

IMPACT OF E-COMMERCE ON COMPULSIVE BUYERS

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ABSTRACT

The E-commerce service has opened a window for such kind of people. Now, there is no need to go to market and they can purchase things online without any hesitation. It is noticed that the tendency of some of the compulsive buyers to purchase things even they don't need it so urgently, has increased a little bit because e-commerce has removed the hesitation barrier for the compulsive buyer.

The research revealed that some external and situational factors like point-of-purchase displays are also responsible for non-compulsive buying. While, internal core factors like emotional instability, anxieties are responsible for compulsive buying.

Keywords: E-commerce, Consumer, Buying Behavior

INTRODUCTION

This study developed a structural model for compulsive and non-compulsive buyers. It identified the relationship between compulsive buying and emotional instability and non-compulsive buying and other personality traits like openness and extraversion. Also, it was observed in the research that non-compulsive buyers are influenced by immediate gratification and

branding of a product and they are less prompted by the inner personality traits.

On the other hand, the research suggested that the compulsive buyers are more prompted by the central traits like emotional instability. Lack or loss of impulse control is also believed to be one of the major reasons for the non-compulsive buying.

Research on the phenomenon of compulsive buying was introduced into the consumer

behavior has extended those initial findings. This abnormal form of consumer behavior is typified by chronic buying episodes of a somewhat stereotyped fashion in which the consumer feels unable to stop or significantly moderate the behavior. Although compulsive buying may produce some short term positive feelings for the individual, it ultimately is disruptive to normal life functioning and produces significant negative consequences.

To identify compulsive and non-compulsive buyers, Faber R, O'Guinn method was used. While efforts have been made to document and understand the characteristics of compulsive and non-compulsive buyers. It was noticed that self-identified compulsive buyers can provide a rich and valuable source of information about this problem, there are some potential limitations and concerns in relying solely on self-identified respondents.

A major problem with only examining self-identified compulsive buyers is that they are likely to be at a later stage in the development of this problem behavior. Research with other forms of addictive and compulsive behaviors indicate that people generally go through denial stages and feelings that they are somehow immune

from negative effects before admitting that they truly have a problem.

We believe consumer researchers should be concerned about the abuse potential of consumption and its relationship to all sorts of factors such as environmental (retail) stimuli, mood states, etc. As part of this concern, it seems reasonable to want to know something of the prevalence of compulsive buying. Just how "deviant" is the behavior? How many are suffering from it? Is it getting more common? Does it exist in other cultures? How concerned should policy makers be? To answer these types of questions we need to have some idea of incidence levels.

While we believe that this estimate represents a significant number of people which further justifies the need to study compulsive buying, we frankly also feel that the problem of compulsive buying should be studied regardless of the number of people it affects. We hold this view for at least two reasons. The first is that by studying the abnormal we often learn a great deal about the "properly functioning" organism.

Thus, the study of compulsive buying may provide important insights into factors that also influence more "normal" buyer

behavior. Secondly, no matter how rare, the fact that consumption seems to have an abuse potential similar to substances or other activities is not only noteworthy, it has been so totally ignored in the consumer behavior literature that it is conspicuous by its absence. As part of our social responsibility, we need to be aware and concerned about issues such as this. It is hoped that with the further development of effective screening instruments, our ability to examine this phenomenon will be enhanced.

RESEARCH METHODOLOGY

500 respondents participated in the research work and these respondents were selected from Delhi-NCR region. It was observed that compulsive buyers like purchasing things when needed and non-compulsive buyers purchase things just for having fun. Many psychological characteristics of non-compulsive buyers were come out after the analysis. It was observed that when these kinds of buyers feel bad and their mood is off and they get frustrated emotionally then they tend to purchase things just to relax themselves.

The report also revealed that non-compulsive buyers don't take care of their money and like spending it just for fun.

They like having one product of different brand just to maintain a stock. For example, if a non-compulsive buyer has shoes of 'Reebok' brand then they would love to have that of other brands like 'Nike' or 'Liberty' too just to feel good. Hence, there are many psychological barriers which enforce these buyers to purchase things needlessly and thus, leading to the wastage of money.

On the other hand, the research described about compulsive buyers that they don't like purchasing needlessly. They purchase things when needed. Most of these buyers come from middle-class families who prefer saving money rather than spending it. The research pointed out that most of the compulsive buyers are emotionally stable and they like to be cool as much as possible and don't influence by others easily.

They use their mind while purchasing and like assessing everything about the product before purchasing it. They also don't influence by the advertisement of a product so easily. But, with the introduction of E-commerce and online-shopping websites, the scenario has changed a little bit in case of compulsive buyers. It was observed that some of the compulsive buyers purchase things very hardly and they feel shy while

going to the market to purchase things and hesitate.

People in these earlier phases may differ from those who are able to admit they have a problem. Feelings and behaviors during these earlier periods can be examined by having people try to retrospectively report them, but such efforts are subject to errors in recall and changes in perspective that are likely to come with time and experience. A related problem is that people who seek help may be different from those who don't. By relying solely on self-identified respondents, we are unable to examine these possible differences.

