A Study of Impulse Purchase Behavior with Special Reference to In-Store Factors

Abstract

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The field of retail management is rapidly developing and to assist retailers adapt to quickly changing environment in competitive consumer market, consumer research in this field is much needed. A new perspective in this field has dominated that is; understanding consumer behavior and favorably influencing the impulse purchase inside the store to maximize the revenue.

As Indian consumers are being increasingly exposed to new products, services and western lifestyle, the rapidly growing middle class consumers are quickly becoming attractive markets for international firms. (Gupta et al, 2003). Since, Indian consumers are strongly being influenced by foreign culture and shopping is no exception, it is worth to study the consumer behavior for a better and complete understanding of shift taking place and factors underlying (Medhavi, 2007)

Understanding the consumer behavior has obtained great importance after advent of modern retailing. Managing buying behavior has become vital element for growth of modern large format retail organizations. The Main objective of understanding in store buying behavior and identifying reasons for impulse purchase is to bring in more revenue and minimize fixed cost of retailing

As an entrenched and distinctive aspect of consumer life style, impulse buying is a widespread phenomenon in marketplaces and for that reason it has become focal point in considerable marketing activities (Gardner & Rook, 1987; Rook & Hosh, 1985). This aspect of consumer behavior is known for more than over fifty years and since than it has been attracting interest of researchers and marketers alike. (Bellenger, Robertson & Hirschman, 1978)

In marketing literature, an *impulse purchase* is an unplanned or otherwise spontaneous purchase (Cobb and Hoger, 1986). Rook (1987) redefined impulsive purchasing occurring “when a consumer experiences sudden, often powerful and persistent urge to buy something immediately. The person who tends to make such purchases is referred to as an *impulse buyer.*
Earliest research that focused on impulsive buying was Dupont research, which contemplated the antecedents of impulse purchase after consumer enters in a retail environment. Dupont research explained that Impulse purchases were decided while performing the shopping activity and were not mentioned in the intended shopping list. Dupont research and other contemporary researchers used the terms impulse buying and unplanned buying synonymously (Kollat and Willett, 1969). Such researches were regarded as “Classical” and gave direction to the earliest research on impulse buying defining impulse buying simply as “Unplanned Purchase”.

Impulse buying disrupts the normal decision making models in consumers’ brain and the logical sequence of the consumers actions is replaced with an irrational moment of self gratification. Impulse items appeal to the emotional side of consumers. Marketers and retailers tend to exploit these impulses which are tied to the basic need and demand for instant gratification (www.wikipedia.org).

Beatty and Ferrell (1998) defined impulsive buying as a sudden and immediate purchase with no pre-shopping intentions either to buy specific product category or to fulfill a specific buying task. Impulse buying is fueled by the uncontrollable urge to spend money, most often on unnecessary items. It can develop into a compulsive behavior where the act of spending money becomes the reward for the spender regardless of whether they can afford the purchases. The material items bought on impulse are more a product of the desire to spend, and usually are not as important to the spender.

Though considerable and extensive efforts has been put to explore impulse buying behavior, yet very little is known about such buying behavior, mainly due to the complexity of dynamics of variables and factors that drive such purchases. Hence only limited theoretical and empirical advancement is made in this area of research (Beatty and Ferrell, 1998; burroughs, 1996; Hosh & Loewenstein, 1991; Rook, 1987).
Earlier research on impulse buying pose three main problems. First, previous research classified products on impulse and non-impulse categories, however later it has been identified that almost any thing can be bought on impulse including big ticket items like cars and property, even sometimes items which are unaffordable. Hence this approach diverts attention from the fact that after all, it is people, not product, who experience consuming impulses. (Rook & Hoch, 1985)

The Second problem pertains to those definitions of impulse buying that poses impulse buying purely as unplanned purchases. The value of impulse purchase out of total bill is generally sizeable, but it would be wrong to assume that all unplanned purchases are impulsively decided. (Statte, 1997; Rook, 1987). Wood (1998) supported Hosh & Lowenstein (1991) while saying that impulse buying refers something more specific and narrower phenomenon than unplanned purchase.

