



How retailers can help vulnerable consumers to control 'crisis spending'

Introduction

Most of us occasionally make purchases we later regret, particularly in the sales or when we spot a bargain. For people with mental health problems, however, compulsive shopping can be a serious problem. In April 2016, Money and Mental Health conducted the largest in-depth survey of the financial experiences of people with mental health problems, engaging with nearly 5,500 people. 93% of respondents told us they have spent more when they're unwell. This additional spending is primarily driven by emotions, not by need, and in many cases it causes serious financial difficulties.¹

"When I am sad, depressed, isolated I go on the computer to escape and end up buying stuff, then it gets out of control."

In an increasingly online retail environment where the shops never close, it is becoming all the more difficult for people experiencing mental health problems to control their spending behaviour. As services like Amazon Prime Air and PayPal Credit speed up shopping and delay payment, the pace and scale of this potential harm is set to increase. In our earlier paper "Crisis spending, consumers and the shops that never close" we set out the problems associated with online shopping at night. In this policy note we present the results of a new UK-wide poll of 2,051 people, carried out in partnership with

Populus, exploring how the online retail environment is affecting consumers, with and without mental health problems, and what 'responsible retail' looks like today.²

Everything you could want in a single click

Online stores provide us with unlimited choice, and make it much easier to shop around to get a good deal, without needing to traipse up and down the high street. However the ability to purchase anything we desire in a couple of clicks has its downsides too. Without feeling the weight of bags in our hands or the experience of handing over cash or a payment card, it can be all too easy to buy things. One-click shopping experiences and websites that remember card details making purchasing even easier.

A third of people (32%) sometimes regret online purchases, and nearly one in ten (9%) always or often regret the things they buy online. For most people, buying something you don't really need online is an inconvenience. But for people experiencing mental health problems, our analysis suggests it can become a real issue.

"It seems to be a vicious circle. When I'm depressed (or during times of manic highs)... I spend as a way to forget about my problems... Then, when I start to feel better, I realise what I have done and become depressed again."

More than half of those who have experienced a

¹ Holkar M, Mackenzie P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.

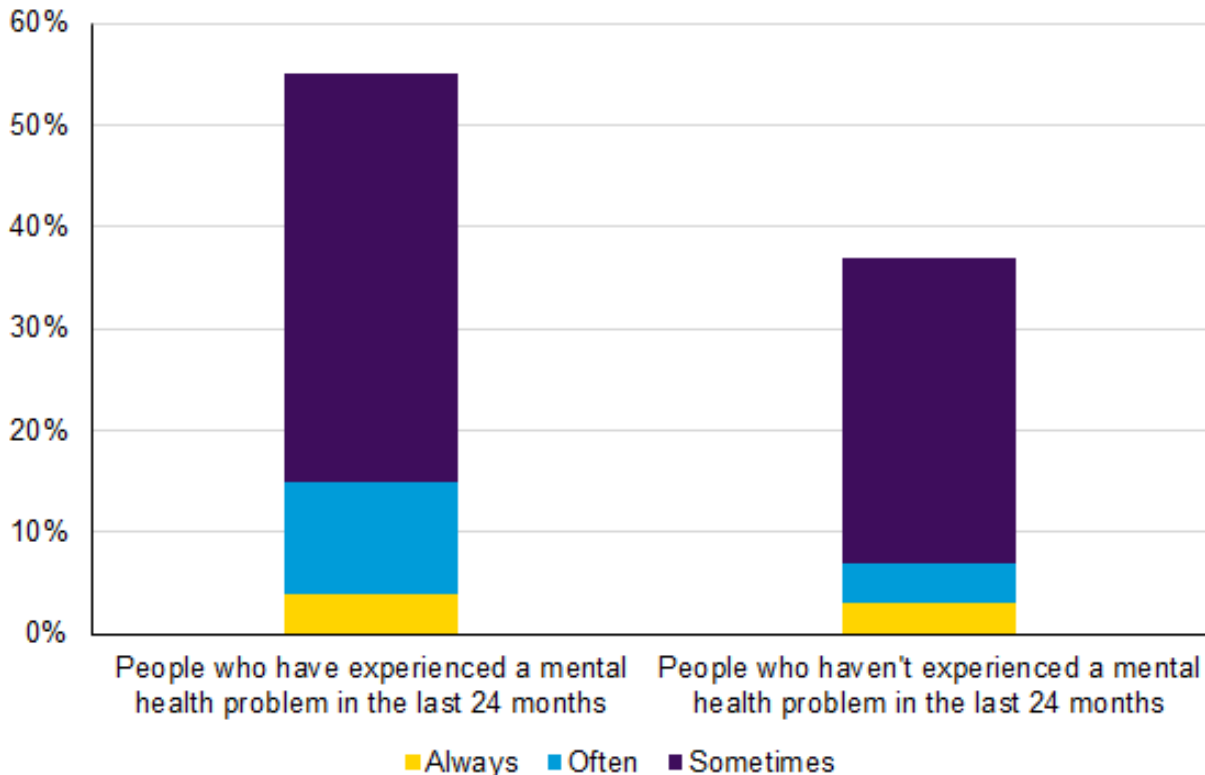
² Populus interviewed 2,053 Britons online between 9 and 11 December 2016. Data was weighted to be nationally representative. Populus is a member of the British Polling Council and abides by its rules; for more information www.populus.co.uk.

