

A Literature Review of Compulsive Buying – A Marketing Perspective

Shruti Gupta

The Pennsylvania State University at Abington

Compulsive buying is a form of addictive consumption where consumers purchase goods that they either don't need or can't afford. This paper reviews the literature on this problem behavior and summarizes the findings in the following three areas: conceptual definition, reasons "why" consumers engage in this type of addictive consumption, predictors of compulsive shoppers and the correlation with marketing tactics. Discussion on ethicality of marketing as a risk factor for compulsive buying is also discussed along with suggestions for future research.

INTRODUCTION

The recent surge and concern over the societal issue of college student debt and the housing crisis has heightened awareness of the negative consequences of compulsive buying. Recent research has shown that financial self-management strategies (Pham, Yap, & Dowling, 2012), heightened levels of academic stress (J. A. Roberts & Roberts, 2012), excessive use of credit card (Lo & Harvey, 2011), high credit card debt (Brougham, Jacobs-Lawson, Hershey, & Trujillo, 2011; Joireman, Kees, & Sprott, 2010) and college students' misuse of credit card (Palan, Morrow, Trapp, & Blackburn, 2011) are related to compulsive buying. For an average person, purchasing products and services is a normal and routine behavior in his or her daily life. For compulsive buyers, the inability to control an overpowering impetus defines their purchase behavior and leads to significant and often severe outcomes. The utility for a compulsive buyer is not derived from the product or service but instead from the psychological "high" from the purchase process. For the past two decades, a steady stream of research in consumer behavior has discussed the compulsive buying phenomenon to highlight its negative consequences, both for the individual and the society at large (O'Guinn & Faber, 1989; Weaver, Moschis, & Davis, 2011). Compulsive buyers accumulate vast and unmanageable amounts of debt can create economic and emotional problems for themselves and their families. The inability to pay off the debt then spirals into a problem for the creditors. Therefore, the significance of understanding and devising intervention mechanisms to control and manage this behavior is important. Some discussion in the literature has also centered on the role that marketing tactics and strategies play as a risk factor for promoting compulsive buying and subsequently discussion has centered on how marketing may play a role in promoting or fostering this problem behavior. Therefore, this paper reviews the literature on this problem behavior and summarizes the findings in the following three areas: conceptual definition, reasons "why" consumers engage in this type of addictive consumption, predictors of compulsive shoppers and the correlation with marketing tactics. The paper ends with a discussion on ethicality of marketing as a risk factor for compulsive buying along with suggestions for future research.

COMPULSIVE BUYING – A CONCEPTUAL BACKGROUND

This concept is defined in literature as a “chronic, repetitive purchasing behavior that occurs as a response to negative events or feelings” (O’Guinn & Faber, 1989). When individuals buy compulsively, they purchase excessive quantities of products that they don’t need and cannot afford (Hoyer & MacInnis, 2007). It is conceptualized as a response to deal with unpleasant life experiences, inner deficiencies or negative feelings (Faber & O’Guinn, 1992; O’Guinn & Faber, 1989) and other related feelings such as boredom, stress, tension or anxiety (Faber & O’Guinn, 1992). This feeling makes consumers purchase products to help alleviate negative feelings of stress, disappointment, frustration or lack of self esteem (Scherhorn, 1990). Therefore, compulsive buyers are motivated to purchase products to alleviate the negative feelings (Faber & O’Guinn, 1988) through changes in arousal level or enhanced self-esteem and subsequently derive utility from the purchase process and not the product but from the buying process (Faber & O’Guinn, 1988; Hassay & Smith, 1996; O’Guinn & Faber, 1989). In simple words, compulsive buyers act on powerful, uncontrollable urges to buy (Yurchisin & Johnson, 2004).

Why Do People Buy Compulsively?

