

Impact of Digitization on Impulse Buying - What Makes the Customer Bite the Bait

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Abstract: The millennials constitute majority of the world's population and drive maximum demand for products all over the world. They believe in earning and spending their income rather than savings which is now an age old concept. Hence with the rise in disposable income producers and manufacturers are deriving huge benefits. Social media is now the future of digital technology. E-commerce has seen huge growth in the upcoming years and would continue to do so. With advancements in technology and digital media and a tech savvy generation to substantiate its use people engage in impulse purchases. With everything being available just a click away supplemented with huge variety and discounts people are very hasty in their purchases. This paper seeks to explore impulse buying behaviour, its types and why people engage in such behaviours. It seeks to examine the bait that drives consumers to purchase products and which age groups engage most in such behaviours.

Index Terms: e-Commerce, impulse buying, social media,

1. INTRODUCTION

Impulses or sudden urges are a common part of human behaviour. Every human tends to engage in impulsive decision making though the frequency of those is varied for different individuals. Disorders in impulse decisions and behaviours can lead to addictions which are very harmful for a person. Impulse buying in itself isn't a new concept however with the onset of social media and evolution in technology; it is certainly enhanced in magnitude than it was in the previous years. While shopping, consumers encounter different products and if a product gauges their interest, they tend to engage in impulsive buying. The traditional view of the society was that shopping was done to fulfil human needs. These days, the modern view is that shopping goes beyond the basic needs as now needs are multifaceted. A phone in olden times was a need, these days people demand for specific models of phones like I-phone, Samsung etc, what was earlier only a facilitator to communicate is now much more than that, it is a status symbol, a holistic device that fulfils 360 degree of human needs and wants. In today's era, shopping is regarded as a leisure activity and many people just roam about in malls and enjoy their time without actually buying things. A paradoxical view to this is, as a consumer spends a lot of their leisure time in malls, markets etc, they are very likely to make impulse purchases due to being exposed to such environments. Unplanned purchases are very common among millennials. These days, the e-commerce industry is so huge that even traditional brick and mortar players are opening their e-commerce stores in order to survive in the market that has tough competition.

With everything being available 24*7 and just a click away, people can buy things in the comfort of their homes and that has led to an increase in impulse purchases. Compulsive buying is very distinct from impulse purchases as compulsive buying is seen as negative and also is repetitive buying behaviour. Impulse buying isn't a negative phenomenon it is just acting on impulses and it is generally not repetitive or harmful in nature.

II. LITERATURE REVIEW

Adeelar, 2003 examined the impact of media on impulse purchases through using of text, video, images, audio visuals and other media to see the effect it had on different individuals involved in his study. It was observed that text on the screen displayed had a more profound impact than video and images shown in it. Browsing these days has led to many impulse purchases and is the start to purchasing things (Moe, 2003). If one browses one observes and once one observes their tendency to buy also increases proportionately. Costa and Laren, 2003 studied impulse buying on the internet. The study was done on Brazilian consumers and went on to explain how internet made impulse purchases more frequent due to convenience, availability and accessibility. Online marketing transactions were also influenced by impulse purchase behaviours (Zhang, 2006) The study went on to conclude that males had more tendency to make impulse purchases than females as males are more driven by impulses than females. Stone, 1954 has described four types of shoppers: economic shopper, personalizing shopper, apathetic shopper and ethical shopper. Each of them behave differently with regard to impulse buying. An economic shopper pays attention to price and quality, personalizing shopper seeks to maintain relationships with customers, ethical shoppers act according to ethics and morals and apathetic shoppers are least likely to engage in impulse behaviours as they act according to their need. Aplebaum, 1951 described impulse buying as a response to external stimuli and an unplanned purchase. Rook, 1987 in his study explains impulses as a sudden wish or an urge that has no regard for consequences. Impulses don't see consequences and an individual has no reminder of any past problem and has no plans of buying that product. Hunt, 2010 has taken into consideration by judging what can be identified as an impulse purchase before and after entering a store. If a plan is made before entering the store, it cannot be classified as an impulse purchase, however if the decision to buy the product has been made after entering a store then it can be classified as an impulse purchase. Hodge, 2004 also identified web browsing and the time spent on browsing the web as a significant criteria influencing impulse purchase.