mental health problem in the last 24 months regret things they buy online at least sometimes (55%), compared to 37% of those who have not experienced a mental health problem in this period. One in seven people (15%) with a mental health problem always or often regrets their online purchases, compared to one in 14 (7%) of those without a mental health condition.

The emotional drivers of online shopping

Our emotions influence our online shopping behaviour. Many of us now shop as a distraction, or browse online while watching TV. In a significant number of cases, this leads to regretted decisions too - a third of people (33%) make purchases they sometimes regret when feeling happy, perhaps not considering the

Figure 1: How often do you regret purchases made online?



Source: Money and Mental Health analysis of online survey of 2,051 people, carried out by Populus 9-11 December 2016. Data is weighted to be nationally representative.

consequences, and 31% buy things they don't really want or need when they're bored.

Our evidence suggests that emotions play an even more dramatic role in determining purchasing behaviour of people with mental health problems. Half (52%) of people with mental health problems make regretted purchases when they're feeling low, compared to just a fifth (22%) of people without mental health problems. Half of people with experience of mental health problems make regretted purchases when they're unwell (49%).

"The spending was my way of proving I was a 'good' mum able to provide the best for her children... I was totally obsessed, I bought and got through over 100 buggies in four years."

People with mental health problems are also twice as likely to make purchases they later regret when they are alone (48%) when feeling stressed (42%), anxious (41%) or out of control (38%). The constant presence of online shopping through mobile devices means it is now easier than ever for people to make impulse purchases in a situation when they're stressed, vulnerable or unwell.

Figure 2: Thinking about the following circumstances, do you make purchases you later regret?

