



Impulse Buying Behavior of Retail Consumers

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Abstract

Retail competition in Indonesia is increasingly competitive after an international retail policy can take place in Indonesia directly. The real impact, international retail dominance over national (local) retail is increasingly seen, especially seen based on sales turnover. The competition requires the right strategy. This study aims to explore retail consumer behavior in Surakarta. The result of exploration shows that the main factor of decision of retail selection is retail location (28%). Further factor of price (21%) and merchandise (15%). In addition, consumer shopping behavior shows that consumers when in shopping is not alone. Subsequent findings indicate that most consumers do not make written planning when shopping so often buy products that are outside the initial planning (impulse buying). This is further strengthened when there is promotion (41%) and product placement strategy (23%). While the results of SEM-PLS analysis, the relationship between the variables that are constructed indicated that the variable of merchandise and in-store promotion has an effect on impulse buying. Product quality and price variable do not affect impulse buying. Furthermore, money available variable is not a moderating variable between in-store promotion and impulse buying.

Keywords

Retail; Impulse Buying; Price; In-Store Promotion

INTRODUCTION

Indonesia consumer is one of consumers who make high impulse buying. The results of research conducted by the agency of Frontier Consulting shows that the process of impulse buying or purchases that are not planned in Indonesia is relatively large compared with consumers in America (www.marketing.co.id, 2012). The relatively high impulse buying in Indonesia are in the range of 15% to 20% (www.marketing.co.id, 2012).

The increase in impulse buying in Indonesia is caused by an increase in various retail businesses. Based on data, from 2007 to 2012, retail business in Indonesia has grown up to 17.57% per year. In 2007, the number of retail in Indonesia as many as 10,365 outlets, then in 2011, retail outlets in Indonesia reached 18,152 scattered throughout the city of Indonesia (www.marketing.co.id, 2013).

Researcher conducted pre-research related to impulse buying in retail in Surakarta. The activity was conducted from November 12th to 13th, 2015. The results of the previous study showed that 95% of retail consumers had made unplanned purchases, while the rest had never made

unplanned purchases. These results indicate that the behavior of impulse buying is interesting to be studied further because almost all consumers have made a sudden purchase outside the product planned to be purchased.

On the other hand, retail competition was increased since the issuance of Presidential Decree No. 118/2000 which contained the issuance of retail from the PMA negative list then international retailers began to enter the Indonesian market. The survey results showed that Carrefour, Hypermart, and Lotte Mart showed the highest sales growth (www.marketing.co.id, 2013). The results are not much changed for the year of 2016. Carrefour is still the largest retail in Indonesia. According to www.minimarkettrak.com (2016), 97% of the retail market share in Indonesia is dominated by Carrefour, Hypermart, and Giant.

The field phenomenon shows that local players have to work hard to survive in retail business in Indonesia. National retail competitiveness should always be reinforced by effective and efficient strategies. One such strategy is related to

the concept of impulse buying. Impulse buying is an unplanned shopping behavior where the decision-making process is done quickly and does not consider information first (Bayley & Nancarrow, 1998).

Impulse buying is influenced by consumer emotions while shopping. Park (2006) stated that a marketer should pay attention to the positive emotional state of a consumer while in the store. Positive emotions are emotions that can create positive feelings in a person. The emotional state of a consumer can be influenced by various variables, such as merchandise, in-store promotion, and also store atmosphere (Rusdian, 1999). Emotional state will make the two dominant feelings that are happy feeling and arousing desire (Sutisna and Pawitra, 2001). In addition, product quality and price variable are a crucial part of purchase decision. Therefore, the study of the retail realm is based on multiple perspectives.

The completeness of the merchandise creates a positive feeling while shopping for many alternative choices. In addition, in-store promotion also impacts the mood of consumers. Furthermore, a good and elegant store atmosphere can give a positive impression to the visiting customers. If the positive impression lasts longer then the store will be the customer's preferred choice to make subsequent purchases (Baker, *et al.*, 1994). Therefore, this study focuses on the emotional-forming variable that affects impulse buying.

