

Consumers' Compulsive Buying Behaviour – An Empirical Study

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Abstract: Consumer behaviour has changed dramatically in the past decade. Clearly, as individuals, Consumers are all unique. Hence, a comprehensive understanding of consumers' buying decisions is vital to a successful business. Understanding the unplanned buying is important, in order to appreciate the nature of "purchasing power" and its impact on a purchase decision. In order to capture compulsive buying behaviour amongst Indian urban consumers, this study focuses on urban market setting around two major south Indian cities, Chennai and Bangalore, both of which has demonstrated tremendous lifestyle/ purchasing power changes amongst its consumers, due to the boom in Indian IT industry. This study classifies youth into different segments based on their compulsive buying nature. Cluster analysis approach is adopted in this study. This would help the marketers to design strategies to target the Indian compulsive buyers.

Keywords: *Compulsive buying behavior; Cluster analysis, Shopping behavior; Factors influencing shopping*

1. Introduction & Significance of Study:

Today, consumers can order online many customized products ranging from sneakers to computers. Many have replaced their daily newspapers with online editions and are increasingly receiving information from social media. In order to succeed in today's dynamic and rapidly evolving marketplace, marketers need to know everything about consumers - what they need, what they think, how they work, how they spend their money and time. They need to identify the influencing forces that affect consumer decisions.

Researchers have been increasingly interested in exploring various consumption and possession traits of consumers. These traits range from consumer materialism to consumer compulsive behavior. Buying decisions have always been positively influenced by purchasing power and, the difference between "Feelings and excitement" that a consumer gets, out of unplanned buying over planned buying is what we know as purchasing power (Faber and O'Guinn, 1989). Compulsive buying has been examined only in the recent times by economists and consumer behavior researchers. It is completely different from impulsive buying, which means consumer makes an unplanned purchase. But, in case of

compulsive buying, the consumer is addicted to shopping and that can lead to severe negative consequences like financial debt. Sometimes, it may lead to strain in relationships between individuals and it could cause havoc in consumer's daily life. The major objective of this study, which is being carried out, is to validate the Consumer compulsive buying behavior scale in Indian context. It would also help the marketers to understand the different classes of compulsive buyers, their demographic profile and various factors they consider for consuming goods and services. This would help the marketers to design strategies to target the Indian compulsive buyers.

2. Research Methodology:

In order to capture compulsive buying behavior amongst Indian urban consumers, this study focuses on urban market setting around two major south Indian cities, Chennai and Bangalore, both of which has demonstrated tremendous lifestyle/ purchasing power changes amongst its consumers, due to the boom in Indian IT industry. This study classifies youth into different segments based on their compulsive buying nature. Cluster analysis approach is adopted in this study. This would help the marketers to design strategies to target the Indian compulsive buyers.

2.1 Objectives of the study:

- *To validate the Compulsive Buying Behaviour scale in Indian context.*
- *To identify the influencing factors on the shopping behaviour of consumers.*
- *To segment the young consumers of Chennai and Bangalore into different segments based on their compulsive buying behaviour.*
- *To find out the association between their demographics and compulsive buying behaviour.*

2.2 Research Design :

Exploratory Research is deployed for the first part of the study. The reason for deploying this methodology is to explore and identify the various hidden factors that have an influence on the buying behavior of the young consumers during their purchase. It helps to explore the thoughts, the mindset and the hidden factors that drive these consumers during their shopping.

Descriptive Research is applied for the second part of the study. This methodology specifically helps to describe the profile of different segments of

consumers in Chennai and Bangalore. Further it helps to identify the demographic profile of compulsive buyers. This description would help the marketers to frame different strategies in order to target different classes of the compulsive buyers.

2.3 Data Sources :

Primary Data includes the data that are collected directly from the consumers. These data are collected directly from the young consumers residing in the cities of Chennai and Bangalore. Secondary Data includes the Compulsive Buying Behavior Scale that was developed by Elizabeth A. Edwards (1993) in the research article “Development of a New Scale for Measuring Compulsive Buying Behavior”. This scale is used for designing the questionnaire that is used for this study. Primary Data are collected from the consumers directly by survey method using a structured, non-disguised questionnaire. The questionnaire is tested for reliability, discriminant validity and convergent validity.

