VALUE OF SECONDS- IMPULSIVE BUYING BEHAVIOUR AND ITS ANTECEDENTS

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ABSTRACT

The study was conducted to find out the relationship between external factors (Credit card, promotional approach & window display) on impulse buying. It also helps in finding out that among the four variables, cash discount & window display has important role to encourage consumers to buying impulse. The research also points out to us the importance of card reader in shops, as it becomes easy for the customers to buy impulsively. The research has conducted this study among customers of different malls around Kerala. Research tried to find different relationship between predictor and dependent variables. Researcher used SPSS and warppls for doing the analysis. Result further shows that all the predictor variables has significant influence on impulsive buying behavior of customers which can help companies to plan their strategies in upcoming market both virtual and real markets.

Keywords: Impulsive Behavior; External Factors; SPSS; Warppls

INTRODUCTION

Impulse buying is a ubiquitous and unique aspects of consumers life style. Retailers have long realized the power of impulse buying, which had contributed a significant amount of revenue to their coffers. More than 70% of all the super market-buying decisions are unplanned or impulse purchases. India as the ‘second most attractive retail destination’ globally among thirty emergent markets. In terms of purchasing power parity (PPP), India is ranked 4th largest economy after USA, China and Japan. Indian retail market is growing with the compounded annual growth rate of 46.64%. In India, retail industry contributes 10% of the GDP and 8% of the employment. The Indian retail market is estimated at US$ 350 billion. But organized retail is estimated at only US$ 8 billion. India’s overall retail sector is expected to rise at US$ 833 billion by 2013 at a compound annual growth rate (CAGR) of 10 per cent. The Indian consumer market is likely to grow four times by 2025. India stands 4th in Global Retail Development Index 2011.

The retail sector is witnessing an influx of large domestic conglomerates such as Reliance Group, Future Group and AV Birla Group. In November 2011, Government of India announced reforms in
retail sector for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovations and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well as single brand majors such as IKEA, Nike and Apple. In January 2012, Government approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership. This development in retail creates fierce competition in the industry. The competition in terms of innovations in organized consumer retail industry has always been avoided by India before 2011. India’s organized retail had a 31% share in clothing and apparel in 2011. Foreign retail chains entering India will aggravate the competition to different level. Hence, the retailers have to ensure that their stores appeal to the customers more effectively. So the goal of this research is to examine the effect of four external cues (window display, credit card, promotional activities (cash discount, free product) on consumer impulse buying behavior of apparel products.

REVIEW OF LITERATURE

The concept of impulse buying has been explored for over 50 years, and throughout the years scholars have added additional elements to the definition. It is hard to distinguish what purchases constitute impulse buying. Rook (1987) quotes Kollat and Willett 1969, “impulse buying is difficult to measure accurately because consumers may be unable or unwilling to fully articulate their pre-purchase intentions”. Therefore, the many conceptualizations and enhancements of the definition will be examined, in order to get a more precise definition for the purpose of this paper.

Unplanned Purchase

Throughout previously cited scholarly literature, Dennis Rook is often quoted, and scholars have enhanced his definition. Rook (1987) previously stated that the earliest studies of impulse buying claim it is an “unplanned purchase”. Piron (1991) uses a conceptualized meaning of unplanned purchasing from Engel, Kollat, and Blackwell (1968) saying that, “an unplanned purchase is a buying action undertaken without a problem having been previously recognized or buying intention formed prior to entering the store”. Agreeing with this, Liao, Shen, and Chu (2009) add to the conversation, “before consumers make an impulsive purchasing decision, they often do not have a list of products or brands to buy”. Rook (1987) says that “impulse buying is still widely characterized as unplanned purchase behavior”. Adding on to what these scholars say, Jeffrey and Hodge (2007) in their article quote Stern saying that, “impulse buying is synonymous with unplanned buying and defined as any purchase which a shopper makes but has not planned in advance”. Lastly, Piron (1991) starts their multi-dimensional conceptualization of impulse buying saying that the early studies viewed impulse purchasing to be strictly similar to unplanned purchasing. As it shows there are many scholars who do believe that even though the earliest studies looked at impulse buying as unplanned, it is still an important element in what constitutes impulse buying.

