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# THE MEDIATING EFFECT OF STORE ATTRIBUTES ON IMPULSIVE BUYING: AN EXPLORATORY RESEARCH IN FMCG SECTOR

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# ABSTRACT

Impulsive buying can be defined as sudden, often powerful urge to buying something immediately. This buying behaviour has been subject of research for some time now and the growing number of research in this subject shows the increasing interest in impulsive buying behaviour. This behaviour has been studied from different perspectives predominantly in western countries. Mediating effect of some factors such as store image, pleasure seeking behaviour etc., have been studied. However, there is hardly any on store attributes. This study examines the influence the store attributes have on the impulsive buying by a customer. Data for this study was collected pan India and was analysed using R. This study sheds light on the dominating factors in Store attributes as well as Impulsive buying. The results suggest that store environment do influence impulse buying. The retailers in order to encourage impulse buying can use this knowledge to attract consumers' attention and increase their sales.

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### **INTRODUCTION**

Retailing in India is one of the fastest growing retail industry in the world. It accounts for 10 per cent of India's GDP and employs about 8 per cent of the labour (IBEF, 2018). From shopping centres to multi-storied malls to huge complexes, Indian retail industry has come a long way off and is now witnessing a revolutionas many new formats hypermarkets, supermarkets, departmental stores have made their way. Further, the growth is happening not just in metros and major cities, but also in Tier-II and Tier-III cities. The purchasing power of Indian middle class is growing in categories like apparels, cosmetics, shoes, watches, beverages, food and even jewellery. In such a scenario, it is very natural to understand the consumers buying behaviour and in particular impulsive buying. This is because it is estimated that over \$4.2 billion is spent on impulsive buying (Mogelonsky, 1994). The huge potential for impulsive buying has fostered research in this area. In emerging economies such as India (Geetha, Sivakumaran, & Sharma, 2010) and Vietnam (Mai, Jung, Lantz, & Loeb, 2003) there is growing interest in this topic.In certain product categories, Impulse buying accounts forn early 80% of purchases (Abrahams, 1997) (Smith, 1996). This also matches with our data, which shows that 90% people have indulged in impulsive buying sometime or other.

\*Corresponding author: S Shyam Prasad International School of Management Excellence, Sy.88, Chembanahalli, Nr. Dommasandra Circle, Sarjapur Road, Bengaluru -562125 The retailers can reap a rich reward by encouraging customers to make unplanned purchasesand in case of variety –seeking customers to increase their shopping cart.

The Variety-seeking buyer behaviour, is described as the buying tendencies of those consumers that do not have a high involvement with a product and this happens even when there is a significant differences between brands. This section of customers also continues to attract attention in the retail and shopping context (Givon, 1984 ). Studies have revealed that deliberate non-planned purchases are important hedonic behaviour exhibited by consumers. Paco Underhill, author of WhyWe Buy: The Science of Shopping (1999) says that customers while shopping inside the premises of stores give in to their impulses and make many purchases. The growth of digital marketing has opened up many avenues for impulsive purchases. Also innovative promotions at point-of-purchase (POP) are increasing in view of the changes in consumers' shopping patterns which further encourages impulse buying (Quelch & Cannon-Bonventre, 1983). Interestingly, studies have found that US consumers are more prone to buy impulsively than their counterparts in Britain and South Africa (Kacen & Lee, 2002). Further, impulsive buying behaviour is also connected to unhealthy eating habits leading to eating disturbances (Verplanken, Herabadi, & Perry, 2005). So what is impulsive buying?

### Impulsive Buying

Some time ago, psychologists have studied the general trait of impulsiveness in human being and have developed measures to

access them. However, there is no current theory-driven and validated measure of impulsive buying behaviour (Rook & Fisher, 1995). *Impulse buying* is defined as "an unplanned purchase" that ischaracterized by "(1) relatively rapid decision-making, and (2) a subjective bias in favour of immediate possession" (Rook & Gardner, 1993). Impulsive buying is always unplanned and happens on an impulse mediated by pleasure and dominance (Donovan, 1994); it is also facilitated by the circumstances like available time and money (Beatty & Ferrell, 1998).

