Sadness, identity, and plastic in over-shopping: The interplay of materialism, poor credit management, and emotional buying motives in predicting compulsive buying

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A comprehensive study is currently lacking to explain why material values strongly influence compulsive buying. The goal of the current study is to test if money management, buying motivations for improving mood and identity, and self-transformation expectations mediate the link from material values to compulsive buying. In one sample (N = 1077) we find, as expected, that materialism correlates positively with compulsive buying and that a lack of money management mediates the path from materialism to compulsive buying. In a second sample (N = 650) we find that, specifically, it is the poor credit management of materialists that most strongly mediates this relation. Further, emotional buying motives (i.e., shopping in order to improve one's mood) and transformation expectations also mediate the relationship between materialism and compulsive buying. Thus, the tendency of materialists to (a) not manage their credit, (b) believe that their purchases will transform their lives, and (c) make purchases for emotional reasons completely explains their greater frequency of compulsive buying.

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1. Introduction

In Western economies, as much as 10% of adults may be compulsive spenders (Dittmar, 2005b), and this trend appears to be increasing (Neuner, Raab, & Reisch, 2005). Compulsive consumption, chronic and repetitive purchasing accompanied by a loss of control over buying behavior, results in continued shopping despite numerous harmful emotional, social, and financial consequences (e.g., O’Guinn and Faber, 1989). Specifically, compulsive buying often contributes to debt (e.g., Lo & Harvey, 2011), negative emotion (e.g., guilt and disappointment with self; e.g., Faber & O’Guinn, 1992; Koran, Faber, Aboujaoude, Large, & Serpe, 2006), and worsening social relationships (Miltenberger et al., 2003). Importantly, this detrimental behavior is strongly associated with materialistic values (i.e., a belief that material possessions can signal success, bring happiness, and are an important goal of one’s life; see Richins & Dawson, 1992; e.g., Dittmar, 2005a). Likely, materialism precedes compulsive buying...
as an antecedent because the value of materialism suggests a psychological benefit from consumption (Richins & Dawson, 1992) and compulsive buying is a maladaptive consumer behavior often done for psychological benefit (e.g., Elliot, 1994). Further, major predictors of compulsive buying are motivations to improve identity and emotion (Dittmar, 2005a; Dittmar, Long, & Bond, 2007).

In addition to the materialistic values fulfilled through spending, inadequate money management (i.e., poor planning and overseeing the use of money; see Dew & Xiao, 2011) may also lead to compulsive buying (Donnelly, Iyer, & Howell, 2012; Gardarsdottir & Dittmar, 2012; Pham, Yap, & Dowling, 2012). Pham et al. (2012) found that money management practices buffer the effects of materialism on compulsive buying, but current literature lacks exploration of a mediation model. Moreover, consumers' expectations to transform their lives and selves through consumption have mediated the link from materialism to credit overuse (Richins, 2011). However, though buying motivations (for mood and identity) mediate the relationship between materialism and compulsive consumption and transformation expectations mediate the link from materialism to credit overuse, no study to date has explored these three mediators together in a more comprehensive model. Therefore, the current study seeks to determine the unique contributions of buying motivations, transformation expectations, and money management in mediating the relationship between material values and compulsive buying.

1.1. Compulsive buying, materialism, and money management

Compulsive buyers are generally less aware of their budgets (Lo & Harvey, 2011), report a greater use of credit cards (e.g., Lo & Harvey, 2011), consider the consequences of their spending less frequently (Wu, 2006), and thus tend to overspend and consume in ways detrimental to their long-term financial interests (Faber & O’Guinn, 1992). However, given compulsive buyers’ higher likelihood of endorsing material values (e.g., Donnelly et al., 2012) and materialists’ focus on acquisition of items (Richins & Dawson, 1992), it would seem likely that individuals who highly endorse material values would be concerned with managing their money in order to maximize their purchasing power on a long-term basis in order to consistently acquire the items they value. Paradoxically, materialistic individuals tend to use fewer money management strategies than general consumers (e.g., Donnelly et al., 2012; Gardarsdottir & Dittmar, 2012). Specifically, materialists borrow more (e.g., Richins, 2011), view borrowing in a more favorable light (e.g., Richins, 2011), overuse credit cards more frequently (e.g., Koran et al., 2006; Richins, 2011), spend more in general (Gardarsdottir & Dittmar, 2012), save less (Troisi, Christopher, & Marek, 2006), have more favorable attitudes towards spending (Watson, 2003), and worry more about finances (Gardarsdottir & Dittmar, 2012) than the average consumer. While research has demonstrated the poor financial behavior associated with compulsive buying, research investigating the causal role of money management in compulsive purchases is relatively understudied (Pham et al., 2012).

There is now robust evidence that, in general, values predict behavior (e.g., Schwartz, 1996). Also, specifically, material values predict compulsive buying (e.g., Dittmar, 2005a; Dittmar et al., 2007; Donnelly et al., 2012; Faber & O’Guinn, 1992; Frost, Kyrios, McCarthy, & Matthews, 2007; Gardarsdottir & Dittmar, 2012; Mowen & Spears, 1999; O’Guinn and Faber, 1989). Given that Baron and Kenny (1986) suggest that “mediation is best utilized when there is a strong relation between a predictor and criterion variable whereas moderators are typically examined when the relation between the antecedent and outcome are weak or inconsistent” (p. 1178), and considering the robust connection between material values and compulsive buying, testing for mediation is a reasonable approach. Further, the same variable can be examined as both a moderator and a mediator. That is, these statistical procedures, while neither the same nor mutually exclusive, can be used to determine why (mediation) something happens as well as when (moderation) something is likely (Baron & Kenny, 1986). Consequently, although Pham et al. (2012) demonstrate that money management moderates the positive relationship between materialism and compulsive buying, money management may also mediate the link from material values to compulsive buying.