Rook (1987) claims that even though scholars Stern (1962), Kollat and Willett (1969) agree with the idea of unplanned purchasing, they criticize the definition because it is too vague and encompasses too many different types of behavior. Behaviors Rook discusses such as, noticing on the shelf of the store a product the consumer is out of, therefore the product is purchased—was the purchase then made impulsively? There is much criticism of impulse buying, looking specifically at what conceptualizes it and what behaviors constitute it. Therefore, throughout the exploration of impulse buying many scholars have looked to reexamine the concept.

Rook gives his definition of impulse buying and provides characteristics of the behavior.

Impulse buying occurs when a consumer experiences a sudden often powerful and persistent urge to buy something immediately. The impulse to buy is hedonically complex and may stimulate emotional conflict. Also, impulse buying is prone to occur with diminished regard for its consequences.

Examining the definition more closely, Rook (1987) says: buying impulses are often forceful and urgent, that there isn’t much time to think about them. It is a fast experience. It is more spontaneous than cautious…it tends to disrupt the consumer’s behavior stream. It is more emotional than rational.
Many scholars use the Rook definition as to what conceptualizes impulse buying, while other scholars found gaps and enhanced it. Piron (1991) looks at a multi-dimensional definition of impulse buying which encompasses many elements of what other scholars have explored in their studies. Throughout this portion of the literature review the many conceptualizations of impulse buying will be explored, as well as delving into a more precise meaning of impulse buying.

The classification of a purchase as planned or impulse began with the Stern (1962) study where he provided the basic framework of impulse buying by categorizing a buying behavior as planned, unplanned, or impulse. Planned purchases involve time-consuming information-searching with rational decision making, whereas unplanned buying refers to all shopping decisions made without any advance planning. Impulse buying is distinguished from the unplanned buying in terms of quick decision making. In addition to being unplanned, an Impulse purchase also involves experiencing a sudden, strong, and irresistible urge to buy. Iyer (1989) further distinguished that all impulse purchases are unplanned, but unplanned purchases are not always impulsively decided. Han et al. (1991) modified the Stern (classification of impulse mixes in context of fashion products and developed as four types of impulse buying:

i) Planned impulse buying
ii) Reminded impulse buying
iii) Suggestion or fashion-oriented impulse buying
iv) Pure impulse buying

Planned impulse buying is partially planned but specific product or categories are not decided by the shopper. They are further determined on the basis of the different sales promotions inside the shop. Reminder impulse buying occurs when the buyer is reminded of the need of the product noticing it in the shop. Pure impulse buying is a novelty or escape purchase which a shopper breaks the trend of usual shopping. Stern (1962) introduced the concept of suggestion impulse purchase as the purchase of new product on the basis of self-suggestion but without any prior experience. Han et al. (1991) described fashion-oriented impulse as a type of suggestion impulse where the purchase is motivated by self-suggestion to buy the new fashion product. In case of fashion-oriented impulse buying, shopper has no previous experience with the new and fashionable product. Mattila and Enz (2002) later argued that fashion-oriented impulse buying can be influenced by shopper’s own positive emotions when shopping.

**OBJECTIVE**

To study the factors influencing impulsive buying behavior of consumers with respect to apparel purchases.

**Factors influence Impulse buying behavior**

Consumers are affected both by internal and external factors of impulse buying. Since impulse buying process is often stimulus driven, increased exposure to certain external stimuli increases the likelihood of impulsively buying.

**External factors of Impulse buying**

External factors of impulse buying refer to marketing cues or stimuli that are placed and controlled by the marketer in attempt to lure consumers into purchase behavior. Consumers can experience an urge to impulsively buy when visually encountering cues such as promotional incentives. External marketing cues not only attract new customers into a retail web site, but promote up and cross selling to existing and new customers by encouraging impulse purchases of complimentary items or better items. Specific situations and retail settings influence both in-store responses and future store choice decisions because of the changing and adoptive nature of expectations preferences and behavior (Hausman, 2000). For instance, the findings of Darden et al.’s (1983) study showed that consumers’
beliefs about the physical attractiveness of a store had a higher correlation with a choice of a store than did merchandise quality, general price level and selection. This supports the notion that consumers’ choice of a store is influenced by the store environment, of which visual merchandising plays a vital role. This view is consistent with Bowers’ (1973) observation that people approach, avoid and create situations in accordance with their desires. Customers’ avoid or leave retail settings that are stressful or obstructive (Anglin, Morgan and Stoltman, 1999). The expectation/experience of positive feelings generally leads to approach responses, while avoidance is associated with expectations/experience of negative outcomes (Dovnovan and Rissiter, 1982; Mehrabian and Russel 1974; Saegert and Winkel, 1990; Troye, 1985). Researchers have suggested that various aspects of retailing environments can influence consumer behavior. Recent studies have stated that atmospheric cues in the retail environment (i.e., sights, sounds and smells) are important triggers that can influence a desire to purchase impulsively (Eroglu and Machleit 1993; Mitchell 1994) . Marketing influences on the consumer buying process include the affect of the marketing mix, known as product, include the affect of the marketing mix, known as product consumer buying process at various stages.

