

Materialism, Transformation Expectations, and Spending: Implications for Credit Use

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Marsha L. Richins is the Myron Watkins Distinguished Professor in the Department of Marketing, University of Missouri (e-mail: richinsm@missouri.edu). The author gratefully acknowledges the support of the Sherlock Hibbs Estate Gift, which provided partial support for this project. The author also thanks the associate editor and three anonymous JPP&M reviewers for their valuable insights.

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Abstract

Materialism has often been blamed for consumers' overspending and excessive debt levels, but there is little understanding of *how* materialism influences these practices. This research introduces the concept of transformation expectations as an important explanatory variable for the relationship between materialism and credit overuse. Qualitative research was conducted to refine the construct of transformation expectations, followed by research to develop a measure of this construct. In survey research, transformation expectations were shown to fully mediate the relationship between materialism and credit overuse. Evidence supports the idea that materialism simultaneously leads to a more favorable attitude toward debt and a stronger belief that life transformations will occur as a result of acquisition, and that these two forces work together to increase credit overuse.

Keywords: materialism, transformation expectations, credit, financial literacy, economic psychology

Interviewer: What's the allure of shopping?

Madeleine Wickham: I think it's the feeling that your life will be transformed with this one purchase. It's not even so much about the thing itself.... It's all about who we are. (Sachs 2010)

For many people, the acquisition of goods is a central focus in their lives. They devote considerable time to planning important future purchases and imagining purchase outcomes, and they willingly make large sacrifices to acquire desired objects. In the U.S., middle class adults have worked increasingly more hours to pay for "the good life" (Mishel, Bernstein, and Allegretto 2005), and they seem willing to endure other discomforts for this purpose as well. In one survey (Kanner 2001), 65% of respondents said they would spend a year on a deserted island to earn \$1 million, and 30% said they'd serve 6 months in jail for someone else for that amount. For \$3 million, one in fourteen respondents indicated they would murder someone, and 15% would consider spying for another country for money.

People aren't wanting all this money so they can save it—the savings rate in the U.S. is notoriously low. They want more money so they can buy. And as Madeleine Wickham (a former financial journalist and (under the pen name of Sophie Kinsella) the author of a highly successful series of novels about excessive shopping) observes in the quotation above, people often buy things in hopes of transforming their lives.

Such strong desires for wealth, goods, and transformations have led to financially risky

behaviors that can have serious consequences for consumers. In 2009, there were nearly 1.5 million personal bankruptcies (American Bankruptcy Institute 2010), and the mortgage foreclosure rate is approaching 4 million homes per year (RealtyTrac 2010). Gambling, another financially risky behavior, is more readily accessible than ever before through internet and smart phone platforms, and the incidence of gambling behavior that disrupts personal or family life has significantly increased in recent decades (Shaffer, Hall, and Vander Bilt 1999).

Many social critics have blamed excessive debt and other risky financial behavior on materialistic tendencies that are seen as inherent in Western society. There is some empirical support for this view. Watson (2003) and Ponchio and Aranha (2008), for instance, found that more materialistic consumers are willing to carry heavier debt loads, and materialism is associated with more positive attitudes toward borrowing (Watson 1998). Research has also shown a relationship between materialism and gambling (Fang and Mowen 2009; Netemeyer et al. 1998) and compulsive consumption (Mowen and Spears 1999; Ridgway, Kukar-Kinney, and Monroe 2008), both of which can be financially destructive.

While research has established a link between materialism and financially risky behavior, the mechanisms that mediate this relationship are not well understood. Many analyses of consumption focus on the understanding that people buy goods for the benefits they provide. A consumer purchases aspirin to relieve pain, a new television for better sound and picture quality, a new lawn mower for improved reliability, and so on. Although this approach is useful in explaining many ordinary purchase and consumption instances, it does not seem sufficient to explain why consumers with an adequate standard of living give up leisure time to buy more and burden themselves with debt loads that jeopardize their financial and emotional security. It does

not seem to explain why money is so important that people will compromise their personal comfort and their morals to acquire more if it.

Although some of the product benefits literature implicitly recognizes that transformation may be a motivation for purchase, this idea has not been developed either conceptually or empirically. The research reported here seeks to expand the traditional product benefit orientation to examine purchase motivation at a more personal level--by looking at consumers' beliefs about how acquisition will change their lives. In essence, this research moves the focus from the product to the consumer, and to the consumers' perceptions of how acquisition will change both themselves as individuals and the quality of their daily lives.

This research intends to make three contributions: (1) to elucidate the nature of the transformations people hope to achieve from purchase, define the construct of transformation expectations, and develop a measure of this construct, (2) to demonstrate how the construct of transformation expectations is important for explaining the relationship between materialism and credit use, and (3) to provide insights on how understanding of transformation expectations is important to public policy and suggest future research initiatives relating to these insights.

The research uses a multi-method approach in making these contributions, something that is relatively rare in the public policy literature. It began with a qualitative study designed to discover why some consumers place such a high value on acquisition, and the construct of transformation expectations emerged from this investigation. The second study used surveys to follow up on the insights obtained from the qualitative research by developing a measure of transformation expectations and linking the construct with materialism and consumers' credit practices.

Transformation Expectations

The idea that goods can transform consumers pervades marketing practice.

Advertisements make both implicit and explicit claims about the transformations that will accrue to buyers (Braun-LaTour and LaTour 2005; Puto and Wells 1984). Indeed, some products are purchased expressly for their transformative powers, including cosmetics, virility aids, hair restoration remedies, and weight loss products, all of which promise a transformation of the physical self. Other products--breath mints and attractive clothing, for example--may enhance consumers' self-confidence or other self feelings. Some products (a new computer, a GPS device for the car) can make one's life easier, and others (books, music, or recreational equipment) can greatly add to the pleasure experienced in daily life. Indeed, one can argue that the hope for transformations such as these is the driving force behind the acquisition of many consumer goods.

While the idea that consumers may expect transformations from the purchase and use of products is not new, this notion remains underdeveloped and has rarely been examined empirically, particularly in the context of actual consumption and purchases. The literature does not contain a formal recognition of this construct or its definition. The research here is intended to provide a more detailed and rigorous examination of transformation expectations and some of their potential impacts on consumers' behavior. It began with a qualitative study that explores and defines the transformation expectations construct.

Qualitative Study and Findings

This qualitative study was initially motivated by the desire to discover why some consumers place such a high value on acquisition. However, early in the investigation, the concept of transformations emerged as a potentially important explanatory variable and gradually became a central focus of the study. Two data collections were carried out.

Data Collection 1

In depth interviews, informants were asked to describe one particular item they would like to purchase but so far had been unable to, and then discussed whether some aspect of their lives might be different after acquisition of this item. In keeping with the research objectives, objects that were somewhat difficult to obtain (usually because of their cost) were used as target stimuli.

Thirty informants between the ages of 22 and 74 were interviewed individually in their homes or another private location. They were recruited through civic and school-parent organizations and were compensated by a small contribution to the sponsoring organization. Informants were evenly split between males and females, and 40% were college graduates. An interviewer trained in depth interviewing first asked participants whether there was something they wanted to purchase but had so far been unable to. Two participants indicated they desired nothing, even after probing, and interviews with these informants were terminated. The remaining 28 informants identified one or several items they wanted to purchase, and the rest of the interview focused on one particular desired item.

