

# People who overuse credit believe products have unrealistic properties

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A University of Missouri researcher says people who overuse credit have very different beliefs about products than people who spend within their means. Following a new study, Marsha Richins, Myron Watkins Distinguished Professor of Marketing in the Trulaske College of Business, says many people buy products thinking that the items will make them happier and transform their lives.

"There is nothing wrong with wanting to buy products," Richins said. "It becomes a problem when people expect unreasonable degrees of change in their lives from their purchases. Some people tend to ascribe almost magical properties to goods — that buying things will make them happier, cause them to have more fun, improve their relationships — in short, transform their lives. These beliefs are fallacious for the most part, but nonetheless can be powerful motivators for people to spend."

Richins identified four types of changes that materialistic people expect when making purchases. Previous research has shown that often these expectations are not fulfilled. The four types of transformations expected are:

- Transformation of the self is the belief that a purchase will change who you are and how people perceive you. This is commonly held by young people and people in new roles. For example, a woman interviewed for the study wanted to have cosmetic dental surgery because she thought it would improve

her appearance and self-confidence.

- Transformation of relationships is the expectation that a purchase will give someone more or better relationships with others. For example, a woman interviewed for the study wanted to buy a new home because she thought it would enable her to entertain more often and make more friends.
- Hedonic transformation implies that a purchase will make life more fun. For example, a man in the study wanted a mountain bike because he thought it would give him more incentive to get out and go on "an adventure."
- Efficacy transformation is the expectation that purchases will make people more effective in their lives. For example, some study participants wanted to buy a vehicle because they thought it would make them more independent and self-reliant.

People who have strong and unrealistic transformational beliefs are more likely than others to overuse credit and take on excessive debt.

According to Richins, this finding highlights a limitation of [financial literacy](#) and credit counseling programs. She recommends that financial literacy and credit counseling programs be revised to help people better understand their motivations for purchasing goods and to help them recognize that products are not a quick fix for improving their lives.

"Many financial literacy programs seek to prevent people from getting into financial problems by presenting the facts about interests rate and loans," Richins said. "However, few programs seek to directly influence behavior or focus on why people purchase things they cannot afford and go into debt."

**More information:** The study, "Materialism, Transformation

Expectations, and Spending: Implications for Credit Use," will be published in the fall by the *Journal of Public Policy and Marketing*, but it is available online at

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