**Store Apparent Characteristics**

Studies on consumer buying behavior and store patronage have been an important area of research in retailing for many years. The extant literature on the attractiveness of retail stores has predominantly focused on the critical influence of store image, the importance of location and size (Carter and Vandell, 2005; Eppli and Benjamin, 1994), the effects of agglomeration and the physical aspects of the retail outlets (Eppli and Shilling, 1996). Only a few studies have tried to explain shopping patterns in terms of individual differences among the consumers (Donovan and Rossiter 1994; Verplanken and Herabadi, 2001). We can observe an increasing importance of convenience orientation in the consumer’s buying behavior and store patronage (Fitch, 2004; Jones et al., 2003). The retailing business is globally experiencing huge trends due to the ever-changing nature of consumer tastes, consumption patterns and buying behaviors. Each retailer’s ability to sustainably sell its merchandise, therefore, largely depends on the strategic strength of its marketing mix activities. Given the power of impulsive buying in pushing revenue and profits up, most marketers have since tried to influence the in-store decisions of their potential. Consumers through creating enjoyable, attractive and background music, favorable ventilation, freshened scent, attractive store layout, store displays and persuasive shop assistants among other things.

**In-Store Displays**

The importance of window display in relation to consumers’ buying behavior has received minimal attention in the literature. However, since a consumer’s choice of a store is influenced by the physical attractiveness of a store (Darden at al., 1983) and the first impressions of the store image is normally created at the façade level, it can be suggested that display may influence, at least to some degree, consumers’ choice of a store when they do not set out with a specific purpose of visiting a certain store and purchasing a certain item. The initial step to getting customers to purchase is getting them in the door. Today more retailers are placing increased importance on window display to attract passerby’s attention and ultimately to factors transform shoppers into consumers. The In-store Shopping Environment as a Determinant of Impulse buying:

The in-store shopping environment is a very important determinant of impulsive buying. It is constituted by micro variables which are specific to particular shopping situation and confined to a specific geographic space. Factors such as in-store background music, store display, scent, in-store promotions, prices, shop cleanliness, shop density or congestion and store personnel all make up the in-store shopping environment, among others. Zhou and Wong (2004) categorized the in-store shopping environment into 2 separate effects of in agglomeration store point-of-purchase (POP) posters on shoppers impulse behavior in a supermarket setting. The first is the promotional effect, which includes such stimuli as promotional discounts (coupons, multiple-item discounts and gifts) and
cheaper prices. The second was termed the atmospheric engagement effect (enjoyment and attractiveness) conveyed by the POP posters.

**Unexpected Cheaper prices and discounts/sales/specials**

One effect of unexpected price discounts is that of causing a generalized affective effect on consumers (Janakiraman et al., 2006). Therefore, Millman (1986) as cited by Janakiraman et al. (2006) had earlier argued that negative affect induced by unexpected price hikes might suppress spending by limiting purchase consideration of other goods, while positive affect induced by unexpected price drops might increase spending by expanding consideration of other goods. The consumer mental accounting activity concept can also explain price induced accounting activity concept can also explain price induced impulse buying according to Janakiraman et. The concept is of the idea that an increase or decrease in the amount spent for an essential item on a given shopping trip would increase or decrease the amount that is perceived to be available to spend on other goods, producing a congruent spillover effect. Arkes et al. (1994) as cited by Janakiraman et al. (2006) acknowledged that the unexpected price discount results in higher expressions of willingness to pay for unrelated discretionary items.

**Credit Card**

Since impulse buying behavior may be accelerated by the credit card use (Roberts and Jones 2001; Kim, 2001a; Kim, 2001b), a need exist to investigate the relationship between impulse buying behavior and credit card use. Credit cards are seen as a convenient and relatively painless way to spend. Moreover, the use of credit cards lowers the perceived cost and biggest future use.

