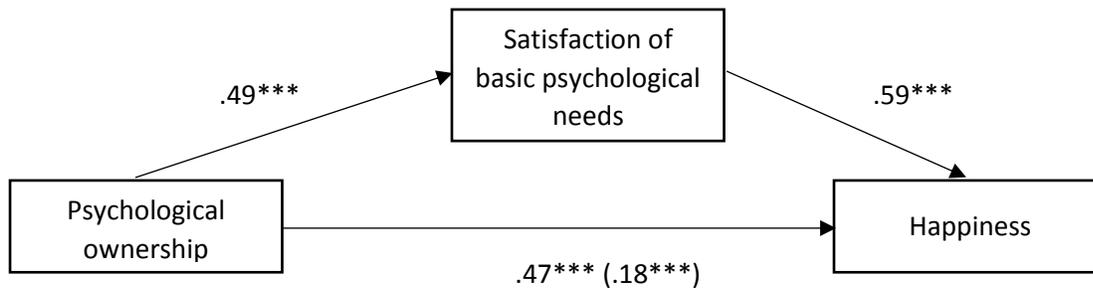


Figure 3: Study 1 results

* significant at $p < .05$; ** significant at $p < .01$; *** significant at $p < .001$

CHAPTER 4: PSYCHOLOGICAL OWNERSHIP THROUGH CUSTOMIZATION

Study 1 examined the relationship between psychological ownership and consumer happiness. The results show that psychological ownership takes effect through satisfying psychological needs including competence, autonomy and relatedness. In study 1, psychological ownership was measured by a self-reporting scale, while legal ownership status was manipulated through post-purchase situations such as borrowing versus buying books. Based on study 1, study 2 further examined the relationship by eliciting psychological ownership through a marketing strategy – customization. Customization was offered to induce psychological ownership from gift shoppers. Instead of post-purchase evaluations, study 2 tested the effect of psychological ownership on anticipated happiness in pre-purchase situations. An online experiment was conducted to inspect the influence of customization on anticipated happiness in gift giving.

4.1 Customization Elicits Psychological Ownership

In the consumer well-being context, buying something for oneself represents legal ownership, whereas buying something for others represents non-legal ownership (Aknin, Dunn, Sandstrom, & Norton, 2013). According to Chapter 3, the effect of psychological ownership is consistent across different legal ownership conditions. Thus consumers should enjoy buying a gift for themselves and for a close friend, as long as they feel they possess the gift psychologically. The literature in gift giving is well established, including many studies examining the effect of customization on gift giving (Orhun & Urminsky, 2013; Moreau, Bonney, & Herd, 2011; Fuchs, Schreier, & van Osselaer, 2015). Scholars have identified various reasons for the generally more positive evaluation of customized gifts. For example, closer fit between preferences and product attributes brings about increased benefits for the customer (Simonson, 2005). Another important factor behind the preference for customized gifts is the time and effort that consumers put into customization (Moreau et al., 2011). This mechanism underlies the “IKEA effect,” which suggests

that consumers tend to rate self-made products as more valuable (Norton, Mochon, & Ariely, 2012). In the domain of gift giving, Robben and Verhallen (2004) also argue that consumers place a higher value on gifts associated with high behavioral costs, including the time and physical energy spent creating them. Based on the theory of psychological ownership, investing one's time and energy into a target is a key route to gain feelings of possession. Thus, customization was employed as a way to evoke different levels of feelings of owning (Jussila et al, 2015), which in turn engenders happiness for consumers. Thus, the author posits (Figure 4):

H3: Customization will create greater anticipated happiness regarding the customized purchase.

H4: The above effect is mediated by increased psychological ownership.

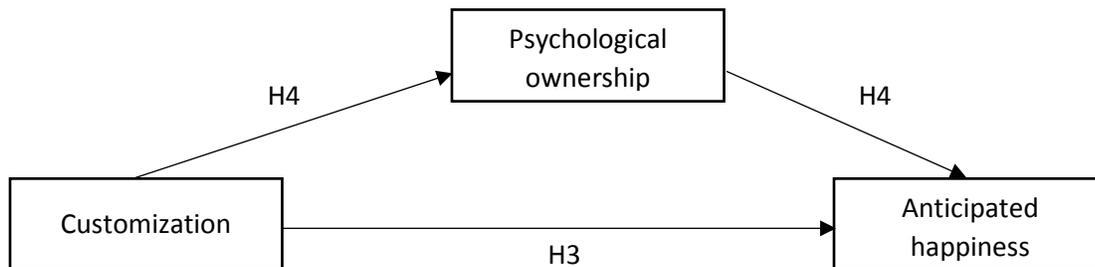


Figure 4: Model for study 2

4.2 Study 2

To test H3 and H4, an online experiment was carried out to test the effects of legal and psychological ownership via a 2 (legal ownership: buy for oneself vs. buy for a friend) × 2 (customization: available vs. not available) between-subjects experimental design.

Participants

A total of 137 college students from a southwestern university were recruited to participate in the experiment for course credit. The participants in this study were between the age of 18 and 37 (44 male; $M_{\text{age}} = 20.34$, $SD_{\text{age}} = 2.15$).

Materials and Procedures

Participants were randomly assigned to one of four groups: legal ownership with customization; legal ownership with non-customization; non-legal ownership with customization; and non-legal ownership with non-customization.

This study was conducted one month prior to Christmas and Hanukkah, which is an intense gift-giving season for the vast majority of American consumers. To manipulate legal ownership status, the participants were asked to imagine one of two different scenarios in gift giving. In the legal ownership condition, participants were asked to “imagine that you are going to buy a Christmas/Hanukkah gift for yourself”, while in the non-legal ownership condition they were asked to “imagine that you are going to buy a Christmas/Hanukkah gift for a friend.”

To manipulate customization, participants either viewed a standard product or customized the product. The stimuli were adopted from Franke, Keinz and Steger’s (2009) study on product customization. Participants were able to choose between three types of products including a fountain pen, a pair of skis, and a jar of muesli. After making the choice, in the non-customization condition, the participants were presented with a standard product image and information, for example, “Here you see a fountain pen which fits the preferences and requirements of most consumers quite well.” (Figure 5, 6, 7) In the customization condition, participants were introduced to a mass customization toolkit that enabled them to customize the product. The toolkits are carefully designed so that participants could choose the most preferred parameter value for the

product dimensions that were used to describe the standard product (Figure 8, 9, 10). For example, “In this section of the survey, you will be able to customize the fountain pen. Please feel free to choose the most preferred parameter value for each of the following dimensions.” If participants chose the fountain pen and were in the customization condition, they were able to customize the body shape, body material, color, cap shape, clip, engraving text, cap top, and nib size.

After imagining the scenario and viewing or customizing the gift, participants were asked to report their psychological ownership toward the gift for themselves or for a friend. Lastly, they rated their anticipated happiness regarding purchasing the gift.

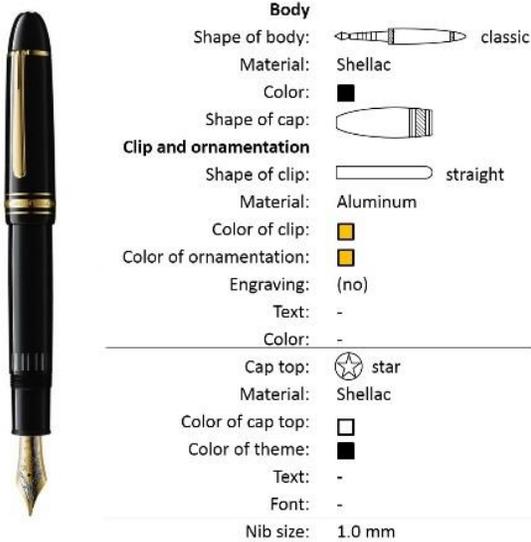


Figure 5: Stimuli for study 2, non-customization condition for fountain pen



Top design: ATOMIC

Technical specification

Length: 160 cm
 Turn Radius: 14 m
 Terrain: Any

Figure 6: Stimuli for study 2, non-customization condition for skis



Cereal: 50% oatmeal, 50% wheat flakes
Flake size: medium
Fruit: no
Nuts and kernels: 5% hazelnuts
Extras: 5% chocolate flakes
Sweeteners: sugar

Figure 7: Stimuli for study 2, non-customization condition for muesli

Body

Shape of body:

straight	classic, horizontal ornamentation
elliptic	pyramidal

Body material:

Aluminum	Mahogany
Carbon	Shellac

Shape of cap:

elliptic	straight
elliptic with ornamentation	straight with ornamentation

Body color:

