

Compulsive Buying Behaviour in Estonian Market

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Abstract – This research is conducted about compulsive buying behaviour in Estonia. The current research purpose is to find out how many people are affected by compulsive buying behaviour in Estonia and what factors are influencing this phenomenon. The research compares compulsive and usual buyers' behavioural differences. The sample was 310 respondents and the research revealed that 8% of the respondents were compulsive consumers. Compulsive behaviour is influenced by materialistic factors.

Keywords – Compulsive buying, credit card use, Estonia, materialism.

I. INTRODUCTION

It has been nearly 30 years since the issue of compulsive buying behaviour has been introduced in the consumer research literature (Faber & O'Guinn, 1987) and its importance has not reduced nowadays. Ridgway et al. (2008) revealed that 5.8% of the U. S. consumers are compulsive buyers. According to Faber & O'Guinn (1992), compulsive buyers usually range between 5% until 8% of the consumers. Nowadays people consume much more than some decades ago, therefore compulsive buying is not only American and Western European phenomenal problem anymore and it may affect Estonian consumers as well. Originality of the study is the need to find out how many Estonian respondents are suffering from compulsive buying and which factors influence compulsive buyers to behave so. There has not been any research before about the share of compulsive buyers in Estonia.

The aim of this article is to measure the occurrence of compulsive buying behaviour and to identify factors that cause consumer compulsive behaviour, as well as to reveal how buyer compulsiveness differs from the usual buyer behaviour. It is an important task to identify how many Estonian respondents suffer from compulsive buying, because compulsive buyers are a good target group for the department stores and other shops, but these consumers can lead their life into serious consequences and in the worst case "they will shop until they drop".

Compulsive behaviour has been described and operationalised over centuries in the literature of philosophy, economics, psychiatry, sociology, social psychology (Workman & Paper, 2010) and nearly last 30 years also in marketing (Faber & O'Guinn, 1992; Workman & Paper, 2010; Johnson & Attmann, 2009). The first account of compulsive buying came in 1915 from Emil Kraepelin who described it as "oniomania" – a Greek term combining *onios* (for sale) and *mania* (insanity). Literally translated the term means insanity for those items that are for sale. Even though the term derived from the year 1915, it reached marketing research in the late 1980-s (Kearney & Stevens, 2012, p. 234).

Researchers have offered various definitions for the interdisciplinary term of compulsive buying behaviour: "chronic repetitive purchasing" (O'Guinn & Faber, 1989, p. 155); "impulsive and/or compulsive buying of unneeded objects" (Ninan et al. 2000, p. 362); and "excessive or poorly controlled preoccupations, urges or behaviours regarding spending" (Black, 2001). These definition excerpts contain dimensions of both obsessive-compulsive behaviours (i.e. preoccupation with buying, repetitive buying) as well as lack of impulse control (i.e. the lack of control over the urge or impulse to buy) (Ridgway et al. 2008; Lejoyeux & Weinstein, 2010). Compulsive buying behaviours may include pathological gambling, kleptomania, compulsive sexuality and eating disorders. Compulsive buyers are people who are impulsively driven to consume, cannot control this behaviour, and buy in order to escape from other problems (O'Guinn & Faber, 1989, p. 147).

Workman & Paper (2010) created a literature review about compulsive buying and found that low self-esteem, depression, loneliness, arousal seeking and fantasizing can also lead consumers to being compulsive. Compulsive buyers focus more on the acquisition process than on the use of the item purchased. Compulsive buyers satisfy their needs by enjoying the buying process and these buyers usually do not take the bought clothes and other products out of the shopping bag. Buying objects compensates, rewards, or neutralizes negative feelings, or leads to emotional security – and to specific perceptions about the objects themselves – objects are unique and one is responsible for the objects, not purchasing will lead to a loss of opportunity (McQueen et al. 2014).

Compulsive buying and impulsive buying are sometimes confused with one another but are not synonymous constructs. Impulsive buying is motivated by an external trigger such as – the product is near the cash register. Compulsive buying is motivated by an internal trigger such as stress or anxiety and shopping and spending is an escape from the internal trigger. The compulsive buying can develop into addictive buying when it becomes a need to continuously spend in order to alleviate stress and anxiety (Johnson & Attmann, 2009).