Another problem with using self-identified respondents is that it prohibits us from determining the magnitude of the problem. While some anecdotal evidence indicates that compulsive buying may be more

common than generally imaged, only the development of a screening instrument would provide us with an opportunity to estimate how widespread this problem might be.

Regardless of whether one views compulsive buying to be qualitatively or only quantitatively different from normal buying, a good measure of this trait is needed to distinguish compulsive buyers from other members of the population. This measure should also be able to provide us with an estimate of how common this problem is in the general population. It is, therefore, the purpose of this paper to report our initial efforts at building an effective screening instrument for identifying compulsive buyers and assessing the incidence of compulsive buying within the general population.

Table 1. Items Included to Measure Big Five Personality Traits

A. Neuroticism (Emotional Instability) ($\alpha = .81$)
1. Moody more than others
2. Emotions go way up and down
3. Testy more than others
4. Temperamental
5. Fretful
6. Jealous
7. Touchy
B. Conscientiousness ($\alpha = .82$)
1. Organized
2. Disorganized R
3. Orderly
4. Efficient
5. Sloppy R
C. Agreeableness ($\alpha = .81$)
1. Sympathetic
2. Kind to others
3. Warm
4. Tenderhearted with others
5. Cold to others R
6. Unsympathetic R
7. Rude with others R
D. Extraversion ($\alpha = .84$)
1. Quiet when with people R
2. Shy R
3. Talkative when with others
4. Withdrawn from others R
5. Feel uncomfortable in a group of people R
6. Feel bashful more than others R
7. Extroverted when with people
E. Openness ($\alpha = .82$)
1. More original than others
2. Frequently feel highly creative
3. Appreciate art
4. Enjoy beauty more than others
5. Find novel solutions
6. Imaginative
7. Uncreative R

Note: R indicates that item is reverse scored.

DATA ANALYSIS

A survey of both self identified compulsive buyers and members of the general population were employed in this effort. In the case of the problem consumers, the sample was drawn from among people who identified themselves as compulsive buyers and desired, but had not yet received, help for their problem. The sampling frame was explicitly chosen to minimize the number of people already in therapy. - This was done in order to reduce the possibility of contamination in respondent's answers and clinical measures due to learned responses from the particular type of therapy employed and the acceptance of the therapist's explanation for their pathology.

Of course, this approach still has problems of self selection bias, and the possibility that self-identified problem spenders will include people who have spending or debt problems but are not truly compulsive buyers.

As is the case in all attempts to estimate incidence of a psychopathology, we are admittedly operating with several very severe constraints. The estimate is thus inferential in the truest sense, and subject to all the same methodological problems that has historically plagued the estimation of

prevalence of psychopathology, particularly given our reliance on personality measures.

Questions like "If I have any money left at the end of the pay period, I just have to spend it" were asked. The respondents were asked to reply as '1' if they strongly agree, '2' for somewhat agree, '3' for neither agree nor disagree, '4' for somewhat disagree and '5' if they strongly disagree.

The research determined a number of predisposing factors or correlates associated with individuals who identified themselves as compulsive buyers. These factors include both psychological (attitudes and emotional states associated with money and shopping, self esteem, general compulsivity, etc.) and economic (i.e., debt load) characteristics. Our task was to develop the most powerful screener possible, then to determine reasonable population parameters for it within the general population, and finally to validate it by using these other variables shown by previous research to be distinguishing characteristics.

The first step of this process utilized both survey strata (compulsive and general population). A multiple discriminant analysis was used to determine the set of variables which best discriminated the

compulsive strata from the comparison strata. Since our goal was to both develop a screening instrument and validate it using the same subjects, some items needed to be used in scale construction while others were reserved for validation.

We chose to use items which directly asked about buying behaviors, attitudes and emotions as potential items for the scale. More general constructs which had previously been found to be associated with compulsive buyers were reserved as validation measures.

SCOPE OF THE STUDY

A stepwise procedure was used with a set of 32 variables which assessed psychological, motivational and behavioral aspects of buying. The development of these items emanated from two main sources. One source was the existing literature on other forms of compulsive and addictive behaviors. Several items which represented psychological states and behaviors which are commonly found to be present in several other compulsive or addictive behaviors were specifically designed to be applied here to buying situations.

The remainder of the items was developed based on our previous knowledge of

compulsive buying. Prior to the development of these items, we had sat in on several group therapy sessions with compulsive buyers, talked with psychiatrists and counselors working in this area and conducted both group and individual interviews with compulsive buyers to gain a greater understanding of this problem. The knowledge we gained through these efforts helped us to develop variables which represented behaviors and feelings which many compulsive buyers seemed to share. A pilot test with a small group of compulsive buyers helped us to further refine these measures.

Each variable in the discriminant analysis had to make a statistically significant ($p < .10$) contribution on the generalized distance measure to be entered and retained in the function. This level of statistical significance is advisable in the early stages of the construction of a screening instrument when the most powerful discriminating scale is the primary goal.