The interviewer asked the informant to describe the item in detail and the general circumstances surrounding the desire for the item. Informants were then asked to imagine that

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they had acquired the desired item and to describe how the product would be used and its role in their lives. Nondirective probes were used to encourage participants to elaborate their answers and provide additional depth. Interviews lasted between 32 and 62 minutes.

Data Collection 2

In this data collection, exploratory questionnaires were completed by 49 members of local civic groups whose organizations received a small contribution in return for their participation and by 31 college students. Informants were asked to think of an item they hoped to purchase sometime in the near future but which they so far had been unable to obtain. They described the product, how much they expected it to cost, and how it would be used. This was followed by additional open-ended questions that asked whether the respondent's life would be different once the desired object was obtained. Questions covered possible changes in activities, daily life experiences, relationships with family and others, and feelings about oneself. Informants were also asked to describe ways their lives might be worse as a result of acquiring the object. Participants found the task involving and in most cases filled the space allotted for their answers, sometimes extending their comments to the margins and backs of the pages. At the end of both data collections, each participant completed the Material Values Scale (Richins and Dawson 1992), among other measures.

Analysis and Results

In data collection 1, the desired items described by informants included a new car, motorcycle, golf clubs, various furniture or appliance items, answering machine, in-ground

swimming pool, new house or addition to existing house, mountain bike, ski boat, computer, car stereo, lawn mower, horse trailer, and an overseas trip. In data collection 2, the most frequently mentioned items were electronic entertainment equipment, computers, vehicles, furniture and appliances, vacation trips, and recreational items.

Responses in both data collections were analyzed to identify the kinds of life changes mentioned by participants. Two coders independently read transcripts of the data and developed preliminary transformation categories. Following the principles described by Strauss and Corbin (1998), the coders independently described the properties and dimensions of their categories. The coders then met and discussed their categorization schemes and through a process of negotiation developed the transformation concepts described below. Although the concept categories are reasonably distinct, they are not intended to be entirely discrete and allow for the possibility that some desired transformations may involve elements of more than one category.

Transformation of the Self and Others' Perceptions of the Self

Some of the most ardently desired transformations mentioned by informants involve a change to how one perceives or experiences the self. Most frequently, these anticipated self transformations from a purchase are primarily psychological, such as enhanced self-confidence from taking dance lessons, or changes to one's self-image. Some informants also reported expectations that a purchase would lead to actual physical changes to the self, such as the expectation that purchasing an exercise bike would help the informant lose weight.

Some transformations to the self are expected to be relatively long-lasting, as in the case of an informant who hoped to have cosmetic dentistry to improve her appearance. Or they can

be of shorter duration or more tenuous, such as the expected boost in self-regard mentioned by one participant who wanted to purchase a nice car, realizing at the same time that the sense of accomplishment associated with that purchase would erode if his brother-in-law bought a more expensive one. Whether short- or long-lived, a transformation to the self is viewed as important and meaningful, and in the interviews, expectations about such transformations were often expressed with a stronger sense of hope, and with more emotion generally, than the other forms of transformation revealed in the research.

Among the anticipated psychological transformations, increases in self-confidence and self-regard were frequently noted, and some respondents were quite conscious of this motivation for desiring a new possession. Said one 49-year-old woman who wanted a new home, "I think my life would be better. I'm sure it would have something to do with ego. It would help my ego quite a bit."

In initial data interpretation, an attempt was made to distinguish changes in self-perception from changes in the perceptions others had of the self, but this proved to be an artificial distinction, as illustrated by the comment of a 27-year-old man describing his desire to buy a house and move out of his apartment.

I think I'd be very happy, and feeling more secure in owning my own home.... If I had the money to get that place, then obviously I'd be feeling more successful.... You know, [people] might think that "He can afford this nice house, he must be doing pretty good."

Respondents' comments repeatedly revealed how important possessions can be in expressing elements of the self to others. A respondent named Mike, age 28, graphically described how his lack of a desired possession negatively influenced the image he portrayed to

others and, as a result, his interactions with them.

A friend of mine got married a couple of years ago and we played golf, and everybody else had a set of clubs except for me, so I had to get the ones that said RENTAL on the side, so everybody knows you're an amateur. They put that word RENTAL about two feet long right on the golf bag in orange.... I think a lot of people look at me differently with rental clubs than they would if I had a real set. If you have rental clubs, they're quick to give you tips on how to hit the ball. "What you need to do, Mike, is stand back a little bit, put the ball by your left foot...." [If I had new clubs] I don't think I would be getting those tips from my friends that aren't necessary.... I get annoyed by that. It's always a better feeling once you get people to stop giving you advice.

In Mike's case, mere ownership of the possession was believed to have a transforming effect. In addition, comments from other respondents revealed how acquisition of a desired object can help people carry out the tasks necessary to project key elements of the self. Rita, age 30, wished she owned a dishwasher and reported:

I like my home and kitchen clean, and dirty dishes piled up do not make them look clean, and the moment you open the front door that's what you see is the kitchen sink. If I don't do them the first impression anybody, even the mailman, would have is "This lady really needs to get her act together."

As noted above, most of the expected transformations to the self reported by informants were primarily psychological, although informants also described transformations to the physical self that they expected to result from a purchase. Yet even these physical transformation expectations had a significant psychological component. A 44-year-old woman hoped to have

cosmetic dentistry as soon as she could afford it and explained her reasons:

In my work, I talk all day long, and when you're talking to people they're looking at your mouth a lot. And I'm constantly thinking that what they're looking at all the time is these crooked, ugly teeth.... I'll feel a lot less self-conscious after I get my teeth fixed, and probably do my job better too.

Similarly, the informant who hoped to purchase an exercise bike expected to achieve a physical transformation from the purchase—to lose weight; but the psychological benefits from his enhanced appearance and the sense of accomplishment he expected to have when he lost weight were an integral part of the transformation he hoped to achieve.

For all informants who mentioned expectations of transformation to the self, these transformations were meaningful and highly desired. In all these cases, the respondent indicated a dissatisfaction with “who I am now” and expressed a desire to become someone a little different--a new, improved version of themselves. By acquiring the desired object, it seemed that these consumers would hold themselves in higher regard, and hoped that others would also.

Relationship Transformation

Relationship transformations refer to positive changes in interpersonal relationships expected to occur as the result of an acquisition, and such transformations may involve changes in either the quantity or the quality of these relationships. In terms of *quantity* of relationships, some participants felt the desired possession would enable them to have more friends. A 42-year-old man wishing he had a ski boat said that having it would increase his circle of friends, and a 38-year-old woman who wanted a new home said:

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I'd probably have more room to entertain than I do now. I'd probably want to. I'd probably want to be able to show off, show them my house.... I'd probably have more friends, wouldn't I?

Possessions were also viewed as a means to increase social contacts generally. One college student was looking forward to buying a car so she could socialize more frequently with friends and have more control over those social interactions.

I'd like to do more with my friends, and I get tired of waiting for someone to ask me to go out. If I had the car, I'll go out with my friends more. Instead of waiting for someone to ask me to go shopping, I can ask them.

Among male college students, having videogame equipment or a good television set was also described as a way to enhance social contacts.

Other informants described how acquisition of a desired object would enhance the *quality* of the relationships they already have. One man, age 37, who wanted to install an in-ground swimming pool reported extensively on the family tension caused by his teen-aged daughter's complaints about how bored she was and how much she hated the house and neighborhood they had recently moved to. By acquiring the pool,

My daughter would have something to do. It would enhance her life and keep her from being bored and therefore she wouldn't be complaining to me because she's bored all the time, and then I'd be happier, less stressed.