Cap Top:

star	sun	initials
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Nib size:

0.5 mm	1.0 mm	1.5 mm	2.0 mm
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Figure 8: Stimuli for study 2, customization condition for fountain pen

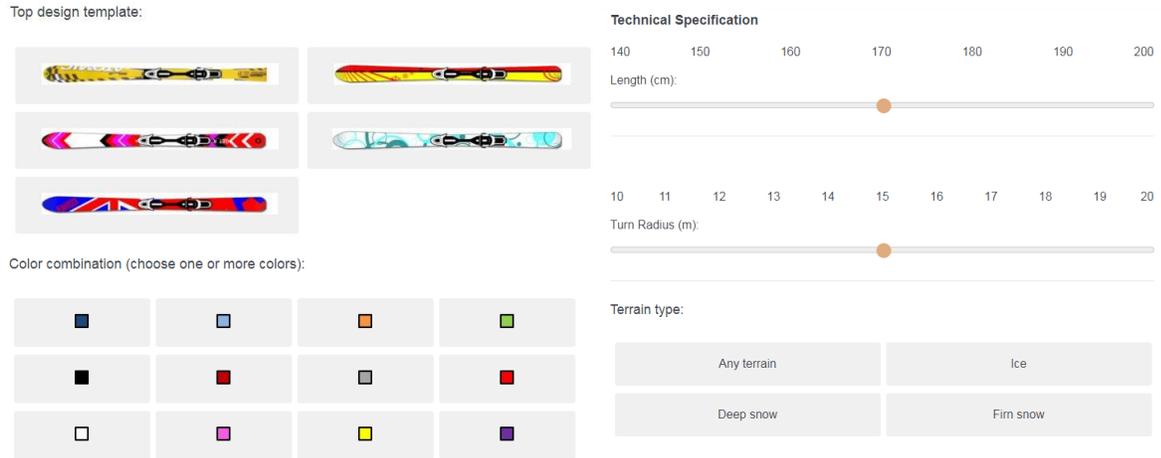


Figure 9: Stimuli for study 2, customization condition for skis

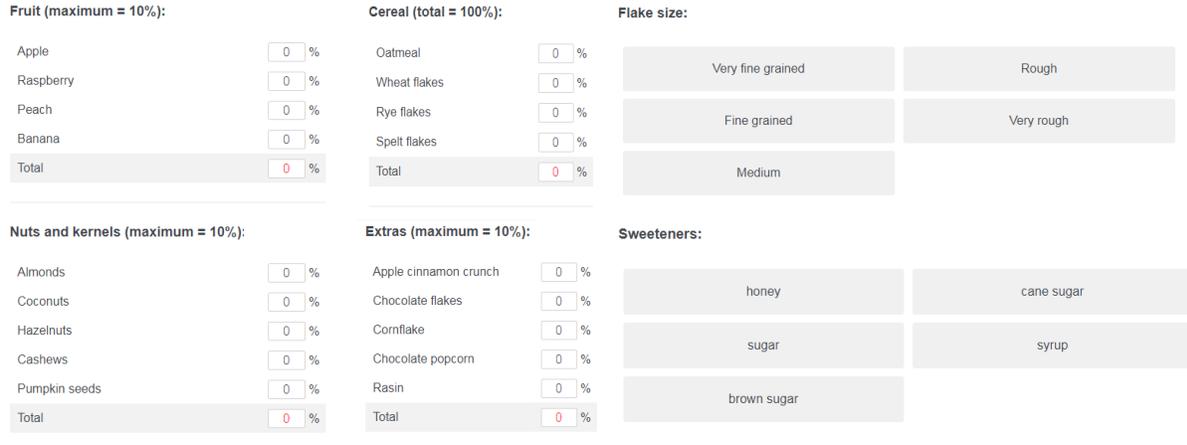


Figure 10: Stimuli for study 2, customization condition for muesli

Measures

Psychological ownership was measured using a five-item scale (Van Dyne & Pierce, 2004) including: I sense the [fountain pen] is mine; I feel a very high degree of personal ownership towards the [fountain pen]; I feel personally connected to the [fountain pen]; it is hard for me to think about the [fountain pen] as mine; the [fountain pen] does not make me feel that it is mine. Participants indicated their opinion on a 7-point scale (1 = strongly disagree; 4 = neither agree nor

disagree; 7 = strongly agree). Higher average scores indicated greater psychological ownership towards the chosen gift (i.e. fountain pen, skis, or muesli) ($M = 3.80$, $SD = 1.28$, $\alpha = .85$).

The level of anticipated happiness was measured by three items modeled after Kumar, Killingsworth, and Gilovich (2014). The first item asks, “When thinking about the [fountain pen] that you intend to purchase, do you feel more unhappy or happy?” Participants answered this question using a sliding scale with endpoints labeled very unhappy (0) and very happy (100). The second item “When thinking about the [fountain pen] that you intend to purchase, do you feel more unpleasant or pleasant?” was answered on a sliding scale from unpleasant (0) to pleasant (100). The third item “When thinking about the [fountain pen] that you intend to purchase, would you describe the nature of your anticipation of the [fountain pen] as more like impatience or more like excitement?” was answered on a sliding scale from impatience (0) to excitement (100). The score average of the three questions represented the individual’s anticipated happiness level with the gift ($M = 58.93$, $SD = 16.96$, $\alpha = .79$).

Control variables were measured in the survey before stimuli exposure. Emotion was measured by the PANAS scale (Watson, Clark, & Tellegen, 1988). The PANAS scale consists of 20 adjectives of emotions such as “interested”, “distressed”, and “inspired.” The participants reported their affect at the time of taking the survey by rating each adjective on a 5-point scale (1 = very slightly or not at all, 5 = extremely). The scores of ten positive emotional items were summed up to indicate positive affect (ranging from 10 to 43, $M = 27.30$, $SD = 7.75$, $\alpha = .89$), whereas the sum of scores of the other ten negative emotional items indicated negative affect (ranging from 10 to 45, $M = 18.84$, $SD = 7.45$, $\alpha = .88$). Materialism was measured by the Material Value Scale, which is a 7-point, 9-item scale (Richins, 2004). Example items are “I admire people who own expensive homes, cars, and clothes.” ($M = 4.47$, $SD = .88$, $\alpha = .79$). Buying preference

were measured with the Experiential Buying Tendency Scale, which is a 4-item, 7-point scale (Howell, Pchelina, & Iyer, 2012), including items like “In general, when I have extra money I am likely to buy (a material item/a life experience).” ($M = 4.62$, $SD = .93$, $\alpha = .54$).

Familiarity with the three types of gifts was measured through a single question “to indicate how familiar you are with the following products” (1 = unfamiliar, 7 = familiar) ($M_{pen} = 5.18$, $SD_{pen} = 1.99$; $M_{skis} = 4.56$, $SD_{skis} = 2.46$; $M_{muesli} = 2.23$, $SD_{muesli} = 1.94$). According to Franke et al. (2009), ability to express preferences and product involvement are influential factors in people’s perceived benefits of customization. Thus these two variables were measured as control variables. Ability to express preferences was measured through a 3-item, 7-point Likert scale (Kramer 2007; Simonson 2005), including “Regarding [fountain pen], I know exactly what I want.” ($M = 3.59$, $SD = 1.30$, $\alpha = .81$). Product involvement was measured using a reduced version of Zaichkowsky’s (1985) personal involvement inventory scale. Participants rated the statement “to me/to my friend, a [fountain pen] is ...” on 7-point bipolar scale showing “unimportant/important”, “useless/useful”, and “nonessential/essential” ($M = 4.09$, $SD = 1.10$, $\alpha = .60$).

Results

Tests of random assignment indicated participants did not differ across conditions in terms of demographic variables including age ($F(3,133) = 1.00$, $p = .39$), gender ($F(3,133) = 1.28$, $p = .28$), educational level ($F(3,133) = .23$, $p = .88$), and income ($F(3,133) = 1.99$, $p = .12$). As well, there were no significant differences between the four groups in terms of positive affect ($F(3,133) = .018$, $p = .99$), material value ($F(3,133) = 1.781$, $p = .154$), experiential buying tendency ($F(3,133) = 2.089$, $p = .11$), familiarity of the products ($F(1,133) = .339$, $p = .80$), ability to express preferences ($F(3,133) = .891$, $p = .45$), and product involvement ($F(3,133) = 1.893$, $p = .13$).

However, participants did differ on negative affect ($F(1,133) = 2.85, p = .04$). Negative affect was controlled for in the following analysis.