Faber & O'Guinn (1992) consider compulsive buying to be a dichotomous behaviour, meaning that consumers are classified either as compulsive or non-compulsive. However, the research by Edwards indicates that compulsive buying, like many other consumer behaviours, occurs on a continuum. She found that compulsive buying ranges from non-compulsive to recreational, borderline compulsive, compulsive, and addicted buying. In other words, consumers can experience no compulsive consumption tendencies, some compulsive consumption tendencies, or chronic levels of this behaviour (Johnson & Attmann, 2009).

II. THEORETICAL BASIS

Consumer compulsiveness is often affected by materialism. Materialism is the individual's devotion to material desires, drive on getting more material things, and attachment to worldly possessions to achieve the desired states. Materialists treat acquisition of goods as their personal goals that affect their lifestyles (Richins & Dawson, 1992). Schiffman & Kanuk (2007) noted that materialism stresses possessions as the central of an individual's identity attribution to success. At the most extreme degree of materialism, individuals treat possession as the greatest satisfaction and pleasure in life. Materialistic factors lead consumers to compulsive buying that are confirmed by different consumer studies (Johnson & Attmann, 2009; O'Guinn & Faber, 1989; Richins & Dawson, 1992). Acquisition centrality, the role of acquisition in the pursuit of happiness, and the role of possessions in defining success have been found as the most important items for measuring consumer materialism (Belk, 1984, p. 314).

Compulsiveness and materialism are also dependent on credit card use (Roberts & Jones, 2001; Norvilits et al. 2006). Materialism and compulsive buying are not related to consumer's rational thinking (Richins & Dawson, 1992), because credit card misuse refers to excessive and irresponsible spending using credit card that causes credit card debt (Omar et al. 2014; Palan et al. 2011; Faber (1992).

Social cultural theory and affluenza were selected as the basis for the current study, because these theories develop the ground between compulsive buying behaviour, materialism and credit card use. Black (2007) contends that negative sanctions are likely to be imposed by non-compulsive buyers who shop with friends or relatives who are compulsive buyers. He states that compulsive buying tends to be a "private pleasure" which could lead to embarrassment if someone not similarly predisposed to shopping accompanied them. Faber & O'Guinn (1992) and Elliot (1994) have focused on compulsive buying as a sociocultural phenomenon that has been facilitated through contemporary marketing strategies. They suggest that shopping opportunities afforded by a market-based economy, combined with sufficient disposable income, appear to be necessary ingredients of compulsive buying (Workman & Paper, 2010).

De Graaf et al. (2005) coined the term, *affluenza*, as a way to describe how the U. S. has become imbalanced by an over emphasis on cultural consumerism where "more is always better," and we are commended, even rewarded by banks and credit card companies, for "buying now and paying later." (Workman & Paper, 2010). Even though the level of development of the U. S. and Estonia is different, Estonian consumers have also shown similar consumption culture in shopping compared to the U. S. consumers, especially in 2007 and 1997. Affluenza, defined as a noun by the De Graaf et al. (2005, p. 2) is: "a painful, contagious, socially transmitted condition of overload, debt, anxiety, and waste resulting from the dogged pursuit of more". Black (2007) holds that compulsive buying disease is more likely to occur in developed countries and unlikely to occur in poorly developed countries, except among the wealthy elite. Building on

sociocultural theory, with a specific American emphasis, De Graff et al. (2005) introduced affluenza as the U.S. social disease and this theoretical phenomenon is also transferable to Estonian market.

III. METHOD

The presented study was carried out in internet page www.justask.ee and the questionnaire link was distributed via Facebook, e-mail lists and also on the internet websites buduaar.ee and naistemaailm.ee. Total sample of the study was 310 respondents (274 women and 36 men). Most of the respondents were in the age group of 21 to 30. Average age of the respondents was 29 years. The sample is not representative from the demographic point of view (gender and age).

