Investigating the Impulse Buying of Young Online Shoppers

Usep Suhud¹, Ghassani Herstanti²
¹Faculty of Economics, Universitas Negeri Jakarta, Jakarta 13220, Indonesia
²London School of Public Relations, Jakarta 10220, Indonesia

In Indonesia, shopping online is a trend involving young shoppers. This study is aimed to examine the impact of discount, hedonic consumption, positive emotion, and visual merchandising towards online impulse buying. Discount and visual merchandising are considered as input or stimulus for the customers whereas hedonic consumption and positive emotion are to represent process or organism. In total there were seen hypotheses to be tested. An online instrument was attached on an e-commerce website where participants who were repeater buyers self-selected filling in the instrument. In total there were 322 participants completed it. This study found that discount, hedonic consumption, and positive emotion had a direct positive and significant impact on impulse buying. This study offers an alternative model showing similar findings.

Keywords: Shopping online, Discount, Visual Merchandising, Positive Emotion, Hedonic Consumption, Impulse Buying, Structural Equation Model

1. INTRODUCTION
Numbers of internet users and smartphone users in Indonesia increase each year. According to Google Consumer Barometer (GCB) 2015, there were 38 million internet users in 2014, increased to 72 million in 2015. In terms of mobile phone users, there were 173 million in 2013 and will reach 195 million in 2017 as projected by Statista (2016b). Therefore, it is not a surprise if these facts invite investors to run an e-commerce.

This study is designed in response to the trend of online buying in Indonesia. Statista (2016a) reported that each year, number of online buyers in this country increases significantly. In 2013, there were 4.6 million buyers, became 5.9 million and 7.4 million in 2014 and 2015 respectively. This organisation predicts that in 2016, the buyers could be 8.7 million. There are some factors influencing online shoppers, for example product availability. Reported by Indonesia Internet Provider’s Association (APJIII) in 2014, predominantly online shoppers were intrigued to purchase fashion products (71.6%), cosmetics (20%), gadget (17.2%), travelling (9.7%), and books (9.7%) (Arviana, 2010).

The objective of this study is to predict factors that might impact impulse buying of online shoppers. The factors included in the study namely discount, visual merchandising, hedonic consumption, and positive emotion on behavioural online impulse buying.

Studying impulse buying associates with the theory of consumer decision-making process. Chang, Eckman, and Yan (2011) employed the model of Stimulus-Organism-Response (SOR) established by Mehrabian and Russell (1974). In this study, discount and merchandising are considered as stimulus, hedonic consumption and positive emotion are part of organism, and online impulse buying is to represent response. The approach of SOR was applied by Graa and Kebir (2012).

Similar but different, Schiffman and Wisenblit (2015) illustrate a model of consumer decision-making and it consists of input (marketing mix, communication sources, and sociocultural influences), process (need recognition, type of decision, pre-purchase information search, and evaluation of purchase alternatives), and output (purchase/no purchase, post-purchase evaluation, re-purchase/no re-purchase, and trust and loyalty. In this study, the authors selected discount and visual merchandising to represent the input, and hedonic consumption and positive emotion to represent the process in a customer decision making process.

2. REVIEW OF LITERATURE
2.1 Conceptual background
To discuss the conceptual background of this study, the authors use both literatures on online impulse buying as well as in store impulse buying. According Muruganantham and Bhakat (2013), impulse buying was for the first time studied by Clover (1950). Since then, scholars paid attention to study impulse buying and documented that this variable is influenced by external and internal factors.

Dholakia (2000) stated that consumption online is influenced by marketing stimuli and situational factors (external factors) and impulsivity trait (internal factor). The marketing stimuli include discount, display of...
products (merchandising), any offered by stores, sales persons, popularity of products, comments of reference group, presence of peers, shop brand name, social factors, window display, point-of-purchase sign, packaging, and “buy one get one free” (Bhatti & Latif, 2014; Peck & Childers, 2006; Tinne, 2011) whereas the impulsivity traits include variety seeking, positive emotion or affect, hedonic shopping value, product knowledge, consumer excitement, consumer esteem, and shopping enjoyment (Chang et al., 2011; Harmancioglu, R., & Joseph, 2009; Luo, 2005; Mattila & Wirtz, 2008; P. Sharma, Sivakumaran, & Marshall, 2010; Silvera & Austad, 2004; Yu & Bastin, 2010).

2.2. Conceptual model

a. Discount

Karbasivar and Yarahmadi (2011) studied the impact of discount on impulse buying on a shopping mall visitors. They found that discount significantly influenced impulse buying. Based on a study conducted by Xu and Huang (2014), discount price influences online impulse buying, particularly for inexpensive products. Other scholars, such as Iqbal, Akhtar, and Lodhi (2014), support the prior studies. In addition, discount also influences positive emotion (Lee, 2010).