Previous research has focused entirely on identifying personality traits that are correlated to compulsive buying (Shoham & Brencic, 2003). For example, Faber and O’Guinn (1988, 1992) and others (Valence, d’Astous, & Fortier, 1988) suggest that compulsive buyers have lower self-esteem, a higher tendency to fantasize (O’Guinn & Faber, 1989), place value on materialism (see also Faber and O’Guinn 1989) and higher levels of depression, anxiety and obsession (Koran, Faber, Aboujaoude, Large, & Serpe, 2006; Scherhorn, 1990) along with stress, frustration, disappointment (O’Guinn & Faber, 1989; J. Roberts, A. & Jones, 2001).

Of the above, the ability to fantasize in compulsive buyers has received much attention by researchers. By fantasizing, the individual is able to escape from the negative feelings and view personal success and social acceptance for oneself (O’Guinn and Faber 1989). Fantasies also allows to rehearse the expected positive outcomes and as a means to avoid focusing on the negative problems. Further, when an individuals’ need for safety and security are not met, they tend to place greater emphasis on desires and materialistic values which translate into buying as a mechanism to climb up or claim status (Neuner, Raab, & Reisch, 2005). Valence et al. (1988) explain that anxiety triggers spontaneity within an individual and encourages the consumer to reduce tension by engaging in compulsive buying. Therefore, it is argued that the primary motivation for a buyer to engage in compulsive buying behavior is to escape from anxiety (J. Roberts, A. & Jones, 2001; J. Roberts, A. & Pirog, 2004), to relieve stress and eventually make them feel happy (J. Roberts, A. & Jones, 2001). It has also been suggested that the anxiety experienced by the individual can be attributed as both the cause and effect of compulsive buying.

An additional explanation of compulsive buying is found to be a function of one’s personal goals rather than an effort to reduce tension or anxiety (J. Roberts, A. & Pirog, 2004). This is related to low levels of self-esteem within compulsive buyers whose goal systems are mostly driven by extrinsic goals that generally reflect insecurity about one self (Kasser, 2002). These goals that stress on extrinsic rewards and approval of others’ encourage compulsive buying (J. Roberts, A. & Pirog, 2004). One such extrinsic goal – attractive appearance (Kasser & Ryan, 1996) refers to one’s aspiration to be attractive to others in terms of body, clothing and general fashion. Compulsive buying then provides an emotional boost and temporarily repairs one’s sense of self worth (d’Astous, 1990) especially in a consumer culture which suggests that sense of security and well-being can be purchased (J. Roberts, A. & Pirog, 2004). Therefore, at a macro level, compulsive buying may be viewed as a goal directed behavior with the objective to boost self-esteem (J. Roberts, A. & Pirog, 2004). The same authors suggest that women generally place higher importance on attractive appearance than men and previous research has shown that female compulsive buyers spend more on clothing and cosmetics. The research suggests that the root cause of compulsive buying in women might be the need or desire to appear attractive (J. Roberts, A. & Pirog, 2004). Therefore, consumers who suffer from low self-esteem buy compulsively since the attention and social approval of the purchase provides the emotional high needed (Hoyer & MacInnis, 2007).

Predictors of Compulsive Buying

Valence et al. (1988) suggest two major groups of factors that may trigger compulsive buying by inducing anxiety within the individual. The two factors are 1) socio-cultural factors (culture, the commercial environment and advertising activities) that stress on materialistic ideals and 2) psychological factors (personality-situation interaction, family environment, genetic factors). Several researchers (McBride, 1980) argues that advertising harps on the material benefits of consumption by stressing upon the individual's need for achievement and of anxiety produced by competition, by manipulating people's emotions and persuading the exposed consumer to irrational consumption.

In addition, Shoham and Brencic (2003) along with other researchers' show that gender (mostly women), age (younger, see Koran et al. 2006), impulsiveness in purchase and tendency to buy complementary and unplanned items are also significant predictors of compulsive buying. Overall, compulsive buyers correlate purchasing with an act that uplifts social status (Roberts and Jones 2001) and at the same time face a lack of self-control that may result in negative consequences such as credit abuse and financial debt (Phau & Woo, 2008). From a contextual point of view, proximity to large commercial centers has been shown to increase the odds of compulsive buying (Valence, et al., 1988) and individuals of lower socio-economic classes tend to seek tension reducers such as buying or other compulsive behaviors, i.e. alcoholism. Although most of the research to understand this phenomenon has taken place in the western, developed societies, Neuner et al. (2005) argue that compulsive buying can occur wherever the consumers are exposed to Western consumerism, for example in the less affluent world (Ger & Belk, 1996).

