

AN EMPIRICAL STUDY OF IN-STORE SETTINGS AND ITS IMPACT ON CONSUMER IMPULSIVE BUYING BEHAVIOR

Muhammad Amir Adam and Zameer Suleman Memon

ABSTRACT: *The definition of beverage in the study is described as any liquid for human consumption, except milk. The purpose of this research is to examine the effects of retail store environment on impulse buying behavior of beverages and to investigate how retail environment characteristics (i.e. ambient, shelving and in store promotions) have an impact of consumer buying behavior of beverages. Similarly, individuals' characteristics of the shopper are also linked with impulse buying behavior. In the theoretical framework, Hedonic motivation plays a role of moderating variable, while independent variables of the study are Ambiance, Shelving and in-store promotions. Dependent variable is consumer buying behavior. This study examines the problem in the context of large retail outlets. Similarly, relevant stakeholder can benefit, what strategy to follow in order to increase the impulsive behavior in order to increase the final sales. It was found that in-store promotion had a major impact on the impulsive behavior at store. Moreover, people having incomes of 40,000+ were found to be impulsive in buying beverages. This study is based on retail stores in Karachi, where beverages are sold along with other items to capture true insight of impulse behavior of a consumer, who comes to buy different item but impulsively buys a beverage. Survey data was collected by using store intercept method, sample size 190; strategic sampling method was used. Item used Baker, Grewal and Parasuraman (1994) used to measure the perceptions of the retail environment Characteristics. Moreover, scale developed by Beatty and Ferrell (1998) were used to measure consumers positive emotional response and consumers behavioral responses.*

KEYWORDS: In-Store Settings, Consumer Impulsive, Buying Behavior, Store Promotion

INTRODUCTION

Background of the Study

Although there are extensive studies on the impulse buying behavior in the retail stores to examine the effects on store environments on consumer behavior, which results in impulsive buying. Impulsive buying is defined as the spontaneous purchase decision in stores by a consumer, which is unplanned (Hyo-Jung, 2011). Consumers often buy things that they do not plan. There are numerous factors like environment, shelving, in-store promotions, store ambiance and even the product packaging that motivates the consumer to buy a certain product, which he/she does not plan when he enters the store.

On the other hand, the impulsive buying behavior is also defined as the hedonic behavior, in which a consumer's pleasure and pain receptors are associated, which enable consumer to move towards a goal and away from the threat. In the nutshell, it's the consumer's feeling that he gets from the environment for the buying behavior in the store. It is more of a hedonic psychosocial motivation, combination of your thinking and the social environment.

Similarly, there are different focus areas, where most of the consumer buying is impulse. To quote few examples, if a consumer has fuel in his car, but he sees a new variant in fuel, which is advertised outside a gas station, leads him to buy it is again impulse behavior. Replicating the same example in a retail environment means, the characteristics of a retail environment should motivate a consumer to buy what he has not planned. For that, consumer should be pleasure seeking, which is defined as hedonic motivation above. Individual characteristics also play a vital role in impulse, if a consumer is fun-loving and party person. It is more likely that he will buy things that he has not planned. In fact, such people don't prepare a list when they go out for shopping.

On the other side of the story, there are people who are very organized and serious. They simple go in the store and buy the required things and check out. It is less likely, that people with above mention personality traits may buy things that are unplanned. On the contrary, it also depends in which market the impulse is taking place. If it's a fuel for the car, individual impulsive behavior is different. On the other hand, if it's a retail shop with lot of beverages, the impulsive behavior of youth may be high.

Moreover, in a retail environment there are different trends in impulsive behavior according to the product category like, apparel, beverages & Snacks, household items, personal care, etc. Mostly, household and personal care items are planned. If the stock at household is low, people buy it. Impulsive behavior takes place when there is a hedonic motivation and person feels pleasure in buying the product, which mostly happens in Beverages Category. Almost same trend usually goes for the snacks.

Similarly, culture also plays a vital role in impulsive behavior. Country like Pakistan doesn't have a culture, where shop keepers socially interact with people in the store. While, in developed nations, there are store keepers, who socialize with the shoppers in order to make them comfortable. Studies show that level of comfort in a retail environment has a direct impact on impulsive behavior. Shoppers feel comfortable in asking questions about a product and complete a transaction for buying the product.

