



Contents lists available at ScienceDirect

Journal of Business Research



Compulsive buying in online daily deal settings: An investigation of motivations and contextual elements

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ARTICLE INFO

Article history:

Received 12 December 2014

Received in revised form 12 August 2015

Accepted 13 August 2015

Available online xxxx

Keywords:

Compulsive buying

Daily deals

Shopping motivations

Online shopping

Retailing

Social comparison theory

ABSTRACT

The authors develop a motivation theory of online buyer behavior for daily deal promotions with a focus on compulsive buyers. The theory helps explain and predict compulsive buyers' online or mobile shopping motivations. Further, the theory explains mobile/online buyer's psychological responses to contextual factors in online daily deal promotions. Daily deal promotions display indicators that may increase time pressure (e.g., product is available for today only claims) and social pressure (e.g., 834 other consumers have purchased claims). The authors empirically show that daily deal websites represent an especially tempting shopping context for compulsive buyers due to hedonic and social motives that influence consumers' response to such contextual factors. To protect this vulnerable consumer segment from overspending, the implications for retailers and daily deal site managers are to lessen the prominence of high-pressure indicators, such as number of deals sold to other consumers and the seconds remaining to purchase.

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1. Introduction

Compulsive buying represents a consumer behavior that has been of ongoing interest to consumer researchers (e.g., Kukar-Kinney, Ridgway, & Monroe, 2012; O'Guinn & Faber, 1989). It refers to consumers' tendency for shopping and buying to become an uncontrollable obsession or a coping mechanism (Ridgway, Kukar-Kinney, & Monroe, 2008). Compulsive buyers are a vulnerable consumer segment, as they have less impulse control over buying. The "always open" online shopping environment may exacerbate their compulsive tendencies.

Daily deal websites (e.g., Groupon), a recent and growing e-commerce phenomenon, address these vulnerabilities, as they represent a marketplace for consumers who like to get deals and see the reactions of other shoppers. These platforms offer highly discounted deals, available for a limited time, which only unlock after a certain number of others purchase them. Unlike most other e-commerce sites, daily deal websites display visually prominent stimuli indicative of high-pressure sales tactics (e.g., time is running out, already purchased by 834 others).

In light of the increasing popularity of daily deal websites, the question arises as to how daily deals and their unique contextual factors

impact consumers' response to such offers. The objective here is to provide scholars, daily deal aggregators, as well as retailers with a compulsive buyer-focused motivation theory for online daily deal promotions. Such theory can help explain and predict compulsive buyers' responses to contextual factors of online daily deal promotions, thereby offering important transformative consumer research implications. A second objective is to explore possible differences between compulsive buyers and heavy daily deal purchasers.

2. Conceptual background

2.1. Compulsive buying

For most consumers, shopping and buying are normal or even routine behaviors. For some consumers, however, they may become an uncontrollable obsession and a coping mechanism that allows them to relieve an underlying anxiety or tension. The resulting purchase behavior may lead to social, familial, and financial problems (O'Guinn & Faber, 1989).

Some research estimates 5.8% of U.S. consumers to be compulsive buyers (Koran, Faber, Aboujaoude, Large, & Serpe, 2006). Other scholars, however, consider these estimates too conservative as there appears to be an increasing tendency of compulsive buying in the United States and other developed countries (Ridgway, Kukar-Kinney, & Monroe, 2011).

Compulsive buying significantly influences affected consumers' well-being, and as such, the topic falls into the domain of transformative consumer research (Crockett, Downey, Firat, Ozanne, & Pettigrew,

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2013; Faber & Vohs, 2012). Although at first sight excessive shopping may appear to be good for retailers, as it leads to higher sales, such behavior may eventually be harmful to profit margins; for instance, if customers return purchased items or engage in negative word-of-mouth.

Excessive buying has been of interest to consumer researchers and public policy advocates for almost three decades (e.g., DeSarbo & Edwards, 1996; Koran et al., 2006; O'Guinn & Faber, 1989; Ridgway, Kukar-Kinney, Monroe, & Chamberlin, 2008). The Internet as a shopping channel has given the topic additional importance because of compulsive buyers' vulnerability to the dangers of online shopping (Kukar-Kinney, Ridgway, & Monroe, 2009), such as the ability to buy any time the urge strikes. Compulsive buying research is crucial because it helps scholars to better understand the role of emotions and coping behaviors. Further, research findings may enable consumers to make better-informed purchase decisions. Overall, knowledge about compulsive buyers' behavior can be used to improve affected consumers' well-being, a key goal of transformative consumer research (Mick, Pettigrew, Pechmann, & Ozanne, 2012).

2.2. Daily deal websites

Daily deal websites, known also as group-buying sites, position themselves around deals and value. They offer discounts via regionally targeted daily e-mail marketing campaigns (Byers, Mitzemacher, & Zervas, 2012). Often, a certain number of deals must be sold before the deal becomes available—making this context appropriate for application of social comparison theory.

