

MARKETING PERSPECTIVE ON COMPULSIVE BUYING: A THEORETICAL FRAMEWORK

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ABSTRACT

Depending upon retail as a therapy for wading away their blues is not a common phenomenon. We see many people getting trapped into the vicious circle of compulsive buying behaviour as they get trapped into a cobweb of their negative thoughts, anxiety, challenges and other various personality traits. As we talk of the intrinsic factors, there are also extrinsic factors, from the end of the marketers that do a deliberate attempt towards creating the desire to purchase for their own profits and gains. The present paper attempts to identify the determinants of compulsive buying behaviour and bring into light the factors that predict compulsive buying and Marketing that tactics provoke Compulsive Buying Behaviour. It raises a big question that marketing efforts that provoke compulsive buying are they ethical? Additionally, the present research also throws light on changing purchasing behaviour in developing nations and the reasons that policy makers need to set limitations for marketers at the nascent stage itself, when one talks of developing economies.

Keywords: Compulsive buying, Determiners, Marketing Tactics, Ethics, Policy makers.

INTRODUCTION:

In the past few years, the sarcasm, expression and diversion of thoughts towards retail therapy and its extreme implications has become a topic of discussion in not just one but many countries. Statements such as “I am compulsive shopper”, “When the going gets tough, the tough goes shopping” are seen to be applicable and used extensively in the different economic strata of the society. According to (Magee, 1994, Black 1996; 2007) there are about 18 million people in America whose life has become out of their control largely because of getting entangled in the cobweb of the process of shopping. They are no less than substance abusers as they do not have any control over their buying behaviour. They get a different kind of high by buying merchandise, whether they need it or no.

In the history of research, it is a very recent development where researchers have attempted to investigate the detrimental social, psychological and financial consequences of the ever increasing compulsive buyers in the world around (Bragg, 2009).

According to (Kerin et al., 2011), this is a marketing era which focusses upon social responsibilities like never before. In this scenario, if marketers divert their focus deliberately or unintentionally towards increased consumption among the already trapped compulsive buyers who are stuck in a financial web where they cannot pay for their purchases, it may not be a very pleasant outcome. Potential harms in terms of personal, psychological and financial health could be seen. The financial institutions have simplified their credit policies. The interconnected impact has brought the retail institutions, consumers as well as the economy of the country subject to this increasing debt by the financial institutions that is multiplying and is non collectable (Bragg, 2009).

A lot of recent surge and discussions have gained momentum worldwide over the issue of the mounting debt of the college students. The housing crisis that was the cause of the global recession in the year 2012 has brought to the surface the negative consequences of hoarding and compulsive buying. In a recent research by Pham, Yap and Dowling (2012) it has been found that high level of academic stress, excessive use of credit card (Lo and Harvey, 2011) and high credit card debt (Brougham, Jacobs-Lawson, Hershey, & Trujillo, 2011; Joireman, Kees, & Sprott, 2010) by have a strong link with compulsive buying. It is a normal routine behaviour for a normal person to buy day to day routine products as per need or desire but the case does not remain the same with a compulsive buyer. In their case they face severe inability to control their desire to make purchase irrespective of their circumstances. This may lead to most dire consequences. What is important to note here is that reason for purchase by a compulsive buyer is not utility of the purchase but the temporary psychological elation one receives from the process of owning a product.

The past two decades have been a witness to array of researches specific to consumer behaviour that have brought forth the phenomenon of compulsive buying in a negative light not just for an individual but for the society on a larger perspective. (O'Guinn & Faber, 1989; Weaver, Moschis, & Davis, 2011).

The consequences that are mostly seen are that compulsive buyers, irrespective of the nature of purchase are under insurmountable debts that become the cause for financial as well as psychological problems. They don't just trap themselves in this cobweb but also end up entangling their families. It becomes a vicious circle and they end up causing a problem for their creditors. This problem expands and spreads out from an individual problem to a larger case of concern. It is thus important to go into the depth of this devising intervention mechanism and find ways and means by which it could be not just managed but also controlled. In an analysis to focus towards compulsive buying as a serious concern and its various causes a lot of literature has been found centred on the contribution made by the forever developing marketing techniques by companies to augment their sales. This has fostered this behaviour as it triggers the desire for materialism and hoarding to an extent here the urge to purchase unnecessary products becomes irresistible.

