

Feel-good spending starting to take place

by Mark Pavilons

Citizens are starting to break free and are letting loose with the easing of restrictions.

It seems we've beaten back the COVID enemy and life is unfolding as it should.

Experts warn that we're not totally out of the woods, and things won't be normal until we enter stage 3.

But the change is undeniable and so are the smiles.

People are getting out, socializing, and no longer dragging their feet. We're all feeling it.

And with that comes a bit of frivolity. To heck with frugality, it's time to spend, not only for ourselves, but to help kick-start the economy.

I have wondered just how some small businesses survived, but thankfully many have. The hair salons, restaurants, coffee shops, bakeries and small retail stores all need us back.

There does seem to be a bit of a trend in spending habits, largely due to the pandemic.

Canadians are increasingly making feel-good purchases, defined as non-essential spending that boosts their mood, to access an array of positive feelings including satisfaction, confidence and pride during difficult times, according to the results of a national Interac behavioural science study.

Two thirds of Gen Z adults (66 per cent) and nearly three in five Millennials (58 per cent) are more likely to make feel-good purchases today than pre-pandemic, outpacing older generations including Baby Boomers (35 per cent) and the Silent Generation (22 per cent).

Through this experiment, we are studying how human behaviour underpins key spending trends. The findings reveal the deeper emotions at play as Canadians adapt their spending habits to manage the stresses of the pandemic, said William Keliehor, Chief Commercial Officer at Interac. As the country's national debit network, gaining a better understanding of how Canadians are supporting our recovering economy can guide us in helping them get more out of their money and their life.

Interac examined the spending of debit-users through simulated shopping experiences and diary exercises, which revealed that feel-good purchases are likely to bring about intense feelings of excitement (85 per cent) and pride (83 per cent) when linked to our passions. The price of the purchase does not cloud this effect, with small purchases related to the activities we care about prompting powerful emotional reactions.

Canadians are increasingly spending their own money on the simple pleasures and pursuits that enrich their lives, said Andrea Danovitch, Associate Vice President, Marketing & Brand at Interac. The experiment reveals that even a low-value purchase can trigger a significant positive emotional response if it's linked to our passions, proving that the smallest things in life can often feel like the biggest.

Looking ahead to life after the pandemic, it is significant that feel-good experiences are more likely to deliver happiness than material goods (68 per cent vs. 58 per cent). Two thirds of Canadians (67 per cent) are excited to start purchasing an expanded range of feel-good experiences post-pandemic, including travel, concerts, and sporting events.

The Interac findings come at an interesting inflection point as Canadians anticipate the feel-good experiences which have been off limits during the pandemic, said scientist and happiness researcher, Dr. Gillian Mandich. It's important to remember that a happy life is a sum of small joys. Even something as simple as buying your morning coffee can add a burst of happiness to your day.

That's what I want to be when I grow up, a happiness researcher!

I get it, even small purchases can bring a huge smile to our beleaguered faces.

My spending habits haven't changed much during the pandemic, but yes, I am itching to get out more. Even if it's just munchies for backyard BBQs and gatherings. Maybe a new brand of low-carb beer.

I did buy a couple of collectibles lately which made my chest puff out, almost noticeably.

They made me feel good.

It's funny though, how we related things to our emotional well being.

I know that mere possessions are not the answer and in fact, they are our downfall.

But sometimes, just glancing around the kitchen at the new espresso machine, or Instant Pot cooker can make you feel like your part of the world again.

I think one of the reasons we surround ourselves with things in our homes is to remind us of our humanity. Art, home decor, scent diffusers, family photos, posters and wine bottles, you name it. It's all there to evoke an emotional response.

Few people browse through their photo albums any more and for that reason we need constant reminders of better times.

Canadians increased online spending by more than \$2-billion per month compared to pre-pandemic, according to PayPal Canada.

Even though we're emerging into the world again, online habits peaked during the pandemic and it looks like this habit, at least, will stay somewhat elevated.

Since we had to fend for ourselves during the lockdowns, consumers become well versed in the digital economy. And most believe it will become a prevalent part of daily life. Three in five Canadians (61 per cent) surveyed say they believe that cashless transactions will be part of their typical shopping experience and one in four (28 per cent) say they don't expect to use cash five years from now at all.

Whether you're shopping for gifts, occasions, or just to feel good, spread the wealth! Make sure you shop locally and always think of the small business owners in your community.