The possibility of consumers indulging in impulsive buying depends on, among other factors, the degree to which the individual possess impulsive tendencies and their normative judgements that they permit a particular impulsive purchase (Rook & Fisher, 1995). Although customers want to shop easily and quickly, it has been observed that, the longer the customer stay in retail store, the more likely they are to buy. An average of 39% of department storepurchases were unplanned, ranging from 27% of women's lingerie purchases to 62% of costumejewellery purchases (Bellenger, Robertson, & Hirschman, 1978). Customer's state of mind - positive or negative feeling - that he carries is potential motivator for impulsive buying (Youn & Faber, 2000).In addition, thecultural forces could impact impulse purchasing of individuals (Kacen & Lee, 2002). It is also useful to note that the presence of friends and peers increases the urge to purchase – may be impulsively –whereas the family members may do the opposite and negate the impulsive buying(Luo, 2005). Some studies have also shown that touch and emotion play a role in impulse purchases. The good feeling and the positive emotional state of the consumer promotes impulsive buying (Chang, Eckman, & Yan, 2011). Sharma, Sivakumaran & Marshall (2010) who studied the variety seeking behaviour of impulse buyingfound that the variety-seeking individuals are more prone to impulse purchases.

Researchers, broadly categories the factors affecting impulsive buying into two sets – one, internal factors (one's own predisposition to buy impulsively) and two, external factors (environmental aspects, marketer controlled stimuli, etc.)(Duarte, Raposo, & Ferraz, 2013). This study focuses on the store attributes - the external factors - that contribute to the impulsive buying. The research objective of this study is 'to examine how store attributes trigger consumer impulsive buying behaviour'.

To address the above research objective, hypotheses predicting the relationships between store attributes and actual impulsive buying behaviour were developed based on a review of existing literature on impulse buying.

- H1: The prices of the products have an impact on impulsive purchasing behaviour
- H2: The display of the products have an impact on impulsive purchasing behaviour
- H3: Suggestions by the sales person have an impact on impulsive purchasing behaviour
- H4:Many customers buying the product has an impact on impulsive purchasing behaviour
- H5: Novelty of the product has an impact on impulsive purchasing behaviour

Of the above hypotheses H2, H3 and H4 are relevant for this study.

#### **METHODOLOGY**

Sample and Data Collection. For this study, judgemental sample of 502 customers were collected immediately after the purchase and bill payment. The data was collected from Bengaluru (South India), Kolkata (East India), Delhi (North India), Mumbai (West India) and Udaipur (North-West India) to have a pan India representation of sample. A questionnaire was administered and was collected after five to ten minutes.

Measurement of Buying Impulsiveness. Items for measuring buying impulsiveness were garnered from earlier research of impulsive buying ((Rook D. W., 1987). These items were modified to suit the requirements of this study. The questionnaire was pretested on a convenience sample of 28 respondents. Correlational and Regression tests were used to measure the results.

## **RESULTS**

Table 1 shows the gender distribution of the sample surveyed and table 2 gives the frequency table for the age of the participants. The average age of the participants works out to be 29.62 years with a standard deviation of 2.32 years.

**Table 1** Gender wise distribution of the 502 participants

Gender		Frequency	Percent	Cumulative percent
	Male	287	0.57	0.57
	Female	215	0.43	1.00
	Transgender	0	0.00	1.00
	Total	502	1.00	

**Table 2** Age distribution for the 502 participants. Frequencies and valid percentages for each corresponding age group are given as they appear from the questionnaire survey.

Cumulative percentages are also shown.

Age (yrs)	Frequency	Percent	Cumulative percent
Below 30	323	64.34	64.34%
30-34	70	13.94	78.29%
35-39	57	11.35	89.64%
40-44	29	5.78	95.42%
45-49	8	1.59	97.01%
50-54	4	0.80	97.81%
55-59	6	1.20	99.00%
Above 60	5	1.00	100.00%
Total	502	100	

The buying frequency of the participants are shown in table 3 whereas table 4 gives the shopping preferences of the people surveved.

**Table 3** Shopping frequency of 502 participants as per the survey. The highest frequency has been highlighted.

Daily	i wice a week	Weekly	Monthly	Rarely	Total
19	82	220	125	56	502
3.78%	16.33%	43.82%	24.90%	11.16%	1

**Table 4** Shopping preference of the 502 participants.

Grocery Store	Departmental Store	Convenience Store	Malls	Online	Total
21	52	124	165	140	502
4.18%	10.36%	24.70%	32.87%	27.89%	1

A factor analysis (Table 5) was undertaken on the 18 variables, which optimally reduced to 5 factors. Of these, 4 factors have SS loading above 1 indicating that they are important. The five factors were identified as 1. Price, 2. Display, 3.Sales Person, 4. Many Customer Buying and 5. Novelty. A multi-linear

regression was carried out on the above factors and the result are shown in table 6.