2.4 Sampling Design :

Convenience Sampling was employed for this study. There are two criteria for selecting the sampling elements for this study. The two criteria are:

- *The respondents should be within the age group of 16 and 35 years.*
- *The respondents should reside either in Chennai or Bangalore for 2 years.*
- *The sample size of the study was 53 for Chennai and 68 for Bangalore.*

3. Literature Review:

Elizabeth A. Edwards (1993) states compulsive buying behaviour is an abnormal form of buying. In a way individuals become addicted to spending which may result in financial debts for individuals. It is also characterized by uncontrollable urge for the consumers to spend for shopping and purchase. This was widely recognized by the financial counsellors and therapists, who felt that financial debts result from uncontrollable shopping behaviour i.e., Compulsive Buying. The scale is evaluated for its reliability and validity. The result reveals that there are five dimensions or factors that comprise compulsive spending. These factors were Compulsion/Drive to Spend, Feelings about Shopping and Spending, Tendency to Spend, Dysfunctional Spending and Post Purchase Guilt. This scale is the great use for the financial counsellors to understand the hidden motives that made their clients to be a compulsive buyer, which resulted in heavy debt. It also helped the counsellors and therapists to address the problems of their clients and overcome them.

According to Gwin, C. F (2005), Compulsive buyers form a significant percentage of the entire population. The authors feel that compulsive spending behaviour is a burden to the society. It is important to study the compulsive spending behaviour as it causes harm not only to the individuals but also to the society in the form of debt, bankruptcies and dysfunctional families. The consequences of compulsive buying seem positive in the short-term as the buyer receives the immediate gratification of the purchase; however, the long-term consequences are negative as compulsive buyers deal with economic and psychological consequences including high levels of credit card debt, low savings, depression, anxiety, frustration, low self-esteem, and interpersonal conflict (Roberts 1998).

Norum (2008) reveals that there is an association of compulsive buying behaviour of the college students with their credit card debt. To be specific, various factors like income, rate of time preference, credit card usage and gender were related to the compulsive buying behaviour of the college students. This was proven by regression analysis. Financial education and counselling are developed or revised in university policies with the information provided by this study.

According to Faber and O' Guinn (1989), compulsive consumption behaviours may include compulsive buying, pathological gambling, kleptomania, compulsive sexuality and eating disorders. Authors define compulsive buying as "chronic, repetitive purchasing that occurs as a response to negative events or feelings."

3.1 Research Gap Identification :

Although unplanned buying is alternatively used with terms like, impulsive buying and compulsive buying (Solomon, 2002), the current study uses "compulsive buying" to denote all forms of uncommon buying behaviors. Various research were undertaken to study compulsive behavior, including, gender influence studies (Block & Morwitz, 1999 ; Muller et al., 2007), income influence studies (Norum, 2008; Gbadamosi, 2009, Trautmann 2009), but, none of the studies focused on compulsive buying behavior pertaining to Indian urban market. A study of compulsive buying in such a market scenario is of interest because, India along with China houses a third of the worlds' population. This study focuses on the buying behavior of consumers in Chennai and Bangalore, with an attempt to identify the compulsive buyers in Chennai and Bangalore.

4. Results and Discussion:

The collected data was analyzed using SPSS 17. Three data analysis tools Factor Analysis, Cluster Analysis and Chi-Square test are used in this study. Factor Analysis helped to identify the hidden factors that are associated with consumers during shopping. Cluster Analysis is used to group the respondents into various classes or segments. Both Non-hierarchical clustering and K- means clustering are adopted in this study. Non-hierarchical clustering is used to determine the numbers of clusters exist in the data and K-means clustering is used to determine the profile of the respondents. Respondents showing similar buying behavior are grouped under the same segment and differences are there in the buying behavior between the respondents belonging to different segments. Chi-Square test is carried out to identify the existence of relationship between the demographic variables and buying behavior of consumers.

Validity examines whether the set of questions i.e., the measuring instrument is able to measure the concept that was intended. Convergent and Discriminant validity are both used to test the construct validity. Construct validity is tested through factor analysis. This study employed a pilot study with a sample size of 15 respondents, who go for shopping or visit malls, at least once in a month. The suitable changes are made in the questionnaire. Reliability is assessed for the scale to check the internal consistency of the items that form a part of each factor that results from the study. It is checked using Cronbach's alpha. In this study, factor Analysis helps to identify the underlying hidden factors that influence the purchase decision of the consumers in the cities of Chennai and Bangalore separately.

4.1 Factors Influencing Consumer Purchase :

The consumers are asked to give their response to 27 questions. These 27 variables are identified from CBB scale after the modification carried through pilot test. (Ref. Annexure-I). The values of Kaiser - Meyer - Olkin Measure of sampling adequacy test are 0.737 and 0.724 for Chennai and Bangalore respectively. 27 variables are compressed into 7 factors and 5 factors with a cumulative percentage of variance 71.559 % and 71.340%. The principle component method is used to extract the factors and varimax rotation method is employed. Variables that have values less than 0.10 are suppressed for better clarity.