THEORETICAL REVIEW

Impulse Buying

The definition of impulse buying by Bayley & Nancarrow (1998) in Park, Kim, & Forney (2006) is a suddenly complex buying behavior in making decision that ignores information processing and comparison processes. The meaning of the definition is clear, that is consumers ignore the various considerations in purchase decision as the impact of the decision process done spontaneously.

In line with Bayley & Nancarrow, Rook & Gardner (1993) in Foroughi, Buang, Senik, & Hajmisadeghi (2013) stated that impulse buying is an unplanned purchase. This type of purchase is characterized by quick and subjective bias decision due to the suddenly emerged desire.

Impulse buying is a buying activity that is not a search when shopping, done by

consumer outside the planning or shopping list. According to Abdolvand, *et al.* (2011), variable of impulse buying is influenced by situational and internal factors. Situational factors are factors outside the consumer and have an impact on emotions, such as sales promotion, product variety, price, store atmosphere, and so on.

Further factors are the internal side of consumers that is the situation in consumer such as consumer characteristic and mood. Characteristic in this case includes consumer personality such as introvert or extrovert. In addition to the personality, that is included in the personal characteristic is the power of consumer innovation. Mood includes feeling of comfort, feeling of being dominant, and arousal (Abdolvand, *et al.* 2011).

Product Quality, Price and Merchandise

Product quality is the overall characteristics and product features that refer to the product's ability to meet the perceived standards (Alex & Thomas, 2004). This definition indicates that a product that is able to meet the standard, then the product is a good product that is the product that consumers expect.

Price is a sacrifice that consumers spend to get a product (Zeithaml, 1988). Based on the definition, then consumer has a perception of the ability to buy a product. This leads to the conclusion that the measurement of price cannot be directed to cheap or expensive terms.

Merchandise is defined as a variety of products sold in retail (Utami, 2010). The diversity of these products can be based on large and or deep. The more complete the retail merchandise, the more likely impulse buying occurs.

Rohm & Swaminathan (2004) in Muruganatham & Bhakat (2013) stated that consumers are motivated by the convenience when shopping for quality goods and also the right price. The study emphasizes that the quality of products sold and the price of products that are considered "fit" is a special attraction for consumers to make a purchase.

According to Wong & Zhou (2003 in Tinne (2010), impulse buying is also influenced by product characteristics including product quality, merchandise, and price. Consumer perception of product quality as reflected by brand, display,

packaging, and so on are conditions that can lead consumer to buy spontaneously. As well as for the diversity of merchandise sold by retailers, the more retailers perceived to have deep and wide merchandise the greater the impulse buying.

In-Store Promotion

Inman, McAlister, & Hoyer (1990) stated that promotion is all signs or other indicators to attract the attention of consumers through various offers, such as discount, bundling, and so on. The definition clearly indicates that the company or retail establishes a price-related strategy through a special offer.

Sharma, Raciti, O'Hara, Reinhard, & Davies (2013) in their study stated effective promotion in increasing sales. Therefore, in-store promotion becomes various retail strategies in increasing sales through impulse buying.

Money Available

Money available in the context of a retail study is inclined to a loose consumer spending condition. According to Beatty & Ferrell (1998) in Tinne (2010), money available is a facilitator in the impulse buying process related to consumer purchase power. So, money available allegedly strengthens impulse buying.

METHODOLOGY

Preliminary Study

A total of 50 respondents were participated in preliminary study to uncover variables that affect impulse buying. The results of this study indicate that most consumers do not make written planning when shopping so often buy products that are outside the initial planning (impulse buying). This is further strengthened when there is promotion (41%) and product placement strategy (23%). Based on this study and

literature review, then synthesis process is done with the result that independent variables include product quality, price, merchandise, and in-store promotion; dependent variable is impulse buying; moderating variable is money available.