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The more times a person sees a certain pop up, the more likely they are to remember it and buy it. Krishanan, 1980 associated impulse purchases with different products and which products are more likely to be purchased on impulse. Nature of commodity and price is a major criteria to judging impulse purchases. The products priced at a lower standpoint are more likely to be purchased impulsively. Chen (2007) in his study evaluated that traditional retail formats such as brick and mortar stores have lesser consumers engaging in impulse purchases. Modern retail formats such as e-commerce, online retailing has attracted a lot of consumers which are more likely to make impulse purchases. Cobb (1986) in his paper highlighted that an impulse buyer is very quality conscious and his quality consciousness can be synonymous to that of a planned buyer. Darden and Shwinghamer (1985) explored the effect of store environment and time on impulse purchases and concluded that unplanned purchases were significantly high if the store had huge crowd, sale thus people were motivated to buy the product in a hurry. Martin (2001) found that consumers having adult kids don't generally indulge in impulse purchases. People who watch infomercials occasionally are more likely to make impulse purchases than those who watch them regularly. Kim (2002) found out that college students are very attracted towards a stores visual display and that is a major trigger factor for their impulse purchases. The mannequin displays, store layout, special offers all play a key role in impulse purchases as observed in college students. Azvedo (2008) gave special importance to window displays being an attraction to impulse buying. He also mentioned how hoardings, posters, magazines, newspapers were crucial factors that encouraged impulse buying behaviour in consumers. Koshi (2004) enumerated many factors that encouraged impulse purchases on the internet. Easy access, marketing mix, variety of products, ease of payments were factors that encouraged impulse purchases through the internet. The internet made it easier for consumers to purchase commodities at the comfort of their homes and the product would arrive at their doorstep without any hassle. Bynes and Mujtaba (2008) related customer satisfaction and customer loyalty with the channel used to purchase commodities. A satisfied consumer and a loyal consumer is usually the one that has obtained the commodity through an indirect channel. The channel used for delivering the product does influence repeat purchase if the customer is satisfied. The common notion was that a direct channel led to more satisfaction and thus more loyalty which was totally disproved in this study which proved that indirect channels were more influential in shaping consumer satisfaction and loyalty.

III RESEARCH METHODOLOGY

In this study, primary research is conducted in Delhi NCR.

The sample size used is 150.

It is a quantitative research data has been analyzed using SPSS statistical software.

OBJECTIVES

1. To assess impulse buying behaviour and the impact of digital age on impulse purchases.

2. To study types of impulse purchases and reasons for impulse purchases.

3. To study models of impulse purchases and how consumers are influenced to make impulse purchases on websites.

4. To find if psychological perception of consumer has an effect on their willingness to engage in online impulse purchases.

5. To study the various factors that drive impulse purchases in the digital era and the factor that influences customer decision to engage in online impulse purchases.

6 Factors were considered for analysis and EFA (Exploratory Factor Analysis) was done and 1 factor was removed after EFA result of pilot study. So overall 5 factors were taken to analyze the results.

- Impulse Purchase will
- Shopping Mood
- Psychological Perception
- Online Store Stimuli
- Others Recommendations

Hypothesis

H₁- Willingness, shopping mood, psychological perception, online store stimuli and others recommendations has a significant influence on impulsive buying behaviour

H₂. Psychological perception of consumer has a significant impact on willingness to buy online on impulse



Chronbach's Alpha is used to test reliability of the scale used and the results of chronbachs alpha show that the scale used is reliable.

Name of Scale	Number of Items	Cronbach's Alpha
Impulse Purchase Will	2	.864
Shopping Mood	2	.896
Psychological Perception	2	.898
Online Store Stimuli	2	.891
Others Recommendation	2	.900

IV. RESEARCH FINDINGS AND ANALYSIS.

The responses were assessed on a likert scale of 1 to 5 where 5 meant strongly agree and 1 meant strongly disagree

KMO Bartlett's Test

The KMO Bartlett's test: This is the first step which tells us whether one can go ahead with factor analysis on the data.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.932
Bartlett's Test of Sphericity	Approx. Chi-Square	1538.360
	Df	45
	Sig.	.000

The above result gives us a value of .932 for sampling adequacy which is above the desired value of .6 (Ratray & Jones, 2007). The Bartlett's test of Sphericity is also significance and hence proven acceptable. "Bartlett's test is used to checks if there is a certain redundancy between the variables that we can summarize with a few number of factors. If the variables are perfectly correlated, only one factor is sufficient".("Didacticiel -Études de cas," 2013) The Communalities as seen in the table were all above .5.(Field, 2005) This again confirms that all the items share some common variance with other items.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.424	74.239	74.239	7.424	74.239	74.239	2.085	20.852	20.852
2	.644	6.439	80.678	.644	6.439	80.678	2.060	20.599	41.451
3	.471	4.711	85.389	.471	4.711	85.389	1.819	18.193	59.645
4	.364	3.639	89.028	.364	3.639	89.028	1.766	17.657	77.301
5	.257	2.569	91.597	.257	2.569	91.597	1.430	14.295	91.597
6	.238	2.380	93.977						
7	.172	1.724	95.700						
8	.171	1.710	97.410						
9	.145	1.455	98.865						
10	.114	1.135	100.000						

Extraction Method: Principal Component Analysis.