In a similar vein, a 26-year-old woman who wished she could afford to buy a car stereo said:

My job is very stressful. So if you have a stereo, if you've had a bad day, it would give you a chance to blow some steam off before you got home, and you wouldn't take it out

on anybody else.

Some respondents described how the acquisition would improve their relationship with a spouse or significant other. A 56-year-old male noted that his wife had been complaining at him for over a year about their dated kitchen appliances. Although the family couldn't afford all new appliances, he hoped that the purchase of a new dishwasher would reduce this source of tension in the family. On a more positive note, a 22-year-old was looking forward to purchasing an expensive engagement ring for the woman he planned to marry. He believed this would make her very happy and would be a good way to get their marriage off to a good start.

Hedonic Transformation

A hedonic transformation involves a meaningful change in the amount of pleasure experienced in the consumer's life due to product acquisition. In both data collections, respondents frequently described the increase in the amount of fun, excitement, or other forms of pleasure they would experience by having the desired item. These transformations were viewed as meaningful by the respondents, and generally had a longer duration than the temporary pleasure obtained from such simple pleasures as eating ice cream or viewing a movie. Said one 34-year-old female:

R: Getting a new car would be like--like my son in Toys R Us, just excited, and wanting to see everything. Wow, that would great! That would be great! That would be awesome.

I: Would your life be different?

R: You know what? I think I'd probably take more trips. I think I'd just go to go.... We go down to the lake area, my family, because that's where I was raised for the most part.

We'd go down that way, we'd go down roads we'd never been down before and explore and I'd even ask Jonah "tell me which way to turn, dude." Yeah, let's just drive and see what's out here and push buttons in the car and "Woooo! I didn't know that worked like that!"

A 39-year-old male who wished he owned a mountain bike said:

We would take rides to relax and unwind and I think these would give us some more incentive, an extra incentive to get away and do stuff that's fun. It's a neat, cool thing. It would be fun; it's an adventure.

Many of comments in this category involved hedonic states with moderate to high degrees of arousal in which product use was described as fun or exciting. However, a significant number of respondents talked about hedonic transformations that were low in arousal, such as the experience of peacefulness or aesthetic pleasure from product use or contemplation, as in this case of a 56-year-old man who wanted to move to a rural area.

R: My new house would be in the country. I'd like to have it on about 20 acres, or even more. I'd like to get away from the congestion, and also I would like to grow my own fresh vegetables. It's kind of hard to imagine [what it would be like to have such a house]. It would be so great I don't know if I can imagine it or not.

I: What would it be like to spend the days there?

R: Ohhh, it would be so calm and peaceful out there. No traffic. Less noisy. No dogs barking except mine. Oh, I'm sure I'd feel calmer [sigh].

As this informant reveals, transformation expectations involve the idea that acquisition will actually change one's life, and not provide just momentary pleasure. This expectation of a

life transformation from product acquisition and use is also well-illustrated by the comments of a woman in her forties:

We've been wanting to buy a used pontoon boat to take out on the lake. Our weekends are kind of dull, and I get tired of hearing people at work talking about what a good time they had at the lake, and we don't hardly ever get to go down there except when we're invited because my husband doesn't want to throw away money on a rental.

For these and many other respondents, the transformation expected from acquisition transcended the object; it wasn't just that the purchaser would have more fun when using the object, it was as if suddenly one's whole life would become more interesting, more adventurous, or in the case of a 22-year-old male respondent who wanted to purchase a new bed that his girlfriend would approve of, more sexual. In all these instances, informants hoped to change the amount of pleasure in their lives through acquisition, and these changes were seen as transformative, meaningful, and long-lasting.

Efficacy Transformation

In several of the comments noted above, and elsewhere in the data, the notion of efficacy in everyday life emerged as a desired transformation. These kinds of transformations sometimes involve an increase in competence or effectiveness. For example, several informants described how the acquisition of a new computer or new software would facilitate and enhance their performance of various life management tasks or hobby activities. Another respondent described how he would like to add a garage to his home so he could install a workshop there, which would make it easier for him to do projects and make ongoing repairs and improvements to his 82-year-

old house. These expected transformations involve significant changes in the way life is experienced by consumers.

Other examples of efficacy transformation involve a greater sense of control over one's life. One woman who couldn't afford a cell phone described how her life would change if she had an answering machine.

I would feel that we're on top of things a little more, and you add [to] that we [would be] a little safer, because if there was an important message that someone was trying to get ahold of us, we would get the message. Or even if Matthew [her son] ... if something was wrong, they could leave a message on it. If we were on a trip or something, we could call back home and see if something important had happened.

Another woman wanted to move from a house in a small town to a larger one about 30 miles away. She described at length the difficulty of arranging the family schedule when so many of their activities took place in the larger town, and how having a house there would make it easier to manage their lives.

It would make our lives less chaotic. Because it seems like we do so much [in the larger town] and the kids are involved in all the kid things at church, and we're always trying to organize our trips.... [Right now] you just come [into town], you stay until everything is done, and then you go. It's not like you can come home for an hour or two and then go do something else. You just have to bunch all these things and organize them so you don't have a lot of dead time that you're just wasting when you could be home folding laundry. [After we get a new house] it's just not going to be as hectic. It's just going to be less chaotic. More organized and calmer.

Similarly, several informants who didn't own cars or whose cars were unreliable noted that owning a reliable vehicle would give them more independence and control over their lives, freeing them from having to ask friends for favors and allowing them to do tasks at their own convenience rather than having their lives dictated by bus schedules.

In sum, efficacy transformations involve meaningful improvements in one's capabilities and competencies or in the amount of control a consumer has over his/her life. Such transformations significantly change the way life is experienced by consumers and are associated with feelings of competence, control, independence, and a reduction of stress.

Transformation Expectations and Materialism

At the end of the interview, respondents completed a short questionnaire that included a measure of materialism (Richins and Dawson 1992). As part of the coding process, judges counted the number of transformations mentioned by each respondent for the one desired purchase the respondent described in detail. The number of transformations mentioned by participants in the top tercile of materialism was significantly higher than the number mentioned by those in the bottom tercile, suggesting that materialism is associated with transformation expectations.

Construct Definition and Hypothesis Development

Construct Definition

This study revealed some of the ways that consumers hope the acquisition of objects might transform their lives. Some of the transformations are small, such as gaining a bit higher

regard from fellow-golfers by owning one's clubs; some are larger, as when the acquisition of a swimming pool is hoped to restore family peace and reduce stress, or when the acquisition of a new home is hoped to improve one's social life.

An important outcome of this research was a definition of transformation expectation: the belief that one's self or one's life will be changed in a significant and meaningful way by the acquisition and use of a product. The following domains of transformation expectations were revealed in this study: transformations to the self, transformations to relationships, hedonic transformations, and efficacy transformations. Although transformation *expectations* have not been studied in prior research, some of the transformations revealed in this study have been described as *outcomes* of consumption. For example, Arnould and Price (1993) and Kleine, Kleine, and Brunswick (2009) have described transformations to the self that result from consumption of an intensely participative service product. And Holbrook and Hirschman (1982) described the importance of fantasy as a component of consumer behavior in a way that foreshadows the notion of transformation expectations, particularly hedonic transformations. However, this is the first study to empirically examine in a systematic way the kinds of transformation expectations consumers have about the outcomes they hope to achieve from the purchase of desired goods.

