TIAA Institute

Trends and Issues
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The life you save (for): Experiences dominate goods in motivating savings

Executive summary

Because savings goals necessarily relate to future consumption, consumers face uncertainty about the degree to which a given savings goal target will be desirable at the time the account is fully funded. As a result, goals that are seen as more versatile—satisfying a wider range of future preferences—are more likely to motivate savings than those that are less versatile. Building on this intuition, the current research investigates how different types of savings goals motivate consumers to save.

Across two field studies and six preregistered experiments, we show that experiential goals—which may include different events, opportunities and perspectives—are perceived as versatile than material goals by most people. As a result, we observe that consumers are more motivated to initiate, invest in and complete savings goals that are framed in terms of experiential as opposed to material goods. Consistent with the theorizing, we find that the effect attenuates with very short goal-pursuit periods with less uncertainty involved and remains motivating with long goal-pursuit periods. In doing so, we introduce a simple tool of framing the same saving goal as experiential (rather than material) to encourage consumers to save, especially for those who are uncertain about their future preferences.

The present work extends prior research that explores experiential dominance in purchase preferences (e.g., Tully & Sharma, 2018; Van Boven & Gilovich, 2003). Our findings have practical implications for how consumers can leverage experiences to boost saving motivations and how marketers may promote products by highlighting the relevant experiences or framing them in a less concrete manner to increase perceived versatility and thus motivate savings.

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Introduction and main findings

Many consumers struggle with saving for the future (Baumeister, 2002; O'Donoghue & Rabin, 1999; Strotz, 1955; Thaler & Benartzi, 2004). In 2020, nearly half of all Americans reported having no money saved (Survey of Consumer Finances, Federal Reserve) and an additional 27% reported they wouldn't be able to cover an expected $2,000 expense (TIAA Institute-GFLEC Personal Finance Index, 2022). Despite a growing portfolio of interventions shown to support savings (e.g., tax incentives in Chetty et al., 2014; automatic enrollment with defaults in Thaler & Benartzi, 2004; age-progression and imagining the future in Hershfield et al., 2011, and Ellen et al., 2012), this deficiency appears to have become more pronounced in recent years, as the personal saving rate dropped to 3.9% in 2023, "well below a decades long average of roughly 8.9%" (Dickler, 2023; U.S. Bureau of Economic Analysis, 2024).

We propose that because savings goals necessarily relate to future consumption, consumers face uncertainty about the degree to which the goal will be desirable at the time the account is fully funded. As a result, goals seen as more versatile—that is, able to satisfy a wider range of future preferences—are more likely to motivate savings than those that are less versatile. Experiential goals, which are focused on attaining a life experience that may include many different types of events, opportunities and perspectives are on average perceived as more versatile than material goals, which are focused on ownership and possession of a fixed set of attributes and values (Van Boven & Gilovich, 2003). As such, we find that consumers are more motivated to save for experiential goals than for material goals, as evidenced not only in self-reported savings intentions, but also in actual savings data, responses to advertisements for savings programs and protection of savings-goal-related accounts.

In this *Trends and Issues*, we highlight evidence consistent with this conclusion in one field study (N = 93,577), one field dataset evaluating real saving behavior over an 18-month period (N = 38,503), and six preregistered experiments (N = 5,813) across multiple saving contexts. The evidence captures measures related to saving goal initiation, goal commitment and goal persistence. Process evidence further supports that this heightened motivation arises because consumers perceive experiential goals as more versatile (i.e., able to adapt to meet different preferences) than material goals. This value from goal versatility appears to offer better explanatory power than do experiential-material differences related to the need for excitement, uniqueness or perceived timing importance. Across these studies, we report a finding that's both statistically significant and potentially of substantial practical importance.

Study 1 examines the effect of experiential versus material goals on savings goal initiation in a field study partnered with HelloWallet. Customers were randomly assigned to one of two between-subjects conditions: experiential versus material. On December 18, 2016, we sent a promotional email with the subject line, "Save More with HelloWallet in 2017" to a segment of HelloWallet users, In the body of the email, we presented customers with an image of a bucket list of three experiences (e.g., beach vacation) or a wish list of three items (e.g., designer watch) and observed the likelihood of customers creating a saving account within a three-day time window. As expected, analysis revealed that consumers were more likely to set up a saving goal after reading about an experiential prompt (0.3%), as opposed to those who set up an account after reading a material prompt (0.1%). An analysis with only customers who had opened the email showed the same effect (experiential, 1.3%; material, 0.5%).