	Component						
	1	2	3	4	5	6	7
I usually spend all of my money left after paying bills each month	.140	.723		.158			-.192
My spending habits are creating chaos in my life	.522	.315	.145	.460	.158		-.329
I feel driven to shop and spend, even when I don't have time or money	.359	.395	.288	.574			
I always visit shops whenever there is an attractive display or offers	.150		.318	.523	.233		.119
I get pleasure when I purchase during shopping	.145	.147	.752		.168		-.113
I love to go shopping			.824	.315			
I go for shopping even when there is no necessity	.103	.248	.319	.608	.262		.398
I go for shopping and buy things as often as I can		.130	.159	.704		.378	
Shopping is fun			.826	.176	.116		.154
I am preoccupied with shopping and spending	.330	.634	.118	.231		.283	.222
I frequently buy things I did not plan to buy		.752	.165	.156	.208	.171	.230
I cannot control myself when I start purchasing	.209	.635	.259		.385		
I feel like I just have to spend money left after bills are paid	.474	.561		.141	.389	.321	
I feel "high" when I go on a buying spree	.207	.411	.367	.185	.535	.166	
I buy things even when I don't need anything		.353	.126	.232	.681		.336

I go for shopping whenever I'm upset, disappointed, depressed, or angry			.231	.111	.790	.138	
I worry about my spending habits but still go out and shop and spend	.574	.110	.131	.481	.310	.253	-.173
I feel anxious after I go on a buying binge (uncontrolled shopping)	.439	.147	.299		.344	.399	-.212
I buy things even though I cannot afford them	.697	.354	.182	-.226			
I plan my regular activities in a way that would never affect my shopping time			-.117	.176	.151	.834	
Many of the things I buy, are never worn or used by me	.301			.149	.204	.102	.699
I hide my spending habits and the things that I buy from family or friends	.696	.131	.134	.180	-.107	-.224	.298
I feel guilty or ashamed after I go on a buying binge (uncontrolled shopping)	.792			.254			.197
I return purchases	.697			.148	.216	.197	.372
My debts create problems in my home or work life	.840	.158				.107	
I go shopping and buy things to celebrate	.200	.198	.524		.164	.473	.109
I sometimes feel compelled to go shopping	.425	.461	.131			.586	.242

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

	Component						
	1	2	3	4	5	6	7
I usually spend all of my money left after paying bills each month	.173	.104	-.107	.828			.234
My spending habits are creating chaos in my life	.178			.329			.830
I feel driven to shop and spend, even when I don't have time or money	.564	.221	.262			.181	.546
I always visit shops whenever there is an attractive display or offers	.380	.421	.238	-.189		.188	.525
I get pleasure when I purchase during shopping	.176	.677	.330			.174	.259
I love to go shopping	.427	.777	.120	.100			
I go for shopping even when there is no necessity	.775	.347				.290	
I go for shopping and buy things as often as I can	.692	.235	.229	.196		.259	.194
Shopping is fun	.394	.819					
I am preoccupied with shopping and spending	.430	.300	.468	.351	.205		
I frequently buy things I did not plan to buy	.809	.149	.137				
I cannot control myself when I start purchasing	.308	.243		.428		.245	.156
I feel like I just have to spend money left after bills are paid			.178	.820	.139	.133	

I feel "high" when I go on a buying spree	.243	.300	.544			.515	
I buy things even when I don't need anything	.679		.265	.242		.253	
I go for shopping whenever I'm upset, disappointed, depressed, or angry	.347	.289	.178		.258	.537	-.122
I worry about my spending habits but still go out and shop and spend	.465		.571	.112	.120	.223	.247
I feel anxious after I go on a buying binge (uncontrolled shopping)	.283	.199	.265	.429	.169	.434	.243
I buy things even though I cannot afford them			.165	.430	.459	.356	
I plan my regular activities in a way that would never affect my shopping time	-.280	.626	.218	.379	.255	.126	
Many of the things I buy, are never worn or used by me	.256			.115		.766	.136
I hide my spending habits and the things that I buy from family or friends	-.124		.275	.382	.336	.254	.492
I feel guilty or ashamed after I go on a buying binge (uncontrolled shopping)			.157		.861		.110
I return purchases	.127	.166	.103		.773	-.111	-.114

My debts create problems in my home or work life			-.136	.317	.688	.353	
I go shopping and buy things to celebrate	.256	.230	.785				-.113
I sometimes feel compelled to go shopping		.139	.808	.114	.200		.196

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

At the end of this analysis, key insights are obtained those highlight the variations in the shopping behavior of different segments of consumers in Chennai and Bangalore. These insights are of great value to the marketers as they can frame their marketing strategies on the basis of these results in order to target various classes of consumers.