A two-way ANCOVA was employed to test the effect of customization and legal ownership on anticipated happiness (Figure 11). Controlling for negative affect ($F(1,130) = .004, p = .95$), the results show a significant main effect of customization on anticipated happiness ($F(1,130) = 4.802, p = .03$). Participants in the customization condition ($M = 60.69, SD = 16.06$) reported greater happiness than those in the non-customization condition ($M = 56.92, SD = 17.85$). H3 predicting the effect of customization on anticipated happiness is supported by the data. Legal ownership does not influence anticipated happiness ($F(1,130) = 1.473, p = .23$).

To determine if the increase in anticipated happiness from customization is mediated by psychological ownership, multiple regression was used to conduct mediation analyses. As predicted by H4, this model supported mediation (Figure 12) by demonstrating that (a) customization was associated with increased anticipated happiness with marginal significance ($\beta = .166, t = 1.952, p = .053$), (b) customization was associated with increased psychological ownership ($\beta = .193, t = 2.394, p = .018$), (c) increased psychological ownership was associated with increased anticipated happiness ($\beta = .298, t = 3.389, p = .001$), and (d) there was not a significant direct path after entering the mediator into the model ($\beta = .108, t = 1.294, p = .198$). Thus, this model supports H4: The impact of customization on anticipated happiness can be mediated by the increased psychological ownership.

4.3 Discussion

The results demonstrate that there is a positive relationship between customization and increased anticipated happiness, which is mediated by enhanced psychological ownership. People anticipate a gift with happier feelings when they customize the gifts during the purchasing process.

This effect is consistent across all conditions in legal ownership status. No matter whether the gift is for oneself or for a friend, consumers feel happier after customizing the gift on certain features. Consumers exercised control through customization, which creates higher psychological ownership towards a customized product compared to a non-customized standard product. Ultimately people have greater anticipated happiness towards customized gifts.

Study 2 induced psychological ownership by offering customization to gift shoppers. The results of study 2 answered the questions raised at the beginning of the dissertation: why does the mother feel happier making the shield versus buying the Legos? Happiness comes from psychological ownership, which builds up gradually not only through using the products (e.g. reading a book), but also through putting effort in designing and creating the products. When thinking about buying a customized gift for someone else, the process is equally as satisfying as buying something for oneself. The customization experience, which generates psychological ownership for gift buyers, matters more than who owns or gets the gift in the end. Study 2 provides further evidence for the important role of psychological ownership in marketing, in that certain types of marketing techniques (e.g. customization availability) serve as effective routes to enhanced psychological ownership.

The findings are consistent with the arguments of the IKEA effect and endowment effect, yet with notable differences in terms of the antecedents and consequences examined. The IKEA effect addresses the cognitive process of product evaluation, with consumers' thinking that "what I created is more valuable". The endowment effect also inspects the valuation paradigm which is often measured through consumers' willingness to pay (WTP). Rather than psychological ownership, the endowment effect focuses on legal ownership, which reflects the consumer thinking that "what I own is more valuable". By contrast, the current study examined the emotional

outcome of happiness, and explored psychological ownership, which reflects the thinking that “what I created feels like mine and I’m happy about it”. Thus, this study provides original theoretical contributions to extant research on these psychological mechanisms. The marketing effects on psychological ownership are further explored in the next study, focusing on the role of advertising as one of the marketing elements.



Figure 11: Study 2 results

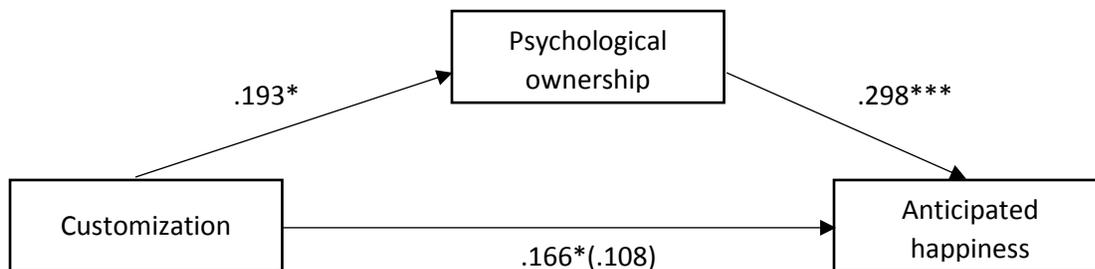


Figure 12: Study 2 results

* significant at $p < .05$; ** significant at $p < .01$; *** significant at $p < .001$

CHAPTER 5: PSYCHOLOGICAL OWNERSHIP IN ADVERTISING

Study 2 examined the relationship between psychological ownership and happiness by inducing psychological ownership via consumer customization. It demonstrates the causal effect of customization on psychological ownership and its ultimate enhancement on anticipated happiness at the pre-purchase stage. Based on the notion that psychological ownership could be elicited through marketing techniques, study 3 further examined the persuasive effects of psychological ownership in advertising via an experiment. Participants were exposed to different ad messages aimed at creating different levels of psychological ownership, which ultimately influenced their attitude toward the ad and purchase intention of the advertised product.

5.1 The persuasive power of psychological ownership

As discussed in section 2, different types of purchases generate different levels of consumer happiness (van Boven & Gilovich, 2003; Howell & Hill, 2009; Mogilner, Aaker, & Kamvar, 2012; Bhattacharjee & Mogilner, 2014). Consumers feel happier when evaluating experiential purchases over material purchases (van Boven & Gilovich, 2003). Researchers also believe that psychological ownership is a consistent mediator of product valuation (Shu & Peck, 2011). Yet the effect of purchase type on psychological ownership remains unknown. This study built the link between purchase type and psychological ownership, and tested the mediating effect of psychological ownership on consumer happiness.

Extant literature has examined the types of objects that could elicit psychological ownership. Individuals demonstrate psychological ownership toward a variety of objects, both material (e.g. automobiles, homes) and non-material (e.g. ideas, style, artistic creations, other people) in nature. For example, Isaacs (1933) investigated feelings of ownership among children toward nursery rhymes and songs. To summarize, a wide variety of objects have been identified as targets of psychological ownership: tangible material objects, some of which are action oriented

(e.g., sports equipment) and others of which are more contemplative in nature (e.g., photos and books) (Dittmar, 1989; Prelinger, 1959); tools (Ellis, 1985); space–territory (Rudmin & Berry, 1987); ingestibles (Ellis, 1985); work (Holmes, 1967); ideas (Isaacs, 1933; Prelinger, 1959); relationships and people (e.g., offspring; Ellis, 1985; Rudmin & Berry, 1987); and creations (Locke, 1694; Rudmin & Berry, 1987).

Based on prior research findings, Pierce and Jussila (2011) suggest certain attributes of targets that can be psychologically owned. They claimed that “attributes such as attractiveness, accessibility, openness, and manipulability play a particularly important role in terms of making potential targets of ownership a candidate for the attachment of ownership feelings” (p. 68). In the context of consumer behavior, any products/services that meet the needs of efficacy and effectance, self-identity, or having a place (i.e., the roots of psychological ownership indicated in section 2), and/or can facilitate the acts of controlling, coming to know, and investing the self into them (i.e., the routes to psychological ownership indicated in section 2) are better candidates for psychological ownership. Since experiential purchases are rated closer to self-identity than material purchases (Gilovich, Kumar, & Jampol, 2015), experiential purchases should elicit higher psychological ownership for the consumers.

For marketers and advertisers, the most crucial task is to increase sales for brands and firms. The process of selling products/services is also the change of legal ownership status for consumers. When consumers make purchases, they become legal owners of those objects. As existing literature suggests, psychological ownership would possibly increase the intention to gain legal ownership (Fuchs, Prandelli, & Schreier, 2010). Thus, using advertising appeals that elicit psychological ownership should be able to promote the change in legal ownership status. Anne Garretson Folse et al. (2012) tested this proposition. They successfully induced psychological

ownership among non-legal owners through advertising messages. But the induced psychological ownership is not sufficient to evoke any subsequent effects on attitudes and behavioral intentions. Based on these findings, the current study further examined the proposition with two ways of extension. First, whereas Folse et al. tried to elicit pro-social behavior for post-hurricane Louisiana, this study 3 employed advertising messages for for-profit brands, and focuses on purchasing behavior and emotional outcome. Second, based on the results of study 2, study 3 further investigated the effect of purchase type in the context of advertising messages. The following hypotheses are made (Figure 13):

H5: When framing a product as experiential (rather than material) in advertising messages, consumers will report (a) higher anticipated happiness, (b) more positive attitude toward the ad, and (c) higher purchase intention.

