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The impact of financial management practices and financial attitudes on the relationship between materialism and compulsive buying

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ABSTRACT

Although materialism has a robust relationship with compulsive buying, psychological theories also suggest that financial attitudes and financial management practices would significantly predict compulsive buying severity even after controlling for materialism. We also expected that financial attitudes and financial management practices would moderate the relationship between materialism and compulsive buying. Results partially supported our hypotheses. Financial management practices, but not financial attitudes, significantly predicted compulsive buying severity after controlling for materialism. In addition, financial management practices, but not financial attitudes, significantly moderated the relationship between materialism and compulsive buying severity. These findings support the inclusion of financial management components in current psychosocial interventions and indicate that highly materialistic individuals with poor financial management practices are particularly prone to compulsive buying problems. Further implications and suggestions for future research are discussed.

1. Introduction

Many people make purchases impulsively and buy things that they do not need. Such impulse buying behavior is typically triggered by an environmental cue like an attractive shopping display or a desired item being on sale. Although, shoppers who buy on an impulse may regret their actions after some reflection, in most cases, the impulse buying behavior occurs infrequently and does not lead to serious financial or social problems (Faber, 2010). By contrast, individuals who shop compulsively engage in repetitive and extreme forms of buying behavior, often in an attempt at dealing with some internal stimulus like high levels of stress and anxiety or low self-esteem (DeSarbo & Edwards, 1996). Consequently, they typically report an irresistible impulse to buy, exhibit a loss of control over their buying behavior, and persist in buying behavior despite adverse consequences (Dittmar, 2004). Such compulsive buying results in severe psychological and financial problems, including exacerbated negative emotions, strained interpersonal relationships, and financial debt (Miltenberger et al.,

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E-mail addresses: thihp@unimelb.edu.au (T.H. Pham), keong.yap@rmit.edu.au (K. Yap), n.dowling@unimelb.edu.au (N.A. Dowling).

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2003). Compulsive buying is estimated to occur in 2% to 16% of the general population (Dittmar, 2004) and is increasingly recognized as a serious clinical problem requiring psychological and psychiatric treatment (Black, Repertinger, Gaffney, & Gabel, 1998).

1.1. Compulsive buying and materialism

Faber (1992) suggested that individuals engaged in compulsive buying to deal with marked feelings of inadequacy and low self-esteem. Consistent with this theory, Faber and Christenson (1996) found that compared with normal consumers, compulsive buyers were more emotional and in particular, more likely to experience negative moods like boredom, sadness, and anxiety prior to a decision to shop. Furthermore, compulsive buyers were also more likely than normal consumers to experience improvements to negative mood while shopping. Expanding on Faber's conceptualization of the disorder, Dittmar (2004) proposed a two-factor model to explain why compulsive buyers specifically engaged in shopping to manage low self-esteem and negative moods, as opposed to other forms of addictive behaviors. She suggested that compulsive buyers tend to subscribe to materialistic values such that their identity and self-esteem are dependent upon the amount and type of material possessions in their life. As a result, materialistic individuals see the acquisition of material goods as the primary way of attaining success, happiness, and a sense of identity (Richins, 1994, 2004). Dittmar suggested that materialistic individuals who have low self-esteem and see themselves as not meeting up to their ideal identity would consequently be more likely to engage in compulsive buying.

Consistent with Dittmar's theory, several studies have found a relationship between materialism and compulsive buying (e.g., Dean, Carroll, & Yang, 2007; Goldberg, Gorn, Peracchio, & Bamossy, 2003; Hanley & Wilhelm, 1992). For example, Mowen and Spears (1999) found that materialism accounted for 28% of the variance in compulsive buying levels within a university population. Likewise, Dittmar (2005) found that compulsive buyers had significantly higher levels of materialistic value endorsement than residentially matched controls. She also found that materialistic value endorsement was more predictive of compulsive buying inclinations than age and gender. To further support her argument, she found that a sample comprising of consumer research panelists, who have consistently higher ratings of materialism than the general population, reported significantly higher levels of compulsive buying than a residentially matched control group.

The relationship between materialism and compulsive buying was further supported by findings that showed more frequent pro-spending attitudes among individuals with high materialistic values compared to individuals low on materialism (e.g., Richins, 1994; Rindfleisch, Burroughs, & Denton, 1997; Roberts, 2000; Watson, 2003; Yurchisin & Johnson, 2004). Also consistent with Dittmar's research, Kyrios, Frost, and Steketee (2004) found strong associations between compulsive buying and cognitions that placed a high value on the acquisition of objects. In particular, compulsive buyers had strong emotional attachments to objects and obtained relief from negative emotions through the acquisition of objects.

1.2. Interaction between materialism and money conservation

Although the relationship between materialism and compulsive buying is well established, it is obvious that not all individuals with materialistic values develop problems with compulsive buying. To explain such variations, Tatzel (2002) proposed a taxonomy of "money worlds" and suggested that attitudes towards money conservation interacted with materialism to influence how much individuals spent on material items. Of particular interest in our examination of compulsive buying are two categories of consumers with high levels of materialism: the *big spender* and the *value seeker*. Tatzel suggested that individuals who are materialistic and "loose with money" (i.e., easy-going and relaxed about spending money) can be categorized as *big spenders.* These individuals spend money without much thought about the price of items. Instead, the primary aim of the *big spender* is to acquire and keep items as a means of attaining happiness, power, and prestige. In this attempt to grasp the elusive goal of happiness through the acquisition of material possessions, they are more prone to compulsive buying problems and high levels of debt. On the other hand, Tatzel suggested that individuals who are materialistic but "tight with money" (i.e., frugal and unwilling to spend money) could be categorized as *value seekers.* These individuals are less prone to compulsive buying. While they also place a high value on material possessions, they are more conscious of the importance of getting the best value for their money and therefore are willing to delay gratification until they can obtain the best bargain.

In support of Tatzel's theory, Troisi, Christopher, and Marek (2006) found that materialism and low money conservation predicted impulsive buying. They also found a significant interaction between materialism and money conservation on attitudes toward debt; *value seekers* (i.e., high materialism, high money conservation) were more likely to have negative attitudes toward debt. However, they failed to find any interaction between materialism and money conservation on impulse buying. There was therefore no support for the idea that *big spenders* (i.e., high materialism and low money conservation) were more prone to impulse buying. Limitations of the study included low reliability of the scales used in the study and a lack of variability in their sample which comprised mainly of college students. As suggested by Troisi and colleagues, materialism and money conservation may simply have an additive effect on impulse buying. Further research of the model with better measures might yield different results. Another limitation with the study by Troisi and colleagues is the use of impulse buying as an outcome measure. There might only be small differences in impulse buying across the different "money worlds" because impulse buying is part of normal buying behavior (Rook & Fisher, 1995) and can occur for items regardless of their monetary value. For example, *big spenders* might impulsively purchase a branded item in an upmarket boutique store while