That said, why should money management mediate the link from material values to compulsive buying? As Hoch and Loewenstein (1991) suggest, consumers are influenced both by short-term emotional factors and by long-term rational concerns, resulting in a conflict between immediate desires (i.e., their current interests) and willpower (i.e., their ability to control their immediate desires in favor of long-term concerns). When consumers are asked about the types of self-control strategies they use to resist impulse purchases, the first tactic often mentioned is conscious consideration of the economic cost (Rook & Hoch, 1985). For this reason, maladaptive consumption (e.g., compulsive buying) likely results from a shift in the consumer’s desire – a preference for immediate wants, which temporarily overrides long-term goals. However, resisting such impulses (i.e., prioritizing long-term preferences over immediate desires) depends on a person's self-control (Baumeister, 2002; Baumeister & Heatherton, 1996). Also, as suggested by Baumeister’s (2002) three components of self-control, maladaptive consumption (e.g., compulsive buying) should occur when a person does not: (1) have a goal or standard (e.g., a financial budget), (2) establish a monitoring system to measure one’s distance from their current state to a desired end point (e.g., money management), or (3) the operational capacity to carry out one’s behavior, despite conflicting, immediate pressures from the environment (e.g., depletion). Thus, the reason people can reduce their maladaptive consumption by creating a budget (Baumeister, 2002; Wu, 2006) is because a budget provides a standard that allows a person to monitor spending behavior. Also, because monitoring finances appears to increase the operational capacity to carry out planned financial behaviors (Oaten & Cheng, 2007), people spend less and save more when monitoring their spending (Oaten & Cheng, 2007). Lastly, specific money management therapy activities (e.g., assigning participants to read about how to control their shopping and teaching them to replace their credit cards with cash and debit cards) has been found to lessen instances
of compulsive buying (Mitchell, Burgard, Faber, Crosby, & de Zwaan, 2006). For these reasons we believe that money management is likely a mediator of the link from material values to compulsive buying.

Money management is a multi-dimensional construct and needs to be investigated as such to better understand its impact on consumption (Dew & Xiao, 2011). A number of studies have suggested that financial behaviors may be hierarchical and expanding with age, as self-report studies indicate that individuals first develop cash management, then credit management, followed by savings and, lastly, investment management (e.g., Dew & Xiao, 2011; Neymotin, 2010). Consequently, we employ Dew and Xiao's (2011) money management scale in Study 2 to explore its components (i.e., cash management, credit management, savings and investment management, and insurance management) as mediators of the link from materialism to compulsive buying.

1.2. Shopping for identity and general transformation

Previous research supports that materialists often experience insecurity in regard to their selves and identities, and their material consumption may be a coping response to negative emotion stemming from disappointing self-evaluations. For instance, materialists feel a greater discrepancy between their current and ideal selves, and these discrepancies are suggested to mediate the relationship between materialism and compulsive buying (Dittmar, 2005a; Dittmar et al., 2007). Possibly, materialists’ identity gap may be a stronger motivator to spend because they are more committed to their ideal identities and thus more afflicted by the discrepancies (Dittmar, 2005a; Dittmar et al., 2007). After all, people purchase not only to make life easier (i.e., for efficacy), but also to improve their appearance, self-confidence, regard from others, relationships in number and quality, as well to increase pleasure experienced in life (Richins, 2011). Not surprisingly, these beliefs of transformation through purchasing have been linked to materialism (Richins, 2011), as well as to credit misuse (Richins, 2011), which is a sign of poor money management behavior (Dew & Xiao, 2011) – a potential competing mediator between materialism and compulsive buying.

Such self-discrepancies can play an even more upsetting role in the lives of materialists because these individuals also place a greater importance on their social identities (Christopher & Schlenker, 2004) and are more apt to engage in social comparison (Giacomantonio, Mannetti, & Pierro, 2013). In a broader context, a commitment to one’s identity predicts the extent to which people will compensate for its incompleteness, sometimes through consumption of items meaningful to that identity (Wicklund & Gollwitzer, 1982). Further, materialists have lower self-esteem (Richins & Dawson, 1992), which is associated positively with compulsive buying (e.g., Faber & O’Guinn, 1992; O’Guinn and Faber, 1989) and negatively with money management (Neymotin, 2010), again suggesting that materialists’ insecurities can fuel their spending. For instance, the positive association between compulsive buying and low self-esteem suggests that this maladaptive shopping behavior may be a coping response to one’s feelings of inadequacy (e.g., Faber & O’Guinn, 1992). Not surprisingly, previous research has found evidence to suggest that motives to improve one’s sense of identity and mood through consumption mediate the relationship between materialism and compulsive buying (Dittmar, 2005b; Dittmar et al. 2007). Likewise, transformation expectations (the belief that a single purchase can transform one’s life in a meaningful way) have mediated the link from materialism to credit card overuse (Richins, 2011), so we aim to test the mediating effects of transformation expectations from purchasing and motives to buy specifically for improving identity.

1.3. Shopping for mood improvement

Compulsive buyers not only frequently shop with the motivation to enhance their identities, but they can also consume in hopes of an emotional uplift. Previous studies have labeled compulsive buying as a coping response to anxiety and depression (e.g., Elliot, 1994; Koran et al., 2006; O’Guinn and Faber, 1989), as well as to the negative affect from a disappointing awareness of the self (Faber, 2010). Indeed, compulsive buyers are characterized by higher levels of negative emotion (e.g., depression, anxiety, critical thoughts about the self; e.g., Miltenberger et al., 2003).

Similarly, materialistic consumers experience a greater extent of negative emotions. Specifically, materialists experience more anxiety (e.g., Burroughs & Rindfleisch, 2002), uncertainty about self worth (Frost et al., 2007), emotional instability (Burroughs & Rindfleisch, 2002), and depression (e.g., Burroughs & Rindfleisch, 2002; Frost et al., 2007). Moreover, materialists experience less happiness and self-actualization (e.g., Burroughs & Rindfleisch, 2002). Materialists tend to look to the consumption of goods as a coping response to such negative feelings (e.g., Dittmar et al., 2007). Given the prevalence of negative emotion amongst compulsive buyers and materialists, as well as the tendency for materialists to shop as a coping response to negative feelings, we aim to replicate previous findings, as part of the more comprehensive model, that a motivation to shop for mood improvement mediates the relationship between materialism and compulsive buying (Dittmar, 2005a; Dittmar et al., 2007).

1.4. Who else struggles with compulsive buying? Other demographic information

Aside from its prevalence amongst materialistic consumers, compulsive buying is most common for women (e.g., O’Guinn and Faber, 1989), younger populations (e.g., Koran et al., 2006; O’Guinn and Faber, 1989), individuals from low-income groups (Koran et al., 2006), and those with lower conscientiousness (e.g., Mowen & Spears, 1999). Expectedly so, Pham et al. (2012) suggest for future research to control for personality when investigating the link between materialism and
compulsive buying, so our first study controls for the effects of personality in the mediation model. Further, we then control for gender, age, and income in addition to personality as part of the more comprehensive model in our second study.