The focus of this paper is to do an in depth analysis of the literature focusing on the problem of compulsive buying and conclude the conceptual findings predominantly in three areas: the various reasons why consumers are engaged in this process of uncontrollable purchase behaviour, the various factors that predict compulsive buying and the association and impact of marketing tactics on compulsive buying. The paper concludes on a discussion note on whether ethics in marketing techniques should allow for compelling purchase behaviour along with room and ideas for future research in this area.

THE CONCEPT OF COMPULSIVE BUYING BEHAVIOUR:

Compulsive buying behaviour, according to research conducted by O'Guinn and Faber in 1989 defines it as a chronic and repetitive purchasing behaviour and is an outcome to or response to negative events or feelings. It so happens, that when individuals are compelled to purchase then they buy products in variety or quantity that they do not need use and sometimes can afford also((Hoyer & MacInnis,2007). Studies have revealed that the reason of this occurrence lies in the bitter or sad experiences that may have occurred in the past of a person. It may also have a link with negative feelings, low self-esteem and pessimism in some cases. (Faber & O'Guinn, 1992; O'Guinn & Faber, 1989). At times persons do indulge into compulsive purchasing behaviour and find solace temporarily after having made a purchase because of an outpour of feelings of boredom, stress, anxiety or tension which they find difficult to handle by the means of their own internal capacities (Faber & O'Guinn, 1992). For a certain span of time, these feelings get alleviated and a rush of self-control, victory and confidence further promotes this behaviour leading it to become a vicious circle (Scherhorn, 1990). Thus, this compulsive purchase behaviour brings in transitional changes in arousal level and elevates the sense of self-esteem which leads to actually some outcome from the purchase process and not actually the product which is the assumed purpose of the behaviour (Faber & O'Guinn, 1988; Hassay & Smith, 1996; O'Guinn & Faber, 1989). In simple words, compulsive buyers respond to very powerful and strong urges to make purchase which are beyond the control of the respondent (Yurchisin & Johnson, 2004).

THE DETERMINERS OF COMPULSIVE BUYING BEHAVIOUR:

A whole lot of previous research has set its focus upon finding out the distinguishing personality traits of compulsive buyers. In a research by Faber and O'Guinn (1988, 1992) and (Valence, d'Astous, & Fortier, 1988) they have clearly specified that compulsive buyers generally possess the trait of low self-esteem and a utopian perspective to life whereby they are inclined towards fantasizing and placing a lot of value and importance towards materialistic possessions (O'Guinn & Faber, 1989). They have also been found to have the traits of a higher level of depression, anxiety and a feeling of obsession towards oneself (Koran, Faber, Aboujaoude, Large, & Serpe, 2006; Scherhorn, 1990). Because of these traits in the personality they also get frequent bouts of stress, frustration and a sense of disappointment (O'Guinn & Faber, 1989; J.Roberts, A. & Jones, 2001).

From all the above mentioned traits of compulsive buyers, the inclination towards a utopian approach and fantasizing has received a lot of attention from researchers globally. This is more because this trait is on an upswing generally around the globe and gives the loner individual the momentary pleasure of personal success and a self-given award of social acceptance (O'Guinn and Faber 1989).

This utopian approach of the compulsive buyers gives way to them an opportunity to practice the positive results of their actions and dilute the negatives. These individuals have a dearth of self-confidence and seek safety and security needs from others and the outside world. At any time, when these needs remain unmet a larger emphasis is placed on materialistic values. These materialistic possessions perform the task of a ladder to help the individual claim his desired status (Neuner, Raab, & Reisch, 2005).

Anxiety has been explained as the predominant trait of compulsive buyers by Valence et al. (1988). They explain that the sense of anxiety creates the feeling of spontaneous reaction within the individual. It helps them to reduce tension by behaving in this manner. It helps in relieving stress and feeling elated.(J. Roberts, A. & Jones, 2001; J. Roberts, A. & Pirog, 2004).