The third problem is the limited view that researchers had on impulsive buying behavior. Most of the early research tried to explain impulse buying through models of consumer behavior with little or no explicitly for impulse buying behavior (Engel & Kollat et. al., 1978) and neither they provided comprehensive account of impulse buying psychological contents (Rook, 1987). Most models link arousal and behavior indirectly, mediated with certain variables. These models do not explain factors, which stimulate arousal that directly lead to impulse buying behavior.

One could begin with normative rational buying behavior model, which is considered as a good start to understand the impulse buying behavior (Wood, 1998). The study of consumer behavior is mainly focused on understanding why, how and when people make their purchase decision and research in this area deals mainly with understanding the factors and processes underlying the consumers decision to purchase and/or use of goods or services (Shiffman & Kanuk, 2000).
Earliest consumer behavior models collectively gives impression that human beings are rational creatures who make purchase decisions only after well contemplating and performing cost benefit analysis and selects those products and services which gives them highest utility at lowest cost (Shiffman & Kanuk, 2000; Statt, 1997). These models are commonly referred as expectancy – value model. The theory of reasoned action given by Fishbein and Ajzen (1975) was an extension of expectancy – value model, indicated that one’s intention to engage in behavior is primary determinant of behavior and the intentions are driven by two factors combined together one the individuals attitude and other the individuals subjective norms. These models explain only those behaviors, which people perform because they have decided (intended) to perform and hence are voluntary. These models fail to explain those automatic behaviors, which are resulted as a direct response to stimuli in the environment (Bargh, 2002), and generally termed as impulsive behavior.

Earlier research on impulse buying behavior shows that such behaviors may involve a feeling of excitement and/or pleasure generally referred as affect. Affect are perhaps the most salient emotions stimulated by the immediate ambiance that directs the impulse buying behavior.(Rook, 1987; Statt, 1997; wood, 1998). Hence it is necessary to give due importance to affect while describing the impulsive buying behavior.

Many social researchers recently proposed that affect has more central role in consumer decision-making process than previously recognized (Kunda, 1999). Zajonc (1984) was among the first researcher who claimed the primacy of affect in consumer decision making over cognition. He further claimed that cognition and affect might influence decisions alone as well as together, this means in some cases cognitive component may dominate, in some cognitive and affect factors interact with each other and in others affect factors available in the store environment may dominate alone and lead to behavior. This led to evolution of Three-component Model of consumer Attitude, which was primarily given by
Rosenberg and Hoveland as Tripartite Model of Consumer Attitude. Shiv and Fedorikhin (1999) further gave strength to the above thought while suggesting that any factor available in the shopping environment that leads to the depletion of availability of processing resources increases impulsive buying by consumers. 

Another fundamental aspect that influences impulsive purchase behavior is arousal. Recently aroused consumers behave more extremely and manifest more extreme or polarized behavior and feel more strongly about the object (Gorn, Pham and Sin, 2001). Larsen and Diener (1987) suggested that there are four main dimension of temperament that regulates the arousal level.

A) Emotionality
B) Sociability i.e. group affect
C) Sensory arousability
D) Activity level

Among the four elements, the sensory arousability is regulated by the stimuli available in the store.

Another popular model given by Bargh (2002) states that behavioral and cognitive goal of consumer can be directly activated by the environment without conscious choice or awareness of activation.

Stern (1962) identified nine factors that influence the buying impulse in brick-and-mortar stores. These factors were further classified under following three categories industry-oriented, store-oriented and product-oriented. These factors have one thing in common; they are all associated with the ease of making a purchase.

In order to understand the concept of impulse purchase, it is also necessary to clarify how it differs from, or resembles, other related concepts. First, it must be distinguished from the concept of consumption impulses. As
clarified by Dholakia (2000), a consumption impulse can be related to product purchase (e.g., purchase a candy bar at the supermarket checkout counter), product use (e.g., eating a piece of cheesecake when watching late-night television) or product disposal (e.g., trading in a serviceable car for a new model). In this research, the focus is on impulsive purchase in retail store, i.e. consumption impulses related to product purchase.

A second distinction should be made between impulses and actual behavior. Experiencing an impulse, i.e. a temptation to buy, does not necessarily result in behavior, i.e. in an actual impulsive purchase. Consumers can and often do resist these types of impulses, so that the actual impulse does not lead into purchasing the product (Dholakia, 2000). This research concentrates on the experiences of impulsive purchase, and transformation of these impulses into actual purchase.