Initial Eigen Values indicated that the first five factors explained about 91.597 % of the variance. Varimax rotations were used to examine the factor loading matrix. The rotated component matrix shows that the 5 factors chosen to assess impulse buying are satisfactory and therefore the components chosen to assess the factors were reliable.

Factor	Parameters	Factor Loadings
Impulse Purchase Will	I am willing to shop online	0.731
	Online shopping brings me joy	0.701
Shopping Mood	I have experienced unplanned online shopping	0.596
	I have the desire to buy commodities that attract me even if doing so is unplanned	0.692
Psychological Perception	The commodity that I buy online meets my expectations	0.86
	Product quality is assured while buying products online	0.717
Online Store Stimuli	I am always attracted by online store promotions	0.675
	I like to buy things according to the recommended commodity list in the online stores	0.724
Others Recommendations	I buy a commodity on the basis of recommendations and reviews on the internet	0.698
	I buy a commodity on the basis of recommendations of my friends and family	0.803

The commodity that I buy online meets my expectations has the highest loading individually among all parameters taken to assess various factors.

Descriptive Statistics

	N	Minimum	Maximum	Mean
Willing	150	1.00	5.00	3.9700
Shopping mood	150	1.00	5.00	4.0833
Psychological perception	150	1.00	5.00	3.9500
Online store stimuli	150	1.00	5.00	4.0567
Others recommendations	150	1.00	5.00	4.0733

The commodities are assessed on the basis of computing a common factor by combining the parameters under each factor and assessing their means. The factor that affects impulse purchase are ranked as follows :-

1st= Shopping Mood (4.0833)

2nd= Other's recommendations (4.0733)

3rd= Online store stimuli (4.0567)

4th= Willingness (3.9700)

5th= Psychological Perception (3.9500)

To assess if Willingness to buy online on impulse is dependent on Psychological perception of consumer

Correlations

		Willing	perception
Willingness	Pearson Correlation	1	.760**
	Sig. (2-tailed)		.000
	N	150	150
Psychological Perception	Pearson Correlation	.760**	1
	Sig. (2-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

There exists a highly positive correlation between willingness to buy online on impulse and psychological perception.



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The correlation .760 indicates that willingness for impulse buying online is dependent on psychological perception of consumers.

V CONCLUSION

Impulse purchases have become very common especially after the onset of the digital era or the age of ecommerce. Shopping mood, impulse purchase will, psychological perceptions, online store stimuli and others recommendations were the factor that made consumer bite the bait on engaging in impulse purchases. A positive correlation was seen between the consumer's psychological perception and their willingness to buy online. If they had a good perception about commodities bought online then they would certainly have the willingness to buy products online. Usually people between 20 to 30 years of age engaged most in making impulse purchases and the young generation usually are the ones who are most likely to spend most of their time online browsing through products and deciding what to buy. Ecommerce has seen a revolutionary turn in the recent years with the most recent change being the instagram tie up with brand like H&M and few more famous brands to actually sell products online. No one could even imagine instagram being a website to now buy products but that has only been made possible due to consumer demand for products online. Many other social media websites would also follow the steps of instagram in hopes to earn more revenue and capture consumer interest. Impulse buying was always there but not in such magnitude. The digital era has added fuel to the impulse buying fire and with the increase in consumers screen time coupled with ecommerce websites, product advertisements, attractive product displays, convenience and accessibility people have started buying more on impulse. Another advantage that people see is the huge deals they get online, or a limited time period offer that encourages them to buy then and there. Online referrals of products have also become increasingly common. Thus the main fact is that impulse buying is driving the digital era and consumer's are biting the baits on these ecommerce websites, in cases where consumers loose interest, retailers are smart and tailor their strategy to suit consumer needs

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Anita venaik with 19 years of work experience in academics and 4 years in corporates. presently working as professor at Amity business school .has written 11 text books in Various subjects in IT having 12 case studies published in European case centre also more that 30 research papers in Various national and international journals