Beverages

Beverage is defined as a liquid, which is specifically prepared for human consumption. In the context of retail outlet, it is further divided as plain water, alcohol, non-alcoholic drinks, flavored milk, soft drinks, (also called carbonated drinks), fruit or vegetable juices and hot drinks, such as hot chocolate, tea and coffee. In this current research, I would be focusing on the drinks that are in small packaging. To be specific, it would be a plain water, soft drinks and juices. Reason behind choosing the small packaging is because, if an individual is shopping in a retail outlet for his household items.

Shelving

In the context of beverages, shelving pattern followed in retail stores is quite different than other items like apparel, FMCG's, etc. It is more of a placement of the cooling units rather the shelving patterns. Most of the times, beverage is placed at a checkout. On the other hand, there are separate shelving pattern for bulk quantities. Any consumer at store checking out with a beverage (explained above) would be analyzed, what elements in shelving (i.e.: Placement, eye-level shelving, accessibility, assorted placement of beverages) motivated a shopper to go for a beverage.

In-Store Promotions

In-store promotions are usually done by placing posters around the store or at the entrance. POP (Point of Purchase) posters and other posters around the store play two major roles in impulse buying. Firstly, they give consumer the information, what discounts is the store offering and secondly, it reminds the consumer and creates a hedonic need to buy it (Wong, 2008).

Ambiance in Retail Environment

Ambiance is a mood that consumer associates with a particular place, person or thing (Merriam Websters, 2013). Ambient store environment make a consumer relaxed and welcomed. If the air conditioner of the store is working perfect, consumer is more likely to spend more time in the store rather just doing what he/she actually planned. Ambient counts a lot if consumer comes with family and kids. Store should be clean, relaxing and pleasant place to shop, impressive interior design, and color brightness of the store (Baker, 2002).

Hedonic Motivation

Hedonic Motivation is defined as the behavior that relate to multisensory, emotional and fantasy bits of consumption (Hirschman, 1982). There are two types of needs; one is hedonic and other utilitarian. Hedonic need is pleasure seeking, while the latter is task oriented. In Hedonic, task is fulfilled along with the hedonic satisfaction, while it utilitarian need is associated with the basic level of need being fulfilled.

Positive Emotional Responses

This is an intervening variable in my study, which depends on 3 variables: Ambient, Shelving and In-Store Promotions. Moreover, Hedonic Variable is Hedonic motivation that comes under the individual factors. Good mood and positive emotional is consumer's internal state, he which he comes to the store to shop. If the consumer is in good mood, and there is a hedonic motivation, end result can lead to impulsive behavior if consumer is given the stimulus of independent variables mentioned above.

Consumer's behavioral response

This means how the consumer responded to the whole framework of variable. Did he end up buying things that he has not planned (i.e.: Impulse Buying). Was he motivated enough make him/herself hedonically satisfied.

1.2 The Problem Statement

Retail business is being more competitive than before. Nothing is more risky than not innovating. When a consumer visits a store, he buys what he planned. In order to answer your retail competition, you need to motivate your consumer to buy more. One way to do this is to create a retail environment that leads to impulse buying.

Similarly, with in beverage brands, there is a competition. They are quite aggressive in marketing their brands. Impulsive behavior in retail environment would increase their sales, if the know, what consumers want in a retail environment.

So the problem is:

“Retail businesses are unaware of consumer insights to encourage the impulsive behavior, which lead the competitive retail outlets to capture the market”

“Moreover, they are unable to capture the people who are pleasure seeking and fun loving through their hedonic motivation”

Objective of the Study

The objective of the study is to know, what it takes for a retail business to increase consumer impulsive buying behavior. Moreover, what role does hedonic motivation plays in consumer impulsive behavior.

Significance of the Study

This study is the need for the current retail businesses, frequently we see new big retail stores are opening, means a hard competition has started in the retail industry. Every retail outlet in Karachi should now start to do something new in order to attract more consumers. One way is to set up an environment that makes the consumer comfortable in retail setting and unintentionally encourages him to do unplanned purchases or else turn up in impulsive behavior.

Increasing Sales in a retail outlet can also be attained, if consumer buys unplanned items. Which requires a comfort zone and an awareness of new products and current promotions would be a plus point.

Justification of the Study

Many retail stores and beverages companies use different things in promoting their retail business, results of this retail will help them to attract more customers and increase the market share.