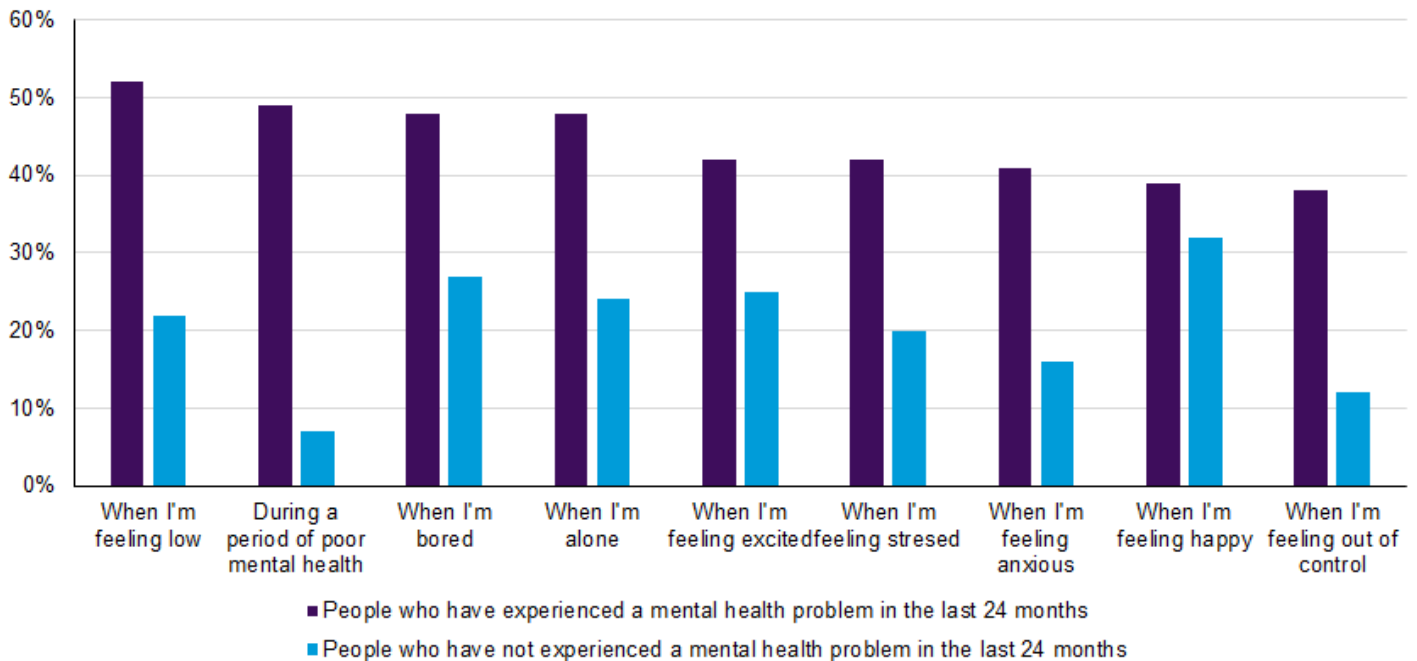
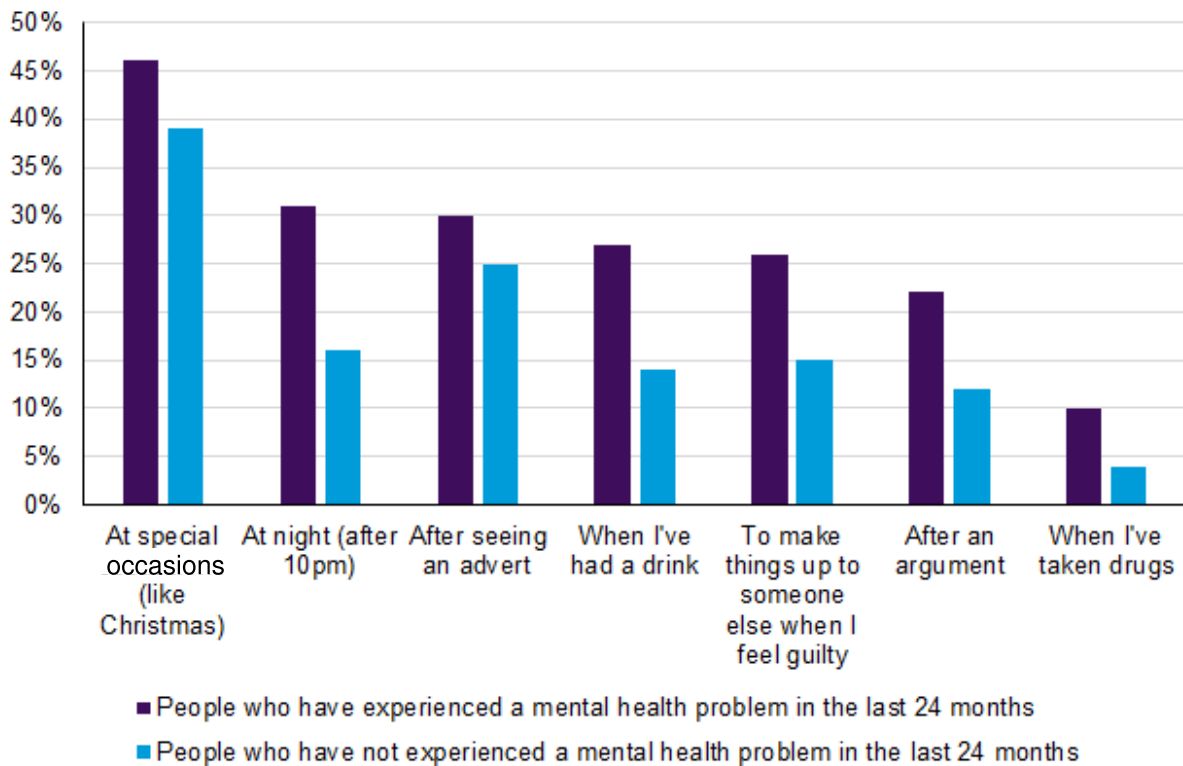


Figure 3: Thinking about the following circumstances, do you make purchases you later regret?



Source for Figure 2 and 3: Money and Mental Health analysis of online survey of 2,051 people, carried out by Populus 9-11 December 2016. Data is weighted to be nationally representative. Bars represent all those who always, often or sometimes make purchases they regret in each scenario.