MARKETING AS A RISK FACTOR FOR COMPULSIVE BUYING - ETHICAL IMPLICATIONS AND FUTURE DIRECTIONS

This paper along with the issue raised by Hoyer and MacInnis (2007) argues that there is a link between marketing practices and compulsive buying that in turn raises serious ethical issues. Though empirical research on this dilemma is scarce, it has been suggested that enticing sales, attractive in-store displays, attention giving sales personnel and easy credit might all promote compulsive buying.

In their qualitative study, O'Guinn and Faber (1989) found that compulsive buyers (mostly women) frequently purchased clothing, cosmetics and gifts for significant others. These purchase situations call for an interaction with the sales person who dotes on the buyer and convinces them on for example, how attractive they look or how much the gift recipient will appreciate them. It is these interactions that provide the compulsive buyer with enhanced feelings of self-esteem where, the motivation to buy is the attention that the buyer receives from the salesperson (Hoyer and MacInnis 2007). There is also a tendency for compulsive purchases to be low in cost, exhibit a higher likelihood to return products and greater concern for store return policies (Hassay & Smith, 1996). Roberts and Jones (2001) suggest that advertisers use status appeals most frequently after price appeals as a way to address the desire for power and prestige amongst consumers. Advertisers who target compulsive buyers tend to create material aspirations for individuals and emphasize the need to reduce inner tension by addressing the extrinsic reward of appearing attractive (Roberts and Pirog 2004). With reference to sales promotions, researchers (Gilbert & Jackaria, 2002) found a significant association between four tactics, coupons, price discounts, samples and buy one get one free and compulsive buying. Compulsive buyers also tend to display a significantly high level of product premium proneness (d'Astous & Jacob, 2002; Prendergast, Tsang, & Poon, 2008).

There also seems to be a close association between compulsive buying and the specific types of external stimuli such as sales promotions and bargains offered in a retail setting (Rajagopal, 2008). These in-store stimuli include POP displays, display of promotional discounts and lower prices that collectively create conducive atmospheric effect to promote compulsiveness by invoking emotional arousal (O'Guinn and Faber 1989). Customers who are susceptible to compulsive buying are more likely to fall victims to the attractiveness or persuasiveness of in-store sales promotions. In summary, the feelings of "arousal, excitation, enhanced perceptions of sights, sounds, and tactile sensations, and feelings of power and being

liked were important factors in purchasing for compulsive buyers” (O’Guinn and Faber 1989, p.156). In a retail setting, it is the convergence of sales promotions, customers’ perceptions, claims that stress upon value for money and product features that trigger arousal among consumers. It has also been suggested that knowledge of the value of the premium along with a positive brand perception leads to compulsive buying (d’Astous & Jacob, 2002). Finally, customers who shop with a shortage of time are more susceptible to compulsive buying due to the arousal effect in the retail environment.

In the context of credit abuse as a prototype of compulsive buying, Faber and O’Guinn (1988) argue that heavy television viewing might influence the viewer to believe that the real world is similar to as it is portrayed on television. Programming on television often show characters in professional occupations and in affluent surroundings prompting viewers to perceive wealth as being both common and desirable. This is expected to result in depression over the belief that others have more or are better off than the self. This process of social comparison may lead to spending above and beyond one’s means, i.e. compulsive buying or credit abuse.