Measurement

Variable of product quality, price, merchandise, in-store promotion, impulse buying, and money available are variables that cannot be measured directly. Therefore, these variables require indicators. This research indicators are based on Foroughi, Dispose, Senik, & Hajmisadeghi (2013); Alex & Thomas, (2004); Zeithaml (1988); Muruganatham & Bhakat (2013); Sharma, Raciti, O'Hara, Reinhard, & Davies (2013); and Tinne (2010).

Data Collection

Population

The population in this study was the people in Surakarta who have made a purchase in retail (PT XX). Members of the population can be known, but the exact number cannot be determined, therefore this study used a non-probability sampling approach.

Sampling Method

Referring to non-probability sampling approach, sampling method of this research is purposive sampling. Purposive sampling is sampling with certain criteria according to the purpose of research. These criteria were members of the population who have made unplanned purchases in retail PT XX.

Instrument Testing

The research instrument must meet the validity and reliability testing principles. Validity refers to the ability of questionnaire items to measure variable that should be measured, while reliability focuses on the consistency of questionnaire items. The test results are shown in Table 1.

Table 1. Validity

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value
H2 <- H	0.849	0.802	0.194	4.381	0.000
H4 <- H	0.910	0.864	0.196	4.642	0.000
IB1 <- IB	0.675	0.669	0.112	6.029	0.000
IB2 <- IB	0.763	0.765	0.059	12.980	0.000
IB3 <- IB	0.845	0.842	0.056	15.179	0.000
IB4 <- IB	0.701	0.686	0.107	6.566	0.000
IB5 <- IB	0.802	0.805	0.052	15.385	0.000
IB6 <- IB	0.877	0.880	0.033	26.812	0.000
IB7 <- IB	0.750	0.747	0.092	8.131	0.000
ISP * MA <- Moderating Effect 1	1.165	1.134	0.080	14.583	0.000
ISP1 <- ISP	0.882	0.874	0.063	13.948	0.000
ISP2 <- ISP	0.819	0.807	0.104	7.864	0.000
ISP4 <- ISP	0.934	0.939	0.017	56.356	0.000
KP3 <- KP	0.667	0.627	0.278	2.399	0.017
KP4 <- KP	0.998	0.901	0.247	4.044	0.000
MA2 <- MA	0.761	0.705	0.239	3.180	0.002
MA4 <- MA	0.985	0.932	0.192	5.126	0.000
ME1 <- ME	0.786	0.790	0.061	12.913	0.000
ME2 <- ME	0.827	0.820	0.058	14.240	0.000
ME3 <- ME	0.916	0.913	0.032	28.842	0.000
ME5 <- ME	0.921	0.920	0.024	38.095	0.000
ME6 <- ME	0.917	0.917	0.023	40.760	0.000

Based on the results of validity test, there are some questionnaire items that are dropped because the loading factors are

below 0.4 which means the item is not valid. Table 1 showed that the questionnaire items passed the validity test.

Table 2. Reliability

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value
H	0.712	0.705	0.089	8.018	0.000
IB	0.889	0.887	0.029	30.764	0.000
ISP	0.860	0.859	0.042	20.261	0.000
KP	0.760	0.736	0.101	7.517	0.000
MA	0.780	0.779	0.064	12.230	0.000
ME	0.922	0.921	0.018	51.028	0.000
Moderating Effect 1	1.000	1.000			

Table 2 is the output of reliability test. The results indicate that the overall Cronbach Alpha score of the above variable is 0.6. Thus, the observed variables of this study pass the reliability test.

Data Analysis

This study used SEM-PLS analysis refers to the complexity of the relationship between the variables tested. The results of SEM-PLS analysis are presented in Table 3 and Figure 1.

Table 3. Output Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H -> IB	0.069	0.101	0.148	0.468	0.640
ISP -> IB	0.294	0.291	0.121	2.431	0.015
KP -> IB	-0.032	-0.002	0.141	0.230	0.818
MA -> IB	0.208	0.205	0.141	1.472	0.142
ME -> IB	0.359	0.321	0.150	2.398	0.017
Moderating Effect 1 -> IB	-0.012	-0.007	0.095	0.128	0.898

Table 3 explains that product quality variable does not affect impulse buying because statistically the value of t count (0.230) is below t table (1.96, confidence level of 95%). The same results appear in the relationship between price and impulse buying, which means price variable does not affect impulse buying, because the value of t count (0.468) is below t table (1.96).

