



Shopping without pain: Compulsive buying and the effects of credit card availability in Europe and the Far East

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ABSTRACT

The financial consequences of compulsive buying are obvious given the large amount of debt reported by compulsive buyers in many studies. Credit cards allow consumers to borrow money very easily in order to satisfy their desire to purchase. In two web-based experiments, we found that compulsive shoppers often overspent and were rarely influenced by price. Their overspending was partially mediated by their excessive use of credit cards. Furthermore, compulsive shoppers were less conscious of their budgets, especially when they used credit cards. They also obtained more pleasure from accomplishing a shopping trip and were more distressed by delayed product delivery than normal shoppers. Finally, compulsive shoppers in Taiwan were more compulsive than those in the United Kingdom: they displayed many of the above symptoms of compulsive buying more saliently.

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1. Introduction

Researchers vary in how they define compulsive buying behavior. Kraepelin (1915) originally noted “oniomania” in the psychiatric literature and Bleuler (1924) also referred to oniomania or buying mania. Essentially the symptoms of compulsive buying are uncontrollable urges that repeatedly compel a person to buy, bringing temporary relief from psychological needs (e.g. tension and low self-esteem). After buying, an individual feels guilty about succumbing to the urges and suffers financial harm (Faber & O’Guinn, 1989; Garcia, 2007; Manolis & Roberts, 2008; McElroy, Keck, Pope, & Hudson, 1994; McElroy, Satlin, Pope, Keck, & Hudson, 1991). With rare exceptions (Koran, Faber, Aboujaoude, Large, & Serpe, 2006), compulsive buying behavior is largely restricted to middle-income and low-income individuals (Faber & O’Guinn, 1992; Faber, O’Guinn, & Krych, 1987), most of whom are women (O’Guinn & Faber, 1989; Schlosser, Black, Repertinger, & Freet, 1994).

Compulsive shoppers are more likely to possess low levels of self-esteem (Coopersmith, 1990; D’Astous, 1990; Lee, Lennon, & Rudd, 2000; O’Guinn & Faber, 1989; Scherhorn, Reisch, & Raab, 1990; Yurchisin & Johnson, 2004) and highly materialistic attitudes (Desarbo & Edwards, 1996; Mowen, 2000; O’Guinn & Faber, 1989; Roberts, 2000).

Typically, they suffer from high levels of depression, and buy things in their attempts to alleviate their negative mood (Black, 2007; Desarbo & Edwards, 1996; Faber, O’Guinn, & Krych, 1987). Negative feelings or outcomes can be guilt or regret

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that purchasing has led to financial difficulties or they can arise from the harmful impact that their behavior has on their interpersonal relationships. The financial consequences of compulsive buying are clear from the large debts reported by compulsive buyers in many studies (Christenson, Faber, de Zwaan, & Raymond, 1994; O'Guinn & Faber, 1989).

Debt is an increasing social problem in most developed countries at present. For example, the total insolvencies in England and Wales grew from 25.6 thousand in 1991 to 46.6 thousand in 2004 (Department of Trade & Industry, 2006). The dramatic growth in credit card usage among young adults and adolescents is likely to have contributed to this problem. The increase in the number of young adults and adolescents holding credit cards and incurring credit card debts has generated concern that their finances are overextended but that they remain unaware of the long-term consequences of severe indebtedness (Davies & Lea, 1995; Roberts & Jones, 2001; Roberts & Tanner, 2000).

Credit cards allow consumers to borrow money very easily in order to satisfy their purchasing desires. Those who pay by credit card are more likely to make additional purchases and increase the magnitude of their spending (Feinberg, 1986; Hirschman, 1979; Soman, 2001). Consequently, they can rapidly go into debt. Thus the easy availability of credit is likely to be one of the main causes of excessive spending. For example, in Taiwan, some consumers overuse credit cards in order to satisfy their urges to spend, and their abnormal consumption leads to severe financial hardship. These people are known as "Card Slaves". According to data from the Taiwanese Bank Association (2006), there are an increasing number of card slaves pleading for help. In 2006 there were 2,622,412 credit card holders with severe debt problems seeking assistance from the Association (Taiwanese Bank Association, 2006).