2. Overview

Materialism has long been considered an antecedent of compulsive consumption (e.g., Dittmar, 2005a; Donnelly et al., 2012; Elliot, 1994). Further, previous research has suggested that materialistic individuals compulsively purchase with motives to improve emotion and identity, and overuse credit because of the desire to transform one’s life and self (Dittmar, 2005a; Dittmar et al., 2007; Richins, 2011). More recently, a lack of money management has been found to be a moderator between high levels of materialism and compulsive buying (Pham et al., 2012), meaning that money management practices have a buffering effect on compulsive buying among highly materialistic individuals. However, Pham et al. (2012) did not test the possibility that money management could be a mediator between material values and compulsive buying more generally. Therefore, the current study seeks to determine (a) if money management can mediate the relationship between material values and compulsive buying and, if so, (b) what specific money management behaviors might be mediating this relation, and (c) whether money management mediates the relationship above and beyond the impact of the aforementioned buying motives.

The goal of Study 1 is to determine if money management mediates the materialism and compulsive buying relation. Already, Pham et al. (2012) found money management to be a moderator between materialism and compulsive buying. However, they suggested that future research should include personality factors to help clarify the impact of money management practices. For instance, personality traits (e.g., conscientiousness and neuroticism) have been found to be significantly related to money management, materialism, and compulsive buying (Donnelly et al., 2012). For these reasons, we control for personality in our mediation models.

3. Study 1

3.1. Method

3.1.1. Participants

Study 1 included 1077 students (M_age = 24.23, SD = 9.71; 74% female; 61.1% Caucasian) from a public west-coast university. In exchange for participation, students received class credit. Originally 1338 students started the survey; thus, with 1077 students completing the survey, our response rate was high (80.5%). Even though a college sample fails to represent the whole population through age, previous compulsive buying literature has relied on college-aged samples (e.g., Mowen & Spears, 1999). Such a sample is appropriate for exploring compulsive buying behavior because college students possess general consumer knowledge and experience (Cole & Sherrell, 1995) and can spend excessively (d’Astous, 1990).

3.1.2. Materials

To assess money management, participants completed a 6-item Money Management Scale (MMS; Donnelly et al., 2012; α = .76; M = 4.76, SD = 1.07) which measured participants sense of financial responsibility (e.g., “When I reflect on my past buying behavior, I have been most likely to over-spend” [reverse coded]) and the degree to which they monitor their financial accounts (e.g., “Some people strive for financial clarity: knowing account balances, monthly expenses, loan interest rates, fees and fines. To what extent does this characterization describe you?”) on scales from 1 (not at all) to 7 (a great deal). Personality was measured using the Big Five Mini Marker scale (Saucier, 1994; α = .87; M = 4.99, SD = 0.42), which is a brief set of 40 adjective markers for Big-Five personality traits: Extraversion (e.g., “Bold”), Agreeableness (e.g., “Cooperative”), Conscientiousness (e.g., “Efficient”), Neuroticism (e.g., “Anxious”), and Openness to Experience (e.g., “Creative”). Participants were asked to rate each adjective on a 9-point scale ranging from “extremely inaccurate” to “extremely accurate”. To evaluate material values the 18-item Material Values Scale (MVS; Richins & Dawson, 1992; α = .84; M = 2.40, SD = 0.59) was used. The scale includes three components: acquisition centrality (e.g., “I try to keep my life simple, as far as possessions are concerned” [reverse scored]), acquisition as the pursuit of happiness (e.g., “My life would be better if I owned certain things I don’t have”), and possession-defined success (e.g., “I admire people who own expensive homes, cars, and clothes”). All questions were measured on a 5-point scale ranging from “strongly disagree” to “strongly agree”. To assess participant’s tendency to engage in compulsive shopping, the 7-item Compulsive Buying Scale (CBS; Faber & O’Guinn, 1992; α = .77; M = 1.91, SD = 0.64), was administered. Participants rated how frequently they had engaged in compulsive-oriented shopping behaviors (e.g., “Bought myself something in order to make myself feel better.”) on a scale ranging from 1 (never) to 5 (very often).

4. Results

4.1. Correlations between money management, personality and financial variables

As a first step in our mediation analysis, we evaluated the relationships between money management, personality traits, materialistic values, and compulsive buying. Our results demonstrate that money management is most significantly related to high conscientiousness. Further, money management is related to agreeableness, neuroticism, and openness (see Table 1). Material values and compulsive buying also have significant relationships with personality. Because our results found
personality to be significantly related to the financial variables of interest, we controlled for personality traits when evaluating the relationships of money management with materialism and compulsive buying. Even when personality traits were controlled for, materialism was related to less money management (pr = −.20, p < .001) and more instances of compulsive buying (pr = .28, p < .001), while money management was still significantly related to less instances of compulsive buying (pr = −.58, p < .001).

4.2. Does money management mediate the materialism–compulsive buying relationship?

The compulsive buying scale was positively skewed (Z = 12.66, p < .001). Recent studies have also reported skewed results using this compulsive buying scale (Pham et al., 2012), likely because the prevalence of compulsive buying is around 10% of the general population (Dittmar, 2005a). Further, our money management measure was also significantly skewed (Z = 6.38, p < .001). We therefore treated the compulsive buying and money management scales as ordinal variables. In order to examine the support for our mediation models, we (a) followed the recommendations of Baron and Kenny (1986) to test for mediation (i.e., a significant a, b, c and c’ paths when the outcome is considered a numeric scale) and (b) followed the procedures of previous studies (see Tate, 2011) which examined the regression coefficients from optimal scaling models (i.e., the SPSS CATREG procedure) because these models allow for outcomes to be ordinal scaled.

When money management and compulsive buying are assumed to be ordinal scaled, we find that (a) materialism significantly predicts less money management (i.e., path a; β = −.24, p < .001), (b) money management significantly predicts less compulsive buying (i.e.; path b; β = −.54, p < .001), and (c) the direct effect of materialism on compulsive buying (i.e., path c; β = .33, p < .001) was significantly attenuated (Z = 7.73, p < .001, Δ% = 39) after money management was entered into the model (i.e., path c’; β = .19, p < .001). This model is strikingly similar to the model when normality is assumed: (a) materialism significantly predicts less money management (i.e., path a; β = −.47, p < .001), (b) money management significantly predicts less compulsive buying (i.e.; path b; β = −.34, p < .001), and (c) the direct effect of materialism on compulsive buying (i.e., path c; β = .40, p < .001) was significantly attenuated (Z = 8.35, p < .001, Δ% = 39) after money management was entered into the model (i.e., path c’; β = .23, p < .001).