Researchers have suggested several tactics for marketers to successfully target compulsive buyers. Since research by Shoham and Brencic (2003) shows that unplanned purchase (i.e., identifying a need for a product when visiting a store) is positively correlated with compulsive buying, marketers can create in-store promotional and selling techniques to increase sales by making a positive and persuasive impression on potential customers building on their compulsive tendencies (Shoham and Brencic 2003). The same authors also suggest that marketers can segment markets on the basis of gender, compulsivity tendency, and tendency to buy off the shopping list as a way to improve sales and profits. Prendergast et al. (2008) suggest that since compulsive buyers make purchase decision on the impulse, marketers might consider placing premiums in attractive packages and in high visibility locations in the store. The viability of such tactics is greater since compulsive buyers who are driven by negative emotions (O’Guinn and Faber 1992) are attracted to deals that make them look attractive and could temporarily relieve the feelings of anxiety, low self-esteem and stress (Prendergast, et al., 2008). Phau and Woo (2008) propose that advertising campaigns should portray images of status and prestige, utilize aggressive in-store promotions and selling techniques that highlight the discount or best buy slogan. At the same time, these researchers are careful to also state that the above techniques should be implemented in a socially responsible manner.

Such suggestions in literature and subsequent practices by marketers raise the issue of ethics in marketing practice. Are marketers taking advantage of vulnerable consumer populations by designing practices or techniques that accrue benefits for the company at the expense of exploiting vulnerable populations? At the same time, social policy makers need to be aware of the possibility of such marketing programs and design policies that save these populations from exploitation. It is clear from the above review that several marketing practices carry the risk of inducing or fostering compulsive buying.

Several areas of future research emerge from the above discussion: First, experimental research should examine the predictive power of marketing programs that have been identified as risk factors on the incidence of compulsive buying. Such research findings would provide the much needed evidence for the discussion on how marketing programs might pose a risk factor for compulsive buying. Second, empirical research should measure either perceived or actual vulnerability of compulsive buyers and subsequent susceptibility to marketing programs. Such research would then raise the need for policy makers and other help providers to devise intervention mechanisms that raise awareness and educates compulsive buyers about the potential harm from exposure to key marketing practices. Lastly, future research should extend the discussion and investigation on compulsive buying that has been exclusively studied as a problem behavior in the western, fully developed economies to emerging markets around the world. With the uncontrolled growth in consumption in emerging markets, especially in the BRIC (Brazil, Russia, India and China) countries and aggressive marketing tactics practiced by consumer marketers, it is important for researchers to study addictive consumption in these emerging marketplaces. With substantial increase in purchasing power in emerging markets, it is possible that compulsive buying or other forms of addictive consumption might be in a nascent stage in these societies. If research uncovers

an emergent form of such problem behaviors, then, early intervention through awareness, education and protection might save vulnerable populations from the harmful impact of addictive consumption.

REFERENCES

- Brougham, R. R., Jacobs-Lawson, J. M., Hershey, D. A., & Trujillo, K. M. (2011). Who pays your debt? An important question for understanding compulsive buying among American college students. *International Journal of Consumer Studies*, 35(1), 79-85.
- d'Astous, A. (1990). An inquiry into the compulsive side of normal consumers. *Journal of Consumer Policy*, 13, 15-31.
- d'Astous, A., & Jacob, I. (2002). Understanding consumer reactions to premium-based promotional offers. *European Journal of Marketing*, 36(11/12), 1270-1286.
- Faber, R. J., & O'Guinn, T. C. (1988). Expanding the view of consumer socialization: A nonutilitarian mass-mediated perspective. In E. C. Hirschmann & J. Sheth, N. (Eds.), *Research in Consumer Behavior* (Vol. 3, pp. 49-77). Greenwich, CT: JAI.
- Faber, R. J., & O'Guinn, T. C. (1992). A Clinical Screener for Compulsive Buying. *Journal of Consumer Research*, 19(3), 459-469.
- Ger, G., & Belk, R. W. (1996). I'd like to buy the world a coke: consumptionscapes of the less affluent world. *Journal of Consumer Policy*, 19(3), 271-304.
- Gilbert, D. C., & Jackaria, N. (2002). The efficacy of sales promotions in UK supermarkets: A consumer view. *International Journal of Retail and Distribution Management*, 30(6), 315-322.
- Hassay, D. N., & Smith, M. C. (1996). Compulsive buying: An examination of the consumption motive. *Psychology & Marketing*, 13(8), 741-752.
- Hoyer, W. D., & MacInnis, D. J. (2007). *Consumer Behavior* (Fourth ed.): Houghton Mifflin.
- Joireman, J., Kees, J., & Sprott, D. (2010). Concern with Immediate Consequences Magnifies the Impact of Compulsive Buying Tendencies on College Students' Credit Card Debt. *The Journal of Consumer Affairs*, 44(1), 155.
- Kasser, T. (2002). *The high price of materialism*. Cambridge, Mass: MIT Press.
- Kasser, T., & Ryan, R. M. (1996). Further examining the American dream: Differential correlates of intrinsic and extrinsic goals. *Personality and Social Psychology Bulletin*, 22, 280-287.
- Koran, L., M., Faber, R., J., Aboujaoude, E., Large, M., D., & Serpe, R., T. . (2006). Estimated Prevalence of Compulsive Buying Behavior in the United States. *The American Journal of Psychiatry*, 163(10), 1806-1812.
- Lo, H.-Y., & Harvey, N. (2011). Shopping without pain: Compulsive buying and the effects of credit card availability in Europe and the Far East. *Journal of Economic Psychology*, 32(1), 79.
- McBride, S. (1980). Many voices, one world: Communication in society, today and tomorrow. *Unipub, New York: UNESCO*.