The qualitative analysis also clearly showed the distinction between transformations and product benefits. For example, a piece of diamond jewelry may have a beautiful design and be of high quality, providing esthetic product benefits. But buying this jewelry for a romantic partner or spouse may also result in a significant life transformation when the purchase is made to move the romantic relationship to a different level or to repair harm to the relationship from a

thoughtless word or deed. In another example from the data, acquiring a boat was expected to make the purchaser's life less boring and to open new opportunities for strengthening relationships with friends members. This goes beyond traditionally conceived product benefits (ease of maintenance, maneuverability, fuel economy) to something central to the consumer himself—to a change in the way life is experienced or the self is perceived.

The distinction between transformation and benefit may be less obvious for efficacy transformations, but is evident nonetheless. A new electric can opener may be easy to use (a product benefit), but does not effect a life transformation—except if your arthritis had prevented you from opening cans and made you dependent on others, in which case your life would in fact be changed in a significant way by this acquisition. Likewise, for many consumers a new document scanner may be thought of in terms of product benefits (scan speed, optics quality), but to an artist the ability to readily scan something with high resolution may be not just a benefit, but a transformation if it allows her to more easily share her art with others or saves time that can be used in creative endeavors instead of mundane tasks. As noted above, transformation expectations are not so much about the product itself or the product attributes; rather, they are about the changes to one's self or one's life that a consumer expects to occur as a result of possessing and using the product.

A further distinction is that while all purchases are expected to provide benefits of some sort (or the product would not have been purchased in the first place), not all purchases are made with the expectation of a transformation--for example, a can of peaches purchased to provide a nutritious snack for one's children or other routine purchases such as cleaning products, basic apparel items, and office supplies. While transformation expectations may more frequently be

associated with important or more expensive items, they may also exist for less expensive items such as cosmetics, fitness accessories, fragrance products, and assistive devices such as a cane or a magnifier for a person with low vision.

Finally, benefits and transformations can be distinguished in terms of subjectivity and concreteness. There is likely to be agreement among observers about the particular benefits a product has to offer (fuel economy, cargo capacity, and safety features in the case of an automobile); there will be less agreement about whether owning the product is likely to change a specific purchaser's life in a meaningful way. Thus, unlike product benefit perceptions, a transformation expectation is a personal belief unique to each consumer.

The qualitative study revealed one more noteworthy characteristic of transformation expectations: the ease with which consumers are able to articulate their transformation expectations as they relate to product acquisition. In the depth interviews, most respondents described, with little prompting and often in great detail, how their lives would be different as a result of the desired acquisition. In the written data collection, participants wrote extensively about life changes they hoped would occur, with few off-topic or uninterpretable remarks. This fluency suggests that the construct of desired life transformation may reflect a natural cognitive category, ideas that consumers naturally hold in their minds that require little effort to translate from thought to word.

Hypothesis Development

As noted above, analysis of the qualitative data indicated that high materialism participants mentioned more acquisition-related transformations than other participants. This

finding suggests that transformation expectations might be one of the mechanisms by which materialism influences consumer behavior, and this possibility was examined in the second part of this research, which was a survey study.

Materialism is the importance ascribed to material goods in achieving major life goals or states (Richins 1999). Materialists place a high importance on acquisition, evaluate their own success and that of others in terms of their possessions, and consider their personal happiness to depend in part on acquisition. Given these characteristics, it is reasonable to suppose that materialists are more likely than others to expect significant transformations from the things they buy.

There are many varieties of transformation that a consumer might expect from acquisition, and it's possible that materialists have high expectations that all sorts of transformations will result from acquisition. But because materialists tend to judge themselves and others based on possessions and have strong connections between who they are and what they own (Fournier and Richins 1991), it is predicted that they will be especially likely to expect acquisition to transform the way they perceive themselves and how they are perceived by others. For example, Fitzmaurice and Comegys (2006; see also Liao and Wang 2009) found that materialists are more likely to use purchases to enhance their social status, a form of self-transformation, and Richins (1994) found that those high in materialism were more likely to value possessions that enhanced their appearance and image (compared to low materialists), reinforcing the idea that materialists may be inclined to seek self transformation in goods. However, the transformation expectations of materialist are expected to extend to other transformation domains as well. For example, Millar and Thomas (2009) found that those high

in materialism were more likely to experience momentary happiness from the purchase of a good than from the purchase of an experience, while the opposite was true for those low in materialism. This finding suggests a tendency for materialists to also seek hedonic transformation in goods. Taken together, the literature cited above suggest the following hypothesis:

- H1: Materialists have higher expectations that desirable transformations will result from acquisition than consumers low in materialism, particularly expectations concerning their self perceptions and how they are perceived by others.

Materialism and Consumer Credit

Earlier, it was suggested that transformation expectations may be one manifestation of materialism and that the siren song of these hoped for transformations might lead to the large sacrifices and financial risks that materialists are willing to take in the pursuit of goods. As noted above, a few studies have examined the relationship between materialism and consumer credit practices. Materialism is associated with willingness to take on greater levels of debt (Ponchio and Aranha 2008; Watson 2003), more positive attitudes toward debt (Pinto, Parente, and Palmer 2000; Pirog and Roberts 2007; Watson 1998), and poorer financial management practices (Walker 1996).

These studies are limited, however, because they don't explain *how* materialism might lead to higher debt. The research reported here goes beyond these prior studies by examining the role that transformation expectations may play in credit practices and proposes that the expectation of desirable transformations partially explains the credit behavior of materialists. Hence, H2 is offered as a replication of previous findings.

H2: Materialism is positively associated with (a) attitude toward borrowing and (b) credit overuse.

And H3 extends prior research by proposing a possible mechanism for these relationships:

H3: Transformation expectations mediate the relationship between materialism and (a) attitude toward borrowing and (b) credit overuse.

These hypotheses were tested in the quantitative studies described below.

Quantitative Studies for Scale Development and Hypotheses Testing

The quantitative portion of this research had three objectives. First, it extended the qualitative work by measuring transformation expectations in a survey context. Second, it tested the tentative conclusion that consumers high in materialism are more likely to expect transformations from product acquisition than are low materialism counterparts, and third, it examined whether transformation expectations mediate the relationship between materialism and consumers' credit practices.

Pilot Study

A preliminary study was undertaken as part of the process of developing a measure of transformation expectations. Procedures recommended by Netemeyer, Bearden, and Sharma (2003) were followed.

A set of 36 items were generated based on the qualitative study data and a review of the literature on product experience and meaning. These items were then judged for clarity and representativeness of the domains of transformation expectations revealed in the first study, and

29 items were retained for further analysis. These items were administered to a sample of 168 college students who completed the questionnaire for partial course credit. Based on exploratory factor analysis, reliability assessments, and other item analyses, 25 items were retained for use in the main study.

Sample

Respondents for the main study were members of a broad-based internet consumer panel aged 22 to 60 who received a small compensation for their participation. Because the survey involved questions about credit use, surveys were collected only from respondents who were primarily responsible or shared equally in household financial management and bill paying tasks. Twenty-one percent of panel members who were issued invitations to participate in the survey responded. Of these, 27 respondents were deleted from analysis because they indicated there weren't any items they wished to purchase, and therefore could not complete survey items concerning transformation expectations. Another 18 respondents were deleted for failure to follow instructions.

The final sample consisted of 386 respondents. Males comprised 51.3% of the sample, 57.8% were married, 63.0% owned their home, and 66.6% were employed either full or part time. Annual income ranged from less than \$10,000 to more than \$200,000 with a median of about \$51,000. Representation of age groups was approximately equal across four categories (ages 22-30, 31-40, 41-50, and 51-60).