H6: The above effects are mediated by higher psychological ownership, i.e. when using experiential (rather than material) framing in advertising, consumers will report higher psychological ownership towards the advertised product, which in turn leads to (a) higher anticipated happiness, (b) more positive attitude toward the ad, and (c) higher purchase intention.

Furthermore, the study also inspected smart product features, such as Internet connection and App integration, as a moderator in the relationship between experiential message framing and anticipated happiness (see Figure 13). Section 4.1 discussed the role of customization in raising felt psychological ownership, which serves as one way of taking actual control over a product. However, in the context of advertising, it is relatively difficult to engage consumers in real control over a product. On the one hand, consumers are not willing to try out actual control over a product (e.g. customization) until they start to consider buying the product. Yet according to the Attention, Interest, Desire, Action (AIDA) marketing model (Vakratsas & Ambler, 1999), consumer

exposure to advertising raises awareness first, and does not guarantee the progress onto the next stage of consideration. On the other hand, due to the inherent limitations of advertising's creative executions and media format, it is often impossible to deliver an advertisement that empowers consumer control over a product. This study aims to overcome the difficulty by creating a sense of imagined control over a product by showing consumers the description of smart product features in advertising. Smart products refer to products embedded with processors, sensors, software and connectivity that enable data exchange between the product and the user (Porter & Heppelmann, 2014; Mühlhäuser, 2007). These products usually have three primary components including physical (e.g. mechanical and electrical parts), smart (e.g. sensors, software), and connectivity (e.g. wireless connection) (Porter & Heppelmann, 2014). In this study, the description of smart product features was employed as a way to elicit consumer imagination about using the product, which in turn generates perceived control over a product (see a review from Philips 2017). Studies have demonstrated that consumer imagination is part of the set of responses to marketing messages, and it is key to marketing persuasion (Hung & Wyer, 2011; Stevens & Maclaran 2005; Zhao, Hoeffler, & Dahl, 2009). Based on this notion, the author argues that imagined control over a product should have the same effect on happiness as giving consumers real control. The results of study 2 demonstrate the effect of actual product control on happiness. Study 3 builds on this by exploring psychological ownership elicited from consumer-imagined control over a product fostered by describing the smart features of a product in advertising messages. This imagined control from smart product features plays the role of a moderator, attenuating the effect of experiential message framing on anticipated happiness (Figure 13). As predicted in H5 and H6, consumers will feel greater psychological ownership towards a product framed as experiential, which ultimately

increases their anticipated happiness. To further explore this relationship, the author brought smart product feature into the model and posits:

H7: When a product is framed as material rather than experiential in advertising, people will report greater anticipated happiness when the product has smart features compared to a non-smart product. (i.e. smart product feature is a moderator that attenuates the above effect).

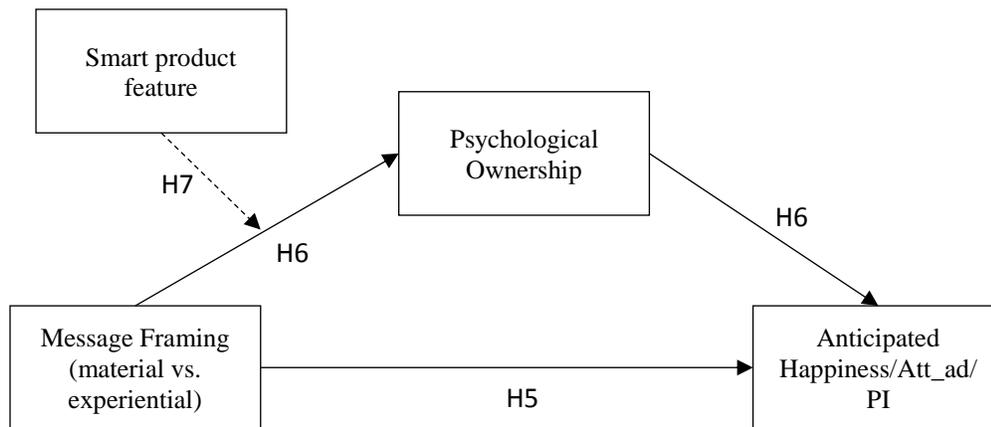


Figure 13: Model for study 3

5.2 Study 3

To test H5a, H5b, H5c, H6a, H6b, H6c and H7, an online experiment was carried out to examine the effect of advertising message and the moderating role of smart product features via a 2 (message framing: material vs. experiential) \times 2 (product feature: smart vs. not smart) between-subjects experimental design.

Participants

A sample of 149 individuals from across the United States were recruited from Amazon Mechanical Turk to participate in the experiment. Each participant received a monetary incentive

of \$0.70. The participants were between the ages of 23 and 76 (male = 89, 78% white, $M = 39.20$, $SD = 12.35$). The research set a filter that limits participation eligibility to people who are living in the U.S.

Pre-test for Stimuli Design

Based on extant happiness literature, the author pre-tested four sets of advertisements featuring the following product: a 3D TV (Rosenzweig & Gilovich, 2012), a boxed set of CDs (Carter & Gilovich, 2010), a sleeping bag (Dai, Chan, & Mogilner, 2014), and a coffee mug (Chan & Mogilner, 2017). Two advertisements were created for each product, with one framing the product as material and the other framing it as experiential. In total, eight advertisements were tested.

To pre-test the four sets of experimental stimuli, 228 participants were recruited on Amazon Mechanical Turk (MTurk). The participants were randomly exposed to one of eight advertisements in the four sets, and asked them to rate the product on a 9-point single item (1 = definitely a material possession, 9 = definitely an experience). Independent-samples t-tests were conducted. Based on the results, the coffee mug advertisements were selected as the stimuli (Figure 14 & 15). Participants rated the experiential advertisement for the coffee mug as more experiential ($M = 3.52$, $SD = 2.45$) whereas the material advertisement for the coffee mug as more material ($M = 2.43$, $SD = 2.04$) ($t(89) = -2.325$, $p = .022$).

Materials and Procedures

This experiment was conducted online. Participants were randomly assigned to one of four groups: material/not smart; experiential/not smart; material/smart; and experiential/smart. To frame the message, participants were shown two advertisements with different textual messages. In the material condition, the ad copy says “simple and elegant design; fit into mug holder in car;

keep coffee warm; push-to-open leak-proof 360° lid”, while in the experiential condition the ad copy says “enjoy a delicious cup of coffee; gain a refreshed and relaxed feeling; experience the pleasure of drinking your coffee from the first sip to the last drop.” To manipulate the smart product feature, additional information related to the “smart mug” in the ad copy for the smart condition was included. For example, in the experiential/smart condition, the ad copy reads “Your smart mug – enhance the flavor of your coffee via total control over the temperature; simply rotate the dial at the bottom or control through the app; use the app to name your mug, set notifications.”

After exposed to the advertisement, participants were asked to report their psychological ownership toward the coffee mug, their anticipated happiness of owning the coffee mug, attitude toward the advertisement, and their purchase intention of the mug.



Figure 14: Stimuli for study 3 (left: material/non smart; right: material/smart)



Figure 15: Stimuli for study 3 (left: experiential/non smart; right: experiential/smart)

Measures

Psychological ownership was measured using a five-item scale (Van Dyne & Pierce, 2004) including: I sense the coffee mug is mine; I feel a very high degree of personal ownership towards the coffee mug; I feel personally connected to the coffee mug; it is hard for me to think about the coffee mug as mine; the coffee mug does not make me feel that it is mine. Participants indicated their opinion on a 7-point scale (1 = strongly disagree; 4 = neither agree nor disagree; 7 = strongly agree). Higher average scores indicated greater psychological ownership towards the coffee mug ($M = 3.36$, $SD = 1.58$, $\alpha = .93$).

The level of anticipated happiness was measured by three items modeled after Goodman and Irmak (2013). The participants rated their anticipated enjoyment of owning the advertised mug on a 3-item, 7-point bipolar scale including “not enjoyable at all/extremely enjoyable”, “not happy at all/extremely happy”, and “not satisfied/extremely satisfied”. ($M = 4.89$, $SD = 1.33$, $\alpha = .95$). This scale is different from the scale used for anticipated happiness in study 2. The effect in study 2 also incorporated elaboration by asking participants to think “about the [fountain pen] that you intend to purchase”, whereas study 3 examined purchase intention as a separate dependent variable. Therefore, the scale for study 3 did not involve elaboration.