Next, we examined a mediation model, controlling for the Big Five personality traits, where money management was tested as a mediator of the link between materialism and compulsive buying. To test our mediation model, we used the MEDIATE macros (as recommended by Hayes & Preacher, submitted for publication) to determine the strength and significance of the indirect effect, standard error, and confidence interval using bootstrapping procedures (with 1000 resamples); all these bootstrapping procedures are consistent with the recommendations by MacKinnon (2008). The MEDIATE macro tests for mediation by determining the significance of both direct (i.e., the association between the predictor variable and the outcome variable while accounting for the proposed mediating variable [the c’ path; Baron & Kenny, 1986]) and indirect (i.e., the amount of mediation [the a * b path]) effects using multiple regression analyses. The Hayes and Preacher (submitted for publication) approach provides a bias-corrected significance test of the indirect (a * b) path by using bootstrapping procedures.

Table 1
Study 1: Summary of intercorrelations between money management, materialism, compulsive buying, & personality.

<table>
<thead>
<tr>
<th>Measure</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material values</td>
<td>−</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money management</td>
<td>−.26***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compulsive buying</td>
<td>.36***</td>
<td>−.62***</td>
<td>−.05</td>
<td>−</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extraversion</td>
<td>−0.06</td>
<td>−0.02</td>
<td>.05</td>
<td>−</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agreeableness</td>
<td>−.22***</td>
<td>.19***</td>
<td>−.22***</td>
<td>.19***</td>
<td>−</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>−.14***</td>
<td>−.29***</td>
<td>−.19***</td>
<td>.23***</td>
<td>.35***</td>
<td>−</td>
<td></td>
</tr>
<tr>
<td>Neuroticism</td>
<td>−.33***</td>
<td>.18***</td>
<td>−.25***</td>
<td>.15***</td>
<td>.33***</td>
<td>.29***</td>
<td>−</td>
</tr>
<tr>
<td>Openness</td>
<td>−.14***</td>
<td>.09***</td>
<td>−.11***</td>
<td>.23***</td>
<td>.28***</td>
<td>.27***</td>
<td>.02</td>
</tr>
</tbody>
</table>

Note: For all scales, higher scores are indicative of more extreme responding in the direction of the construct assessed.

*p < .05.
**p < .01.
***p < .001.

Table 2
Study 1: Testing mediation of the link between materialism and compulsive buying through money management.

<table>
<thead>
<tr>
<th></th>
<th>MV to MM (path a)</th>
<th>MM to CB (path b)</th>
<th>Indirect effects of MV on CB (ab paths)</th>
<th>Total effect of MV to CB (path c)</th>
<th>Direct effect of MV to CB (c-prime path)</th>
<th>Bootstrap results: 95% CI range</th>
<th>Sobel test</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM</td>
<td>−.37***</td>
<td>−.39***</td>
<td>.12 (.02)</td>
<td>.36***</td>
<td>.19***</td>
<td>[.08, .16]</td>
<td>Z = 6.17***</td>
<td>34</td>
</tr>
</tbody>
</table>

Note: Controlling for extraversion, conscientiousness, neuroticism, agreeableness, and openness.

MM = Money Management; MV = Material Values; CB = Compulsive Buying.

***p < .001.
procedures. A 95% confidence interval is provided for each indirect effect, where significance of any indirect path is demonstrated when the confidence interval does not contain zero (p < .05).

Our models supported mediation (i.e., a significant indirect path; see Table 2). Specifically, when controlling for the Big Five personality traits, we found that (a) materialism significantly predicted less money management (i.e., path $a = -.37$, $p < .001$); (b) money management significantly predicted less compulsive buying (i.e., path $b = -.33$, $p < .001$); and (c) the link from materialism to compulsive buying (i.e., path $c = -.36$, $p < .001$) was attenuated after money management was entered into the model (i.e., path $c' = .19$, $p < .001$). The bootstrapping results indicate a significant indirect effect through money management, $a \times b = .12$, 95% CI [.08, .16]. Thus, these results demonstrate that money management reduces the direct effect by 34%. Further, to confirm the significance of the indirect path, we used a Sobel test ($Z = 6.17$, $p < .001$).

5. Study 2

Study 2 had a number of aims; first we (a) sought to replicate our findings from Study 1 using the Money Management scale by Donnelly et al. (2012) and (b) hoped to test the robustness of this effect using the Financial Management Behavior Scale (Dew & Xiao, 2011), a multi-faceted money management scale that was developed and validated using a nationally representative sample. Because this scale has four unique facets, we (c) hoped to investigate the specific behavior(s) of money management that may be responsible for mediating the material values and compulsive buying relation. Further, previous studies have suggested that emotional and identity buying motives fully mediate the relation between materialism and compulsive buying (Dittmar, 2005a). Also, the expectations that purchases can transform one’s life have been found to mediate the relation between materialism and credit overuse (Richins, 2011). Consequently, we included these motives in the model to understand the unique influences of buying motives and money management on materialism and compulsive buying. We controlled for personality traits as we did in Study 1, but additionally we controlled for demographic variables (gender, income, and age) because past research suggests such variables to be significantly related to materialism (e.g., Burroughs & Rindfleisch, 2002), money management (e.g., Donnelly et al., 2012), and compulsive buying (e.g., Koran et al., 2006).

6. Method

6.1. Participants

Study 2 included 650 individuals ($M_{\text{Age}} = 30.27$, $SD = 12.91$; 67.7% female; 57.4% Caucasian) from online social networking websites (e.g., Craigslist and Facebook) and students from a public west coast university. Students ($N = 437$) received class credit in exchange for participation, while individuals from social networking websites ($N = 213$) volunteered.

Originally 1035 individuals started the survey; thus, with 650 people completing the survey, our response rate was 62.8%.