- Neuner, M., Raab, G., & Reisch, L., A. . (2005). Compulsive buying in maturing consumer societies: An empirical re-inquiry. *Journal of Economic Psychology*, 26(4), 509-522.
- O'Guinn, T. C., & Faber, R. J. (1989). Compulsive Buying: A Phenomenological Exploration. *Journal of Consumer Research*, 16(2), 147-157.
- Palan, K. M., Morrow, P. C., Trapp, A., & Blackburn, V. (2011). Compulsive Buying Behavior in College Students: The Mediating Role of Credit Card Misuse *Journal of Marketing Theory and Practice*, 19(1), 81-96.
- Pham, T. H., Yap, K., & Dowling, N. A. (2012). The impact of financial management practices and financial attitudes on the relationship between materialism and compulsive buying. *Journal of Economic Psychology*, 33(3), 461.
- Phau, I., & Woo, C. (2008). Understanding compulsive buying tendencies among young Australians. *Marketing Intelligence & Planning*, 26(5), 441.
- Prendergast, G., Tsang, A., & Poon, D. (2008). Predicting Premium Proneness. *Journal of Advertising Research*, 48(2), 287-296.
- Rajagopal. (2008). Point-of-sales promotions and buying stimulation in retail stores. *Journal of Database Marketing & Customer Strategy Management*, 15(4), 249-266.
- Roberts, J., A., & Jones, E. (2001). Money attitudes, credit card use and compulsive buying among American college students. *The Journal of Consumer Affairs*, 35(21), 213-240.
- Roberts, J., A., & Pirog, S. F. (2004). Personal goals and their role in consumer behavior: The case of compulsive buying. *Journal of Marketing Theory and Practice*, Summer, 61-72.
- Roberts, J. A., & Roberts, C. (2012). Stress, gender and compulsive buying among early adolescents. *Young Consumers*, 13(2), 113-123.
- Scherhorn, G. (1990). The addictive trait in buying behavior. *Journal of Consumer Policy*, 13(1), 33-51.
- Shoham, A., & Brencic, M. M. (2003). Compulsive buying behavior. *The Journal of Consumer Marketing*, 20(2/3), 127-138.
- Valence, G., d'Astous, A., & Fortier, L. (1988). Compulsive Buying: Concept And Measurement. *Journal of Consumer Policy*, 11(4), 419.
- Weaver, S. T., Moschis, G. P., & Davis, T. (2011). Antecedents of materialism and compulsive buying: A life course study in Australia. *Australasian Marketing Journal*, 19(4), 247-256.
- Yurchisin, J., & Johnson, K., K.P. (2004). Compulsive buying behavior and its relationship to perceived social status associated with buying, materialism, self-esteem, and apparel product involvement. *Family and Consumer Sciences Research Journal*, 32(3), 291-314.