Attitude toward the advertisement was measured on a 3-item, 7-point bipolar scale including “not favorable/favorable”, “bad/good” and “not likable/likable” (e.g. 1 = not likable, 7 = likable) (Simonin and Ruth 1998; $M = 5.50$, $SD = 1.11$, $\alpha = .95$).

Purchase intention was measured through a single question with 11 choices (Juster, 1966), which asked “taking everything into account, what are the chances that you will buy the coffee mug sometime during the next few months?” (0 = No chance, almost no change (1 in 100); 5 =

Fairly good possibility (5 in 10); 10 = Certain, practically certain (99 in 100)) ($M = 4.43$, $SD = 2.62$).

Control variables were measured in the survey before stimuli exposure. Emotion was measured by a single item of “how do you feel at the moment” on a 7-point scale ($M = 4.90$, $SD = 1.21$). Materialism was measured by a reduced version of the Material Value Scale, with a 7-point 3-item scale (Richins, 2004). Example items are “I admire people who own expensive homes, cars, and clothes.” ($M = 4.05$, $SD = 1.41$, $\alpha = .78$). Product involvement was measured using a reduced version of Zaichkowsky’s (1985) personal involvement inventory scale. Participants rated the statement “to me, a coffee mug is ...” on 7-point bipolar scale showing “unimportant/important”, “useless/useful”, “nonessential/essential”, and “boring/interesting” ($M = 4.74$, $SD = 1.37$, $\alpha = .84$).

As a manipulation check, at the end of the experiment, participants rated the experiential/material nature of the coffee mug (Chan & Mogilner 2017) (1 = purely material, 5 = equally material and experiential, 9 = purely experiential).

Results

The manipulation check confirmed that participants in the experiential condition thought that the advertisement they saw was more experiential ($M = 4.44$, $SD = 2.36$) than those in the material condition ($M = 3.03$, $SD = 2.36$; $t(147) = -4.02$, $p < .001$).

Tests of random assignment to condition showed participants did not differ in terms of demographic variables including age ($F(3,145) = .45$, $p = .72$), gender ($F(3,145) = .77$, $p = .51$), educational level ($F(3,145) = 1.43$, $p = .24$). However, participants did differ in income ($F(3,145) = 3.77$, $p = .012$). Thus income was added as a control in the analysis. As well, there were no significant differences between the four groups in terms of emotion ($F(3,145) = 2.495$, $p = .062$), material value ($F(3,145) = 1.923$, $p = .128$), and product involvement ($F(3,145) = 2.413$, $p = .069$).

To test H5a, which predicts that message framing influences anticipated happiness, an independent samples t-test was conducted. There was a significant difference in anticipated happiness for consumers in the experiential condition ($M_{exp} = 5.32$, $SD_{exp} = 1.24$) and those in the material condition ($M_{mat} = 4.47$, $SD_{mat} = 1.27$) ($t(147) = -4.117$, $p < .001$). Thus H5a is supported by the data.

To test H6a, which predicts that the increase in anticipated happiness from message framing is mediated by psychological ownership, a multiple regression was conducted to carry out the mediation analyses. As predicted by H5a and H6a, this model supported mediation (Figure 16) by demonstrating that (a) while controlling for income ($\beta = .089$, $t = 1.112$, $p = .268$), experiential message framing was associated with increased anticipated happiness ($\beta = .303$, $t = 3.797$, $p < .001$), (b) while controlling for income ($\beta = .054$, $t = .663$, $p = .508$), message framing type (material/experiential) was associated with increased psychological ownership ($\beta = .243$, $t = 2.979$, $p = .003$), (c) while controlling for income ($\beta = .091$, $t = 1.363$, $p = .175$), increased psychological ownership was associated with increased anticipated happiness ($\beta = .542$, $t = 8.036$, $p < .001$), and (d) there was a significant direct path after entering the mediator into the model ($\beta = .171$, $t = 2.494$, $p = .014$). Thus, this model supports H5a and H6a regarding happiness: The impact of message type on anticipated happiness can be partially explained by the increased psychological ownership.

To test H5b, which predicts that message framing influences attitude toward ads, an independent samples t-test was conducted. There was a significant difference in anticipated happiness for consumers in the experiential condition ($M_{exp} = 5.79$, $SD_{exp} = 1.07$) and those in the material condition ($M_{mat} = 5.22$, $SD_{mat} = 1.09$) ($t(147) = -3.175$, $p = .002$). Thus H5b is supported by the data.

To test H6b, which predicts that the increase in attitude toward ads from message framing is mediated by psychological ownership, multiple regression was conducted to make mediation analyses. As predicted by H5b and H6b, this model supported mediation (Figure 17) by demonstrating that (a) while controlling for income ($\beta = -.046, t = -.567, p = .571$), experiential message framing was associated with more positive attitude toward the ads ($\beta = .263, t = 3.217, p = .002$), (b) while controlling for income ($\beta = .054, t = .663, p = .508$), message framing type (material/experiential) was associated with increased psychological ownership ($\beta = .243, t = 2.979, p = .003$), (c) while controlling for income ($\beta = -.063, t = -.812, p = .418$), increased psychological ownership was associated with more positive attitude towards the ads ($\beta = .313, t = 3.971, p < .001$), and (d) there was a significant direct path after entering the mediator into the model ($\beta = .187, t = 2.327, p = .021$). Thus, this model supports H5b and H6 regarding attitude towards the ad: The impact of message type on attitude towards the ad can be partially explained by the increased psychological ownership.

To test H5c, which predicts that message framing influences purchase intention, an independent samples t-test was conducted. There was a significant difference in anticipated happiness for consumers in the experiential condition ($M_{exp} = 4.92, SD_{exp} = 2.77$) and those in the material condition ($M_{mat} = 3.96, SD_{mat} = 2.38$) ($t(147) = -2.264, p = .025$). Thus H5c is supported by the data.

To test H6c, which predicts that the increase in purchase intention from message framing is mediated by psychological ownership, multiple regression was conducted to make mediation analyses. As predicted by H6c, this model supported mediation (Figure 18) by demonstrating that (a) while controlling for income ($\beta = .145, t = 1.762, p = .08$), experiential message framing was associated with increased purchase intention with marginal significance ($\beta = .153, t = 1.862, p =$

.065), (b) while controlling for income ($\beta = .054, t = .663, p = .508$), message framing type (material/experiential) was associated with increased psychological ownership ($\beta = .243, t = 2.979, p = .003$), (c) while controlling for income ($\beta = .110, t = 1.731, p = .086$), increased psychological ownership was associated with increased purchase intention ($\beta = .644, t = 9.999, p < .001$), and (d) there was not a significant direct path after entering the mediator into the model ($\beta = -.003, t = -.052, p = .959$). Thus, this model supports H5c and H6 regarding purchase intention: The impact of message type on purchase intention can be explained by the increased psychological ownership.

To test H7, a two-way ANOVA was employed to test the effect of message framing and smart product features on anticipated happiness (Figure 19). While controlling for income ($F(1,144) = 1.422, p = .235$), the results show a significant interaction effect of message framing and product feature on anticipated happiness ($F(1,144) = 6.94, p = .009$). An analysis of simple main effects shows that participants in the experiential condition reported similar levels of anticipated happiness regardless of product features ($M_{smart} = 5.33, SD_{smart} = 1.39; M_{non-smart} = 5.31, SD_{non-smart} = 1.10; F(1, 145) = .009, p = .924$). However, participants in the material condition reported significantly greater happiness for a smart coffee mug ($M_{smart} = 5.07, SD_{smart} = .96$) than a non-smart coffee mug ($M_{non-smart} = 3.93, SD_{non-smart} = 1.30$) ($F(1,145) = 16.813, p < .001$). Thus H7 is supported by the data.

5.3 Discussion

The results demonstrate that people are more likely to perceive a product as theirs when it is featured in the advertisement as an experiential purchase. This increased psychological ownership ultimately influences consumers' happiness, attitude towards the ad, and purchase intention of the product. The results showed that smart product features work as a moderator in this relationship. Emphasizing the smart features of a product in marketing messages could

attenuate the effect of framing on anticipated happiness. Consumers usually feel significantly less happy when exposed to a material framing ad than an experiential ad. However, when the product has smart features, for example a coffee mug with a temperature control dial connecting to an app, consumers would feel equally happy regardless of the framed messages.