The dangers of online shopping for compulsive buyers are especially pronounced in the context of daily deal websites. Researchers have found that marketing cues can represent a trigger encouraging consumer addiction (Martin et al., 2013). Daily deals can create time pressure based on the limited availability and can insinuate social pressure when deals are eligible only if others also buy. This combination of time pressure and social pressure may be harmful when paired with high compulsive buying tendencies.

Social comparison theory (Lennox & Wolfe, 1984), motivational theories, and daily deal websites are relevant to study in the compulsive buying context because they bring in the social element, such as the ability to compare purchased deals with other consumers. Due to lower self-esteem, compulsive buyers are vulnerable to social cues (DeSarbo & Edwards, 1996; Faber & O'Guinn, 1992), and may react more strongly to the social elements of daily deal websites. Daily deals are inherently social in nature because most count on others to buy a deal to “unlock” the discount. Additionally, daily deal websites inform potential buyers of how many others have already purchased the deal. Last, they allow the customer to receive the deal for free if he or she recommends it to others and three buy it, providing an additional persuasion.

2.3. Motivation theory

In this section, the authors introduce the conceptual model including the theoretical rationale for the hypotheses. The authors identify online consumers' broad needs and link these needs to hedonic and social shopping motivations. In light of these motivations, the authors build a set of hypotheses that explain or predict online consumers' responses to contextual daily deal elements.

According to motivation theory (e.g., McGuire, 1976), consumers experience needs for consistency, expression, and tension reduction. Thus, consumers, particularly compulsive buyers, are expected to shop or buy online daily deals to at least partly fulfill these needs.

2.3.1. Consistency

Using a daily deal site can provide consistency in shopping habits, as one can check for deals more consistently than search at physical store locations. Since compulsive buyers preoccupy themselves with repetitive buying (Ridgway et al., 2008), they exhibit a stronger need for

consistently engaging in buying activities. Since daily deal websites inform their subscribers about the available deals on a daily basis, they enable compulsive buyers to frequently peruse and easily purchase deals.

2.3.2. Tension reduction

Generally, a tension between buying (i.e., spending money) and fulfilling wants, needs, or desires exists. This tension may be reduced by bargain hunting. Compulsive buyers react more strongly to sale prices, as these provide them with an excuse to buy (Kukar-Kinney et al., 2012). Moreover, they experience tension due to their negative feelings of depression and anxiety, and use buying as a retail therapy to temporarily achieve positive emotions (Aboujaoude, Gamel, & Koran, 2003; Ridgway et al., 2008). As such, daily deals should satisfy their strong need for hedonic experiences that temporarily make them feel better.

2.3.3. Expression

Consumers can also use daily deal sites to fulfill motivations of self-expression. The deals and the channel in which they are acquired can aid consumers in expressing their tastes, preferences, style, or values. Social comparison theory posits that consumers pay attention to social comparison information (Bearden & Rose, 1990; Lennox & Wolfe, 1984) and are thus susceptible to interpersonal influence (Bearden, Netemeyer, & Teel, 1989). They look to others for cues when they are uncertain how to act in social situation in order to fit in. Consumers with high social motivation observe the reactions of others to avoid feeling out of place. Compulsive buyers have an especially strong need to boost their self-esteem and enhance both their self-image and social image (Dittmar & Drury, 2000). Thus, the need for expression should be strongly linked to social motivations for purchasing.

In sum, motivation theory can help to understand what drives online and/or mobile shoppers, particularly compulsive buyers, to purchase from daily deal sites.

3. Hypotheses

3.1. Hedonic motivations and compulsive buyers

Prior research identifies experiential or hedonic motives as important determinants of consumer buying behavior (e.g., Arnold & Reynolds, 2003; Close & Kukar-Kinney, 2010; Kukar-Kinney & Close, 2010). Hedonic motives pertain to positive feelings (e.g., pleasure, excitement) online consumers experience while shopping or buying via technology (Close & Kukar-Kinney, 2010; Kukar-Kinney & Close, 2010). Compulsive buyers frequently experience negative feelings in life and turn to buying to find relief (Faber & O'Guinn, 1992). Buying thus becomes a coping and tension-reducing mechanism. Compulsive buyers love the buying process and for a short period of time, buying makes them happy (Aboujaoude et al., 2003). As such, their motivations for buying from daily deal websites should reflect their focus on positive feelings. Therefore, compulsive buyers should experience a higher level of hedonic motivations when shopping and buying on daily deal websites compared to non-compulsive buyers.

H1. *The higher consumers' tendency for compulsive buying, the higher their level of hedonic motivations for shopping on daily deal websites.*

3.2. Utilitarian motivations and compulsive buyers

Utilitarian motivations refer to shopping with a work mentality (Hirschman & Holbrook, 1982), whereby consumers focus on the task of purchasing a specific product to satisfy a specific functional need (Babin, Darden, & Griffin, 1994). Since compulsive buyers use shopping and buying to relieve negative feelings, their focus is predominantly on satisfying their need to buy, rather than a functional need for purchase. In fact, compulsive buyers do not always open their bags or packages

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