Measures

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The questionnaire first asked respondents to describe something they hoped to buy within the next few months or years but which they had not yet been able to purchase. Respondents were then asked about how they would use the item, the anticipated date of purchase, and expected cost of the item.

Transformation expectations. After asking respondents to identify and describe a specific product they hoped to buy, the questionnaire continued with the following statement: “Below is a list of ways your life might change if you owned the item you just described. How likely is it that each of these things would happen if you were able to buy this object.” This was followed by the stem “If I owned this object” followed by the 25 transformation expectation items listed in Table 1. The six point response scale ranged from very unlikely to very likely.

Insert Table 1 about here

Materialism. Materialism was measured with the Material Values Scale (Richins 2004). Alpha for this administration was .90.

Attitude toward borrowing index. This variable was measured by asking respondents to indicate the extent to which they approved of “people in general” borrowing money to purchase each of 19 items, using a six-point approval scale (see Appendix A for items). The index (alpha = .92) was adapted from Watson (2003).

Credit overuse—concern. One approach to measuring credit overuse assesses the extent to which one’s level of debt creates tension and anxiety (Norvilitis et al. 2005; Pinto et al. 2000; Roberts and Jones 2001). In this view, if a consumer is seriously concerned about the household’s level of debt, that household’s debt is probably excessive. Based on the studies

cited above, a measure of credit overuse concern was created consisting of two seven-point Likert scale items measuring concern about the level of credit card debt the respondent owed and three items assessing concern about their level of debt generally (the five-item measure is shown in Appendix A). Alpha was .91 for the measure. For consumers who reported owning no credit cards, only the items relating to general debt were used.

Credit overuse—behavior. The second approach to assessing credit overuse examines behaviors that suggest the consumer is having difficulty paying credit card or other debts. This was measured by a five-item index adapted from Roberts and Jones (2001) that indicates the frequency with which respondents were behind in their credit card or other debt payments or had other credit difficulties during the prior year (see Appendix A). The six-point response scale ranged from “never” to “all the time.” Alpha was .87. For consumers who reported owning no credit cards, only the item relating to other debt was used.

Other measures. Spousal agreement on spending was measured for those respondents who were married or who shared financial obligations with an unmarried partner. Socially desirable responding (SDR) (Paulhus 1992) and demographic variables were also measured.

Preliminary Analyses

The desired goods most frequently mentioned by respondents were vehicles (31.1%), recreational electronics such as televisions and gaming systems (19.4%), computers or computer peripherals (10.4%), and a new house (8.0%). Estimated cost for the desired product ranged from \$30 (for clothing patterns for sewing) to \$700,000 (for a house), with a median of \$2,250. About a third of respondents (37.0%) expected to purchase the desired item within 5 months,

while 11.5% expected to have to wait more than 2 years before purchasing. High materialism respondents anticipated purchasing slightly more expensive items ($r = .13, p < .01$), but there was no relationship between materialism and purchase proximity ($r = -.05, ns$).

Correlations with social desirability were calculated for all study variables and in most cases were statistically insignificant. However, social desirability did show a significant correlation with materialism ($r = -.14, p < .01$) and spousal financial conflict ($r = -.28, p < .001$). Accordingly, in analyses involving these variables, social desirability was incorporated as a control variable.

Transformation Expectations—Measure Refinement

Factor analysis of the transformation expectation items identified four correlated factors shown in Table 1. Items with high loadings on the first factor relate to transformations to the self in terms of appearance, self-feelings, or how others regard the respondent. The second factor concerns efficacy transformations such as increased task effectiveness and efficiency, and the third involves hedonic changes such as having more fun or more interesting things to do. Items loading on the fourth factor measure positive transformations to interpersonal relationships. These factors correspond well with the categories derived from the initial qualitative study.

Insert Table 1 about here

Three-item summated scales were developed to represent each factor. In addition, it was decided to treat the two appearance-related items as a separate measure because of their unique applicability to certain types of products that were rarely mentioned in this survey (clothing,

cosmetics, and cosmetic procedures) but which may appear more often in other studies of transformation expectations.

Following Netemeyer et al. (2003), criteria considered in item selection were factor loadings, internal consistency, item variances, and item-wording redundancy. The result is five transformation expectation subscales that are described in Appendix B. Reliabilities on subscales ranged from .85 to .90. Discriminant validity for the five subscales was assessed using nested confirmatory factor analysis models for each pair of subscales (Bagozzi, Yi, and Phillips 1991). Four of the five subscales demonstrated discriminant validity, but, as expected, the appearance transformation and self transformation subscales did not show discrimination.

Transformation Expectations and Materialism

Hypothesis 1 proposed that materialists have higher expectations that desirable transformations will result from acquisition than do low materialism consumers. To test this hypothesis, five regression models were created, one for each of the five summed transformation measures, which served as dependent variables. Product category dummy variables, anticipated product cost, months until purchase, and social desirability served as controls, and materialism was the independent variable. Only control variables that had a significant univariate relationship with the dependent variable were included in the models. Regression results are shown in Table 2.

Insert Table 2 about here

Materialism was significantly associated with all five of the transformation expectation

dependent variables ($p < .001$), supporting H1. Most notably, those high in materialism were more likely to believe that having the desired possession would enhance their appearance ($\beta = .41$) and how they view themselves and are viewed by others ($\beta = .45$). There were also moderately strong associations between materialism and the expectation of hedonic transformations ($\beta = .32$) and transformation of relationships ($\beta = .36$). The association was weaker for efficacy transformations ($\beta = .22$).

Materialism and Overuse of Credit

Hypothesis 2 proposed, consistent with prior research, that materialism is positively associated with attitudes toward borrowing and with credit overuse. For people who are not married, the relationship between materialism and credit behaviors should be relatively straightforward. However, for married people or partners who share financial responsibilities, the picture is more complex because credit obligations are shared. For example, a person low in materialism may have incurred few credit obligations of her own, but if her husband has generated a lot of debt, she may have a lot of credit worries and get behind in debt payments because of her spouse's behavior. Thus, in cases where spouses are dissimilar in their spending priorities, habits, and values, the relationship between materialism and credit overuse will be weakened. To handle this problem, married couples or partners who share financial responsibilities were eliminated from tests of H2 and H3 if the respondent reported that spending disagreements with spouse or partner occurred often, very often, or almost always; 62 respondents were excluded for this reason, resulting in a sample size of 324 for tests of H2 and H3.¹

The relationships between materialism and the credit-related measures are reported in Table 3. Materialism is significantly related to attitude toward borrowing and both measures of credit overuse, supporting Hypothesis 2.

 Insert Table 3 about here

The Mediating Role of Transformation Expectations

To test Hypothesis 3, which proposed that transformation expectations mediate the relationships between materialism and credit-related variables, mediation tests were conducted as recommended by Baron and Kenny (1986). For purposes of these analyses, an index composed of the sum of the transformation subscales was created. This transformations index is a formative index representing the extent to which a respondent expects positive transformations of any sort to result from acquisition.²

As shown in Table 4, transformation expectations fully mediate the relationship between materialism and the two credit overuse measures. When transformation expectations are used in a mediation model, the relationship between materialism and the overuse dependent variables drops to non-significance. The presence of mediation was further examined with Sobel tests, which showed that transformation expectations fully mediated the effects of materialism on the two credit overuse variables, but only weakly mediate the relationship between materialism and attitudes toward borrowing.