Widespread credit card use reflects consumer preferences regarding prearranged lines of credit while technological developments make it much easier for creditors to offer revolving credit (Durkin, 2000). Easy access to credit cards eliminate the immediate need for money to buy something, cause consumer to overspending (Schor, 1998) and likely accelerate the development of impulse buying (Robert and Jones, 2001). Thus, when compared to cash, credit cards lead to greater imprudence. Consumer researchers suggest that heavy credit card users have been found to be less price conscious (Tokunga, 1993), that credit card possession is related to buying higher priced items (Deshpande and Krishnan, 1980) and credit card possession and use is positively correlated with the anticipation and actualization of further use (Feinberg, 1986).

**RESEARCH METHODOLOGY**

Consumers spend an increasing amount of time shopping. They have great interests in fashion and clothes have become a way for them to create their identity. In the current scenario both Men & Women make a great deal of impulse purchases. To understand their impulse consumption, companies have to know the demographic and understand what motivates and influences their shopping process as well as their final consumption choice. In this study, consumers' apparel impulse buying behavior serving as dependent variable and four external factors (Credit Card, In-store Form Display (Window Display), Promotional Approaches (Cash Discount), Promotional Approaches (Free products) serving as independent variables. Therefore, hypotheses were developed to investigate relationships between consumers' apparel impulse buying behavior and these four external factors.

**SIGNIFICANCE OF THE STUDY**

According to studies on shopper behavior, an increasing number of consumer purchases are being made without advance planning. Therefore Sellers tend to engage in the process of shopping and to create an environment to persuade people to purchase goods. The retailers have realized that impulse buyers are their main revenue generators, so they should equip with facilities that persuade customers to their shops. The goal of this research is to examine the effect of four external cues (Window display, Credit Card, Promotional activities (cash discount, free product) on consumer impulse buying behavior.
Impulse buying

Theoretical definition

Throughout previously cited scholarly literature, Dennis Rook is often quoted, and scholars have enhanced his definition. Rook (1987) previously stated that the earliest studies of impulse buying claim it is an “unplanned purchase”. Piron (1991) uses a conceptualized meaning of unplanned purchasing from Engel, Kollat, and Blackwell (1968) saying that, “an unplanned purchase is a buying action undertaken without a problem having been previously recognized or buying intention formed prior to entering the store”. Agreeing with this, Liao, Shen, and Chu (2009) add to the conversation, “Before consumers make an impulsive purchasing decision, they often do not have a list of products or brands to buy”. Rook (1987) says that “impulse buying is still widely characterized as unplanned purchase behavior”.

Operational definition

Credit Card

Theoretical definition

Since impulse buying behavior may be accelerated by the credit card use (Roberts and Jones 2001; Kim, 2001a; Kim, 2001b), a need exist to investigate the relationship between impulse buying behavior and credit card use. Credit cards are seen as a convenient and relatively painless way to spend. Moreover, the use of credit cards lowers the perceived cost and biggest future use.

Operational definition

A credit card is a payment card issued to users as a system of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

Promotional approaches (Cash discount, free product)

Theoretical definition

One effect of unexpected price discounts is that of causing a generalized affective effect on consumers (Janakiraman et al., 2006). Therefore, Millman (1986) as cited by Janakiraman et al. (2006) had earlier argued that negative affect induced by unexpected price hikes might suppress spending by limiting purchase consideration of other goods, while positive affect induced by unexpected price drops might increase spending by expanding consideration of other goods. The concept is of the idea that an increase or decrease or decrease in the amount spent for an essential item on a given shopping trip would increase or decrease the amount that is perceived to be available to spend on on goods, producing a congruent spillover effect.

Operational definition

Cash discount: An incentive that a seller offers to a buyer in return for paying a bill owed before the scheduled due date. The seller will usually reduce the amount owed by the buyer by a small percentage or a set dollar amount. If used properly, cash discounts improve the days-sales-outstanding aspect of a business's cash conversion cycle.