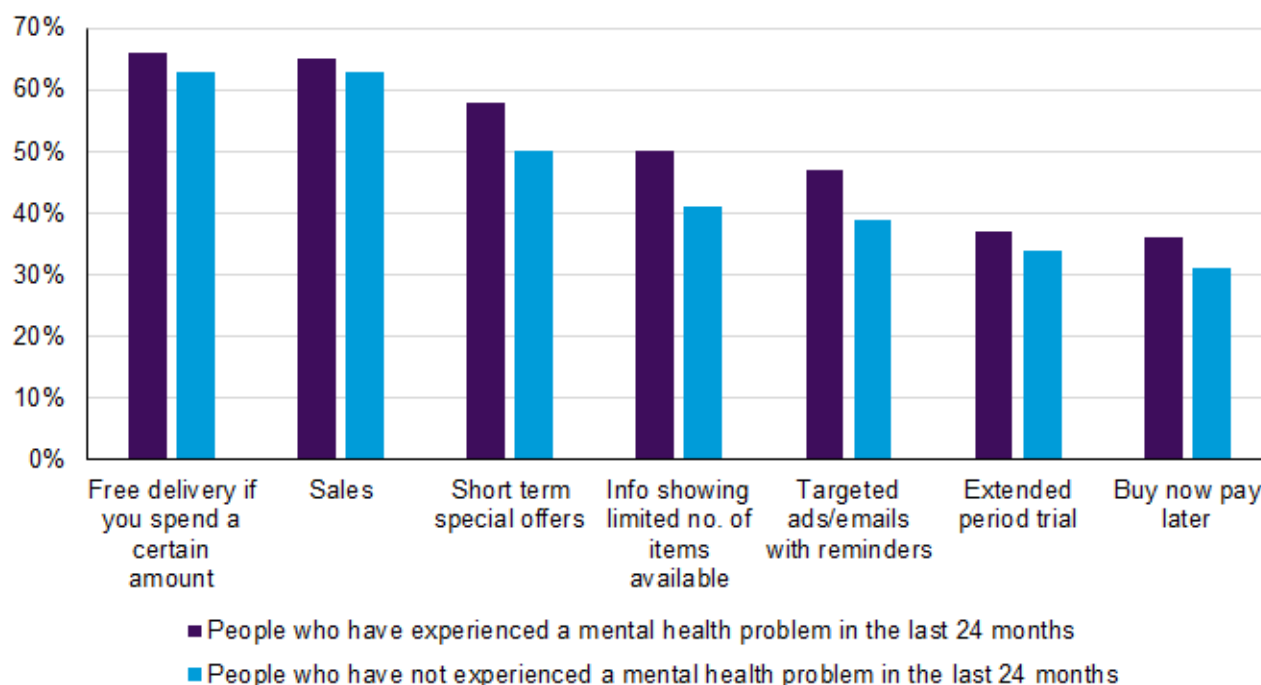
People with mental health problems were also significantly more likely to say that, when they bought it, they thought the last thing they regretted buying online would make them feel better (59%, compared to 35% of people without mental health problems). Our previous research has highlighted how many people spend for comfort when depressed to anxious, or to alleviate other negative emotions like guilt or shame.³

“My illness drives my low self esteem and I am convinced I am a burden to the world therefore I buy gifts to make up for being a burden and horrible person.”

For people with mental health problems, online retail can become an enabling factor in

potentially harmful purchasing behaviour. While in the past, our ability to buy things late at night was limited by the simple fact that shops closed in the evening, this is no longer a barrier. As many mental health problems are associated with increased impulsivity, avoiding the urge to shop when the ability to do so is in the palm of your hand, through a mobile phone or tablet, is particularly difficult. Add to this the fact that people experiencing mental health problems are more likely to shop online at night when our ability to resist impulses is lower,⁴ and the fact that people experiencing mental health problems are more likely to respond to advertising and sales emails at night,⁵ it is easy to see how ever-present online stores can cause financial difficulties.

Figure 4: Did any of the following factors play a role in your decision to purchase the last few things you regret buying online?



Source: Money and Mental Health analysis of online survey of 2,051 people, carried out by Populus 9-11 December 2016. Data is weighted to be nationally representative. Base for this question - all those who shop online and have ever regretted a purchase (1,694).

³ Money and Mental Health Policy Institute, In Control: A consultation on regulating spending during periods of poor mental health, 2016.