The findings contribute to extant research on the dichotomy of material and experiential purchases. It provides further evidence that the experiential/material perception of a product could be manipulated through message framing. Moreover, the findings are consistent with the suggestion that experiential purchases make consumers happier than material purchases. Besides the well-documented underlying reasons for the experiential buying suggestion, such as reduced social comparison, this study proposed another influential factor in the process, which is the increased psychological ownership elicited from experiential marketing messages or purchases. Study 3 not only helps to explain the effect of experiential message framing on happiness, but also identifies a moderator in the relationship – smart product features. Regardless of the purchase type, buying a smart product gives consumers greater joy because the smart features create a natural feeling of control which leads to psychological ownership.

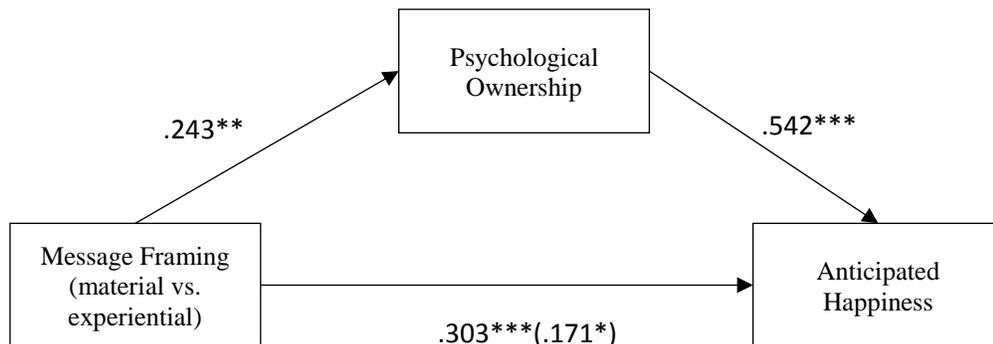


Figure 16: Study 3 results

* significant at $p < .05$; ** significant at $p < .01$; *** significant at $p < .001$

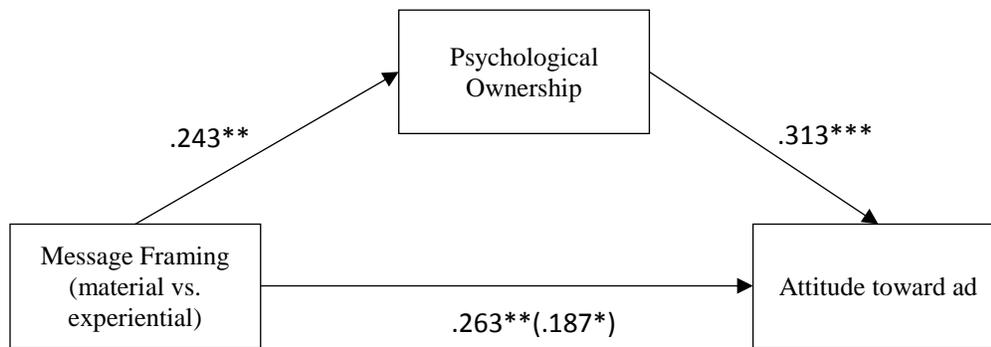


Figure 17: Study 3 results

* significant at $p < .05$; ** significant at $p < .01$; *** significant at $p < .001$

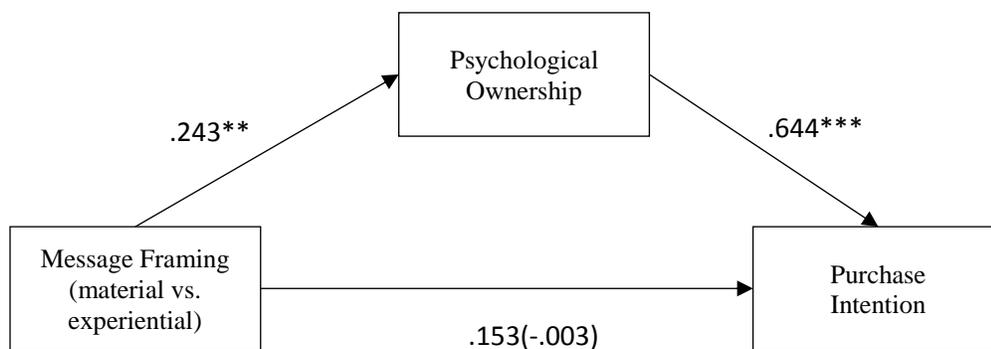


Figure 18: Study 3 results

* significant at $p < .05$; ** significant at $p < .01$; *** significant at $p < .001$

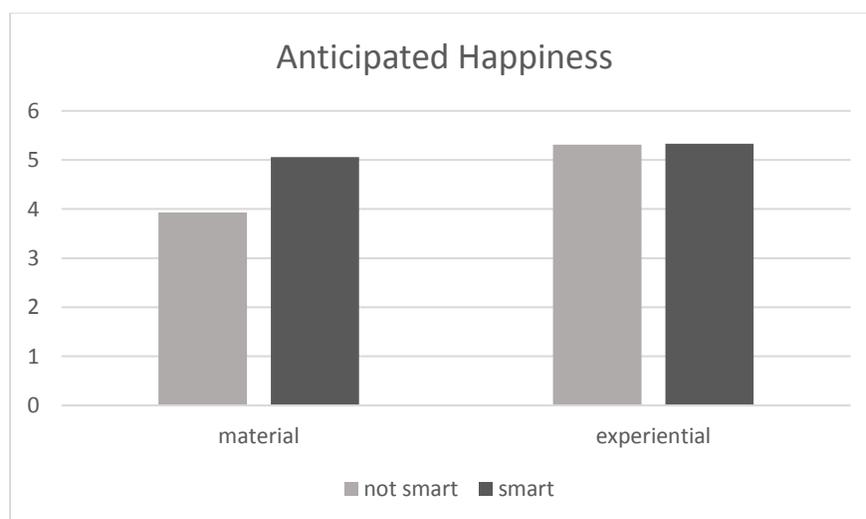


Figure 19: Study 3 results

CHAPTER 6: PSYCHOLOGICAL OWNERSHIP IN ONLINE SHOPPING

Study 1, 2, and 3 established the link between psychological ownership and consumer happiness, while exploring the causal factors and moderators in the relationship. The results of the three experiments deepen our understanding of the construct. As an exploratory study, a fourth experiment was conducted to explore the effects of psychological ownership in a digital marketing context. This study suggests that the act of adding items to a shopping cart is influential on subsequent purchasing behaviors, such as signing up for further information. The effect of adding items to an e-cart was examined with a pilot study. The pilot study has rich implications for future research.

6.1 Psychological ownership when adding items to cart

Besides existing antecedents found by scholars that evoke psychological ownership, such as using touch-based devices (Brasel & Gips, 2014), the author proposes a new route for online shoppers to experience psychological ownership – adding items to a cart. This proposition was tested through a pilot study.

In the previous section, the proposed experiment explores the important role of psychological ownership in the buying process. Applying the findings to different purchasing contexts, this study examined the effect of psychological ownership in online shopping specifically. When shopping online, consumers do not have the chance to see, smell, touch, or feel the products or services compared to the traditional way of shopping at brick-and-mortar stores. Facilitating psychological ownership can be a significant challenge for online sellers. As Brasel and Gips (2014) suggested, one of the solutions is to promote the use of touch-based digital devices for online shopping (e.g. iPad), which create more positive product evaluation through higher perceived psychological ownership. Based on Kirk et al.'s (2015) findings that interactivity in technology

elicits the emergence of psychological ownership, the author proposes that the action of adding an item to an electronic shopping cart would effectively evoke psychological ownership.

While interactions in real world shopping are mainly based on face-to-face activities between consumers and service staff, interactions in e-commerce take place mainly through the seller or the retailer's web site. Almost all e-commerce web sites have employed the function of a shopping cart (e.g., amazon.com, ebay.com). Scholars view shopping carts as a quasi-decision aid (Haubl & Trifts, 2000), which refers to an interactive tool that assists consumers in making comparisons among promising alternatives after initial screening. Electronic shopping carts are also shown to used as a substitute for a wish list and a way to see pricing information (Close & Kukar-Kinney, 2010; Kukar-Kinney & Close, 2010). Due to its interactive display format, adding an item to a cart allows consumers to experience control over the item. This particular action serves as a route to psychological ownership of a product considered during online shopping. Thus, the following hypothesis is formulated:

H8: When consumers add an item to a shopping cart during online shopping, they will report higher levels of psychological ownership towards the item, compared to items that were browsed but not added to the cart.

6.2 Pilot study 4

To test H8, an online experiment was carried out to examine the effect of adding products to a cart via a 2 (adding to cart: action vs. non-action) \times 2 (LO: for oneself vs. for a friend) between-subjects experimental design.

