Credit Card Usage And Compulsive Buying:
An Application In Kırıkkale

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Extensive Summary

Introduction

Credit cards, also known as plastic money, is a means of payment employed as a substitute of cash by consumers. They have been widely used in Turkey since 1990 and recently, their utilization is continuing in a rapidly increasing rate in our country as well as all over the World. Developments in technology, widespread internet usage, prevalence of smart phones and improvements in mobile banking enable individuals to pay for all kinds of payments and shopping via credit cards. Additionally, bank commercials aiming at boosting the use of credit cards, incentives granted by banks manipulate consumers to adopt two or more credit cards. Moreover, credit cards let the individual to purchase a good or service without contemplating its price. They also multiply luxury consumption, which leads to unconscious consumption, expenditures getting ahead of incomes and financial troubles. Constancy in consumption through credit cards causes compulsive buying behaviour, shopping addiction so to speak.

Main goal of this study is to present the effects of credit card usage and approach toward credit card on compulsive buying behaviour. Within this scope, 301 consumers and credit card users in Kırıkkale have been scrutinized in order to determine whether their approach to credit cards has any impact on compulsive buying behaviour.

Method

Subject of the research is determination of factors affecting compulsive buying behaviour of consumers. In order to reach this goal, we have observed how demographical features of consumers, their usage of credit cards and their approach to credit cards affect their buying behaviour.

Survey method has been employed as data collecting technique in this research. The survey form consists of three sections. First section contains questions as to credit card utilization and demographical features of participants (gender, marital status, age, education, profession and income) Second section is composed of Credit Card Usage Scale consisting of 12 statements developed by Robert and Jones. Reliability analysis has been performed on this scale that has Cronbach's Alpha value of %77,8. In the last section, there has been used Compulsive Buying Behaviour Scale, developed by Valence and et al. in 1988 so as to determine buying behaviours of consumers. Cronbach's Alpha value of this scale has been identified as %80,5.

Majority of the research participants consists of consumers over 18 years of age in Kırıkkale, who have credit cards of any bank. Because the number of individuvals in population (credit card users in Kırıkkale) can't be ascertained, sample selection formula has been utilized. (n= t^2p.q /d^2; for a 90% confidence level t=1,645, d= ± 0,05 ve p,q=0,5) Sample number of the survey has been identified as 271. Simple random sampling has been used as sampling method in the survey. In this context, 550 survey forms have been distributed in Kırıkkale, 329 of which could be collected. Since 28 of these collected forms had some questions without any given answers, remaining 301 forms have been evaluated. Independent Sample t Tests, Regression Analysis and One-Way Analysis of Variance (One Way ANOVA) have been applied to the data gathered by survey method.

Findings

In this section, information is given regarding gender of the participants, their marital status, age, education level, profession, income and credit card use. According to the results, %51,8 of participants consist of women while %48,2 consist of men. %70,4 are single and %29,6 are married. As for their age, %53,2 of the participants are between the age of 18-24. %61,8 of the credit card users have attended to university. As far as income levels are concerned, first come the participants with 1000 TL or less incomes, who constitute %43,5 of all participants, while the second place is taken by the ones with incomes between 1001 TL – 1500 TL. Lastly, as for professions of the participants, students has the first place with %41,2, which is followed by private sector employes with %24,3.

In the light of this research, it has been observed that %57,5 of the participants use merely one credit card. %28,6 of them possess two credit cards. %29,2 have been using credit cards for 1 year or less. While %54,8 pay off and clear their monthly credit card debts, %20,6 solely pay minimal payment due. Finally, when we have viewed the amount of expenditures via credit card, we have reached that %66,4 of the participants spend 900 TL or less.

In order to search whether there is a link between genders and compulsive buying behaviours of the participants, we have performed Independent Sample t Test which has showed that there is indeed a significant relation between these two factors. (p=0,000) According to this finding, women present much more compulsive buying behaviours than men.