Internationally known scales were used for measuring consumer compulsiveness and its related aspects: Faber & O'Guinn (1992) scale was added for classifying compulsive buyers, credit card use scale was taken from Roberts & Jones (2001) and materialism scale from Richins & Dawson (1992).

Faber & O'Guinn (1992) methodology is widely used for classifying compulsive buyers (Prete et al. 2013; Yi, 2012). Based on Faber & O'Guinn (1992) model and its questionnaire, the respondents were divided into two groups: compulsive buyers and usual buyers. 7 items were evaluated on a five-step Likert-type agreement scale. *Q1a* was measured from "strongly agree to strongly disagree". *Q2a* until *Q2f* were measured from "very often to never". The sentence "Wrote a check when I knew I didn't have enough money in the bank to cover it", were changed compared to original to "Use a credit card when not even able to pay it back" (*Q2c*), because using checks is a very uncommon payment method in Estonia (1).

Consumer compulsiveness equation was used based on Faber & O'Guinn (1992):

$$\text{Consumer compulsiveness} = -9.69 + (Q1a * 0.33) + (Q2a * 0.34) + (Q2b * 0.50) + (Q2c * 0.47) + (Q2d * 0.33) + (Q2e * 0.38) + (Q2f * 0.31) \quad (1)$$

where

- Q1a* "If I have any money left at the end of the pay period, I just have to spend it."
- Q2a* "Felt others would be horrified if they knew of my spending habits."
- Q2b* "Bought things even though I couldn't afford them".
- Q2c* "Used a credit card when not even able to pay it back."
- Q2d* "Bought something in order to make myself feel better."
- Q2e* "Felt anxious or nervous on days I didn't go shopping".
- Q2f* "Made only the minimum payments on my credit cards."

If the equation score is ≤ -1.34 , the consumer is classified as a compulsive buyer and if the score is > 1.34 , the consumer is classified as a usual buyer (1).

Roberts & Jones (2001) scale was used for explaining people's habits towards credit cards. They believe that consumers think that paying with credit card means using abstract and unreal money. Moreover, easy possibility to get a credit will take consumers to over-consumption (Palan et al. 2011). 12 items were measured by the five-step Likert type scale from "totally agree" to "totally disagree".

Richins & Dawson (1992, 314) scale was used for measuring three aspects of materialism: acquisition centrality, the role of acquisition in the pursuit of happiness, and the role of possessions in defining success. 18 items were evaluated by the five-step Likert-type scale from "totally agree to totally disagree".

Faber (1992) has suggested that the items purchased by compulsive buyers do not appear to be capricious or random. For example, clothes and footwear, furnishing products, electronics, books, cosmetics, jewellery and food items evidence a higher frequency of purchase among compulsive buyers relative to others (Workman & Paper, 2010; Faber, 1992; Black, 2007; Black, 1996), therefore these product groups were selected in the study.

IV. RESULTS

The reliability of the measurement scales was assessed through Cronbach's alpha. All the measurement scales had an alpha value well over 0.65 which testifies the reliability of the measures. Cronbach alpha value for Faber & O'Guinn (1992) scale was 0.85, Roberts & Jones (2001) and Richins & Dawson (1992) alpha values were equally 0.79.

Based on Faber & O'Guinn (1992) model the current research showed that 8% of the respondents were compulsive buyers (26 people out of 310) and all were women. The value of 8% of the respondents' answers was less than -1.34 in the equation (1). It is in line with other studies, because the share of average compulsive buyers is usually between 5% and 10% (Faber & O'Guinn, 1992; Yi, 2012).

According to Faber & O'Guinn (1992), the current research revealed compulsive and usual buyers' attitudes toward spending. You can find behavioural differences from Fig. 1.