Different things appear in the analysis of the relationship between in-store promotion and impulse buying. In-store promotion has

an effect on impulse buying, with value of t count (2,431) above t table (1.96). While, the relationship between merchandise and impulse buying shows that merchandise variable has an effect on impulse buying (t count of 2,398). While, relating to the testing of the moderating effect of money available variable, the PLS results indicate that money available variable is not a variable that reinforces or weakens the effect of in-store promotion on impulse buying.

Figure 1. Research Model

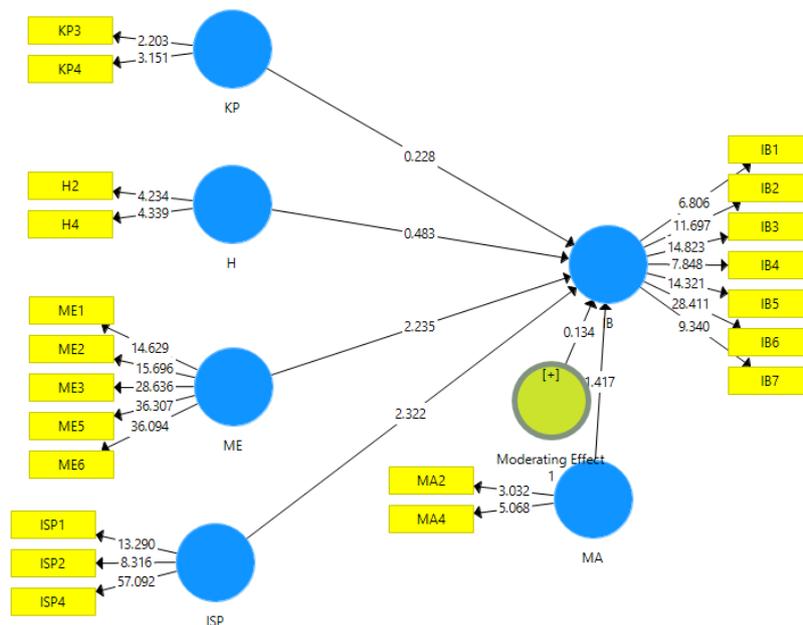


Figure 1 is the model output of this study. These results are not different from Table 3. Product and price quality does not affect impulse buying, while merchandise and in-store promotion variable are variables that influence impulse buying.

DISCUSSION

This study shows that impulse buying is a shopping activity influenced by internal variables, namely merchandise and in-store promotion. The more complete the product offered the higher the impulse buying.

Similarly for in-store promotion, the more special price offering then the higher impulse buying. This study indicates that the lure of price below market price is really effective in influencing consumers to shop more and or buy something that is not really a priority or not a real need.

While for merchandise, this variable affects impulse buying because the more attractive choices the more consumers are tempted to buy. Related to this merchandise variable, then the retail should really be able to display interesting not just enough diverse. Completeness of products sold must be accessible well by consumers to form impulse buying.

On the other hand, this study shows that impulse buying is not influenced by product quality and price. This result implies that situational factor has a strong role in stimulating impulse buying. In addition, the ability to present and provide a wide variety of product choices becomes an important variable in creating impulse buying.

Related to money available variable that is not moderating variable, indicate that the habit of bringing in extra budget is plural. This is reinforced by pre-research results indicating that nearly 100% of consumers have done impulse buying. In summary, few consumers make good shopping plans. As a result, this variable does not strengthen in-store promotion relationship with impulse buying.

CONCLUSION

Impulse buying behavior is a behavior that is more influenced by situational factor. Situational can be internal of personal, can also external of personal. This study shows that the role of external situational variable impacting the formation of impulse buying is merchandise and in-store promotion. Money available variable has no significant impact.

The results of this study still require continuation by basing various retails, not just one retail as research object. Therefore, further studies are needed to generalize the results of this study.

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