Scope of the Study

1. To find what factor play a role in impulsive buying decision at a retail setting
2. The research will be conducted in Karachi
3. The research will be valid for beverage companies operating in Pakistan's and big retail outlets.

Limitations of the Study

There are external variables that we will not be able to control, our research is limited to three independent variables: Ambiance, In-Store Promotions and Shelving. But there may be an impact of other variables like music and lighting in the store.

May be the consumer enjoys the shopping in high lighting and pop music, while the other does not. Moreover, the social behavior of the staff in store will also lead the consumer to feel comfortable\uncomfortable in shopping.

On the other hand, beverage has vast sub-categories with in; in my research it is restricted to juices, flavored milk, and fizzy drinks in small packaging. Reason behind the focus of small packaging is that

Basic Assumptions of the Study

The basic assumption of the study is to create the awareness with the retail industry to increase the consumer impulsive behavior and also increase their market share. It is also assumed that current retail business is unable to cater the people with hedonic motivation efficiently.

Explanation of the Key Terms

Beverages: It is any liquid that is prepared for human intake. There are two main categories: Alcoholic and Non-Alcoholic. In my study, we would be ignoring Alcoholic beverages, since there are not traded in Pakistan openly. In Non-Alcoholic, my study would focus on water, juice and cold drinks (Carbonated drinks)

Impulse Buying: It is when a consumer end up buying what he did not planned. Moreover, if a consumer did spontaneous purchase after looking at a product on a shelf or an in-store promotion made him motivated to buy the product.

Positive Emotions: In this study, positive emotions plays the role of intervening variable, it is more of an individual factor that play a role in buying decision of a beverage.

Ambiance: It is the retail store environment that is created by having certain things in the store up to the mark. Ambiance is more of an atmosphere that a retail store provides in a retail environment. What contributes to a good ambiance is explained above.

REVIEW OF RELATED LITERATURE

Impulsive buying is defined as simple and immediate purchase made by the consumer in a retail setting (Willett, 1967) (Ferrell, 1998). There are studies that show a positive relation of point of purchase posters with the consumer buying behavior. There is a body of research that ignores the behavioral motivations in the impulse buying. In the current study the source of motivation would be found.

Historical Perspective

Extensive research on consumer impulsive buying started after 1950s to investigate the purchase decisions that are made after the consumers enters in a retail environment. In early period one of research which focused the impulse buying in depth was “DuPont Consumer Buying Habits Studies (1948-1965)”, which was sponsored by Point-of-Purchase Advertising Institute. Impulse was firstly defined as the unplanned purchase. Definition was further operationalized by difference between the total purchases and the purchased that a consumer intended to buy, when entered. Numerous studies have investigated the intensity of impulse in various product categories. Impulse buying research extended in investigating, how merchandise in place on shelf’s and what impact does it have on impulse buying. Similarly, how shelf space affected the impulse buying in a retail outlet (Cox, 1964).

Psychology Impulses and Impulsive Behavior

Much of the Human activity is driven by impulses, which means that it is biochemically and psychologically simulated. It the game of mind that intervenes in the human behavior and lead to the impulsive behavior. There are motivating agents that originate from conscious and

unconscious activity both. In a retail environment, we don't know, when what state of mind leads to an impulsive behavior. Comprehensive definition of psychological impulse is as "a strong, sometimes irresistible urge; a sudden inclination to act without deliberation" (Goldenson 1984, p.37).

The impulse buying is not consciously planned, but it's in unconscious part of the mind, that leads a consumer to buy a thing that he or she did not planned while entering the store. On the other hand, impulses are sometimes irresistible. In the context of retail environment, when a consumer's need is aroused to impulsively buy a product, it is sometime nearly impossible for him or her to resist, limiting other variables like budget and time. Psychological impulse is spontaneous, once triggered, it encourages mediated action. Impulses sometimes are impossible to resist (Rook, 1987).

Studies suggest that sudden buying does not always mean to impulsive, just because they are impulsive. There is often a component of habit. If a consumer is useful of watching products at store and buying it, then it would not be necessarily called impulse. It is sometimes also called as the habitual behavior of the consumers (Rook, 1987). There may be a possibility that in the case of emergency, a consumer would always be impulsive for some products but researchers do not categorize those as the impulsive customers. Since, at that time, consumer is actually dealing with the crisis. At that time consumer mind is not in the normal state as it would be when a consumer is relaxed.