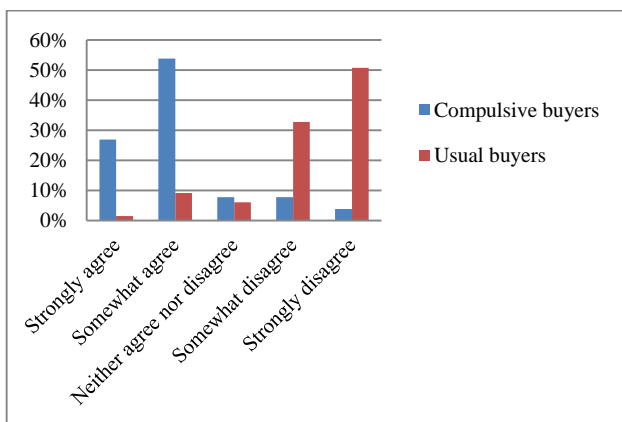


Fig. 1. "If I have any money left at the end of the pay period, I just have to spend it."

Fig. 1 shows that 27% of compulsive buyers had a need to spend all the money that was left at the end of the pay period and 54% of them somewhat agreed with this statement. Usual buyers were modest to agree with it (strongly agree 1% and somewhat agree 9%). These results show clearly how different compulsive and usual buyers are in their consumption habits and behaviours.

Credit card use methodology of Roberts & Jones (2001) announced that Estonian respondents were quite modest in using credit cards compared to American and other western consumers and it was almost the same level for compulsive and usual buyers in Estonia (38% of compulsive buyers and 59% of usual buyers did not have a credit card in Estonia). Even though a slight difference among compulsive and usual buyers' agreements was noticed for the following statement: "I am concerned less about the product when buying with a credit card" (4% of compulsive buyers agreed totally and 15% mostly; 2% of usual buyers agreed totally and 4% mostly).

Part of the consumers can make more impulsive purchases if paying by credit card. Fig. 2 illustrates the behavioural differences of compulsive and usual buyers in this phenomenon.

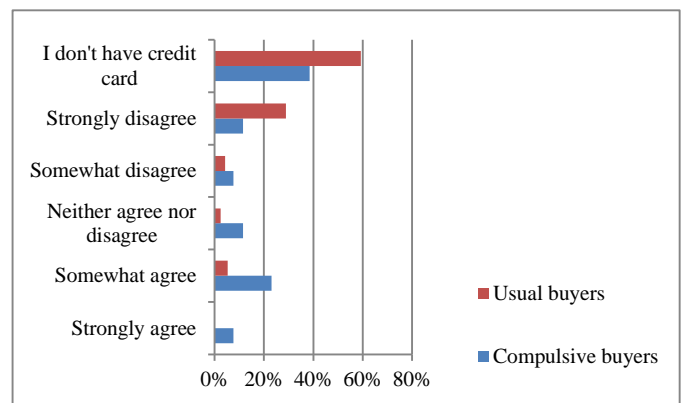


Fig. 2. "I am more impulsive when I shop with credit cards."

Fig. 2 shows that 8% of compulsive buyers agreed strongly with the statement "I am more impulsive when I shop with credit cards" and somewhat agreed 23%, compared to the agreement of 0% and 5% of usual buyers. As we can see, compulsive buying behaviour increases the likelihood to make more impulsive purchases when using credit card. Compulsive buyers usually do not feel that they are using real money if paying by credit card. The last finding is also confirmed by Palan *et al.* (2011).

Compulsive buying is influenced by materialistic factors that predispose consumers for addicted behaviour based on the current sample. Richins & Dawson (1992) methodology revealed that compulsive buyers are more affected by materialistic factors compared to usual respondents, especially by things and their ownership and the need to show the owned products to others. For example, 38% of compulsive buyers agreed totally with the statement "I admire people, who have expensive homes, cars and clothes", at the same time only 6% of the usual buyers agreed totally with this idea. Usual buyers agreed more with rational sentences like "I put less emphasis

on material things than most people I know” or “I usually buy only the things I need”.

Fig. 3 examines how the pleasure and buying is connected in compulsive and usual buyers daily shopping.