Thirdly, impulsive purchase must be distinguished from compulsive purchase, though these types of behaviors are related they differ to a great extent. Compulsive purchase refers to a chronic state in which a consumer has an inability to control impulses to buy (Faber & O'Guinn, 1989). Compulsive purchase behavior is repetitive, usually considered abnormal and behavioral disorder. Impulsive purchase, on the other hand, refers to an acute behavior, to a desire to purchase a specific product. In addition, compulsive purchase has much more severe consequences than impulsive purchasing, such as debt, depression and domestic discord. This research concentrates on individual experiences of impulsive purchase. However, one cannot rule out the possibility that some of the respondents of research could have compulsive purchase tendencies, but this is beyond the scope of this research and deliberately not the focus of this research work.

In previous research, almost every researcher has developed his or her own interpretation of the definition for impulsive or impulse purchase. However while going through with the previous research on impulse purchase, it is noticed
that some common grounds to the definitions can be identified. On analysis of previous research, five characteristics discussed in following sections are identified and considered as central to the concept of impulsive purchase. However it is not suggested that in order to be labeled as an impulse purchase, it should encompass all five of these characteristics, but these characteristics represent more or less the ideal type of an impulse purchase discussed in the previous literature.

For a long time in consumer research as also discussed in section on literature review impulsive purchases were conceptualized as those purchases that were unplanned, and they were operationalized as any purchase made which was not on consumer’s shopping list when entering the store (Rook, 1999).

In fact, this unplanned nature of impulse purchase has been identified as first characteristic of impulse purchase. It has been central to almost all definitions of impulse purchase (Piron, 1996). However, nowadays most researchers agree that impulsive purchase is more than that – a purchase that is unintended and unplanned is a necessary, but not a sufficient way to categorize a purchase as an impulsive purchase (Weun, Jones, & Beatty, 1998). Therefore, it can be concluded that all impulsive purchases can be categorized as unplanned purchases, but not all unplanned purchases can be labeled as impulsive purchases.

Another central element in defining impulsive purchase has been that a consumer does not reflect on the purchase decision, i.e. the purchase is unreflective. In psychology, the general trait of impulsiveness has been characterized by unreflective actions (Weun, Jones, & Beatty 1998; Muhammad, 2009). It is this aspect of impulsive purchase behavior that poses challenges in studying and conducting consumer research.

Equally, when purchasing on an impulse, the consumer does not engage in a great deal of evaluation, and is also less likely to consider the consequences
of purchase the product (Dholakia, 2005; Rook, 1987; Weun, Jones, & Beatty, 1998). The attention is focused on getting immediate gratification from responding to the urge to buy rather than on a pre-existing problem or on finding an item to fill a predetermined need (Weun, Jones, & Beatty, 1998).

Thirdly, impulsive purchase has been conceptualized as being immediate. Also this is consistent with the notion of general impulsiveness (Muhammad, et al., 2009; Rook, 1987). The decision to buy the product is made immediately or in a very short time after seeing the product. The consumer experiences a sudden urge to buy the product immediately (Rook, 1987). It is like an individual making an impulse purchase responds quickly to the urge and makes a spontaneous decision to purchase the item without delay. Furthermore, the individual is not likely to postpone the purchase in order to gather more information, perform cost-value analysis, do product and shop comparison, check utility, or simply ‘fade away” (Weun et al., 1998).

Fourthly, hedonic components of this behavior have also received a lot of attention. For example, it has been suggested that the impulse to buy is hedonically complex; impulsive purchase can be exciting, can be accompanied by intense feeling states and a state of psychological disequilibrium that can result in psychological struggle and conflict (e.g., gaining pleasure when purchase the product, but feeling guilt or regret afterwards) (Rook, 1987). However, these hedonic elements can be also part of planned purchases, consumer may not, as such, distinguish impulsive purchases from other types of purchases In fact, distinction between experiential and non-experiential impulse purchasing could be done depending on whether the impulse purchase is accompanied with emotional/affect and/or cognitive reactions (Piron, 1996).