Impulsive behavior has also been a discussion in the philosophy for many years. More recent economist focuses on consumer's choices more, saving and spending impulsively. Always there is self-control that and consumer has, while he shops around the store. Researchers are trying to exploit that control and put a consumer, who is in normal state when he or she enter store, in an impulsive behavior that lead him to buy what he did not thought of while entering. Researchers suggest that, Stimulus play a vital role in activating the impulse response.

What Social Psychologists study on impulsiveness

Social Psychologists have studied impulse behavior through experimental research and have found gratification or pleasure to be correlated with age, intelligence, social, responsibility and presence of father at home (Rook, 1987). Unconsciously, consumers may have the above things mentioned in their mind while shopping. Age is one of the main factors, which play a vital role in buying (i.e.: Kid crying for a chocolate or a cold drink in a store depicts that he just saw an chocolate bar in the store and now he want it, due to low intelligence level, kid may not be able to control his emotion, which lead him/her to cry).

Freud Theory

Freud states that human civilization is built on the individuals' development of internalized impulse controls. He interprets that the impulses are the product of two main forces: pleasure principle and reality principle. Pleasure principle encourages immediate gratification. But it is compromised when reality principle comes in. These two forces compete with each other. This is because the impulses encourage the careful consideration of the objective environment. It is also said, that if an individual lacks in impulse control, he or she may lead to a severe psychological problems. Impulses are often difficult to resist, since they involve anticipated pleasurable experiences.

Current Perspective

Although much of the research is done on the impulse buying, but still much of the research is dedicated to find out what impulse is and what is not. Impulse buying product has a variety of things ranging from a candy to a big T.V set. Secondly, it is found that customers' plans are often altered due to retail environmental characteristics. On the other hand, some researchers have criticized the impulse buying being described as the "unplanned purchases". Since, it takes researchers in different direction of behaviors and has been characterized vague by the researchers. Although there is are high criticisms for the definition of impulse buying, impulse buying is still know by "unplanned purchases". Most of the researches are conducted without the theoretical groundings.

Reconceptualization of Impulse Buying

The term impulse is narrower term than just "unplanned purchases". Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately. The impulse to buy is hedonically complex and may stimulate emotional conflict. Also, impulse buying is prone to occur with diminished regard for its consequences. (Rook, 1987). Impulse buying is relatively more exciting. On the other hand, impulsive buying is a fast experience.

Retail Environment Characteristics and Positive Emotional Responses

There are multiple elements and characteristics that are associated to shape a retail environment (J. Baker, 1994). Kotler defined store atmosphere as "the effort to design retail environments to produce specific emotional effects in the consumer that enhance purchase probability". Kotler has also highlighted the importance of the combinations of the retail store characteristics to create good retail store atmospherics, which change the consumer emotional response into positive (Hyo-Jung, 2011). Those multiple characteristics in the retail environment consist of ambient, design and social factors that have an impact on consumer's emotions and lead a consumer to make a purchase decision after entering the retail store environment (J. Baker, 1994).

Ambient Characteristics

There are two types of Ambient Characteristics: visual and non-visual background conditions. Non visual part can be further described by the background music in store, lighting intensity and the level of cleanliness in stores (J. Baker, 1994). Ambient Characteristics are further operationalized by clean and relaxing environment, which are known to be the important influencing factors that lead to impulsive behavior. Studies of supermarket and restaurants have also proved that there is a correlation between the tempo of music and consumer impulsive purchases. On the other hand, lighting not only has an influence on the consumer positive responses to impulsive purchases, but also has impact on the store positive image.

Moreover, Non-visual part of the study focuses on the design characteristics that are operationalized as color, visual complexity and orderliness. Design characteristics are defined as the physical elements in the retail store that have an impact on consumer behavior which leads a consumer to feel more relaxing and comfortable, ultimately lead to a positive consumer response. (Crowley, 1993) found that colors in the retail store environment have an influence on consumer's pleasant feeling while shopping. Similarly, design characteristics are thought to be more important for the retailers whose product mix is aimed at a distinct lifestyle.