4.2 Driving Factors for Shopping :

The hidden factors that are influencing shopping and purchase are identified through factor analysis. Some of those factors were found to be similar and some others varied between consumers of Chennai and Bangalore. The results are shown in table 3, where the factors which were similar between consumers of Chennai and Bangalore are *italicized*.

Table 3: Factors influencing shopping	
BANGALORE	CHENNAI
Joy of Shopping	Joy of Shopping
Tendency to Spend	Tendency to Spend
Post Purchase Guilt	Post Purchase Chaos
Impulsiveness	Invisible Drivers
Generous Spending	Mindset
Usage	

4.3 Segmentation of Consumers :

Cluster Analysis is carried out to classify the consumers into relatively homogeneous groups based on their buying behaviour. Ward's hierarchical clustering method is used in this study. The Agglomeration Schedule is obtained first in order to identify the number of clusters.

Consumers are segmented into various classes, depending upon their shopping/buying behavior based on cluster analysis findings. The number of clusters/segments of consumers varied between Chennai and Bangalore. There are only 3 segments of consumers in Chennai whereas there are 8 segments of consumers in Bangalore with specific differences in their shopping/buying behavior. The consumer segments were named as follows

	Cluster		
	1	2	3
I usually spend all of my money left after paying bills each month	2	4	4
My spending habits are creating chaos in my life	2	4	4
I feel driven to shop and spend, even when I don't have time or money	2	4	4
I always visit shops whenever there is an attractive display or offers	3	4	4
I get pleasure when I purchase during shopping	3	4	5
I love to go shopping	3	4	5
I go for shopping even when there is no necessity	2	3	4
I go for shopping and buy things as often as I can	2	3	4
Shopping is fun	3	3	5
I am preoccupied with shopping and spending	2	3	3
I frequently buy things I did not plan to buy	2	3	4
I cannot control myself when I start purchasing	2	3	3

I feel like I just have to spend money left after bills are paid	2	4	3
I feel "high" when I go on a buying spree	2	3	4
I buy things even when I don't need anything	2	2	4
I go for shopping whenever I'm upset, disappointed, depressed, or angry	2	2	4
I worry about my spending habits but still go out and shop and spend	2	4	4
I feel anxious after I go on a buying binge (uncontrolled shopping)	2	3	3
I buy things even though I cannot afford them	2	4	2
I hide my spending habits and the things that I buy from family or friends	2	4	1
I feel guilty or ashamed after I go on a buying binge (uncontrolled shopping)	2	3	2
I return purchases	2	3	2
My debts create problems in my home or work life	2	4	1
I go shopping and buy things to celebrate	2	3	4

Based on the responses from the respondents on a 5 point scale, the respondents are classified into 3 clusters or 3 relatively homogeneous groups. The profile of each cluster is described which would help to understand the buying behavior of 3 different clusters

	Cluster	3	2					
	1	2	3	4	5	6	7	8
I usually spend all of my money left after paying bills each month	3	2	3	2	3	4	2	2

My spending habits are creating chaos in my life	4	2	3	2	2	4	2	3
I feel driven to shop and spend, even when I don't have time or money	4	2	2	2	1	4	3	2
I always visit shops whenever there is an attractive display or offers	5	3	3	5	4	4	4	2
I get pleasure when I purchase during shopping	5	4	4	4	3	4	4	2
I love to go shopping	5	3	4	3	4	4	4	2
I go for shopping even when there is no necessity	4	1	3	2	3	4	4	2
I go for shopping and buy things as often as I can	5	2	3	1	3	4	3	2
Shopping is fun	5	3	4	4	4	4	5	2
I am preoccupied with shopping and spending	4	2	3	2	2	3	2	1
I frequently buy things I did not plan to buy	5	2	3	2	5	4	3	2
I cannot control myself when I start purchasing	3	2	2	2	2	3	2	2
I feel like I just have to spend money left after bills are paid	2	2	3	1	2	3	2	2
I feel "high" when I go on a buying spree	4	3	3	2	2	3	3	2

I buy things even when I don't need anything	5	2	3	2	2	3	2	2
I go for shopping whenever I'm upset, disappointed, depressed, or angry	4	1	3	2	2	2	4	1
I worry about my spending habits but still go out and shop and spend	4	2	3	2	2	3	3	2
I feel anxious after I go on a buying binge (uncontrolled shopping)	3	2	3	2	2	3	3	2
I buy things even though I cannot afford them	3	2	3	2	2	2	2	2
I hide my spending habits and the things that I buy from family or friends	3	2	3	2	1	3	1	2
I feel guilty or ashamed after I go on a buying binge (uncontrolled shopping)	3	2	3	3	1	2	2	2
I return purchases	3	2	3	3	2	2	2	2
My debts create problems in my home or work life	2	1	2	2	1	4	1	1
I go shopping and buy things to celebrate	5	4	3	2	3	3	4	2

The respondents of Bangalore were classified into 8 clusters based on their shopping behavior.