H₁ – Discount will positively and significantly influence impulse buying.
H₂ – Discount will positively and significantly influence positive emotion.

b. Hedonic consumption

Prior studies documented that hedonic consumption influences impulse buying as well as positive emotion. A research conducted by Pattipeilohy and Rofiaty (2013) attracted 200 participants who experienced purchasing fashion products in a shopping centre. As a result, hedonic consumption had a positive and significant impact on impulse buying. Another finding showed that hedonic consumption had a positive and significant impact on positive emotion. Furthermore, Chuah and Gan (2015) via their study, they found that hedonic motivation influences impulse buying. Additionally, Vazifehdoost, Rahnama, and Mousavian (2014) resulted that hedonic consumption is an important factor to influence positive feeling.

H₃ – Hedonic consumption will positively and significantly influence impulse buying.
H₄ – Hedonic consumption will positively and significantly influence positive emotion.

c. Positive emotion

K. C. Sharma and Kaur (2015) examined the role of emotion on impulse buying behaviour. This study took place in New Delhi and Chandigarh, India, and involved 500 participants. These scholars claimed that emotion consists of positive emotion, consumers’ remorse, and negative emotion. They found that positive emotion and consumers’ remorse have a positive relation with impulse buying. Chuah and Gan (2015) and Vazifehdoost et al. (2014) included emotion variable in their studies and it was used to predict impulse buying. They demonstrated that there was a positive and significant impact positive emotion on impulse buying.

H₅ – Positive emotion will positively and significantly influence online impulse buying.

d. Visual merchandising

Bhatti and Latif (2014) and Moayery, Zamani, and Vazifehdoost (2014) tested three dimensions of visual merchandising namely display, floor/wall merchandising and promotional signage to link directly to impulse buying. By their study, Bhatti and Latif (2014) suggested that all dimensions of visual merchandising were important to influence consumers’ impulse buying behavior. On the other hand, according to Moayery et al. (2014), only window display and store form that influenced impulse purchase, positively and significantly.

H₆ – Visual merchandising will positively and significantly influence positive emotion.
H₇ – Visual merchandising will positively and significantly influence online impulse buying.

Fig. 1. Conceptual model

3. METHODS

3.1. Profile participants

In total, 322 participants self-selected to fill in the instrument. Of this number, 109 (34%) were male, and 213 (66%) were female. Intentionally, the authors selected only those who aged between 20 to 30 years old. Google Consumer Barometer 2015 for Indonesia reported that there were 183 (57%) participants in between 20-24 years old and 139 years old in between 25-29 (43%) years old. These findings were supported by Google Consumer Barometer 2015 for Indonesia, that nationally, predominant of online shoppers were female and aged were between 20 to 30 years old.

In terms of marriage status, 65% (209) of
participants were singles, 32% (103) of participants were married, and the rest were separated and widow/widower. Relating to expenditure for online shopping, 196 (61%) participants spent Rp 300,000 to Rp 500,000 monthly, 58 (18%) participants spent Rp 100,000 – Rp 300,000 monthly, and 52 (16%) participants spent Rp 500,000 to Rp 700,000.

All participants as expected had an experience to shop online on an online market place and they claimed that they had received a promotion banner from the market place. These questions were designed as one of the variables tested in this study was discount. In addition, 278 (86%) participants accessed the market place using a smartphone, 28 (9%) used a PC, and 16 (5%) used a tablet. Comparing to these, 219 (68%) participants purchased a good using a smartphone, 87 (27%) used a PC, and 16 (5%) participants used a tablet. The author believed that these reasons were caused by both ownership and trust of a device.

Two hundred and six participants (64%) graduated from a university, 46 participants held a diploma, and the rest were still at a high school or university. Furthermore, predominant respondents (70%) worked in a company and the rest were having no job.

3.2. Measures

In this study, to develop a quantitative instrument, the authors used many items taken from two to four studies for each variable. The aim of this approach was to gain various dimensions of each variable. To measure discount, items from Nagadeepa, Selvi, and Pushpa (2015) and Xu and Huang (2014) were adapted and used. Hedonic consumption was measured by items taken and adapted from Lumintang (2013) and Prastia (2013). Positive emotion was measured by items taken and adapted from Laros and Steenkamp (2005), Pattipeilohy and Rofiaty (2013), and Nooreini (2014). Additionally, items from Hedonic consumption was measured by items taken and adapted from Bhatti and Latif (2014), Lanjewar (2015), Moayery et al. (2014) were used to measure visual merchandising. Finally, items from were used to measure impulse buying. Furthermore, as part of validation, a pilot study was conducted and it involved 75 participants. A little number of items was dropped during exploratory factor analyses.