 Insert Table 4 about here

Hypothesis 3 proposed that the effects of materialism on credit overuse are fully

mediated by transform expectations. However, study findings suggest a slightly more complex relationship between materialism and credit overuse than originally proposed. Results reported in Table 4, combined with additional analyses, are consistent with the idea that the relationship between materialism and credit overuse operates through two pathways. The first of these paths works through transformation expectations, as suggested by Hypothesis 3. Materialists have higher transformation expectations, and these high expectations are indeed associated with credit overuse. The second pathway appears to operate through attitude toward borrowing, which is only weakly associated with transformation expectations and which may make an independent contribution to credit overuse.

Additional analyses were undertaken to test this possibility. A hierarchical regression analysis was performed in which credit overuse behavior was the dependent variable. In the first stage, materialism was entered as an independent variable; at the second stage, both transformation expectations and attitude toward borrowing were added to the model; the third stage tested for a possible interaction between attitude and transformation expectations. Controls for SDR and product characteristics were also incorporated into the analysis. Results are shown in Table 5 and revealed that the coefficient for materialism dropped to non-significance at the second stage, indicative of full mediation and consistent with the test of H3. In addition, the model at the second stage had significant coefficients for both attitude toward borrowing ($\beta = .20, p < .001$) and transformation expectations ($\beta = .30, p < .001$); R^2 was .17. The test for the interaction did not reach significance. These results support the notion that materialism affects credit overuse through two pathways: by fostering more positive attitudes toward borrowing and by generating higher expectations of transformation to one's life through consumption, making

purchasing more attractive and difficult to resist.

Insert Table 5 about here

Discussion

While previous research has noted that materialism is associated with consumer debt, there has been no research to examine the processes by which materialism may influence credit practices. The studies reported here attempt to elucidate some of these processes. In study one, qualitative research indicated that high materialism consumers tend to have faith in the transformative power of acquisition; that is, high materialism consumers are more likely than others to believe that a desired acquisition will result in positive and important changes to their lives. These expected transformations ranged over many life domains, including improvements to interpersonal relationships, to the self, to the amount of pleasure experienced, and to the ease and efficiency with which one is able to manage life tasks.

Findings of the qualitative study suggested that transformation expectations may help explain the relationship between materialism and credit overuse. A survey study was conducted to follow up on this possibility. That study described a measure of transformation expectations that has acceptable measurement properties, and also examined transformation expectations in a sample of adult consumers. It showed that transformation expectations in four life domains are significantly associated with materialism, and that high materialism consumers are more likely than others to expect that acquisition will change in significant ways who they are and others' perceptions of who they are, improve their relationships with others, increase their pleasure and

enjoyment in life, and provide more efficacy transformations as well.

The survey study further showed that transformation expectations are associated with credit overuse behaviors and concerns, and that this association fully mediates the relationship of materialism with credit overuse. In addition, transformation expectations were shown to operate largely independently of attitudes toward borrowing, indicating that there are at least two mechanisms by which materialism may influence the way consumers use credit.

Implications for Public Policy

Besides elucidating the role of materialism and transformation expectations in consumers' credit practices, the findings reported here have broader implications for understanding and possibly preventing credit overuse among consumers. These implications relate to both of the mechanisms described in this research—transformation expectations and attitudes toward borrowing, as described below.

Although this study does not address the source of people's transformative beliefs, it is widely recognized that advertising and other media actively work to bolster these beliefs. Advertisements implicitly and explicitly promise such life improvements as more pleasure, enhanced attractiveness to members of the opposite sex, and greater social acceptance through acquisition of the advertised product. For some consumers, belief in these promises can make purchasing irresistible and delay untenable, leading to over-reliance on credit to achieve important life goals. Unfortunately for both the consumers' pocketbook and their satisfaction in life, research has shown that the expected transformations often do not occur, and that when they do, the pleasure they bring is short-lived (Brickman, Coates, and Janoff-Bulman 1978; Lucas et

al. 2003), creating the desire to re-experience the pleasure and the re-establish fleeting positive transformation through yet more consumption of yet another desired object.

The research reported here suggests that there may be a way to intervene in this unsatisfying pursuit of transformation through acquisition. For example, education in media literacy and the psychology of happiness for members of vulnerable populations may help them understand the fleeting nature of consumption transformations and the costs of indulging in credit overuse to pursue these transformations.

In the case of transformation expectations, the most vulnerable populations are likely to be those who are young and others who have limited consumption experience. While advertising and other forms of mass media promote the expectation of consumption transformation, experienced consumers often temper these promises with some skepticism. But young people may not have sufficient experience to question these claims. It is well known that youth are highly sensitive and vulnerable to the consumption symbolism in advertising that promises these transformations (Pechmann et al. 2005). To examine the vulnerability of young people to transformational claims in the context of the present research, additional analysis of Study 2 data was performed and revealed a significant negative association between age and transformation expectations, especially for transformations to the self ($\beta = -.22$) and one's appearance ($\beta = -.25$).

This points to the possible benefits of media literacy programs that can help young people learn to question transformational media messages. There are several widely available media literacy programs that target elementary and high school students (see, e.g., websites for the Center for Media Literacy and the Media Awareness Network). These programs are designed to help young people develop and use critical thinking skills when interacting with public media.

For example, they encourage students to examine sources of information, recognize the commercial nature of media, and identify ideological messages embedded in media representations. Some media literacy programs target specific behaviors of concern among young people, such as smoking and alcohol consumption. However, with the possible exception of those that target body image concerns among girls and young women, programs usually do not address implicit promises of life transformation made by advertising nor teach students how to question them or put them in context. Explicitly incorporating this topic within media literacy programs may reduce the impact of advertising messages that seek to create transformation expectations, and as a result possibly help young people better manage their inclinations to overspend.

As noted above, this research identified two relatively independent pathways by which materialism may influence credit overuse—through transformation expectations and via attitudes toward borrowing. Materialists are more likely than others to believe that borrowing for many types of purchases is appropriate and acceptable. So another route to reducing credit overuse would be to change attitudes toward borrowing. Unfortunately, we have little knowledge about how to accomplish this. Although research has noted the link between credit attitudes and debt levels (Chien and Devaney 2001; Livingstone and Lunt 1992), there are almost no studies that specifically discuss how credit attitudes can be modified. An examination of credit counseling practices is instructive. A review of materials from the National Foundation for Credit Counseling and several debt counseling providers reveals that these organization provide extensive practical advice about how to manage debt and help consumers develop action plans to reduce their debt loads, but they seem to make little effort to change consumers attitudes about

borrowing or their beliefs about consumption costs and benefits. It is perhaps not surprising, then, that credit counseling often fails to enable consumers to solve their credit problems (Weston 2009). To change actual credit behavior, it is likely that credit counseling will need to address the belief systems and affective processes surrounding credit and consumption and not just help clients develop budgets and debt repayment plans.

Of course, preventing consumer credit problems is much better than trying to cure them, and financial literacy programs are intended to do just that. With recent increases in mortgage foreclosures and credit card delinquencies, financial literacy has begun to receive considerable attention. In January 2008, George W. Bush established the President's Advisory Council on Financial Literacy, stating that it is "the policy of the federal government to encourage financial literacy among the American people" and asking that the council recommend ways to increase financial education efforts for both youth and adults. The council made specific recommendations concerning financial literacy education (President's Advisory Council on Financial Literacy 2008), and the recently enacted Credit Card Accountability Responsibility and Disclosure Act of 2009 (Sec. 510) charges Congress with addressing these recommendations. As another indication of the interest in financial literacy, in the first seven months of the 111th United States Congress (2009-2010), eight bills were introduced that have financial literacy or financial education in the title. At the state level, at least 40 state governments have standards that encourage or require public schools to provide training in personal finance (National Council on Economic Education 2007).