Hedonic Motivation

There are two types of needs, utilitarian and hedonic. Utilitarian is task oriented. In the context of retail environment, planned purchases can be associated with utilitarian need, which is being fulfilled. Consumers based on the hedonic needs in the shopping environment involve multi-sensory, fantasy and emotional experiences (Solomon, 2007). Moreover, the literature suggests that individuals with hedonic motivations are more likely to have interactive aspects of shopping. They enjoy socializing; they are more likely to socialize with the store staff for any queries. Store staff should socialize with such people in order to encourage impulsiveness. On the other hand, store staff actually provides a comfort zone to the consumer in the retail environment. Hedonic motivation is the moderating variable that moderates the relationship between the retail characteristics and the intervening variable, which in the current study is “consumer’s positive emotional responses”.

Researchers have found a warm and personal relationship of consumer with the salesperson that involved affection, social, support and loyalty. There are positives and negatives both of socializing of sales person. Negative is described as crowding effect and positive is described as “friendly sales people” (Hyo-Jung, 2011). Hedonic view suggests that consumption is driven by the fun a consumer gets by using a product.

Effect of Store Characteristics on In-Store Emotions

There are numerous dimensions that are found, which had relations with In-store Emotions. Factors affecting positive emotions were Product assortment, Value, Salesperson’s service, After-sale service, facilities and atmosphere. On the other hand, factors affecting negative mood were Salesperson ‘service, After-sale service, Facilities and Atmosphere. These characteristics were found through an ethnographic interview (Changjo Yoo, 1998). Wide assortment of products turns the consumer’s mood into positive, since they have a variety of product to choose. At retail stores, nothing is actually sold for free, but whatever a consumer buys should be of a value that he or she pays in exchange. Similarly, the positive emotion that came in result to the store characteristics were Attractive, proud, contented, excited, satisfied and pleased. Similarly, negative emotions were nullified, Ignored, anxious, angry and displeased (Changjo Yoo, 1998).

Reason behind discussing this aspect in the literature review was to highlight, that these stores characteristics are already focused, but there is still a huge gap that has not been filled. On the other, now we know, what contributes to emotional responses of the consumer. Aspect of store location was also discussed in (Changjo Yoo, 1998), where they found out that there were also direct effects on the store location due to store characteristics. Store location is an imported aspect in the retail industry; you should not give your competition a chance to take an area where there is lot of traffic coming in. Your store must be accessible and store characteristics must be favorable to make an impact on consumers’ mood and emotions.

Stimulus-Organism-Response (S-O-R)

Below is the theoretical framework of the current study, which is developed by adaptation of (S-O-R) from (Mehrabian, 1974).

