

## CHAPTER 1

### INTRODUCTION

The last fifteen years in Malaysia have seen the country become a leading Asian Tiger economy with new industries, rapidly rising standards of living and enhanced opportunities for many people. The young urban Malaysians have grown up virtually in an environment marked with robust economic growth and prosperity. With opportunities for jobs and businesses abound, it has given rise to a more materialistic society. In such societies, it has been found that money is very important for most people, as reflected by their attitude that, the more money one has, the better his/her status (Tang 1993). As such, it would be interesting to assess their attitude towards money and its influence on their buying behaviour.

Modern money (e.g. dollar, yen and ringgit) represents a prominent feature of most market economies and has been established as a powerful motivator of behaviour by economists (Finn 1992), anthropologists (Crump 1992), sociologists (Baker and Jimerson 1992) and psychoanalysts (Doyle 1992, Thierry 1992). The central role of money in the consumer culture suggests this would be a logical place to start. Conceptual studies of money attitudes cited investigations of the symbolic meaning of money by individuals such as failure and social acceptability (Wernimont and Fitzpatrick 1972) and meaning of money as the ability to purchase power, security, love and freedom (Goldberg and Lewis 1978). Belk and Wallendorf (1990) focused on the sacred meaning of money. Whichever money provides, three meanings can be transferred to money: power, distrust and love. Given the availability of credit today and the generally greater affluence among urban Malaysian consumers, who are strongly attracted to status symbol of a better life and power, would strongly support the increasing importance they attach to money. An investigation into the role of money in consumer culture in Malaysia is indeed warranted.

Urban Malaysian consumers have experienced not only annually increasing income per capita but the regular influx of new products, services and ideas. This group of urban consumers living in Kuala Lumpur and its surrounding satellite towns have supported the growth of a high-end retailing market and they have become the major consumers of foreign made consumer goods and ideas. Private consumption in Malaysia is expected to grow by 7%, while retail sales are projected to grow between 6 and 8% (The Edge 2001). This is the new emerging consumer culture that is, a culture of consumption. However, a negative outcome of consumer culture is compulsive buying. Compulsive buying is, by definition, a chronic state, while impulse purchasing is generally assumed to be an acute behaviour (O'Guinn and Faber 1989).

Past researches had investigated the incidence of impulse buying or unplanned purchases in Malaysian consumers, which have some relation to compulsive buying (Omar 1996; Lim 1998; Salleh and Tan 1999). A study on consumer shopping habits among urban Malaysian consumers showed that 61% of the sample had made unplanned purchases (Othman and Lim 1998). Seow (1997) in a Malaysian Lifestyle study, found that 9.1% of sample surveyed, identified as "*Tidak Apa Spendthrifts*" are compulsive spenders. No research has investigated the relationship of money attitude and compulsive buying among Malaysian consumers. Given little evidence as well as paucity of such studies, further investigation into the nature of compulsive buying behaviour is necessary.

## **Objectives of the Study**

This study is largely exploratory in nature and seeks to investigate the relationship between money attitude and compulsive buying behaviour among urban Malaysians. Specifically, the objectives are as follows:

1. To examine money attitude among urban consumers;

2. To explore the incidence of compulsive buying behaviour among urban consumers
3. To identify demographic influence on money attitude and compulsive buying behaviour;
4. To investigate the extent to which urban Malaysian's attitude towards money affect compulsive buying behaviour and;
5. To discuss the implications to marketers and policy decision-makers.

### **Significance of the Study**

The study on the nature of compulsive buying helps to provide a better understanding of the way consumers view their buying behaviour. Compulsive buying is seen as the dark side of consumer behaviour and it is something people may suffer from unknowingly. It is an addiction that rarely gets attention because few recognise the pattern in these psychological terms with its many facets. Thus, the findings in this study help create an awareness among consumers that such disorder exists although it does not reveal itself over some time because compulsive buying is habit forming.