The authors promoted the survey on a page of a large e-commerce in Indonesia. By this approach, online shoppers might be interested in clicking the button and filling in the instrument. Therefore, a self-selected sample method was applied (Suhud, 2013). However, after obtaining many dimensions and installing into a proposed model, predominant items, dimensions, and even variables, were dropped on the way to reach a fitted model. Therefore, only the most reliable dimensions were selected to represent each variable. Originally, all items were in English, and then were translated into Bahasa Indonesia.

4 FINDINGS AND DISCUSSION

4.1. Exploratory factor analysis

Based on the exploratory factor analysis results, discount variable consists of eight dimensions: exclusive, double, web-based, preference, cheap, and desire discounts with Cronbach’s alpha scores of 0.940, 0.920, 0.920, 0.914, 0.774, 0.668, 0.951, and 0.981 respectively. Hedonic consumption consists of five dimensions, including lifestyle, experience, routine, prestige, and enjoyable dimensions. These dimensions have Cronbach’s alpha scores of 0.982, 0.957, 0.942, 0.546, and 0.579 respectively. Positive emotion has three dimensions including excited, fulfilled, and satisfied with enjoyable dimensions. These dimensions have Cronbach’s alpha scores of 0.976, 0.845, and 0.770 respectively. Furthermore, visual merchandising has five dimensions: benefit, gorgeous, sign, attract attention, and choice with Cronbach’s alpha of 0.832, 0.785, 0.561, 0.311, and 0.193 respectively. The last variable is impulse buying with eight dimensions includes quick decision (α=0.922), recessive (α=0.918), need (α=0.764), first impression (α=0.938), famous (α=0.904), easiness (α=0.781), and trust (α=0.747). According to Allen and Bennett (2010) a construct can be considered as reliable if it has Cronbach’s alpha score of 0.90 and greater.

4.2. Confirmatory factor analysis

The authors examined the proposed model with several attempts using confirmatory factor analysis. In the first attempt, all dimensions of each variable that had a Cronbach’s alpha greater than 0.9 were taken to build a construction of the proposed model, unless for visual merchandising variable. As a result, once the model was fitted, unfortunately all hypotheses were rejected due to insignificances. The second attempt was to select only a dimension of each variable – in one time – that had Cronbach’s alpha score greater than 0.9 and test one by one until the authors obtained better scores of fit (please see the diagram below), unless for visual merchandising variable. By this way, a fitted model was achieved with probability score of 0.092, CMIN/DF of 1.236, CFI of 0.996, and RMSEA of 0.027.

For obtaining this fitted model, discount was represented by web-based discount dimension; hedonic consumption was represented by lifestyle dimension; positive emotion was represented by excited dimension, visual merchandising was represented by benefit promo dimension, and impulse buying was represented by quick decision dimension.
An alternative model was constructed to predict impulse buying by developing direct links from all variables to impulse buying. As a result, three links are significant including discount to impulse buying, hedonic consumption to impulse buying, and positive emotion to impulse buying. On the other hand, the link between visual merchandising and impulse buying is insignificant due to a negative direction it made.

The impacts of visual merchandising on impulse buying,
and the impact of are insignificant. It indicates that for young online shoppers, visual merchandising is not important.

The concept of input–process–output is insignificant in the alternative model. In the concept, these three aspects come sequentially. Impacts of all variables seem to have a positive and significant influence on impulse buying in a concurrent way. Indeed, according to Schiffman and Wisenblit (2015), the sequential process occur only on purchasing a new product while in this study, participants had a prior experience in online purchasing. The findings also do not support the concept of stimulus-organism-response applied by Chang et al. (2011). This finding does not support prior studies conducted by Bhatti and Latif (2014) and Salman, Khan, and Gul (2014).

5. CONCLUSIONS

This study is addressed to examine the impact of discount, hedonic consumption, positive emotion, and visual merchandising towards online impulse buying. Discount and visual merchandising were considered as input or stimulus whereas hedonic consumption and positive emotion were considered as process or organism. All variables were directly linked to impulse buying. As a result, three hypotheses are accepted: the influences of discount on impulse buying (H1), hedonic consumption on impulse buying (H3), and positive emotion on impulse buying (H5).

An alternative model was proposed where discount, hedonic consumption, positive emotion, and visual merchandising were linked to impulse buying directly. This alternative model was tested. As a result, all variable have a significant influence but only visual merchandising that was in a negative direction.

In general, both model demonstrated direct positive and significant impact of discount, hedonic consumption, and positive emotion on online impulse buying. On the other hand, in the both models testing, visual merchandising showed a direct negative significant impact on impulse buying. This study documents that input-process-output and SOR models do not work adequately.

Limitations and future research

In this study, the authors limited young online shoppers only as participants. There might be a different result if adult shoppers also were included. In addition, as this study also proposes an alternative model, future research could adopt or adapt the alternative model.

REFERENCES