The assumption seems to be that better financial education will enable consumers young and old to better manage their credit and avoid excessive credit card or other debt. In a

comprehensive literacy curriculum, students may learn the meaning of various credit terms, the components of a household budget, how to compare different credit offers, how to develop and protect their personal credit rating, and similar important facts and skills. Many of the curricula, however, are less comprehensive. The financial literacy program recommended by the President's Advisory Council, titled *Money Math: Lessons for Life* (Suiter and McCorkle 2008), for example, contains no information about credit cards.

Unfortunately, even the more comprehensive literacy programs contain a serious flaw in that they are primarily factual and cognitive. Yes, it is good to know about credit terms and budgeting, and other credit topics. Yet a student's ability to demonstrate in a classroom setting that she can draw up a budget has almost nothing to do with whether she actually will use a budget in her daily life, no more than the ability to read a nutrition label means that a person will choose to avoid high calorie foods. It is likely that even the comprehensive literacy programs that currently exist will fail because they provide knowledge, but do not address the psychology of credit use or help people develop the personal skills to delay gratification, exert self control, or to distinguish the purchases that will truly improve their lives from those that offer only illusory benefits.

The President's Advisory Council developed a list of the 12 skills and concept areas that should be included in a comprehensive financial literacy program, including such topics as understanding the capital market system, household cash flow, household emergency funds, the fundamentals of credit granting, financial risk, and identity theft. Yet even these determinedly comprehensive recommendations fail to address one of the most important elements of financial literacy: how consumers can manage their natural desires for more goods than they can afford

and how to resist the temptation to buy something now rather than save for later. Programs provide no information about how to reinterpret advertising and other media images that promise life transformations if one will just buy the product, preferably now rather than later. The cognitive, highly rational, and at times preachy tone of financial literacy programs provides an education that does not address the real issues that face consumers: how to identify and debunk insidious promises of transformation, how to determine which purchases will really improve their lives, and how to live a happy life without having the stuff that everyone in media-land seems to have. Most likely it is these issues, more than an incomplete understanding of annual percentage rates or late payment penalties, that lie behind the current wave of mortgage foreclosures, credit card delinquencies, and personal bankruptcies.

The sort of training required to provide these more subjective and psychological skills suggests a need to meld media literacy training and financial literacy training into a more holistic approach. Media literacy programs arise primarily from the disciplines of communications and sociology, may be based in a post-positive research paradigm, and in the opinion of some may be value laden. Financial literacy programs arise primarily from the fields of economics and finance, highly positivist disciplines with an emphasis on rationality that make claims of value neutrality. The challenge is to blend these two orientations into a program that addresses not financial literacy, but financial lifestyle--a program that develops a set of life management skills that enables consumers to be better informed about the sources of well-being and gives them an accurate perception of how that well-being can be achieved, and how they can best use their necessarily limited financial resources to provide for their own and their family's well-being. Research has repeatedly shown that buying more things does not bring happiness. The

widespread beliefs in the transformative power of acquisition revealed in the studies reported here indicates that many people, and especially the inexperienced and those who are materialistic, have not learned that truth. While even a superbly devised curriculum of financial literacy is unlikely to be a complete substitute for experience, it may at least remind consumers to slow down their impulses to buy and help them learn to make credit decisions that better serve them in the long run.

Future Research

While the research reported here provides a positive beginning to the study of transformation beliefs and their relationship to consumer financial practices, many questions remain unanswered. One topic for future study is whether transformation expectations are associated with other risky financial behavior besides credit overuse, such as gambling or compulsive consumption.

Another direction for future research is to develop, and then assess the effectiveness of, financial literacy program elements that can develop the skills described above. Programs that help consumers learn to identify and question transformational messages in advertising and other media, that teach them to identify the consumption alternatives most likely to promote well-being, and that help them learn to delay gratification of consumption impulses may significantly improve the effectiveness of standard financial literacy programs and help consumers avoid harmful credit traps.

One somewhat surprising finding is that transformation expectations had a stronger relationship with measures of credit overuse than did materialism. This suggests that these

expectations may be particularly powerful in shaping purchase behavior, and thus may have implications for consumer behavior beyond consumers' financial decisions. It would be interesting to determine, for example, the role that transformation expectations play in consumers' decisions to purchase self-altering products such as tattoos, plastic surgery, cosmetics, and weight loss products. Indeed, for all sorts of products, transformation expectations may be associated with consumers' willingness to buy the product, the sense of urgency associated with the purchase, and the price the consumer is willing to pay. Research investigating these topics would have considerable implications both for public policy and for consumer education programs.

Transformation expectations may also have relevance in the study of a larger set of consumer responses. It would be useful to know, for example, whether the types of transformation expectations consumers bring to a purchase context influence the kinds of advertising messages they attend to, the persuasiveness of these advertising messages, the "rationality" with which consumers approach the decision process, and the weights they place on various product attributes. The interaction between motivation and transformation expectations is another area ripe for further investigation.

The relationship between materialism and transformation expectations also deserves further investigation. For many consumers, products seem to hold a central place in their lives because the consumer views these products as necessary and instrumental to important self or life changes, and these changes seem impossible to effect without the "needed" acquisition. This, in essence, defines a materialistic orientation. To a disinterested observer, it is apparent that products have only limited transformative powers. Buying a mountain bike won't

automatically transform a person from a couch potato into an athlete, getting a new house will not bring you more friends, and just buying an expensive set of tools doesn't turn one into a competent mechanic. Yet some people seem to really believe that the bike, the house, or the tools, rather than themselves, hold the key to the life changes they desire. The nature of these magical beliefs and their implications for the consumer behavior of materialists warrant further examination.

Finally, the concept of transformation expectations has potential value in better understanding consumer well-being. Research on adaptation and the hedonic treadmill suggests that continuous consumption in the pursuit of happiness is doomed to fail (see Frederick and Loewenstein 1999 for a review), and the negative relationship between materialism and well-being is well-established in the literature (e.g., Burroughs and Rindfleisch 2002; Richins and Dawson 1992). Future research could examine whether transformation expectations, and failure to achieve these expectations, may be partially responsible for this negative relationship. Encouraging realistic transformation expectations among consumers may be a way to simultaneously reduce materialistic behavior and increase levels of subjective well-being.

In conclusion, it appears that transformation expectations may apply to many facets of consumer behavior and may be useful in better understanding consumer motivations and interactions in the marketplace.

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Footnotes

¹ Hypothesis tests were also performed with these 62 respondents retained in the sample. The pattern of results and significance levels were identical to that reported for the full sample in Table 3, but beta coefficients and R^2 were slightly lower.

² The mediation analyses reported below were also performed separately for each of the transformation expectation subscales. Results were consistent across subscales, with the exception that the relationship transformation subscale had a slightly stronger relationship with the three credit dependent variables than the other subscales. For ease of exposition, only the results concerning the transformations index is reported here.