This feeling of anxiety may not be just the cause of compulsive buying behaviour. Sometimes or rather mostly its presence is there before the act as a triggering effect and post the act as a sense of guilt. Another perspective to the scenario is that compulsive buying has a link with the personal goals of an individual and not a complete outcome of an attempt to ring down tension and anxiety (J. Roberts, A. & Pirog, 2004). Compulsive buyers are driven by extrinsic goals and they largely reflect insecurity about self (Kasser, 2002). Goals focusing on extrinsic rewards seek the approval of outsiders for achievements and thus encourage compulsive buying (J. Roberts, A. & Pirog, 2004). An example of extrinsic goal is to have good looks and attractive personality in context to physical body, beautiful

clothes and updated fashion. In that scenario, an over indulgence in purchasing helps to boost self-worth. (Kasser & Ryan, 1996) (d'Astous,1990). Thus it is a goal directed behaviour and has an objective towards enhancing self-esteem (J. Roberts, A. & Pirog, 2004). In light of the characteristics and its linkages with gender, women tend to place a lot of importance on attractive appearance in comparison to men. Thus the main cause of compulsive buying among women could be identified as a strong desire to appear attractive (J. Roberts, A. & Pirog, 2004) (Hoyer & MacInnis, 2007).

FACTORS THAT PREDICT COMPULSIVE BUYING:

There are extrinsic and intrinsic factors according to Valence et al. (1988) that trigger and also aggravate the anxiety level within the individual that causes provocative compulsive buying behaviour. These two identified factors are Socio Cultural Factors and Psychological Factors. According to a lot of researchers (McBride, 1980) advertising plays a very critical role in the consumption process by harping on the advantages of purchasing and making individuals feel that the temporary high after purchasing is an achievement and rightfully the approach for stress busting. They work around means and ways to manipulate the emotions of the respondent. In negative light, they work towards transforming a negative consumer into an irrational consumer. To add to it there have been studies, talking about the role of gender and age as they have a much stronger role to play in the purchase decisions of the consumers. Shoham and Brencic (2003) indicate that in gender, mostly women and in the variable of age the younger lot have more impulsive behaviour and tendency to buy. To add to it freebies, schemes and complimentary items further trigger the purchasing tendency and become as significant predictors of compulsive buying (Koran et al. 2006). Another addition to this is that compulsive buyers strongly associate buying with social status (Roberts and Jones 2001). Various other variables and factors have contributed towards the augmentation and increase of compulsive buying behaviour. Lack of self-control in a set up where there is proximity to shopping centres has also been shown to increase the odds of compulsive buying (Phau & Woo, 2008),(Valence, et al., 1988). Surprisingly, people belonging to the financially weaker strata of the society tend to engage into unnecessary shopping sprees as a medium of stress buster. They sometimes engage into other self-abusive disorders such as alcoholism etc. The disorder is not confined to the western world or the developed nations. Even in the less affluent nations, where there is a strong influence of the western world we see the presence of compulsive buying behaviour (Ger & Belk, 1996).

MARKETING TACTICS PROVOKE COMPULSIVE BUYING BEHAVIOUR: THE ETHICAL PERSPECTIVE:

The focus of this paper is to bring out the issue related to the effect of marketing activities towards compulsive buying behaviour. It also brings out the perspective on whether it becomes an ethical concern for marketers. Hoyer and MacInnis (2007) argue that there is an association between the unexplainable compulsive behaviour of customers and the tactics used by companies to market their product. There is a dearth of empirical research that brings out the ethical perspective of the same but there are suggestive evidences that state that tempting sales that entice the customer with luring displays and friendly, trained and encouraging sales personnel and to add to it simple and easy credit facilities do contribute towards the promotion of compulsive buying behaviour. The qualitative studies by O'Guinn and Faber (1989) identified that compulsive buyers have been found engaging in the purchase of clothing, accessories, cosmetics and other goods that may fall in the genre of unnecessary goods. The display, promotional tools and the sales person tactics lure the buyer and elate their self-confidence and making them tempted to purchase and the desire to buy completely irresistible. These confidence boosting interactions with trained sales personnel work towards enhancing the feeling of self-esteem and elation by the undivided attention and praise that the sales person showers upon them (Hoyer and MacInnis 2007).

All the more when the store further provides the options low cost purchases by the use of diverse sales promotion tools, provide options of easy return and exchange policies, the buyer tends to feel

that the risk associated is much lesser and gets carried away towards making the purchase (Hassay & Smith, 1996).