RESULT

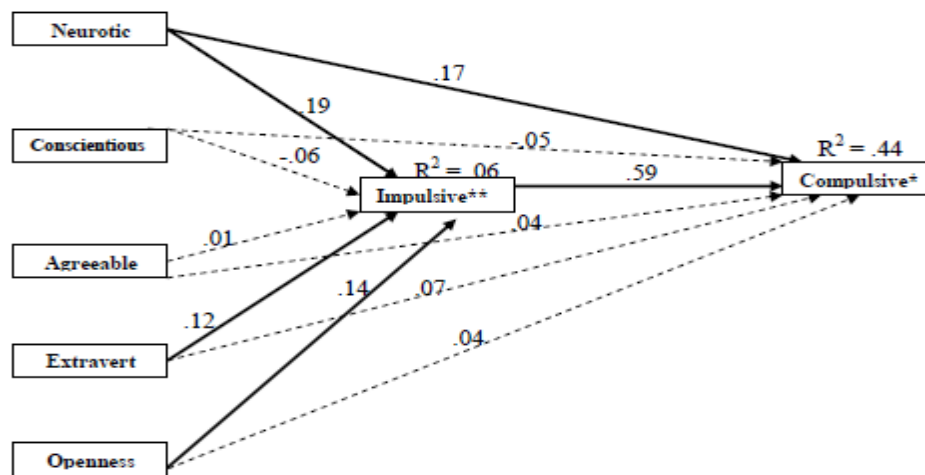
In another performa, participants were asked the questions like 'Bought things even though I couldn't afford them' and were asked to give answers as '1' for very often,

'2' for 'often', '3' for sometimes, '4' for rarely and '5' for never. The derived discriminant function correctly classified sample in the compulsive strata (86.02%). It should, however, be mentioned that since both the solution and the classification were derived from the same data, the classification is to some extent inflated by idiosyncratic error. A future effort employing a separate sample for validation would therefore be worthwhile. Still, it is unlikely that this will reduce the classification power of the function in a dramatic fashion.

As shown in figure1, the path from extraversion to non-compulsive buying was

found to be marginally significant at $p < 0.10$. A positive relationship was also found between agreeableness and compulsive buying. Similarly, a negative relationship was found between conscientiousness and non-compulsive buying and conscientiousness and compulsive buying.

It shows the scope of more future work on investigating psychological characteristics related to compulsive and non-compulsive buyers. A significant direct path was observed towards non-compulsive buying. The path from openness to non-compulsive buying was significant at $p < 0.05$.



Note: All the above paths represented by solid lines were statistically significant at least at $p < .10$. The paths represented by dotted lines were not significant.
 *Compulsive = Compulsive Buying; **Impulsive = Impulsive Buying.

Figure 1. Path Model for Big Five Personality Traits, Non-compulsive Buying and Compulsive Buying

The scoring equation used was

Scoring equation = $-9.69 + (Q1 \times .33) + (Q2a \times .34) + (Q2b \times .50) + (Q2c \times .47) + (Q2d \times .33) + (Q2e \times .38) + (Q2f \times .31)$.

There were also significant differences in age between both groups ($\chi^2 = 16.710$; $p = .005$). Compulsive buyers seem to be younger than other consumers (average age 22 years for compulsive and 26 years for non-compulsive buyers, the difference is significant at $p < .005$). With regard to education ($\chi^2 = 3.385$; $p = .336$) and income ($\chi^2 = 1.719$; $p = .887$) no significant differences between compulsive and non-compulsive buyers were found.

Most importantly, we need to move more in the direction of examining the psychological, societal, cultural, and environmental processes operative in compulsive buying. For now, a descriptive and phenomenological approach is entirely appropriate, but we must someday move beyond that.

A bivariate correlation analysis revealed a significant correlation between shopping frequency and compulsive buying ($r(156) = 0.551$, $p = 0.000$; regression analysis $\beta = 0.308$, $p = 0.000$).

A bivariate correlation analysis revealed a significant correlation between amount spent and compulsive buying ($r(156) = 0.449$, $p = 0.000$; regression analysis $\beta = 0.323$, $p = 0.000$). This relationship is illustrated in figure. Conclusively, as was expected in this sample, compulsive buyers go shopping more often and spend more.

SIGNIFICANCE OF THE STUDY

We chose to use the two standard deviation criteria. Two standard deviations is admittedly an arbitrary point, but after careful examination of the two distributions, and their intersection, it seemed like a reasonable and fairly conservative choice. People in this tail of the distribution clearly overlap with those in the compulsive strata. A score of 42 also represented the modal score for the self identified compulsive buyers. Thus, people in the general population scoring 42 or lower (lower scores indicated a greater level of compulsive buying) would seem to score similarly on this measure to self identified compulsive buyers.

According to this definitional criterion, approximately 6% of the general population could reasonably be classified as being at risk or predisposed to compulsive buying.

Since it seems to be a progressive disorder; the estimate could be reasonably lowered or raised depending upon some stage criterion. It is also unlikely, given the mix of variables within the screener which deal specifically with aspects of shopping that we are simply picking members of the population with so called compulsive personalities. Still, our estimate here should be considered a preliminary one based solely on one sample. Yet, despite this strong cautionary note, we feel that the number is meaningful as an initial indication of the potential prevalence of this psychopathology.

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