Finally, it has been suggested that an exposure to a stimulus is a central element in impulse purchase (Madhavaram & Laverie, 2004, Medhavi, 2007). This view is based on the Stimulus-Organism-Response paradigm, proposing that a stimulus (product and/or environmental factor) creates some response (an
impulse to buy resulting in a purchase) in an organism (consumer). The stimulus to buy on an impulse need not always be the actual product, but can for example be the result of marketer's environmental manipulations through atmospherics, merchandising stimuli, or sales person intervention (Madhavaram & Laverie, 2004, Medhavi, 2007). Similar ideas about the impulse purchase behavior have been presented earlier also.

Already in 1962 Hawkins Stern suggested that there are different types of impulse purchase. In his classification, Stern (1962) identifies four types of impulse purchase that occurs in retail purchase, i.e. pure, reminder, suggestion, and planned impulsive purchase as shown in figure 3.1.

![Figure 1 – Types of Retail Impulse Purchase (Stern, 1962)](image)

Also later, Cobb and Hoyer (1986) classified shoppers to three categories: planners, partial planners, and impulse purchasers. The classification was based on whether the consumer had planned to purchase a specific brand or a product in some specific product category. Planners had planned both the brand and product category, partial planners had planned the product category, but not the specific brand, and impulse purchasers had planned neither product nor brand before entering the store. Although this classification also takes into account the continuum of planned-impulse purchases, it is based solely on the level of planning, therefore omitting other aspects of impulsive purchasing, such as emotional aspects.
However these studies fail to give due importance to many other in-store factors which are responsible for attitude formation and affect stimulation as discussed above. On the other hand, neither Three-component Model of consumer Attitude nor other researchers have put much light on recognition of these factors and their dynamics.

After going through the various research work done on impulse purchase behavior, it is felt that there is a need to develop an integrated holistic model of impulse purchase behavior that gives due importance to all aspects and various factors that drive this special type of consumer behavior.

Indian retail industry is at the verge of transformation from unorganized retailing to organized retailing. This transformation is expected to bring radical changes in the way retail industry works. Organized retailing will definitely demand higher overhead cost and working capital primarily due to increase expenditure on human resource, infrastructure and information system. Once the competition will heat and more firms will occupy industry space, individual competitive capability will be the only way for survival and growth. Under such circumstances increasing footfalls and enhancing billing per visitor will be key of profitability and success. Organised retailers have been using various methods over the years to indulge shoppers in impulse buying. It will be a definite advantage for retailers to know what stimulates customers for impulse buying. Though such studies have been conducted in developed countries but very few of them have thoroughly focused on in-store factors that influence impulsive purchase. Further India being a heterogeneous consumer market with unique characteristics, research done in western countries cannot be applied to Indian market. Therefore Organized retail industry still being at nascent stage and different from other countries, there is much need and enough scope for more research in this area of consumer behavior.
Significance and Scope of Research:

1. It is a micro-level study conducted at the retailers in capital of Uttar Pradesh and regions of National Central Region (NCR) to analyze the impact of in-store factors on impulse buying behavior of shoppers and its impact on organized retailers. It is expected that the findings can be generalized at macro-level and can be applied to retail organizations of different regions. Limitations are be imposed by constrains in availability of various resources for conduction of research.
2. To develop an universally accepted model showing co-relation between specific in-store factors and in-store impulsive purchase behavior.
3. To provide a comprehensive and elaborate discussion on managerial implication of the research findings that will be of immense value to researchers, practitioners and industry alike.

The consumer decision making in side the store is influenced by many factors. It could be said that in store consumption behavior (ISCB) is a function of many factors.

ISCB = f( factor 1, factor 2, …..factor n)

Marketers could optimize these factors to influence the consumer purchase decision in their favor. This forms the basis of research problem and its objectives which are as follows:

1. To identify in-store factors and relationship between in-store factors with impulse purchase.
2. To study the influence of in-store factors on proportion of impulse purchase in bill; an indicator of profitability per bill due to impulse purchase.
3. To identify the relationship between times spend in the store with value of impulse purchase and influence of in-store factors on shopping duration.
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4. To study the influence of In-store factors together as a system on impulse purchase behavior.