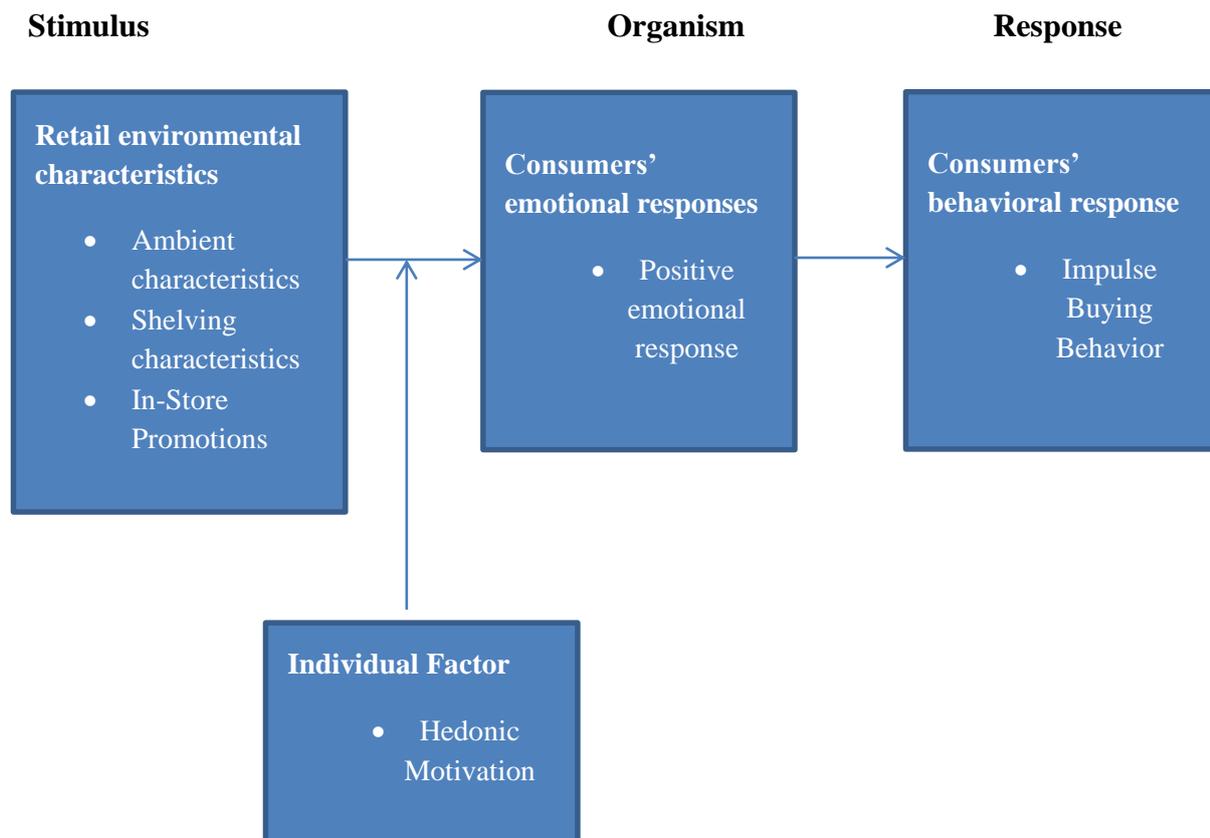


Figure 1: Theoretical Framework

In the classical SOR model, Stimulus is defined as the external force with which the marketers play around. They provide an external stimulus to consumers in order to create a desire or a positive emotional response. In the current study, the stimulus being provided to change the response in the retail store is, Ambient Characteristics, Shelving Characteristics and In-store Promotion characteristics.

Organism refers to the internal process of an individual, in the context of the retail; it is a mood or emotional response of the consumer at the time of entering the retail store. It actually intervenes between the stimulus and the final action. In our study, final action would be the impulse buying. Consumer have a good mood, followed by a stimulus would create a response, either favorable or unfavorable.

Response refers to the final action of the consumer that he or she does in the retail environment followed by stimulus and organism. It is important to understand that, the response is affected by internal and external factors. Similarly, there is hedonic motivation as well. It is more likely a sudden need arousal, that happens when a consumer enters and see a beverage an attractive product accompanied by a relaxing environment.

Influence of Situational and demographical Predictors

There are extensive studies done to find out situational and demographical factors that have effect on the buying behavior in different settings. Stern (1965) identified some product related factors that have an influence on the buying behavior (i.e.: low price, marginal need, for the product/brand, mass distribution, self-service, mass advertising, prominent store display, short product life, small size and ease of storage). Similarly, at what time consumer is visiting, if it is a rush hour, it becomes obvious that consumer may want to get out as soon as possible. On the other hand, studies show that it depends on the consumer's personality traits.

Similarly, gender, age and income level also influence on the impulse behavior. Consumer would only turn up his or her behavior in impulse if he or she can really afford it. Income plays a vital role impulse behavior. This can also be termed as the availability of the finances.

Research Gap Filled by This Research

As mentioned before, this research would be based in Karachi. There are extensive studies on impulsive behavior that cover various aspects. In this current research, the paper would focus on the role of hedonic motivation or a pleasure seeking nature of consumer, in the impulsive buying behavior. On the other hand, the individuals' internal positive emotional behavior would also be measure. The research would be backed by empirical evidences to support the impulsive behavior in the context of beverages. Most of times families go to the big retail stores (i.e. Naheed, Hyperstar, Aghaz and Imtiaz), where they buy what they have planned, it's very rare if they buy a beverage. This all depends on the retail environment that is being provided. Moreover, what type of retail strategy are they following; do they want their consumers to stay long? Most of retail store will, since that increase the impulsiveness in the consumers mind.

Area for Further Research

Further researches can be done in different product category, since this current research will only focus on the beverages sold at large retail store. Future researches can be done on the small retail or neighborhood stores along with a different product category. Similarly, Independent variables can be changed, design and social variables can be taken into account to measure the its impact on impulsiveness

RESEARCH METHODOLOGY

Research Design

Both primary and secondly data would be used, primary would be collected by using the store intercept method, while secondary data would be collected from internet sources, research journal and magazines

Research Philosophy

The philosophy which is adopted in this study is positivism. Positivism means that the research wants to know the truth about the phenomena so that the true result can be predicted and

controlled. In this study, main purpose is to know, what role does hedonic motivation plays and how retail environment characteristics have an impact on consumer.