A sample of 64 college students from a southwestern university were recruited to participate in the pilot study for course credit. The participants in this study are between the ages of 18 and 29 (male = 17; $M = 20.47$, $SD = 1.74$).

The study was conducted online. Participants were randomly assigned to one of four conditions in which they received different instructions to shop on Amazon.com. To manipulate legal ownership, the participants were asked to shop on Amazon.com either for themselves or for a friend. In adding items to a cart condition, participants were asked to add an item to a cart on Amazon, to take a screenshot of their shopping cart page, and to upload it to the survey question. In not-add-to-cart condition, participants were asked to browse a product detail page on Amazon, to take a screenshot of the product page, and to upload it to the survey question. After they uploaded the screenshot, they were notified that the item in their cart (or the item they were viewing in not-add-to-cart condition) was out of stock, and they can choose one of the three actions to take: remove it from cart (close the product page), save the item to their wish list, or sign up for a “back in stock” notification. After indicating the likelihood of taking each of those three actions, the participants reported their psychological ownership towards the item, anticipated happiness, and purchase intention. The measurements are the same as those used in Study 2.

There were no significant differences between the four groups in terms of emotion ($F(3,60) = 2.178, p = .100$), and material value ($F(3,60) = .593, p = .622$). Through an ANOVA, the results showed that there is a significant interaction effect of legal ownership and the action of adding items to an e-cart on psychological ownership ($F(1,60) = 4.524, p = .038$). When participants did not add items to an e-cart, those who were buying for themselves felt significantly higher psychological ownership towards the viewed product ($M_{self-no\ add} = 4.58, SD_{self-no\ add} = 1.04$) than those who were buying for a friend ($M_{friend-no\ add} = 3.41, SD_{friend-no\ add} = 1.45; F(1, 60) = 7.66, p = .007$). However, when people added items to an e-cart, their psychological ownership towards the product was similar ($M_{self-add} = 3.70, SD_{self-add} = 1.22; M_{friend-add} = 3.84, SD_{friend-add} = 1.10; F(1, 60) = .102, p = .751$). In terms of behavioral outcomes, there is a marginally significant interaction effect of legal ownership

and the action of adding items to e-cart on the willingness to add the item to wish list ($F(1,60) = 3.423, p = .069$). When participants did not add items to an e-cart, those who were shopping for themselves were more willing to add the product to wish list ($M_{self-no\ add} = 5.19, SD_{self-no\ add} = 1.76$) than those who were shopping for a gift ($M_{friend-no\ add} = 3.39, SD_{friend-no\ add} = 2.03; F(1, 60) = 7.842, p = .007$). When people added items to an e-cart, their willingness to add the product to a wish list was similar ($M_{self-add} = 5.06, SD_{self-add} = 1.91; M_{friend-add} = 5.00, SD_{friend-add} = 1.71; F(1, 60) = .008, p = .928$). Surprisingly, adding items to an e-cart is not associated with happiness ($\beta = .027, t = .215, p = .831$), whereas the willingness of adding items to a wish list is significantly associated with happiness ($\beta = .307, t = 2.43, p = .018$). The results demonstrated that adding items to an e-cart elicits psychological ownership especially when the online shoppers do not have legal ownership of the items, i.e. when buying gifts for friends. The action further influences subsequent online shopping behaviors, i.e. adding items to wish list when they are out of stock. Lastly, it shows the willingness to add items to a wish list is related to consumer happiness regarding the items.

6.3 Discussion

This pilot study demonstrates two implications for future research. First, it discovered the impact of adding items to an e-cart on psychological ownership. Although the sample size is relatively small, the results demonstrated certain trends regarding the actions that a consumer could take along the way while online shopping. The effect of adding items to an e-cart opened up new research venues. It is worth more in-depth examining with a larger sample size in the future. Second, this pilot study calls for better manipulation of consumer online shopping behavior in future research. Based on the results, when participants were asked to report their behavioral intention of adding items to a wish list, its impact on happiness tends to arise spontaneously. Thus, the author questions the effectiveness of manipulating the action of adding items to cart. According

to SDT, when consumers are requested (feel forced) to take an action, such as being required to add an item to e-cart, they might feel they are losing autonomy in the process, which in turn hinders happiness. In future research, a field experiment should be conducted, in which real consumer behavior could be tracked regarding whether they added items in cart because of their free will.

CHAPTER 7: SYNTHESIS DISCUSSION & FUTURE RESEARCH

Theoretically, this dissertation has important contributions to extant literature. First, it extends the self-determination theory in a novel, meaningful way. The motivation to satisfy the basic psychological needs of competence, autonomy and relatedness drives certain consumer behaviors such as the urge to acquire and own objects. This dissertation provides further evidence to support the arguments of SDT. The studies built on SDT and showed that enhanced competence, autonomy and relatedness give rise to improved well-being. Moreover, this dissertation identifies a unique antecedent that facilitates the basic psychological needs, which is psychological ownership. The role of legal ownership dominates the field of consumer happiness research as the primary way for consumers to fulfill basic psychological needs. The findings of this dissertation fill the gap through uncovering the causal effect of psychological ownership in achieving competence, autonomy and relatedness. The effect indicates that psychological ownership is a more influential factor than legal ownership.

Second, the dissertation deepens the understanding of consumer happiness by introducing the concept of psychological ownership into the field. Previous studies failed to clarify the meaning of “having” in happiness research. Our findings indicate that merely possessing something does not guarantee happiness, whereas the feeling of having things does. Moreover, the dissertation offers an alternative explanation of the experiential purchase recommendation by most happiness researchers (van Boven & Gilovich, 2003). Scholars view purchase type as an important influencer of happiness, and explain the effect through enhanced social connection, improved self-concept, and reduced social comparison. This study suggests another reason that explains and predicts the impact of purchase type – the feeling of ownership. Furthermore, the dissertation identified an important moderator in this relationship, the smart features of a product. As previous happiness research noted, one product has both material and experiential aspects to it (Schmitt, Brakus, &

Zarantonello, 2015). The findings of this dissertation extend this line of research through the insights that smart product features act as a causal factor that makes the experiential aspect of a product more salient than the material aspect.

Third, this dissertation expands the endowment effect by introducing an antecedent and an emotional consequence into the psychological mechanism. The endowment effect argues that people ascribe greater value to things merely because they own them (Reb & Connolly, 2007). This dissertation demonstrates that psychological ownership could elicit the same endowment effect as legal ownership does. Furthermore, consumers might not only attach more values to the things they perceive as their possession, but also have more positive feelings towards those things.

Practically, the findings raise important managerial implications. This study serves as a call for marketers to shift their focus from promoting legal ownership to psychological ownership, which enhances consumer well-being in a sustainable way. Marketers could not only design persuasive marketing messages that elicit psychological ownership, but also facilitate the pursuit of intrinsic motivation throughout the entire buying process. For example, many automobile brands (e.g. Cadillac, Chevrolet, GM, etc.) are offering 24-hour test drive to potential consumers. Compared with brief traditional test drives, these lengthier interactions allow consumers to feel more competent and autonomous in exercising control over the car, and thus likely to have higher psychological ownership towards the car. The test drive experience would make consumers happy about the anticipated purchase. This type of marketing strategy is based upon the effect of psychological ownership and the satisfaction of basic psychological needs, and it has been widely adopted in various industries such as furniture (Positive Posture), clothing (Stitch Fix, Amazon Wardrobe), and wearable devices (Fitbit, Google Glass). In digital marketing specifically, as this dissertation demonstrated, offering consumers the opportunity to customize the products could

enhance consumer happiness when waiting for the delivery. Retailers, either traditional or online, should design an open and friendly shopping environment so that consumers are able to exercise control over, gain knowledge about, and invest time and energy into the products or services.

From the perspective of consumers, this dissertation suggests that, no matter material or experiential, spending money to gain legal ownership of products is not necessary to live a happy life. If you are on a budget, getting psychological ownership of a desired product is a smart way to invest your money. For example, instead of buying a luxury bag for thousands of dollars, you could get the same experience through paying as low as fifty dollars to Rent the Runway. Based on this dissertation, if consumers shift the lifestyle from buying everything to renting or borrowing, they would be better off emotionally as well as financially.

Limitations and Future research

As with all research, this dissertation has limitations. It uses imagined scenarios as the manipulation rather than actual purchase situations. Although this is a common practice in happiness research (e.g. Rudd, Vohs, & Aaker, 2012), conducting field research in the future would bolster the external validity of the findings. Moreover, the samples of this dissertation are limited to people who live in the United States. However, feelings toward one's possessions may vary significantly due to social and cultural differences (Furby, 1976). Future studies could extend the current research into a wider population of various cultures, for example, individualistic and collectivistic cultures.