⁴ 35% of people with experience of mental health problems report that they shop online at night (after 10pm), compared to 23% of people without experience of mental health problems.

⁵ 21% of people who have experienced a mental health problem in the last 24 months report that they respond more to advertising and sales emails at night, compared to 13% of people without mental health problems.

Shopping the sales

Online retailers also use a wide-range of tactics to capture our attention and encourage us to make purchases. These play a role in a significant number of regretted purchases. Of those people who had made an online purchase they later regretted, more than six in ten (63%) said sales played a part. Many of us also recognise that short-term special offers (51%), information showing limited availability (43%), and free delivery if you spend over a certain amount (64%) make us buy things we don't really need or want, only to regret it later.

As simple as sending it back?

The ability to order a couple of sizes or styles, try them on at home and then return what we don't need is, for most of us, a real benefit of online shopping. But our national polling suggests that

most of us aren't that good at sending back the things we regret buying online. Three quarters (75%) of people did not return the last thing they regretted buying.

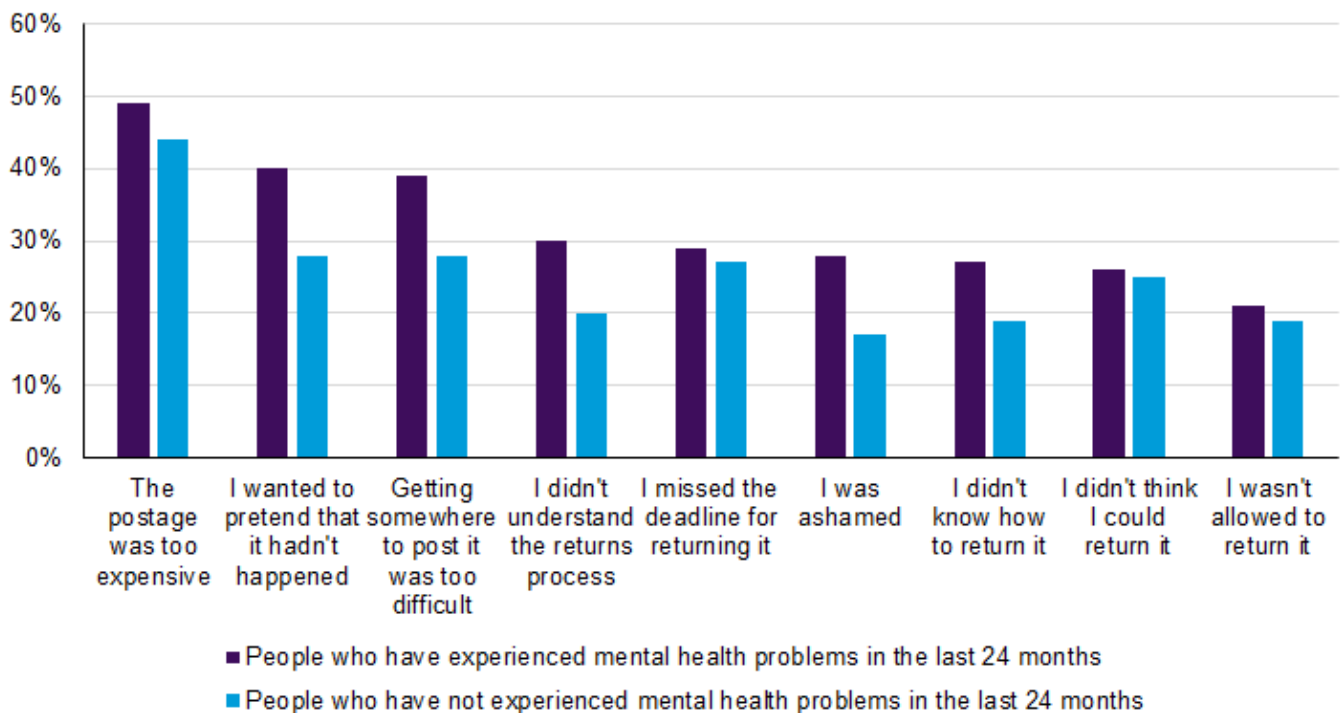
"I have had issues with online shopping... Packages in the mail feel like presents but I have many here still unopened because I simply don't need them."