Table 1

FACTOR ANALYSIS OF TRANSFORMATION EXPECTATION ITEMS

	Transformation			
	1 Self	2 Efficacy	3 Hedonic	4 Relationship
Pattern matrix				
I would become more attractive to other people	.95			
My appearance would be improved	.88			
Other people would respect me more	.84			
Other people would admire me more	.78			
I would feel like a more important person	.76			
I would be better able to express who I am	.62			
I'd fit in more with my friends, neighbors, or coworkers	.58			
I'd feel more self-confident	.57			
I'd feel better about myself	.51			
I'd feel more successful	.46			
I would be better able to carry out my responsibilities		.92		
My life would be easier		.88		
I'd be more effective in my work or daily life		.88		
I would be more efficient in the way I use my time		.84		
I'd be able to help others more		.81		
I'd have more control over my life		.69		
I'd have less stress than I do now		.56		
I'd feel more independent		.54		
I would have more fun			.87	
I'd enjoy life more			.76	
I'd be more contented			.70	
I'd have more interesting things to do			.56	
I would become closer with my friends				.62
I'd have better relationships with others				.59
I would have more or better quality time with people I care about			.39	.53
Factor correlation matrix				
Factor 1	---			
Factor 2	.59	---		
Factor 3	.58	.57	---	
Factor 4	.30	.34	.30	---

Note: Only loadings $\geq .35$ are shown.

Table 2

MATERIALISM AND TRANSFORMATION EXPECTATIONS:
REGRESSION ANALYSIS

Transformation expectation (dependent variable)	Controls	Materialism		R ² change
	R ² change	β	t	
Self	.16	.45	10.83	.20
Appearance	.15	.41	9.44	.16
Relationship	.09	.36	7.78	.13
Hedonic	.11	.32	6.89	.10
Efficacy	.27	.22	5.04	.05

Note: Five separate regressions were performed. Controls include product category, cost, and months until purchase; the materialism measure was adjusted for socially desirable responding. All coefficients are significant at $p < .001$.

Table 3
 RELATIONSHIP BETWEEN MATERIALISM AND
 CREDIT ATTITUDES AND CREDIT OVERUSE

	Materialism β	t
Attitude toward borrowing	.32	6.15***
Credit overuse--concern	.16	2.88**
Credit overuse--behavior	.21	3.76***

** $p < .01$

*** $p < .001$

Note: Materialism was adjusted for socially desirable responding; transformation expectations were adjusted for product characteristic control variables.

Table 4
 MEDIATION ANALYSIS FOR EFFECTS OF MATERIALISM
 AND TRANSFORMATION EXPECTATIONS ON
 CREDIT ATTITUDES AND CREDIT OVERUSE

Dependent variable	Independent variables	β coefficient	R^2	Sobel test
Attitude toward borrowing				
Regression 1: Transformation expectations	Materialism	.44***		
Regression 2: Attitude toward borrowing	Materialism	.32***		
Regression 3: Attitude toward borrowing	Transformation expectations	.14*	.12	2.37*
	Materialism	.26***		
Credit overuse--concern				
Regression 1: Transformation expectations	Materialism	.44***		
Regression 2: Credit overuse--concern	Materialism	.16**		
Regression 3: Credit overuse--concern	Transformation expectations	.14*	.06	3.14**
	Materialism	.07		
Credit overuse--behavior				
Regression 1: Transformation expectations	Materialism	.44***		
Regression 2: Credit overuse--behavior	Materialism	.21***		
Regression 3: Credit overuse--behavior	Transformation expectations	.33***	.13	4.77***
	Materialism	.06		

* $p < .05$

** $p < .01$

*** $p < .001$

Note: Materialism was adjusted for socially desirable responding; transformation expectations were adjusted for product characteristic control variables.

Table 5
 HIERARCHICAL REGRESSION TEST OF DUAL PATHWAY MODEL
 FOR THE RELATIONSHIP BETWEEN MATERIALISM
 AND CREDIT OVERUSE BEHAVIOR

Independent variable	β coefficient	R^2	R^2 change
Regression model 1			
Materialism	.21***	.04	.04***
Regression model 2			
Materialism	.01		
Transformation expectations	.30***		
Attitude toward borrowing	.20***	.17	.13***
Regression model 3			
Materialism	.00		
Transformation expectations (TE)	.30***		
Attitude toward borrowing (AB)	.18**		
TE \times AB	.08	.18	.01

** $p < .01$

*** $p < .001$

Note: Dependent variable is credit overuse behavior. Materialism was adjusted for socially desirable responding; transformation expectations were adjusted for product characteristic control variables.

APPENDIX A

Selected Measures Used in the Survey Study

Attitude Toward Borrowing

Below is a list of items that people might borrow money to pay for. How do you feel about people (in general) borrowing money to do each of the following things?

Buy a car

Buy a house, mobile home, or condominium

Take a vacation trip

Pay for education or special training for their children

Buy furniture for home

Have cosmetic surgery or dental work

Buy a recreational vehicle or boat

Help a relative who needs money

Buy a second or vacation home

Purchase investments

Cover expenses when their income has been cut

Buy home appliances

Buy a television, home theater, or audio system

Buy computer equipment for personal or family use

Take a honeymoon trip

Buy sports, fitness, or recreational equipment

Pay for house remodeling or home improvements

Buy jewelry

Stay at a resort

Response scale: approve, somewhat approve, neutral, somewhat disapprove, disapprove, strongly disapprove

Credit Overuse—Concern

I worry about how I will pay off my credit card debt.

I am discouraged about the amount of money I owe on my credit card bills.

I think a lot about my debts.

I am uncomfortable with the amount of debt I am in.

I worry about repaying my loans

Response scale: seven-point Likert scale

Credit Overuse—Behavior

During the past year...

How often did you make only the minimum payment on your monthly credit card bills?

How often were your credit cards at or near their maximum limit?

How often were you behind in making credit card payments?

How often were you behind in making other debt payments?

Response scale: all the time, most of the time, much of the time, sometimes, rarely, never

APPENDIX B

Transformation Expectations Scale

Below is a list of ways your life might change if you owned the item you just described. How likely is it that each of these things would happen if you were able to buy this object?

If I owned this object ...

Self transformation

Other people would respect me more

I would feel like a more important person

I'd feel more self-confident

Appearance transformation

I would become more attractive to other people

My appearance would be improved

Relationship transformation

I would become closer with my friends

I would have more or better quality time with people I care about

I'd have better relationships with others

Hedonic transformation

I would have more fun

I'd have more interesting things to do

I'd enjoy life more

Efficacy transformation

I would be better able to carry out my responsibilities

I'd be more effective in my work or daily life

I would be more efficient in the way I use my time

Response format: very unlikely, unlikely, somewhat likely, moderately likely, likely very likely. In scale administration, the transformation labels are omitted and items are presented in random order rather than grouped by subscale.

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APPENDIX C

Correlation Matrix for Measures Used in the Survey Study

	1	2	3	4	5	6	7	8	9
1. Materialism	(.90)								
2. Self TE	.48	(.90)							
3. Appearance TE	.45	.77	(.86)						
4. Relationship TE	.37	.71	.56	(.88)					
5. Hedonic TE	.36	.68	.52	.74	(.85)				
6. Efficacy TE	.20	.65	.50	.66	.62	(.89)			
7. Attitude toward borrowing	.33	.21	.18	.29	.18	.16	(.92)		
8. Credit overuse--concern	.16	.20	.18	.23	.11	.22	.18	(.91)	
9. Credit overuse--behavior	.21	.31	.29	.39	.23	.29	.28	.50	(.87)

Note: TE = transformation expectation; correlations are unadjusted for control variables; coefficients alpha appear in the diagonal.