(Geetha & Bharadhwaj, 2016).H2 and H4 i.e display of the products and many customers buying induces impulsive

**Table 5** Factor analysis in R

Loadings:					
	Factor1	Factor2	Factor3	Factor4	Factor5
(Intercept)	-0.819	0.156			
Prices of the products are attractive	0.651	0.302	0.336	0.307	
The display of the products induced me to buy.	0.692	0.474	0.307	0.146	
The sales person suggested me to try this product	0.275	0.633	0.355	0.199	
Many customers were buying this product and so I bought it	0.629	0.532	0.210	0.152	
I bought this product because of its novelty/uniqueness/newness	0.401	0.487	0.364	0.385	0.119
I bought this product because of it was on discount sale/special offer	0.263	0.273	0.326	0.820	
Prices of the products are attractive.	0.175	0.752	0.202	0.295	
The store is located in a convenient place.	0.618	0.364	0.448	0.322	
The service quality in this retailer is good	0.216	0.625	0.459	0.169	
The store has a large variety of products	0.572	0.435	0.461	0.285	
It is comfortable and spacious inside the retailer	0.182	0.307	0.720	0.214	0.110
The ambience inside the retailer is good	0.198	0.197	0.835	0.258	
There are some other factors other than those mentioned above	0.674	0.501	0.295	0.222	0.113
Huge crowd in the retailers place		0.426	0.213	0.416	
The prominent display of the products in the store	0.721	0.328	0.343	0.248	0.432
The products can be reached easily	0.346	0.334	0.541	0.155	0.104
The prices of the products are easily visible/understood	0.699	0.357	0.333	0.277	0.322
Easy credit availability with this retailer	0.247	0.414	0.450	0.440	0.171
	Factor1	Factor2	Factor3	Factor4	Factor5
SS loadings	4.775	3.699	3.355	1.993	0.415
Proportion Var	0.251	0.195	0.177	0.105	0.022
Cumulative Var	0.251	0.446	0.623	0.727	0.749

The values of multiple R-squared and adjusted R-squared are above more than 0.85 (85%) indicating that the factors are good predictors of the dependent variable – impulse buying. Further, this fact is strengthened by the fact that the standard error is on 0.1151 implying a measure of the accuracy of the prediction.

Table 6 Result of Multilinear Regression of the Factors

		Coefficients:						
	Estimate	Std. Error	t value	Pr(> t )	<u> </u>			
(Intercept)	1.9751189	0.0224279	88.065	< 2e-16 ***				
price	0.0013589	0.0002235	-6.081	2.39e-09 ***				
display	0.1319724	0.0110257	-11.969	< 2e-16 ***				
novelty	0.0538545	0.0094007	-5.729	1.76e-08 ***				
manycusbuy	0.0708192	0.0112316	-6.305	6.37e-10 ***				
salesperson	-0.0078812	0.0074490	1.058	0.291				
Signif. codes:	0 '***'	0.001 '**'	0.01 '*'	0.05 '.'	0.1'1			
Residu	ial standard erro	or: 0.1151 on 4	95 degrees	of freedom				
	(1 observation	deleted due to	o missingn	ess)				
Multiple	R-squared: 0.8	543, Adj	usted R-sq	uared: 0.8528				
F-sta	F-statistic: 580.5 on 5 and 495 DF, p-value: < 2.2e-16							

**Table 7** Results of hypothesis

Hypothesis Nos	Hypothesis	Result
H1	The prices of the products have an impact on impulsive purchasing behaviour	Supported
H2	The display of the products have an impact on impulsive purchasing behaviour	Supported
Н3	Suggestions by the sales person have an impact on impulsive purchasing behaviour	Not Supported
H4	Many customers buying the product has an impact on impulsive purchasing behaviour	Supported
H5	Novelty of the product has an impact on impulsive purchasing behaviour	Supported

# **DISCUSSION**

It is well established that impulse buying has huge potential and is also hugely profitable for retailers. In this study of 502 respondents, 452 said that they have purchased impulsively sometime or the other indicating that about 90% of the customers indulge in impulse buying. Some studies have shown that 15.85% of the purchases are made on impulse

buying demonstrate that the store attributes do have significance. The mean age of the respondents are about 30 indicates that more of the young people go for shopping and it can be well understood that they are more prone to act impulsively.

#### Managerial implications

With a huge potential for the impulse buying it is imperative that the retailers do understand and are well prepared to take advantage of the situation. Customers going shopping usually do so to meet the other needs such as an outing with friends and family. Therefore, retail managers should invest in the antecedents of environment, improving the layout, making the lighting attractive and display of the products.

## **CONCLUSION**

This study shows that the store attributes do play a significant role in impulse buying. Although, studies have shown that customers in Western countries and particularly US, are more prone to impulse buying, with appropriate antecedents of environment built inside the shop will increase the impulse buying behaviour of the Indian customers too.

#### Limitations of the Study

Like any other study, this study too has limitations. Firstly, it conducted mainly in FMCG retail settings. This study has not looked into speciality retailers such as fabrics, jewellery show rooms to name a few. Since, this study focused only on the store attributes, other factors have not got the due attention.

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