5. To study the influence of demographic factors on impulse purchase and attitude of shoppers towards shopping list.

Nominal Definition of Terms Used in proposed research:

1. Impulse purchase: A special type of purchase behavior that shoppers exhibit while shopping and in the proposed research this term is used synonyms to impulse buying. Impulse purchase is sudden often persistent urge to buy something on the spur of movement.(Rook, 1987; Berman & Evans, 2008)

2. In-store Factors: All ways, means and tools that retailers can use to put physiological and psychological influence on consumers while shopping (Stern, 1969; Cobb and Hoyer 1986; Beaty and ferell,1998 Madhavaram & Laverie, 2004)

3. Organized Retailing: Professionally managed large-scale systematic retailing mostly with self service. Organised retailing also refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. Unorganised retailing, on the other hand refers to the traditional formats of low-cost retailing.(www.wekipedia.com, 13/05/2010)

It is an applied research and known models and theories of consumer behavior are studied. An effort is made to add fresh knowledge to the domain of impulse purchase behavior and develop a comprehensive impulse purchase model.

The research problem being investigated belongs to arena of social science and survey method of research is used. This research is categorized as exploratory cum descriptive. It is has in essences of exploratory research due to initial exploration of thirty three in-store variables which were later reduced into ten in-store factors. The study is also called as causal cum descriptive because impact of in-store factors on impulse purchase and shopping duration is
estimated in later part of the study. In fact the research is designed in a manner to predict impulse purchase behavior through in-store factors.

*Sampling Design and Data Collection:*

All the retail outlets where systematically large-scale retailing is done and business functions are performed professionally is suitable for conducting the research survey. In this research the universe of study is very large and consists of all the people who shop regularly or occasionally at retail outlets. Two important aspect of sampling design can be deduced from the description of the universe, firstly an exhaustive list of all the members of the universe cannot be prepared and secondly the only place best suited to identify and contact them is at retail outlet when they are at a shopping trip. Hence survey was conducted at retail outlets at large malls in Lucknow, NOIDA and Gurgaun.

Since the universe of study is heterogeneous by nature and the research is also intended to be generalized, the sample size is kept large enough to support the study. Empirically the sample size was estimated as 170, but to stay at safer side a sample of 300 is used for collecting data. Systematic cum cluster probability sampling technique is used for sampling.

Data collection is done through structured close ended schedules. The respondents were contacted at exit of retail outlets; so that respondents could effortlessly recite the shopping experience and fill up schedules easily and accurately. This technique is popularly known as intercept technique in retail consumer research.

*Variables of Study:*

Thirty three variables were identified through extensive literature review that had potential to put impact on impulse purchase behavior of shopper’s. These variables were clustered in to in-store factors through factor analysis. These
factors along with shopping duration are considered as the independent variables and impulse purchase is dependent variable of study.

**Data Analysis:**

The 33 variables were reduced into 10 in-store factors through principle component factor analysis technique. To identify the relation between in-store factors with impulse purchase behavior Karl Pearson's coefficient of co-relation with ‘t’ significance test is used. Further to predict the impulse purchase behavior with respect to in-store factors, multivariate regression analysis is applied. Regression analysis suitability provided an integrated model of impulse purchase behavior and allowed to finally identify ‘cause and effect’ relation between time spend in side the store, in-store factors and Impulse purchase.

Chi square & ANOVA test as per suitability is used to find out the difference in behavior between groups classified on the basis of demographic profile and other aspects of study. The impulse purchase scale is tested for normality through skewness and kurtosis statistics. The consistency of this scale is tested through cronbach alpha test.
Summary of research design:

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<th>Type of universe</th>
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<td>Sampling Unit</td>
<td>One shopping party carrying Bill</td>
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<td>3</td>
<td>Sampling Technique</td>
<td>Combination of Systematic Probability</td>
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<td>sampling with Area/Cluster sampling</td>
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<td>4</td>
<td>Sample Size</td>
<td>300 (Estimated Statistically significant sample size = 170)</td>
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<td>5</td>
<td>Data Collection Method</td>
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<td>Instrument Used</td>
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<td>Annexure I(A)</td>
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<td>7</td>
<td>Sampling Frame</td>
<td>Retail Stores at Lucknow and NCR</td>
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</table>
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Model of impulse purchase behavior:

Wheel of Impulse Purchase under influence of In-store factors.

The whole research work is compiled in eight chapters and detail of the research findings are presented in chapter eight of the thesis. It is expected that this research will be useful for the academia and industry alike. All care has been taken to keep the research technically correct and valid but any mistake what so ever is unintentional.