Research Approach

Since it is quantitative research, survey questionnaire would be filled from the shoppers on the very movement they check out from the store. After that, result of the questionnaire would be analyzed.

Research Strategy

To prevent the reinvention of the wheel, first approach would be to find secondary researches in the retail industry and find out data from research journals, magazines and newspapers. After that, Questionnaire would be filled in order to get the complete insight of the consumers. Moreover, the result would be thoroughly analyzed and interpreted. From that, strategies would be made from the retail industry to increase the impulsive buying behavior at store.

Research Choice

Since the research is being done for academic purpose, it would be called basic research.

Research Time Horizon

The total time required for the complete research is 3 months in total after the secondary research.

Research Technique

The research technique being followed is survey questionnaires.

Research Procedure

- Gathering of data from internet, research journals, newspapers and magazines about the impulsive behavior in retail store environment.
- For primary research, survey questionnaires would be filled
- Primary data would be entered into SPSS and patterns would be drawn
- Results would be interpreted and conclusions would be drawn

Research Structure

Statement of the Problem

Statement of the problem is that retailers are still not able to analyze what consumers exactly are looking for, and what stimulus in the retail industry would lead consumers to buy impulsively.

Moreover, there is a tough competition in retail industry, and they are looking for new ways to capture the market share

Research Questions

What is the role of hedonic motivation in impulse buying behavior?

What stimulus in the retail store environment would lead to the impulsive buying behavior?

Research Objectives

Objective of the research is to know what stimulus or what factor of retail environment attracts the customer to turn its behavior into impulsive buying. Moreover, what factors make a consumer feel consumer and what personality traits should a consumer possess in order to be impulsive after being given certain stimulus.

Conceptual Framework of the present study adapted from (Mehrabian, 1974)