6.2. Materials

To assess money management, participants completed the same Money Management Scale (MMS; Donnelly et al., 2012; $\alpha = .73$; $M = 4.62$, $SD = 1.05$) from Study 1. Additionally, participants completed the 14-item Financial Management Behavior Scale (FMBF; Dew & Xiao, 2011; $\alpha = .82$; $M = 3.25$, $SD = 0.75$), which includes four components: cash management (e.g., “Kept a written or electronic record of your monthly expenses”), credit management (e.g., “Paid off credit card balances in full each month”), savings and investment management (e.g., “Contributed money to a retirement account”), and insurance management (e.g., “Maintained or purchased an adequate health insurance policy”). Participants rated how frequently they engaged in such behaviors on a 1 (never) to 5 (always) scale. These two money management scales were positively correlated ($r = .54$, $p < .001$).

In addition, participants also completed the 10-item Big Five Inventory (BFI-10; Rammstedt & John, 2007; $\alpha = .78$; $M = 3.41$, $SD = 0.41$) to measure personality. This measure included five components of personality, including Extraversion (e.g., “Is outgoing, sociable”), Agreeableness (e.g., “Is generally trusting”), Conscientiousness (e.g., “Does a thorough job”), Neuroticism (e.g., “Gets nervous easily”), and Openness (e.g., “Has an active imagination”). Participants rated how much each statement described their personality on a 1 (disagree strongly) to 5 (agree strongly) scale. To assess the endorsement of material values, a revised, 15-item version of the Material Values Scale (MVS; Richins, 2004; $\alpha = .87$; $M = 2.66$, $SD = 0.65$) was used. This scale was selected because of its shorter length, while still maintaining the dimensional structure of the original scale. As in Study 1, participants completed The Compulsive Buying Scale (CBS; Faber & O’Guinn, 1992; $\alpha = .81$; $M = 1.81$, $SD = 0.66$) to measure compulsive buying. The Transformation Expectations Questionnaire (TE; Richins, 2011; $\alpha = .92$; $M = 2.91$, $SD = 1.09$), which measures an individual’s belief that acquisition and use of a product can significantly transform one’s self or one’s life was used. Participants were first asked to describe an object they have been desiring or planning to purchase and were then asked to rate on a scale of 1 (very unlikely) to 5 (very likely) how much their desired or future purchase would change aspects of their life. The scale evaluates five components of transformations: (a) self (e.g., “I’d feel more self-confident”), (b) appearance (e.g., “My appearance would be improved”), (c) relationships (e.g., “I would become closer with my friends”), (d) efficacy (e.g., “I would be more efficient in the way I use my time”), and (e) hedonic enjoyment
(e.g., “I’d enjoy life more”). The Buying Motives Questionnaire (BM; Dittmar et al., 2007; α = .92; M = 2.99, SD = 1.06) measured emotional and identity-related purchase motivations. Emotional buying motives include emotional involvement and enhancement in shopping, such as buying in order to get a “buzz” and enjoyment, as well as motives to regulate or repair one’s emotions, where individuals shop and buy in order to improve their mood (e.g., “I often buy things because it puts me in a better mood”). Identity-related buying motives refer to expected gains for individuals’ personal and social identities, including self-expression, buying goods in order to move closer to a “better” or ideal self, and improving one’s social image (e.g., “I like to buy things that impress other people”). Finally, participants reported their annual household income, age, and gender.

7. Results

7.1. Correlations between money management, personality, and other financial variables

As in Study 1, we first evaluated the relationships between materialistic values, money management, buying motives, compulsive buying, personality traits, and demographic variables. First, our results demonstrate that the two money management measures were highly correlated and had consistent relations with the other variables in the study. Money management is significantly associated with high conscientiousness ($p < .001$), low neuroticism ($p < .01$), older age ($p < .001$), and more income ($p < .001$). Personality and demographic variables were also significantly and consistently related to the other financial variables in the study (see Table 3). Specifically, materialism, compulsive buying, emotional and identity buying motives, as well as transformation expectations were associated with less conscientiousness ($p < .001$), more neuroticism ($p < .001$), less income ($p < .001$), and younger age ($p < .001$). Because our results demonstrated that personality and demographic variables play a significant role in all variables of interest, we controlled for these variables in later analyses. Even after controlling for demographic variables and personality traits, the observed relations held. Materialism was still related to less money management ($p < .001$), more emotional and identity buying motives ($p < .001$), more transformation expectations ($p < .001$), and more compulsive buying ($p < .001$).

7.2. Does the money management mediation replicate?

The results from Study 2 confirm that both approaches support our mediation model regardless of how money management is operationalized. First, when money management and compulsive buying are assumed to be ordinal scaled, we find that (a) materialism significantly predicts less money management (i.e., path $a$; $\beta = -.27$, $p < .001$), (b) money management significantly predicts less compulsive buying (i.e.; path $b$; $\beta = -.40$, $p < .001$), and (c) the direct effect of materialism on compulsive buying (i.e., path $c$; $\beta = .39$, $p < .001$) was significantly attenuated ($Z = 6.44$, $p < .001$, $\Delta \% = 27$) after money management was entered into the model (i.e., path $c’$; $\beta = .29$, $p < .001$). Replicating the results from Study 1, the models support mediation when the assumption of normality is assumed: (a) materialism significantly predicts less money management (i.e., path $a$; $\beta = -.36$, $p < .001$), (b) money management significantly predicts less compulsive buying (i.e.; path $b$; $\beta = -.24$, $p < .001$), and (c) the direct effect of materialism on compulsive buying (i.e., path $c$; $\beta = .39$, $p < .001$) was significantly attenuated ($Z = 5.36$, $p < .001$, $\Delta \% = 22$) after money management was entered into the model (i.e., path $c’$; $\beta = .31$, $p < .001$).

Next, we examined a mediation model using money management as a mediator between materialism and compulsive buying, controlling for Big Five personality, gender, income, and age, in hopes to replicate our findings from Study 1. To test for mediation, the Baron and Kenny approach was used (1986), with the Hayes and Preacher (submitted for publication) MEDIATE macros. Support for mediation (i.e., a significant indirect path) was found (see Table 4), replicating earlier findings. Specifically, when controlling for the Big Five personality traits, gender, income, and age: (a) materialism was significantly associated with less money management (i.e., path $a$; $\beta = -.27$, $p < .001$); (b) money management was associated with less compulsive buying (i.e., path $b$; $\beta = -.22$, $p < .001$); and (c) the direct effect of materialism on compulsive buying (i.e., path $c$; $\beta = .38$, $p < .001$) was attenuated after money management was entered into the model (i.e., path $c’$; $\beta = .27$, $p < .001$). The bootstrapping results indicate a significant indirect effect through money management, $a \times b = .06$, 95% CI [.03, .09]. Further, we examined the significance of the indirect effect using a Sobel test to confirm the significance of the indirect path ($Z = 3.54$, $p < .001$, $\Delta \% = 16$).