Studies 2A–2C offered experimental evidence regarding the causal link between the type of saving goals and saving intentions. Conceptually consistent with Study 1, Study 2A showed that participants reported higher saving intentions when considering a self-generated experiential goal ($129.27) rather than a material goal ($116.63). Study 2B showed that participants were more committed to experiential goals compared with material goals. Specifically, participants were less likely to spend their existing savings on a smaller, worse purchase now instead of continuing saving toward their original larger, better experiential goal (a weekend trip, 4.71) versus a material goal (a luxury watch, 3.51). Further, in Study 2C, participants exhibited greater tendencies to protect existing savings by drawing less for emergency expenses from their experiential-goal savings account ($325.69) than from their material-goal savings account ($373.84).

Study 3 explores the experiential advantage in motivating savings with an incentive-compatible design that involves multiple saving decisions. We manipulated the framing of saving goals either as experiential (e.g., hiking trip) or material (e.g., hiking gear). All participants first earned points toward their savings account by completing a counting task. They then viewed a series of items, one at a time, and decided whether to keep their savings for the primary goal or spend their savings on an item. The items weren't directly related to the primary goal, so any spending on these items would reduce the savings for their primary goal. We measured the number of points participants keep in their savings account as saving motivation. Replicating the same effect in previous studies, participants with an experiential goal saved more points toward their primary goal than those with a material goal.

Why are people more motivated to save for experiential rather than material goals? Building on prior research suggesting that experiences are often evaluated with a higher-level construal (with more abstract, central features) than goods (Van Boven & Gilovich 2003), we hypothesize that the higher-level focus leads individuals to perceive experiential goals as more versatile (being able to adapt to different purposes and activities) to better accommodate uncertain future preferences. This is particularly helpful for saving behavior that requires long-term commitment and self-control to prioritize future gain over immediate benefits. To test this, in Study 4, the saving goal (a guitar) was held constant but framed as either experiential or material. Again, participants who imagined saving for a guitar framed as experiential reported higher saving intentions ($121.50) over a guitar frames as material ($102.64). Analysis suggests this effect is driven by the perceived versatility of the experiential goal. The effect was also fueled by the number of ways participants listed they would benefit from acquiring the guitar as an alternate measure of versatility, suggesting the robustness of the proposed mechanism.

Based on this versatility account, when considering a saving goal at an abstract level, such as a category (e.g., electronics and trips), consumers should perceive their saving goal to be more versatile. This is because within a category there are multiple options that allow consumers to adapt to satisfying their needs and preferences. In contrast, when considering a saving goal that is specific, such as a trip to Rome and an espresso machine, consumers should perceive that specific savings goal to be less versatile. Therefore, we expected the advantage of experiential saving goals, relative to material saving goals, on saving to reduce with saving categories. To test this account, in Study 5, we manipulated whether consumers consider saving toward a saving category or a specific option within the category, both experiential and material. Study 5 employed a two (experiential vs. material goal type) by two (abstract vs. concrete goal) between-subject conditions. Consistent with our theory, we found a significant interaction between saving goal type and goal specificity conditions. Specifically, participants saved more for a vacation trip for a specific destination than for a specific electronic appliance. When the vacation destination and electronic appliance weren't specified (i.e., each goal was more abstract), participants still saved more for the vacation but the difference was less. That is, the effect was weakened when the saving goal was abstract.

Lastly, Study 6 analyzed how experiential versus material goals influence savings with saving goals formulated by consumers at a bank in Australia. The dataset records customers' goal amounts, target dates, account labels, monthly savings and account balance. We coded account labels as experiential (e.g., vacation) or material (e.g., car). Experiential goals were more likely to be achieved (45%) than material goals (38%). Moreover, we operationalized goal persistence as the average length of an unbroken series of consecutive saving behavior until customers reach their goal or the end of the observational period. Customers with experiential goals were more persistent and exhibited longer streaks by contributing positively toward their saving goal for a longer consecutive period. The same effect remained when controlling for goal amount, goal length, age, gender, customer tenure with the bank, annual income, and geographic regions.