Compulsive buyers are the target of marketers who are aware that they suffer from low self-esteem. Using this information, advertisers bring out the status appeal in their promotional efforts and entice the desire to become powerful and prestigious by procuring a certain product Roberts and Jones (2001). They focus on the traits of the compulsive buyers and bring out the desire for material aspirations and focus on the need and urge to reduce inner tension by focussing more and more on the extrinsic reward of appearance and presentation (Roberts and Pirog 2004). Sales promotion is a very widely used tool of promotion mix than ever before. Among the various tactics of sales promotion, the most significant ones are price discounts, free coupons; buy one get one free and free samples. These tactics have a strong association with compulsive buying behaviour (Gilbert & Jackaria, 2002).

A lot of external stimuli work towards increasing the compulsive buying behaviour and get associated with the increase in unnecessary shopping. Initiatives such as sales promotions and the bargains that are offered by retail setting increase the product premium proneness in the buyers (d'Astous & Jacob, 2002; Prendergast, Tsang, & Poon, 2008) (Rajagopal, 2008).

Invoking emotional desires in people through the use of various external stimuli and promotional discounts, POP displays and lowered prices do contribute in creating collectively an atmosphere that is provocative to compulsive buying (O'Guinn and Faber 1989). These external stimuli work more on the buyers who are vulnerable towards purchasing and are more likely to become victims of the fanciful and attractive offers and promotions deliberately created to lure the customer (O'Guinn and Faber 1989, p.156).

According to d' Astous & Jacob, 2002, in a retail set up, the unison of sales promotion, customer perception triggers arousal among consumers. To add to it, it has also been stated that premiums and coupons along with positive brand perception leads to, compulsive buying behaviour. Sometime paucity of time also triggers compulsive buying behaviour as the arousal effects and less time leads to quicker decision making hence less rationality. Credit abuse by some researchers has been categorized as a prototype of compulsive buying behaviour.

People who are more prone to television viewing or online exposure, may sometimes identify that the virtual world is similar to the real world. Too much opulence in television programmes, unrealistic show off of wealth kindles the desire to have wealth as being common as well as desirable by all (Faber and O'Guinn, 1988). Sometimes people get into a state of depression and mental breakdown that others have a better standard of living or are more affluent. Sometimes they may indulge into useless purchasing in order to get rid of this depression. Marketers have found various means and tactics to target compulsive buyers (Shoham and Brencic, 2003).

DISCUSSION:

Promotional and selling techniques make a positive impression on potential consumers and developing their tendencies to be compulsive buyers (Shoham and Brencic 2003). Marketers find means and adopt techniques to segment the market on the parameters of gender, tendency to purchase and means to improve the sales and profits (Prendergast et al. 2008) Since marketers are aware that compulsive buyers make their purchase decisions on the basis of impulse behaviour, they may consider on placing premiums in attractive packages and in locations that attract the customers attention and trigger them to make the purchase. People who are driven by negative emotions, for them visibility of such products, increases their possibility of purchase (O'Guinn and Faber 1992).

All the researches propagate that the selling techniques that are adopted by marketers should be done with a sense of social responsibility. They should portray an image of status and prestige and adopt promotions and selling techniques that provoke purchase behaviour but at the same time be cautious of not leading to a detrimental impact on the society (Prendergast, et al., 2008). The suggestions given by researchers do raise the issue of ethics in the field of marketing. Ethical marketing and consumer protection has become a buzz world and marketers are found exploiting the vulnerable consumer. The social organisations and the people involved in the policy making need to come out with means and ways to prevent these practices from overpowering the world. There are several marketing practices

that induce compulsive buying behaviour and it creates the way for various areas of research in the future. It would be helpful to measure through empirical research, the true vulnerability of the compulsive buyers and the cause being the marketing activities. The outcome of such research would create awakening for the policy makers to come out with means of intervention so that awareness could be created and more education could spread in this direction.

In the end, future research should further extend its discussion and investigation in compulsive buying from developed countries to the developing countries where this phenomenon is at a very fast pace because of increased globalisation. In the developing countries we see aggressive marketing practices adopted by companies and as the purchasing power of the consumers is increasing by the day, the problem of compulsive buying behaviour is a big threat in these areas. Even if the concern is at its nascent stage, to nip it in the bud, research needs to uncover the emerging form of this behaviour. Early intervention through means of awareness, education, and protection can help greatly in protecting the vulnerable population from the addiction of compulsive buying behaviour.

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