Further, the support for mediation is corroborated when using the Financial Management Behavior Scale (Dew & Xiao, 2011) as the mediator between materialistic values and compulsive buying. That is, the optimal scaling models demonstrate that: (a) materialism significantly predicts less money management (i.e., path $a$; $\beta = -.27$, $p < .001$), (b) money management significantly predicts less compulsive buying (i.e.; path $b$; $\beta = -.36$, $p < .001$), and (c) the direct effect of materialism on compulsive buying (i.e., path $c$; $\beta = .39$, $p < .001$) was significantly attenuated ($Z = 5.24$, $p < .001$, $\Delta \% = 20$) after money management was entered into the model (i.e., path $c’$; $\beta = .31$, $p < .001$).
Table 3
Study 2: Summary of intercorrelations between money management, buying motives, materialism, compulsive buying, personality, & demographic variables.

<table>
<thead>
<tr>
<th>Measure</th>
<th>1</th>
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<td>2. Money management</td>
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<td>3. FMBS</td>
<td>-.25***</td>
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<td>4. Transform expectations</td>
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<td>-.17***</td>
<td>-.17***</td>
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<td>5. Emotional buying motives</td>
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<td>6. Identity buying motives</td>
<td>.67***</td>
<td>-.23***</td>
<td>-.22***</td>
<td>.45***</td>
<td>.62***</td>
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<td>7. Compulsive buying</td>
<td>.38***</td>
<td>-.44***</td>
<td>-.392***</td>
<td>.33***</td>
<td>.44***</td>
<td>.44***</td>
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<td>8. Extraversion</td>
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<td>-.08</td>
<td>-.07</td>
<td>-.05</td>
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<td>-.01</td>
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<td>9. Agreeableness</td>
<td>-.10</td>
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<td>-.01</td>
<td>.02</td>
<td>.01</td>
<td>-.08</td>
<td>-.12***</td>
<td>.11***</td>
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<td>10. Conscientiousness</td>
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<td>.30***</td>
<td>-.19***</td>
<td>-.19***</td>
<td>-.26***</td>
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<td>.09</td>
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<td>11. Neuroticism</td>
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<td>-.09</td>
<td>-.09</td>
<td>.15***</td>
<td>.18***</td>
<td>.16***</td>
<td>.19***</td>
<td>-.21***</td>
<td>-.24***</td>
<td>-.12***</td>
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<td>12. Openness</td>
<td>-.07</td>
<td>-.01</td>
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<td>.01</td>
<td>-.11***</td>
<td>-.07</td>
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<tr>
<td>13. Income</td>
<td>-.07</td>
<td>.15***</td>
<td>.36***</td>
<td>-.19***</td>
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<td>-.12***</td>
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<td>14. Age</td>
<td>-.26***</td>
<td>.18***</td>
<td>.43***</td>
<td>-.22***</td>
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<td>-.29***</td>
<td>-.16***</td>
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<td>.21***</td>
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<td>15. Gender</td>
<td>-.08</td>
<td>.03</td>
<td>.05</td>
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<td>-.03</td>
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<td>.16***</td>
<td>-.13***</td>
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</table>

Note: For all scales, higher scores are indicative of more extreme responding in the direction of the construct assessed. FMBS = Financial Management Behavior Scale (Dew & Xiao, 2011), gender (female = -.05, male = .05).

* p < .05.
** p < .01.
*** p < .001.
Using the MEDIATE macro and controlling for the Big Five personality traits and demographic variables, the Financial Management Behavior Scale had similar relations in the model as the Money Management measure used in the previous analysis. Specifically, when controlling for personality and demographics we find: (a) materialism was significantly associated with less money management (i.e., path a; $\beta = -0.14$, $p < .001$); (b) money management was associated with less compulsive buying (i.e., path b; $\beta = -0.28$, $p < .001$); and (c) the direct effect of materialism on compulsive buying (i.e., path c; $\beta = 0.38$, $p < .001$) was attenuated after money management was entered into the model (i.e., path c'; $\beta = 0.29$, $p < .001$). The bootstrapping results indicate a significant indirect effect through money management, $a \times b = 0.04$, 95% CI [$0.01, 0.07$]. Further, a Sobel test confirms the significance of the indirect path ($Z = 2.86$, $p < .01$, Δ% = 10$).

### 7.3. Which money management behaviors mediate the materialism–compulsive buying relationship?

After replicating our findings that money management was a significant mediator, our next goal was to determine the specific money management behaviors that account for the effect. One of the reasons we selected the Financial Management Behavior Scale (Dew & Xiao, 2011) was because the scale consists of four distinct factors: cash management (mean = 3.75, SD = 0.77), credit management (mean = 3.89, SD = 0.96), savings and investment management (mean = 3.78, SD = 1.14), and insurance management (mean = 2.94, SD = 1.41). With these distinctions, we can isolate the specific impact of each component. Therefore, we tested a multiple mediation model, holding personality, income, gender, and age constant, with all four money management factors included as potential mediators of the materialism–compulsive buying link. However, before conducting our model, we examined the low reliability of the credit management subscale and discovered that one item ("Paid off credit card balance in full each month") was not contributing to the internal consistency of the measure, and when removed the reliability improved (χ = 0.66). Therefore, we used this adapted version of the credit management subscale for our analysis. Similarly, we examined the low reliability of the cash management subscale, but all items contributed to the internal consistency, therefore we were unable to create an adapted version. Credit management (i.e., path a1; $\beta = -0.27$, $p < .001$) and savings management (i.e., path a2; $\beta = -0.17$, $p < .01$) were significantly predicted by materialism, while insurance management (i.e., path a3; $\beta = -0.05$, $p > .05$), and cash management (i.e., path a4; $\beta = -0.08$, $p > .05$) were not. Credit management (i.e., path b1; $\beta = -0.31$, $p < .001$) and cash management (i.e., path b2; $\beta = -0.18$, $p < .001$) were significant predictors of compulsive buying, while savings management (i.e., path b3; $\beta = -0.04$, $p > .05$) and insurance management (i.e., path b4; $\beta = 0.04$, $p > .05$) were not. The direct effect of materialism on compulsive buying (i.e., path c; $\beta = 0.38$, $p < .001$) was attenuated after all four factors were entered into the model (i.e., path c'; $\beta = 0.23$, $p < .001$). It appears that the mediating effect of money management is driven mostly through less credit management, $a \times b = 0.08$, 95% CI [0.04, 0.13]. Further, a Sobel test confirms the significance of the indirect path ($Z = 3.60$, $p < .001$, Δ% = 22). The bootstrap results for cash management, $a \times b = 0.01$, 95% CI [−0.01, 0.03] cross zero, indicating a non-significant indirect effect, which was further confirmed by a Sobel test ($Z = 1.58$, $p > .05$, Δ% = 4), as well as savings management, $a \times b = 0.01$, 95% CI [−0.01, 0.02] ($Z = 1.23$, $p > .05$, Δ% = 2) and insurance management, $a \times b = 0.00$, 95% CI [−0.01, 0.01] ($Z = 0.51$, $p > .05$, Δ% = 1).