The findings obtained from this study could help marketers and advertisers in their marketing strategy. Implications include determining the appropriateness of using compulsive buying as a segmenting method as well as exploring the possibility of using Internet marketplaces to facilitate compulsive buying behaviour. Analysis of compulsive buying behaviour could contribute significantly to an individual's well being. For people who have characteristics or traits that may predispose to buying addiction, they can be alerted of their follies and use their discretion in preventing them from being addicted. In addition, the outcome of this study could be of interest to public policy makers in their efforts to alleviate compulsion to buy especially among young adults.

Importantly, to the financial planners, the findings on symbolic dimensions of money attitudes of urban Malaysian consumers can be used in financial planning and counselling services as a means to help consumers make their

financial investments as well as in their marketing strategies of investment portfolios. Finally the results obtained from the relationships between money attitudes and compulsive buying can contribute to the knowledge on compulsive buying behaviour and money attitudes' literature. It will provide an elucidation of the relationships between money attitudes and compulsive buying in an Asian environment. Such relationships should be of interest to advertisers and marketers in trying to influence consumers in making consumption decisions.

### **Scope of the Study**

The research was conducted using convenience sampling and restricted to the selected areas in the Klang Valley and Kuala Lumpur as they represent the major urban consumer markets in the country. In addition, time and cost constraints have limited the geographical coverage to the selected areas. The targeted respondents are the urban consumers who are living and working in the vicinity of Petaling Jaya and Kuala Lumpur. They comprise consumers mainly between 20 to 55 years of age.

The main focus of this study is to investigate the nature of money attitude of urban Malaysians. As ethnicity is a strong feature in the Malaysian context, a cross-ethnic comparison between Malays and Chinese was undertaken to investigate whether there were individual-differences in the perspective of money between the two ethnic groups. Gender is a social dimension which affects consumer behaviour. Little is known about how men and women differ in perceptions of their money attitude. This study aims at establishing how Malaysian urban men and women differ in their attitude towards money.

The study then attempts to identify whether compulsive buying behaviour exists in urban Malaysian consumers. Since it has been established that different behaviour, perception and attitude towards money are likely to exert an influence on consumption behaviour, the role money attitude plays in influencing compulsive buying was examined.

## Limitations of the Study

As with most exploratory studies, this study is subject to certain limitations. It should be noted that the study is basically exploratory and cross-section in nature. The main limitation confronting this study is a lack of representativeness and the urban nature of the respondents. The findings of this exploratory research should be interpreted within the limits of the sample size ( $n = 270$  urban consumers), sample space (Klang Valley and Kuala Lumpur) and time (the data was collected over three weeks). Samples were selected using convenience sampling. There is no denying that the findings may change if random samples were used.

In as much as convenience sampling was utilised in this research, generalisations should be cautiously made. Since self-administered questionnaires were utilised in this study, respondents might have been apprehensive about revealing their personal attitudes and behaviours especially questions pertaining to negative consumer behaviour such as compulsive buying. However, these shortcomings should not totally negate usability of the results. A larger sample by including the urban consumers from other states in the country could make generalisation of the survey results more meaningful and effective. The study was also subject to time and cost constraints. Despite the shortcomings, findings of this study have provided insights into consumers' attitudes toward money and its relationship with compulsive buying behaviour.

## Organisation of the Study

This study is organised into five main chapters. Chapter one serves as an introduction to the study. It presents the objectives and significance of the study, its scope and study limitations. The next chapter deals with the literature review on compulsive buying and what has been found about the phenomenon. A review of the literature on money attitude is also covered in this section. The third

chapter presents the methodology of the study, which includes the sample design and procedures, the measuring instruments adopted to measure compulsive buying and money attitude followed by data collection method and data analysis techniques used in the study. Chapter four presents the overall findings of the study, followed by a discussion of research results. The last chapter concludes the study by summarising the findings and provides implications of the study. Some recommendations for future research are also presented.