Window display

Theoretical definition

The importance of window display in relation to consumers’ buying behavior has received minimal attention in the literature. However, since a consumer’s choice of a store is influenced by the physical attractiveness of a store (Darden at al., 1983) and the first impressions of the store image is normally created at the façade level, it can be suggested that display may influence, at least to some degree,
consumers’ choice of a store when they do not set out with a specific purpose of visiting a certain store and purchasing a certain item

Operational definition

A display window, most commonly called shop window (British English) or store window (American English), is a window in a shop displaying items for sale or otherwise designed to attract customers to the store. Usually, the term refers to larger windows in the front façade of the shop. Display windows at boutiques usually have dressed-up mannequins in them. Putting a window display of merchandise in a store's window is called “window dressing”, which is also used to describe the items displayed themselves. As a figure of speech, "window dressing" means something done to make a better impression, and sometimes implies something dishonest or deceptive. This study is conducted among the customers visiting shopping malls in Kerala. Researcher has used stratified sampling where Kerala as state is divided into three zones central, north and south zone. Then shopping malls were selected based on location in the zone. The nature of the study is explanatory and exploratory in nature where researcher wants to establish new relationship and explore the possibility of different direct and indirect effects on impulse buying behavior of customer. The total sample size collected in the study is 306 after data cleaning and outlier removing along with reading face reliability the net sample used for study is 209. The questionnaire is used is based on study conducted from Alireza karbasivar and Hasti yarahmadi in Asian journal of marketing. The tool is further modified to suit the existing requirement and Indian context. Statistical packages for social science (Spss) software is used for data analysis (central tendency and dispersion indicators). SEM is conducted with the help of Warppls software for finding the relationship between impulse buying behavior (dependent variable) and credit card, promotional approaches (Free products; Cash discount) and in store form display (Window display).

ANALYSIS AD RESULT

In this study analysis is done in three different part where first part is about sample profiling second part gives us details about different descriptive statistics to test whether the variables under study shows relationship or not where as third part is about testing a model which will help us to find relationship between different order of variables.

Sample Profiling

This study shows that 62% of the total population is male and 38% of the respondents are females. 55% of total population has education less or equal to graduation rest of the respondents are with educational qualification above the graduation level. T test shows that there is no significant difference based on gender and educational qualification of respondents which tells more about consistitency in data.

Identify the Headings

In this survey, all the variables are showing higher mean value. But in-store form display (Window display) show the highest value which it has a huge impact on customers. The standard deviation measures how concentrated the data are around the mean; the more concentrated smaller the deviation. In this case cash discount is showing maximum deviation while impulse buying showing the least. Promotional approaches (cash discount) is showing the highest variance while impulse buying the least. If the skewness value is less than zero, then it is left skewed distribution such that most values are concentrated on the right side of the mean with extreme values to the left. In our case except credit card all are showing negative values. If the kurtosis value is less than 3 then it is platykurtic distribution such that the distribution is flatter than a normal distribution with a wider peak. The probability for extreme values is less than for a normal distribution, and the values are wider spread around the mean.

Further the correlation analysis shows that there is significant relationship between all the variables under study. The relationship and influence will further tested with use of Structural equation modelling using Warppls.
Model Analysis

Based on review of literature and objectives of the study researcher has developed a model which is tested with the help of warppls. The model is designed to find the overall effect of different variables simultaneously at some dependent variable which will cause different direct and indirect effect based on covariance concept. The use of structural equation modelling is because to find the combined effect of different predictor variables on impulse buying behavior where rest other variables are controlled. The result of all the fit index are coming good which shows CFI, AGFI, GFI, NFI, RMR and RMSEA are within the acceptable limit based on the manuals of warppls. The loading factor also shows that all the variables are influencing significantly on impulse buying behavior.

DISCUSSION AND CONCLUSION

The study shows that there is significant relationship between external factors (Credit card, promotional approach & window display) on impulse buying. The research reinforced the reasons for impulse buying behaviour with respect to the purchase of apparels. A provider/retailer can surely increase the impulse buying behaviour of customers in the stores by focusing on the variables such as the facility to pay via credit card, promotional approaches that highlight discount offers and free product. In addition to it an eye-catchy window display can drive the customers in to the stores by seeking their attention. Future research can be done by checking if the window display alone can drive consumers to the stores. Future research can be done by testing of the AIDA model through attention seeking variable (window display) that can enhance significantly impulsive buying behaviour. A combination of quantitative and qualitative research can be employed to find out the significant influence of the variables on the impulsive buying behaviour of apparels.

It also helps in finding out that among the four variables, cash discount & window display has important role to encourage consumers to buying impulse. The research also points out to us the importance of card reader in shops, as it becomes easy for the customers to buy impulsively. The importances of promotional approaches in retail shops are also well understood. So I feel all these factors have an positive relationship with impulse buying behavior of customers.

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