### 7.4. Is money management still a significant mediator when including buying motives and transformation expectations?

Because money management did not fully mediate the compulsive buying–materialism link in the previous models and we aimed to establish a more comprehensive mediation model of the materialism–compulsive buying relationship, we sought to explore additional indirect paths. Previous research has suggested that emotional and identity related buying motives fully mediate the link between materialism and compulsive buying (Dittmar et al., 2007) and that transformation expectations mediate the relationship between materialism and credit card overuse (Richins, 2011). Because of these previous findings, we included these additional variables into the model with credit management.

When controlling for the Big Five personality traits and demographic variables (gender, income, and age), materialism was a significant predictor of less credit management (i.e., path a1; $\beta = -0.30$, $p < .001$), more transformation expectations (i.e., path a2; $\beta = 0.42$, $p < .001$), and higher instances of identity buying motives (i.e., path a3; $\beta = 0.95$, $p < .001$), and emotional buying motives (i.e., path a4; $\beta = -0.76$, $p < .001$). Further, credit management was a significant predictor of compulsive buying (i.e., path b1; $\beta = -0.32$, $p < .001$), as were transformation expectations (i.e., path b2; $\beta = 0.30$, $p < .01$) and emotional buying motives (i.e., path b3; $\beta = -0.17$, $p < .001$); however, identity buying motives were not a significant predictor of compulsive buying.
buying more frequently. Every-day consumption, leaving credit management as the mechanism to explain why materialists engage in compulsive consumption. Additional, saving and investment behaviors (i.e., allocation of present and future resources) are not as directly involved in motivation. In contrast, cash management represents a concrete financial supply, the decrease in which is immediate. Consumer to separate the pleasure of buying from the “pain of paying” (i.e., the discomfort of spending money; see Prelec & Loewenstein, 1998). Possibly, the reason credit cards increase spending is because they allow the consumer to purchase costly, high-status, publicly visible items (Richins, 1994), which they can use to display the monetary impact (as well as possible self-blame) of spending money. Specifically, credit cards are the financial tools that allow materialists to purchase costly, high-status, publicly visible items (Richins, 2011). Further, research has also demonstrated that using credit cards leads to more spending than cash or checks (Prelec & Loewenstein, 1998), and greater spending characterizes compulsive consumption (e.g., Faber & O’Guinn, 1992; O’Guinn and Faber, 1989). Possibly, the reason credit cards increase spending is because they allow the consumer to separate the pleasure of buying from the “pain of paying” (i.e., the discomfort of spending money; see Prelec & Loewenstein, 1998). In contrast, cash management represents a concrete financial supply, the decrease in which is immediate. Additionally, saving and investment behaviors (i.e., allocation of present and future resources) are not as directly involved in buying motives to improve emotion and identity, transformation expectations for life and the self). The results from our two studies support our claim that money management serves as a mediator between materialism and compulsive buying. Specifically, our mediation models suggest that materialists’ lack of money management partially explains their tendency to compulsively purchase above and beyond the impact of personality traits, gender, age, and income. More importantly, our results suggest that the mediating effect of materialists’ poor money management is driven primarily by inadequate credit management (e.g., not paying credit card bills on time and exceeding credit limits). Further, poor credit management remains a significant mediator with other possible mediators in our more comprehensive model (i.e., buying motives to improve emotion and identity, transformation expectations for life and the self). Buying motives for mood improvement have the largest unique impact of the link from materialism to compulsive buying, followed by inadequate credit management and transformation expectations. However, buying motives to improve identity play no significant role in our model. In our more comprehensive mediation model, the tendency of materialists to (a) not engage in credit management, (b) believe that their purchases will transform their lives and selves, and (c) make purchases for an emotional lift completely explains their greater frequency of compulsive buying. Our model is the first to suggest that transformation expectations mediate the relationship between materialism and compulsive buying.

8. General discussion

The results from our two studies support our claim that money management serves as a mediator between materialism and compulsive buying. Specifically, our mediation models suggest that materialists’ lack of money management partially explains their tendency to compulsively purchase above and beyond the impact of personality traits, gender, age, and income. More importantly, our results suggest that the mediating effect of materialists’ poor money management is driven primarily by inadequate credit management (e.g., not paying credit card bills on time and exceeding credit limits). Further, poor credit management remains a significant mediator with other possible mediators in our more comprehensive model (i.e., buying motives to improve emotion and identity, transformation expectations for life and the self). Buying motives for mood improvement have the largest unique impact of the link from materialism to compulsive buying, followed by inadequate credit management and transformation expectations. However, buying motives to improve identity play no significant role in our model. In our more comprehensive mediation model, the tendency of materialists to (a) not engage in credit management, (b) believe that their purchases will transform their lives and selves, and (c) make purchases for an emotional lift completely explains their greater frequency of compulsive buying. Our model is the first to suggest that transformation expectations mediate the relationship between materialism and compulsive buying.