This study is one of the first to introduce the concept of psychological ownership into happiness research; there are considerable avenues of potential future research that could be conducted.

First, as our pilot study 4 demonstrated, certain types of online shopping behaviors are strongly associated with psychological ownership. The dissertation observed a positive relationship between adding items to an e-cart and increased psychological ownership toward the items. The findings of the pilot study suggest important potential antecedents of psychological ownership in online shopping. Compared to the traditional ways of shopping at brick-and-mortar stores, shopping online consists of several steps including adding product to an e-cart, placing the order, making payment, getting shipping notification, and getting the product delivered. Along the process, each step could have an influence on psychological ownership towards the product. Identifying the most important steps would not only deepen the theoretical understanding of psychological ownership in digital consumer behavior, but also help e-commerce retailers to optimize the entire customer journey from considering to consuming a product.

Second, this study examines individual psychological ownership, as opposed to shared or collective psychological ownership. Collective psychological ownership has been widely studied in organizational management research as a feeling when people claim “it is OURS!” The consumer well-being literature examined similar phenomena where shared purchases generate more happiness than solitary purchases (Caprariello & Reis, 2013). Again, previous studies on shared purchases are also based on the presence of legal ownership. It is timely to explore the role of collective psychological ownership because of today’s emerging sharing economy, for example car sharing business like Zipcar and timeshare business like Disney Vacation Club. Studies show that a higher use of an access-based product decreases the likelihood that consumers subsequently gain legal ownership of that product (Schaefers, Lawson, & Kukar-Kinney, 2016). It implies that the sharing economy might be able to meet the need for psychological ownership. However, despite its popularity, access-based consumption has been accused of lacking a strong emotional

bond between the user and the product (Gruen, 2017). Future studies should address the question of how to increase happiness in the sharing economy by creating greater psychological ownership.

Third, psychological ownership might help in lowering the process of hedonic adaptation. Happiness is often regarded as fleeting. As time goes by, enjoyment gradually fades away. This decrease in happiness is known as hedonic adaptation (Frederick & Loewenstein, 1999). People have a greater emotional reaction to recent events than events that happened in the past (Headey & Wearing, 1989). For example, studies show that lottery winners were not significantly happier than those in a control group (Brickman, Coates, & Janoff-Bulman, 1976). Consumers adapt to purchases, which leads to the desire to own more things (i.e. being materialistic). However, overconsumption brings with it important costs to the environment and individual happiness. Yang and Galak (2015) touched on this issue by examining sentimental value associated with belongings. The findings of this dissertation suggest that psychological ownership could play a role in hedonic adaptation. If consumers are constantly reminded of their psychological ownership over objects, it might help reduce materialistic thinking and promote sustainable consumption behavior in the long term. Relatedly, if consumers experience greater psychological ownership over the objects they own, it might reduce the likelihood of disposing of one's belongings too frequently. According to Learner.org (Boehlke, 2017), in the U.S. alone, more than 230 million tons of trash are produced each year. This environmental problem is more difficult for individuals to combat, but as marketing scholars, we can start by promoting recycling and product retention by enhancing psychological ownership.

Conclusion

Psychological ownership is a significant concept that influences consumer well-being. The research on psychological ownership in consumer well-being is still in its infancy. As a pioneering

study on psychological ownership in happiness research, this dissertation demonstrates that psychological ownership has a stronger impact on happiness than legal ownership. Through four studies, this study clarifies the meaning of “having” in the happiness literature, and distinguishes between the two types of ownership in terms of enhancing consumer well-being. Moreover, the dissertation successfully elicited higher psychological ownership via customization, which allows consumers to experience greater control over gifts. Consumers feel happier about the gifts that they customized. Furthermore, this dissertation demonstrates the persuasive power of psychological ownership in advertising. Marketers are able to elicit psychological ownership through message design and buying experience design. Future research should explore its antecedents and consequences, so that we will have a better chance to promote sustainable consumption among happier consumers.

Table 1: Measures

Psychological Ownership (Van Dyne & Pierce, 2004)	I sense the [book] is mine.
	I feel a very high degree of personal ownership towards the [book].
	I feel personally connected to the [book].
	It is hard for me to think about the [book] as mine.
	The [book] does not make me feel that it is mine.
Basic Psychological Needs Satisfaction (Guevarra & Howell, 2015)	To what extent did this [book] allow you to express one of your life values?
	How much was this [book] a true expression of who you are?
	To what extent did this [book] reflect your true identity?
	How much did this [book] allow you to relate to others in a meaningful way?
	To what extent did this [book] help to make new friends or strengthen existing friendships?
	How much did this [book] increase your social contacts?
	To what extent did you feel a sense of accomplishment because of the [book]?
	How much do you feel reading this [book] increased your knowledge in some area?
	To what extent did this [book] allow you to utilize a skill?
	How much did this [book] make you feel alive?
	To what extent did this [book] give you a sense of feeling energized?
	How invigorated were you by this [book]?
	How much did this [book] provide a lasting memory?
	To what extent did this [book] give you positive memories?
	How enjoyable is it to think about this [book]?
Happiness (study 1) (van Boven & Gilovich, 2003)	How much does this book contribute to your happiness right now?
	How much has this book contributed to your overall life's happiness?
	How much do you think this book increased your overall life satisfaction?
Anticipated Happiness (study 2) (Kumar, Killingsworth, & Gilovich, 2014)	When thinking about the [fountain pen] that you intend to purchase, do you feel more unhappy or happy?
	When thinking about the [fountain pen] that you intend to purchase, do you feel more unpleasant or pleasant?
	When thinking about the [fountain pen] that you intend to purchase, would you describe the nature of your anticipation of the [fountain pen] as more like impatience or more like excitement?
Anticipated Happiness (study 3) (Goodman & Irmak, 2013)	not enjoyable at all/ extremely enjoyable
	not happy at all/ extremely happy
	not satisfied at all/ extremely satisfied
Attitude toward Ad (Simonin & Ruth, 1998)	not favorable/favorable
	bad/good
	not likable/likable

Table 1, cont.

Purchase Intention (Juster, 1966)	0 - No chance, almost no chance (1 in 100)
	1 - Very slight possibility (1 in 10)
	2 - Slight possibility (2 in 10)
	3 - Some possibility (3 in 10)
	4 - Fair possibility (4 in 10)
	5 - Fairly good possibility (5 in 10)
	6 - Good possibility (6 in 10)
	7 - Probable (7 in 10)
	8 - Very probable (8 in 10)
	9 - Almost sure (9 in 10)
10 - Certain, practically certain (99 in 100)	
PANAS (Watson, Clark, & Tellegen, 1988)	interested
	distressed
	excited
	upset
	strong
	guilty
	scared
	hostile
	enthusiastic
	proud
	irritable
	alert
	ashamed
	inspired
	nervous
	determined
attentive	
jittery	
active	
afraid	
Material Value Scale (Richins, 2004)	I admire people who own expensive homes, cars, and clothes.
	The things I own say a lot about how well I'm doing in life.
	I like to own things that impress people.
	I try to keep my life simple, as far as possessions are concerned.
	Buying things gives me a lot of pleasure.
	I like a lot of luxury in my life.
	My life would be better if I owned certain things I don't have.
	I'd be happier if I could afford to buy more things.
It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	

Table 1, cont.

Experiential Buying Tendency Scale (Howell, Pchelin, & Iyer, 2012)	In general, when I have extra money I am likely to buy [a material item/a life experience]
	When I want to be happy, I am more likely to spend my money on [material goods/ activities and events]
	Some people generally spend their money on a lot of different life experiences (e.g., eating out, going to a concert, traveling, etc). They go about enjoying their life by taking part in daily activities they personally encounter and live through. To what extent does this characterization describe you?
	Some people generally spend their money on a lot of material goods and products (e.g., jewelry, clothing). They go about enjoying their life by buying physical objects that they can keep in their possession. To what extent does this characterization describe you?
Ability to express preferences (Kramer 2007; Simonson 2005)	Regarding [fountain pen], I know exactly what I want.
	When I purchase a [fountain pen], I usually know quite soon what I prefer.
	When I purchase a [fountain pen], I find it easy to choose among different alternatives.
Product Involvement (Zaichkowsky, 1985)	unimportant/important
	useless/useful
	nonessential/essential
	boring/interesting

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