The convenience of credit may lure compulsive shoppers to live beyond their means because credit cards are useful to those people who are less able to pay but eager to acquire more material possessions (Hirschman, 1979) and because the money involved in credit card transactions appears unreal and abstract. Behavioral studies indicate that consumers spend more (Burman, 1974) or spend more quickly (Feinberg, 1986) when they carry credit cards. They also display poor knowledge of the implications of credit card borrowing (Wiener et al., 2007). Compulsive shoppers may exhibit these problems more severely than others because they typically have lower self-control; as a result, they are likely to spend more money (Baumeister, 2002).

O'Guinn and Faber (1989) found that compulsive buyers have more bank credit cards than other people (mean compulsive buyers: 3.7; mean general consumers: 2.2) and pay back fewer of them in full each month (mean compulsive buyers: 1.0; mean general consumers: 2.0). Furthermore, they keep more credit cards within \$100 of their credit limit than general consumers do (mean compulsive buyers: 1.8; mean general consumers: 0.4). McElroy et al.'s (1994) study of psychiatric patients with problematic buying behavior showed that credit cards triggered or increased their compulsive buying. Other studies have also suggested that compulsive shoppers tend to misuse credit facilities (Magee, 1994; Roberts, 1998; Roberts & Jones, 2001).

Here, we report two web-based experimental studies that were designed to examine: (1) whether payments by credit card lead compulsive shoppers to overspend more dramatically and to spend more in total than the rest of population and (2) whether credit cards affect shoppers' budget-consciousness and their mood reactions to events related to their purchasing behavior.

We also studied whether differences between normal and compulsive shoppers vary between Taiwan and the United Kingdom. There are two reasons why they might do so. The first is cultural. We know that compulsive shoppers are particularly concerned with purchasing products that are fashionable or symbolic of high status (O'Guinn & Faber, 1989) and that Confucian societies place more emphasis on the importance of displaying ownership of such products than Western societies do (Wong & Ahuvia, 1998). Hence, we expect Taiwanese compulsive shoppers to be more compulsive than their British counterparts. In other words, effects associated with compulsive shopping should be larger in the Taiwanese sample. Secondly, cross-national differences may arise because current ways of paying for products differ between the two countries (NCCC, 2008; Visa Europe, 2006): certain payment mechanisms may facilitate compulsive shopping more than others.

2. Identifying compulsive buying

2.1. Compulsive buying scales

To explore what is special about compulsive buyers, they have to be identified. Research on the diagnosis of compulsive buying has been reported in many studies (e.g. Faber & O'Guinn, 1989; Manolis & Roberts, 2008; Manolis, Roberts, & Kashyap, 2008; McElroy et al., 1991; O'Guinn & Faber, 1989; Valence, D'Astous, & Fortier, 1988). This work has resulted in two scales designed to assess degree of compulsive buying behavior, one developed by Faber and O'Guinn (1992) and the other by McElroy et al. (1991). Faber and O'Guinn's (1992) compulsive buying scale (CBS) was used here because it was expressly designed as a screening device to distinguish individuals who tend toward compulsive purchasing from the normal population.

Faber and O'Guinn (1992) used logistic regression to select those scale items (from a pool of 29 candidate items) that were best able to distinguish a group of compulsive shoppers from a general population comparison group. The resulting model comprised seven items and used a 5-point Likert scale to assess frequency or degree of agreement with each one. Two of the seven items pertain to emotional reactions to shopping (e.g., *make oneself feel better, feeling anxious when not buying*). The remaining five relate to financial aspects of buying (e.g., *the feeling of having to spend money that is left at the end of a pay period*).

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