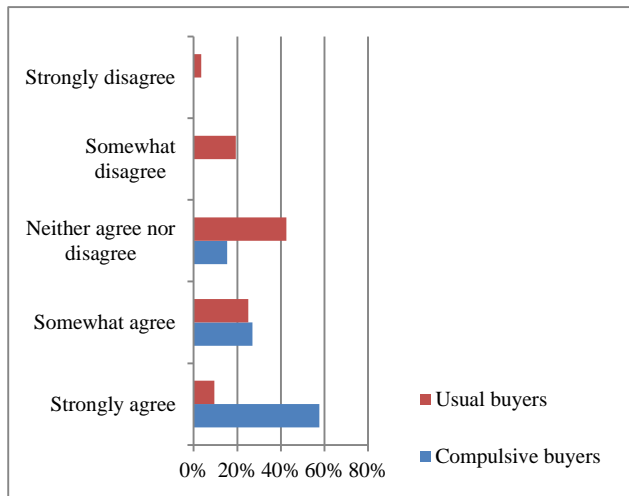


Fig. 3. “Buying things gives me a lot of pleasure.”

Fig. 3 shows that 85% of compulsive buyers strongly or somewhat agree that buying things give them a lot of pleasure, compared to 35% of usual buyers. This proves that compulsive buyers enjoy the process of buying more than usual buyers. The last finding has been confirmed in several researches (Norvilits et al. 2006; Omar et al. 2014).

As indicated in the Method section, different product groups were added to the survey to measure if there is any difference for compulsive buying behaviour between the product groups. Table I shows that there is only one product group where compulsive buyers are interested in buying more things compared to usual ones if they all have more free money: it is clothes and footwear (85% of compulsive buyers wanted to buy more compared to 58% of usual buyers). This finding is also in line with earlier studies that have confirmed that compulsive consumers are more orientated and keen on fashion.

TABLE I

RESPONDENTS BUYING PREFERENCES WHEN HAVING MORE MONEY TO SPEND

Product group	All respondents		Compulsive buyers	
	All	%	All	%
Clothes and footwear	165	58	22	85
Furnishing products	97	34	8	31
Electronics	71	25	6	23
Books	55	19	4	15
Cosmetics	39	14	2	8
Jewellery	46	16	6	23
Food products	42	15	4	15

Both buyer groups were not much interested in buying more cosmetic products when having more money to spend. There was no significant behavioural difference between the compulsive and usual buyers in other product categories.

V. CONCLUSION

The presented study revealed that compulsive buying behaviour exists in Estonia and 8% of the respondents were addicted shoppers based on Faber & O’Guinn (1992) model. In modern world compulsive consumers have a lot of possibilities to buy: outlets, shopping malls, catalogues and internet shops, etc., and also many financing possibilities to pay for the products. It makes the problem much deeper and probability is high that the share of compulsive consumers will grow in future which is also supported by the increasing income. Compulsive buyers are interested in spending all the money they have and not keen on saving; according to product groups that were included in the study they mostly wish to buy clothes and footwear.

Based on Roberts & Jones (2001), the study showed that compulsive and usual buyers are quite rational for using credit cards and even more quite a number of them did not have any credit card at all. Both buyer groups took seriously paying back the taken credit that is actually good and makes some of the problems and their consequences smaller. Even though a slight difference among compulsive and usual buyers agreements was noticed for the following statement: “I am less concerned about the product when buying with a credit card” (4% of compulsive buyers agreed totally and 15% mostly; 2% of usual buyers agreed totally and 4% mostly). Compulsive consumers make more impulsive purchases if paying by credit card.

Compulsive buyers are mostly influenced by materialistic factors based on Richins & Dawson (1992). They wish to own things and they always have a lot of admired things in mind for getting much happier. Usual buyers, on the contrary, think more before they buy and are not orientated to materialism. Buying things give a lot more pleasure for compulsive buyers than for usual buyers. This proves that compulsive buyers enjoy the buying process.

Compulsive buying is rarely investigated in Estonia and this research should be continued. The authors are making several suggestions for further research:

- 1) to use other compulsive buying behavioural models (for instance, Edwards (1993) model) for comparison;
- 2) to consider economic and social consequences of compulsive buying in changing consumer society;
- 3) to pay attention to compulsive behaviour differences of women and men;
- 4) to study compulsive purchase behaviour of men;
- 5) to carry a financial behaviour research for compulsive consumers.

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