8.1. Materialism, credit use, and barriers toward credit management

Out of the four tested components of money management, credit management, emerged as the mediation mechanism. Previous research demonstrates that materialists buy on credit more frequently, which may provide ease to delay the financial consequences of consumption. Specifically, materialists have a higher willingness to use installment credit (Watson, 2003), demonstrate more positive attitudes toward debt and borrowing (e.g., Watson, 2003), and are willing to take on greater levels of debt (e.g., Richins, 2011). Further, research has also demonstrated that using credit cards leads to more spending than cash or checks (Prelec & Loewenstein, 1998), and greater spending characterizes compulsive consumption (e.g., Faber & O’Guinn, 1992; O’Guinn and Faber, 1989). Possibly, the reason credit cards increase spending is because they allow the consumer to separate the pleasure of buying from the “pain of paying” (i.e., the discomfort of spending money; see Prelec & Loewenstein, 1998). In contrast, cash management represents a concrete financial supply, the decrease in which is immediate. Additionally, saving and investment behaviors (i.e., allocation of present and future resources) are not as directly involved in everyday consumption, leaving credit management as the mechanism to explain why materialists engage in compulsive buying more frequently.

Credit card use has been consistently connected to compulsive buying (e.g., Koran et al., 2006; Lo & Harvey, 2011), which is often done for mood improvement (e.g., Elliot, 1994). If materialists and/or compulsive buyers shop with emotional and identity-building goals in mind, then credit card use can maximize the temporary well-being gained from a purchase, delaying the monetary impact (as well as possible self-blame) of spending money. Specifically, credit cards are the financial tools that allow materialists to purchase costly, high-status, publicly visible items (Richins, 1994), which they can use to display success and superiority to their social references (Richins & Dawson, 1992). Such purchases can increase materialists’ feelings of worth through social comparison (e.g., Richins & Dawson, 1992) with desired objects valuable and central to their identities (Richins & Dawson, 1992). Previous research has implied that materialists may unintentionally resist credit management because a clear financial awareness may threaten their value-based and emotion-regulatory shopping (Donnelly et al., 2012). Because immediate shopping opportunities are aligned with the values and needs of materialists, those individuals may face greater discomfort (i.e., a “pain of knowing”) in managing their money (Donnelly et al., 2012).

8.2. Buying motives to improve mood and identity and transformation expectations

As expected, Dittmar et al.’s (2007) motives to improve mood, as well as Richins’s (2011) expectations of self- and life-transformation, mediate the link from materialistic values to compulsive buying. Not expected, however, is our finding that the influence of identity motives on compulsive buying disappears in the face of poor credit management and transformation expectations.

Moreover, considering that material values and compulsive consumption are both driven by a desire for emotional improvement and identity enhancement characteristics (O’Guinn and Faber, 1989; Richins & Dawson, 1992), one can infer a conceptual overlap between materialism, compulsive buying, and Dittmar’s emotional and identity buying motives.
Further, the very high zero-order correlations and beta values in our models demonstrate a considerable overlap between emotional buying motives, materialism, and compulsive buying (see Tables 3 and 5).

To the contrary, identity buying motives no longer act as a mediator of the relationship between materialism and compulsive buying when transformation expectations and money management are included in the model. Given that materialists have high expectations that their purchases will transform their lives (including the belief that purchases will make them more attractive, efficient, interesting and important people; see Richins, 2011), it seems likely that such expectations might have displaced the original effect of shopping for identity gains. In short, expectations of transforming the self conceptually include an improvement of identity. Also, transformation expectations have been found to mediate the relationship between material values and credit misuse (Richins, 2011), but our study extends this by suggesting that transformation expectations also play a role in explaining the relationship between materialism and compulsive buying, even when controlling for poor credit use.

8.3. Limitations

Although we find a consistent mediating effect of money management across two studies using two different money management measures, our measurement of credit management is limited to the credit management subscale of the Financial Management Behavior Scale. The authors of this subscale report low reliability and call for further refinement (Dew & Xiao, 2011). Although we were able to improve the reliability by removing one item (“Paid off credit card balance in full each month”), our results should still be interpreted with caution until a better measure is developed. Our study speaks to the importance of developing a reliable, multi-dimensional money management measure that will help researchers and practitioners isolate specific money management behaviors to better understand which behaviors are driving the effects of maladaptive consumption and financial outcomes.

8.4. Future directions

Taken together, the model suggests that materialistic individuals are purchasing with the motivation to improve their emotions and to transform their lives. Credit cards may be the tools allowing this pursuit, explaining why materialists are more likely to buy compulsively. However, our current research fails to explain why materialists do not maximize their purchasing power with better credit management and sometimes continue buying, to the point of compulsive consumption, in the face of negative financial consequences. Why do the negative emotions from debt not override the discomfort of financial clarity? Future research should investigate aversion towards the knowledge of one’s credit card debt, especially amongst materialistic consumers and compulsive buyers, who are at greater financial risk and also face greater psychological challenges to reducing spending. Our research suggests that materialists are frequently paying the minimum of their credit balances but lack an empirical investigation of the psychological barriers to credit management. Such research would contribute to Richins’s (2011) finding that transformation expectations explain the connection from materialism to credit misuse. Further, if credit cards reduce a current pain of parting with money, research should investigate the extent to which people later avoid uncovering the true financial impacts of their credit behavior (e.g., of making only minimum payments on credit debt), as well as measure of psychological discomfort brought on by the inquiries. Another promising related direction is considering the benefits and costs of financial vagueness. If imprecise knowledge has more leeway for self-manipulation (Schneider, 2001), and consumers estimate past and future credit card expenses inaccurately with memory biases (Srivastava & Raghubir, 2002), it appears that financial vagueness allows consumers to continue shopping even when in financial trouble. Future research should investigate if vague financial budgets fuel spending and contribute to materialists’ likelihood of shopping compulsively. Moreover, future research should determine the degree of intentionality with which people may avoid money management generally. Additionally, our findings support past research, which demonstrates that emotional and money-management therapies can curb compulsive buying behaviors (Mitchell et al., 2006); however, future
research needs to quantitatively evaluate the unique impacts of each intervention on compulsive buying in order to isolate the effects of its antecedents.

With these findings, researchers can better investigate the paths to improving consumer well-being and promoting responsible financial behavior. For instance, a more clear and frequent framing of the cost of a purchase based on the total amount a consumer paid after interest versus the original retail cost may make the potential expense of using credit cards more salient. If such framing can reasonably decrease consumption and credit card use, reducing the “pain of knowing” one’s finances could have positive implications on one’s purchasing and debt repayment. Research in these domains might influence the levels of individuals claiming bankruptcy because of credit card defaults.

References


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