Above mentioned Independent t Test has found connection between compulsive buying behaviour and marital status. According to this findings, singles tend to display much more compulsive buying behaviours than the married do.(p=0,029)

For determination of any link between compulsive buying behaviour and age, One-Way Variance Analysis (ANOVA) has been applied, which has not showed any significance whatsoever. (p= 0,252)

One-Way Variance Analysis (ANOVA) has also been performed so as to specify any link between compulsive buying behaviour and educational background, which has also yielded no connection of any importance. (p=0,764)

One-Way Variance Analysis (ANOVA) has been performed so as to specify any relation between compulsive buying behaviour and profession, only to find that there is no remarkable connection between them. (p=0,684)

One-Way Variance Analysis (ANOVA) has been carried out to identify any link between compulsive buying behaviour and level of income, which has showed no connection worthy of note. (p=0,739)

One-Way Variance Analysis (ANOVA) has also been made in order to determine any link between compulsive buying behaviour and number of cards the participants, which has showed no considerable relation between these two features. (p=0,127)

One-Way Variance Analysis (ANOVA) has also been made in order to determine any link between compulsive buying behaviour and duration of credit card use. A connection has been found between them. In order to identify this connection, Tukey HDS is applied. According to test results, 3-4 year-credit-card-users are more inclined to exhibit such behaviour. (p= 0,019)

One-Way Variance Analysis (ANOVA) has been carried out in order to determine any link between compulsive buying behaviour and monthly payments by the participants for their credit card debts. The analysis has exposed that there is a connection between them. According to Tukey HSD test result, users who pay off only half of their monthly debts show more compulsive buying behaviours than others. (p=0,028)

One-Way Variance Analysis (ANOVA) has been performed to specify any connection between compulsive buying behaviour and the amount of expenditures via credit cards by the participants, which has revealed no significant link. (p=0,587)

In this study, approaches of the participants toward credit cards have been the independent variant while compulsive buying behaviour has been the dependent variant in process of the regression analysis. Linear regression model in this study has been formed as follows:

Compulsive Buying Behaviour= β_0+ β_1Credit Card

According to findings, R^2 value as %23, according to which %23 change in the dependent variant is explained by the independent variant employed in the model. In other words, %23 change in compulsive buying behaviour is illustrated by changes in approaches of the users toward credit card use. Remaining %77 ratio is conceivably explained by other variants not included in the model.

Variance analysis table demonstrates F value of the model as 89,171 and p value as 0,000. With reference to these findings, it is possible to state that the model as a whole is statistically significant. This model in which we have identified compulsive buying behaviour through approaches toward credit card use, is apparently significant.

Estimated value of the constant in this model is (β_0) 1,532 and estimated value of the independent variant is (β_1) 0,509 whereas t values (p=0,000) are statistically significant in every level. A %100 change in approaches by the participants toward credit card use leads to %50,9 increase in compulsive buying behaviour.

Conclusion

This study has determined effective factors regarding compulsive buying. Findings in context of gender reveal no distinctive difference between men and women who employ credit cards in Kırıkkale. This is the consequence of women pursuing a career. Besides, analysed data exposes that women are more inclined to such behaviour. Prior studies also support this revelation. In his study in 1990, Alain d' Astous stressed that women had higher inclinations toward compulsive buying behaviour. Similarly, through the findings during their research in 2007, Mueller and et al. stated that such buying behaviour is more widespread among women. When analysing findings related to marital status, it has turned out that singles are inclined to buying much more than the married are. This situation arises from the lack of domestic responsibilities of singles when compared to the married.

Monthly payments by consumers for their credit card debts affect compulsive buying behaviour. The analysis shows that those who pay off half of their debts are more inclined to such behaviours than others. The study by Phau and Woo in 2008 also emphasized that compulsive consumers had hardship in clearing their credit card debts and they paid off merely small amounts of their debts. All in all, the amount of payment for debt is one of the important factors effecting this behaviour.

Consumers' approach toward credit cards which is the principal subject of this research, has a positive impact on compulsive buying behaviour. From Phau and Woo's (2008) point of view, credit card users purchase more expensive goods since they ignore prices, which causes users to go out of their depths when facing huge amounts of credit card debts. On the other hand, credit cards being widely used and easily obtained in modern times also increase expenditures. Facilitating the obtainment of credit cards by youngsters has particularly increased unconscious consumption. That is why banks should carefully consider their age and income while giving them credit cards. Besides, restrictive measures should be taken towards consumers using credit cards. Such measures might help preventing excessive and redundant expenses.

Samples of this research consist of consumers using credit cards in Kırıkkale. Future studies could be carried out by taking consumers with credit cards in other cities into consideration. Moreover, this research has employed credit card as a single independent variant and thus explains solely %23 of compulsive buying behaviour. Different variants could be added to the model in the future. According to Dittmar and et al. (2007) unlike traditional stores, consumers may purchase goods any time and any day, which could also promote such behaviour. Thus, future researches could focus on the effects of online shopping and credit card use on compulsive buying.