Table 6: Clusters' details

BANGALORE	CHENNAI
Careful Spenders	Careful Spenders
Spendthrifts or Compulsive Buyers	Spendthrifts or Compulsive Buyers
Fun Seekers	Fun Seekers
Fete Shoppers	
Rare Visitors	
Discount Shoppers	
Impulsive Buyers	
Recreational shoppers	

The reason for a large number of consumer segments in Bangalore could be due to the fact that consumers of many different cultures reside in Bangalore. The proportion of such consumers, belonging to many different cultures, is comparatively low in Chennai. Hence, the number of consumer segments in Bangalore could be greater than the number of consumer segments in Chennai.

4.4 Demographic Association with Shopping Behaviour :

Chi-square test is carried out in order to identify the association of demographic variables with the buying behavior of consumers, especially compulsive buyers. But, no significant relationship is found between the demographic variables and compulsive buying.

5. CONCLUSION :

The study has highlighted certain important aspects with respect to the buying behavior of Indian urban consumers (Chennai and Bangalore). These aspects are of greater importance for marketers in order to frame their strategies and marketing mix, so that they can target the right segment of consumers in a proper way. In addition to this, the study provides some information about the compulsive buyers, which is of greater importance for marketers.

Bangalore city has diverse segments of consumers ranging from fun seekers, recreational shoppers, careful spenders, fete shoppers, rare visitors, discount shoppers, spendthrifts or compulsive buyers and impulsive buyers. Hence, marketers can effectively use Bangalore as test market for the testing new products and services.

Compulsive buyers are of primary importance for marketers, because they are the consumers who purchase often. In fact, whenever they enter a store/mall,

they purchase some product and would not leave the store/mall without purchasing anything. Hence, marketers have a higher probability of establishing brand trial among these compulsive buyers. Brand Loyalty can be built among compulsive buyers by initiating loyalty programs. Brand Loyalty must be built in such a way that the compulsive buyers should not move to the competitor's brand. The brand, which builds loyalty towards itself among compulsive consumers, would surely be able to increase sales and revenue.

The research has revealed that the factors, which are associated with shopping behavior of consumers, are partly similar and partly different between Chennai and Bangalore. An important finding of the research is that there are many segments of consumers in Bangalore, than in Chennai, with each segment of consumers having their own unique characteristics. This research was conducted only in the cities of Chennai and Bangalore. There is a scope for further research in the same segment in which the samples from the entire nation can be pooled in and studied in order to have a better understanding about the buying behavior of the consumers.

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ANNEXURE-I

CBB SCALE DEPLOYED FOR RESEARCH

The consumers were asked to give their response to the following set of questions (27 questions). The questions are as follows:

- 1) I usually spend all of my money left after paying bills each month
- 2) My spending habits are creating chaos in my life
- 3) I feel driven to shop and spend, even when I don't have time or money
- 4) I always visit shops whenever there is an attractive display or offers
- 5) I get pleasure when I purchase during shopping
- 6) I love to go shopping
- 7) I go for shopping even when there is no necessity
- 8) I go for shopping and buy things as often as I can
- 9) Shopping is fun
- 10) I am preoccupied with shopping and spending
- 11) I frequently buy things I did not plan to buy
- 12) I cannot control myself when I start purchasing
- 13) I feel like I just have to spend money left after bills are paid
- 14) I feel "high" when I go on a buying spree
- 15) I buy things even when I don't need anything
- 16) I go for shopping whenever I'm upset, disappointed, depressed, or angry

- 17) I worry about my spending habits but still go out and shop and spend
- 18) I feel anxious after I go on a buying binge (uncontrolled shopping)
- 19) I buy things even though I cannot afford them
- 20) I plan my regular activities in a way that would never affect my shopping time
- 21) Many of the things I buy, are never worn or used by me
- 22) I hide my spending habits and the things that I buy from family or friends
- 23) I feel guilty or ashamed after I go on a buying binge (uncontrolled shopping)
- 24) I return purchases
- 25) My debts create problems in my home or work life
- 26) I go shopping and buy things to celebrate
- 27) I sometimes feel compelled to go shopping