The most common reasons for not returning items are:

- The postage was too expensive (45%)
- Wanting to pretend it hadn't happened (31%)
- Getting somewhere to post it was too difficult (30%)
- Missing the deadline for returns (27%)

People experiencing mental health problems, in addition to being more likely to make purchases

Figure 5: Did any of the following factors influenced your decision not to return the last thing you regretted buying?



Source: Money and Mental Health analysis of online survey of 2,051 people, carried out by Populus 9-11 December 2016. Data is weighted to be nationally representative. Base for this question - all those who have regretted a purchase and did not return it (1,268).

they later regret online, also often struggle to return them. People with mental health problems are more likely to find it hard to get to somewhere to post returns (39%), to not understand the returns process (30%) and to struggle with feelings of shame around ordering things they regret (28%). Four in ten people (40%) with mental health problems who didn't return the last thing that they regretted buying wanted to just pretend it had never happened.

"I'm unable to sort out the returns paperwork."

"I couldn't return unwanted/unsuitable items due to agoraphobia."

"Boxes arrive and I am not really interested. The boxes pile up and the hoarding gets out of control. Debts, boxes, junk, nowhere to run to, to escape. Back on the computer, more stuff bought. Fear, anxiety, panic increases, depression deepens."

The fact that many people struggle to return things they regret buying online suggests that good returns policies aren't enough to prevent harm associated with the online retail environment, particularly for people experiencing mental health problems.

A balancing act

Online shopping is a lifeline for many people with mental health problems, who may struggle to leave the house or to get by on a low income. Seven out of ten people (70%) with experience of mental health problems say that online shopping saves them money. But they also recognise that they are more likely to make impulsive purchases online than offline - 55% agree with this statement, compared to 40% of people who have not experienced a mental health problem. Together we need to find ways to help people with mental health problems avoid financial difficulty caused by online shopping. The following simple recommendations could help to ensure everyone can benefit from the convenience of online retail without paying too high a price for it.

Recommendations

Retailers:

Make returns as simple as possible

Consumers have the right to return the vast majority of goods bought online, and have up to 28 days to return them after delivery by law. Online retailers should have a duty to tell consumers clearly about their legal right to return goods both at the point of sale and in confirmation emails, to encourage the 75% of people who regret online purchases but don't return them to take advantage of existing consumer protections.

Allow consumers to set spending limits in online shops

Nearly half (45%) of consumers with mental health problems say they would find the ability to set monthly or weekly spending limits in each online store helpful.

Give consumers greater control over online marketing

45% of people with mental health problem would like to be able to opt out of marketing emails at certain times of day. Half of people, including 60% of people with mental health problems, would like to be able to block targeted adverts for things they've looked at in online stores. 57% of people with mental health problems would like to be able to opt out of reminder emails when they abandon a basket on a website without making a purchase.

"It's almost like [the adverts are] calling... reminding me there are more retailers out there at night."

Retailers can do a lot to help people with mental health problems to manage their spending. However there is also a role for other parties, including card providers (banks, building societies and credit card companies), and internet service providers.

⁶ Exceptions are perishable and personalised goods.

⁷ The Consumer Contracts Regulations specify that consumers purchasing goods online have the right to cancel the contract within 14 days of delivery, and have a further 14 days to return goods.

Card providers:

Let customers block online spending on debit and credit cards

Not everyone wants the option to be able to shop online at all. For some consumers who know impulsive online spending is a significant problem for them, it may be worth having the option of avoiding online spending altogether. Banks could build settings which would block all online spending on credit or debit cards, making it easier to cut yourself off from the online retail environment.

Internet Service Providers:

Create tools to allow consumers to block their access to online retail - either all the time, or at times that are particularly risky for them.

Not everyone wants to be able to access online stores 24/7, and for many people willpower alone is not enough to resist the urge to spend. Three in ten consumers (29%) say they would find it useful to be able to close online shops at times of their choosing.

While individual shops can offer these settings, for some consumers experiencing mental health problems this patchy provision won't work. To help consumers protect themselves while unwell, customers should have the option to block all online retail with their internet service provider, meaning that they would not be able to access online shops from any device on their home wifi or through their mobile phone regardless of where they are.

"My spending is obsessive, like a compulsion. I'm ashamed of what I've done and the situation in left in. I have felt suicidal...but I can't stop spending, especially when I'm depressed. When I feel depressed or upset or anxious, I shop to calm my nerves. It gives me a gratification buzz and temporarily makes me feel better. But I don't use the things I've bought and the happiness goes away... So you repeat the cycle again. Shopping is calming for me. The worse I feel, the more I spend."