This research makes several contributions. First, it broadly converges with prior research in suggesting that experiences generally trump goods in present-focused purchases and borrowing decisions (Goodman et al., 2019; Richins, 2013, and others). However, by focusing on forward-looking savings decisions, we highlight a distinctive mechanism—perceived versatility of savings goals—involved in the pursuit of savings goals. Thus, though experiences "win" in savings as they do for many spending situations, we suggest a novel mechanism underlying this priority, and with it, a different set of potential moderators for experiences' dominance.

Second, we demonstrate that experiential goals are perceived as more versatile, being able to adapt to different purposes and satisfying multiple needs. Though past research had argued that consumers hedge against changes in future preferences by variety-seeking (e.g., Ratner et. al, 1999), no prior work had identified a focus on experiences as another way for consumers to hedge against future uncertainty regarding their own preferences. Thus, we highlight goal versatility as an important new dimension of goals and demonstrate a particular case where it is a critical consumer perception.

Third, we introduce a simple tool—framing the same saving goal as experiential (versus material)—that can be utilized to design interventions to encourage consumers to save and achieve their goals by increasing the perceived versatility of saving goals, especially for those who are uncertain about their future needs and preferences. As framing is both low-cost and scalable, it may offer real potential for widespread use as well as, we hope, further real-world testing and investigation.

Implications

Many consumers struggle with saving for the future. The present research introduces and examines how the type of saving goals influences saving motivation. Because savings goals necessarily relate to future consumption, consumers face uncertainty about the degree to which their goal will be desirable at the time the account is fully funded. Experiential goals are perceived as more versatile—i.e., satisfying a wider range of future needs and preferences—and are more likely to motivate savings than those that are less versatile. The positive effect of experiential goals remains robust throughout the goal-pursuit process.

The findings suggest a novel framing intervention for marketers and consumers focusing on promoting saving for the future. For example, framing saving for retirement as experiential (e.g., saving for the life after retirement) rather than material (e.g., saving for housing, insurance, and maintenance) may enhance goal versatility and promote consumers' motivation to save for the future.

To leverage this insight, marketers might consider staging material goods through a frame of experiences to increases perceived goal versatility and thus increase consumers' motivation to save for their future purchases.

Consumers, especially those who feel uncertain about their future preferences, might consider viewing saving in terms of experiences and versatility to motivate saving toward their goals. After all, savings requires future-oriented focus, consistent self-control and advanced planning for a longer period of time. Thinking about different ways to frame a saving goal and how it may meet future needs and preferences could be an effective tool to increase the likelihood of engaging in all phases of saving—goal initiation, commitment and persistence.

About the authors

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Grant E. Donnelly joined The Fisher College of Business in 2018 after graduating from Harvard Business School with a doctorate in Business Administration. He also received a Masters of Arts in Psychological Research from San Francisco State University in 2013 and a Bachelors of Arts in Environmental Studies from San Francisco State University in 2005. Prior to his academic career, Grant worked for Rainbow Grocery, a cooperatively run vegetarian health food store located in San Francisco, California (rainbow.coop).

Cait Lamberton is the Alberto I. Duran President's Distinguished Professor of Marketing at the University of Pennsylvania's Wharton School. Her research addresses a wide range of consumption-related phenomena, spanning topics related to retail environments, responses to taxation, emotions, and the role of dignity and respect in marketplace experiences. Professor Lamberton has been named a Marketing Science Institute Scholar, a Penn and Wharton Fellow, was winner of the Erin Anderson Award, and has received the Kinnear Prize for work related to public policy and marketing as well as the AMA's Hunt/Maynard Award for conceptual contribution.

Beginning in 2022, Dr. Lamberton has served as editor of the *Journal of Marketing*. She has previously been Associate Editor at the *Journal of Consumer Research* and *Journal of Consumer Psychology*, and senior editor at the *International Journal of Research in Marketing*. Published books include two editions of the Cambridge Handbook of Consumer Psychology and "Marketplace Dignity." She has been retained as a consultant by the US Departments of Education and Labor, as well as by major corporations in the pharmaceutical and finance industries. Cait has an undergraduate degree in English Literature from Wheaton College) an MBA and PhD from the University of South Carolina, and an Honorary Doctorate from the University of Lucerne, Switzerland.

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