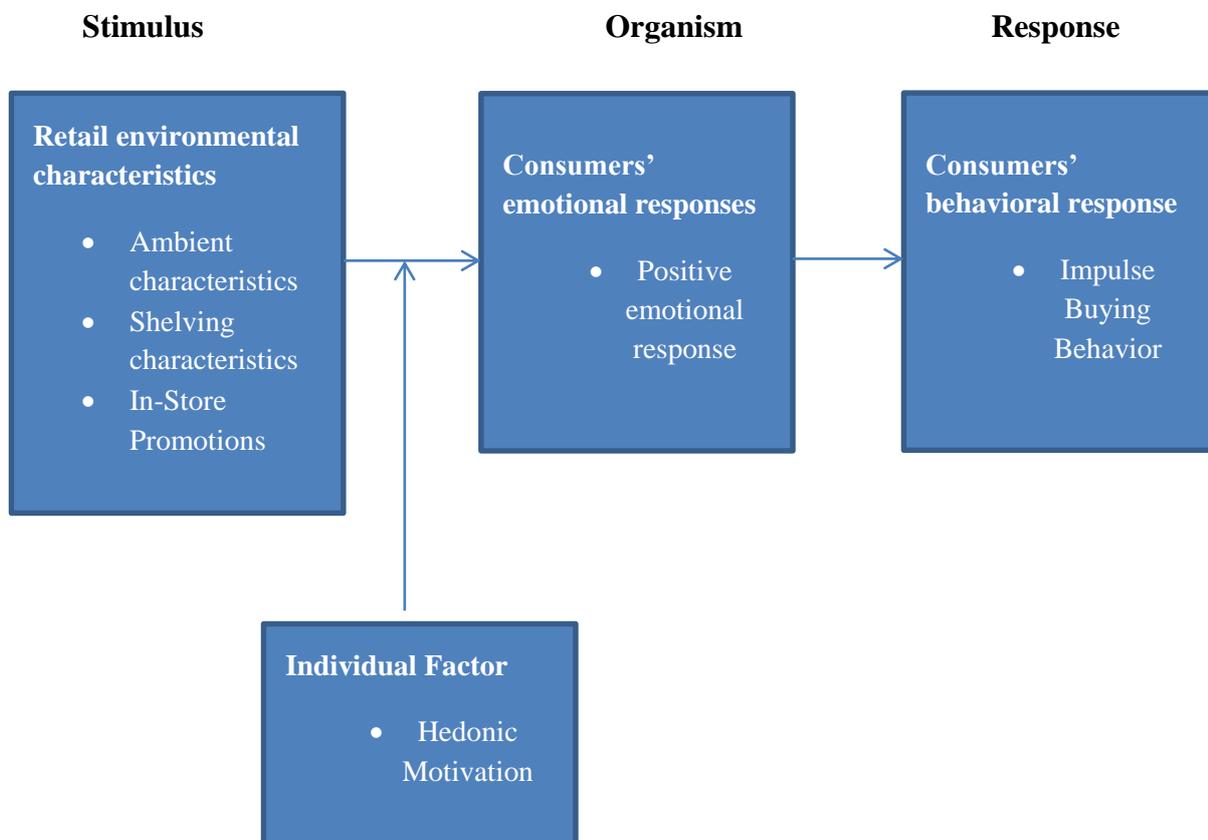


Figure 2: Theoretical Framework

Research Variables

Independent Variable

1. Shelving
2. Ambient
3. In-Store Promotions

Dependent Variable

1. Impulsive Buying Behavior

Moderating Variable

1. Hedonic Motivation

Intervening Variable

1. Positive Emotional Responses

Scale for Measurement of Variables

Characteristics of the retail environment: Items used by (J. Baker, 1994) will be adapted to measure the consumer perception about the retail store environment.

Consumers' positive emotional responses: The scale developed by (Beatty, 1998) would be used to measure the consumer positive emotional Responses. 7 point likert scale would be used

Consumers' behavioral responses: The scale developed by (Ferrell, 1998) would be used on 7 point likert scale.

Hedonic Motivation: Scale developed by (Babin, 1994) would be used to measure the hedonic motivation on 7 point likert scale.

Hypothesis

H1: There is a positive relationship between Impulse Buying Behavior and Ambiance.

H0: There is no relationship in the impulse buying and Ambiance

H2: There is a positive relationship between Impulse Buying Behavior and In-Store Promotions

H0: There is no relationship in the impulse buying and In-store Promotions

H3: There is a positive relationship between Impulse Buying Behavior and Shelving

H0: There is no relationship in the impulse buying and Shelving

H4: Hedonic motivation moderates the relationship between characteristics of the retail environment (i.e. ambient, shelving and in-store promotions) and consumers' positive emotional responses to these characteristics

Research Tools and Techniques

The software that would be used for data coding analysis will be IBM SPSS 1.6v and help may also be taken from Microsoft Excel 2010.

Justification for Selected Tools and Techniques

Being a research, I am familiar with the tools I mentioned above, and much of the research is done on these tools.

Population and Target Population

The research would be conducted in Karachi

Target Population would be adults of 18+ ages, who go to retail stores and consumer beverage (juice, water and cold or carbonated drinks)

Sample Size

Convenient sampling method would be used.

Method of Sampling Selected and its Justification

Convenient Sampling method is used because accurate data can only be collect from the people who convenient available and ready to give their time. This will increase the accuracy of the data collected. On the other hand, the bias of just filling out the questionnaire will also be eliminated.

DATA PRESENTATION, INTEPRETATION AND ANALYSIS

Scale Reliability

After defining the constructs and their dimensions in the SPSS, reliability of the scales used to measure the dimensions was following:

Table 1: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.801	19

Cronbach's Alpha in the above table tells about the reliability of scales used. There is 80.1% reliability of the scales used in this study.

Pearson Correlation

Table 2: Pearson Correlation

		Ambiance	In-store Promotions	Shelving	Hedonic
Impulse Buying	Pearson Correlation	.076	.327	-.017	.185
	2 tail (Sig)	.297	.000	.812	.011

The above Table shows the correlation of the variables taken in the study. Following are the findings:

1. In-store Promotions are highly significant and there is a moderate positive relation found between In-Store Promotions and Impulse Buying
2. Hedonic Motivation has low significance value, but these is a positive weak correlation.
3. There is positive but weak relation between “impulsive buying behavior of consumer” and Ambiance
4. Moreover, there is a moderate positive relation between Promotions and Impulsive behavior of the consumers.
5. However, there is a negative but weak relation found between shelving and impulsive behavior.
6. Moreover, “Hedonic Motivations” weakly moderates the relationship between the dependent variable (Impulse Buying) and Independent Variables (Ambiance, Shelving and In store Promotions)

Multiple Regression Analysis

Through SPSS, we came up with the following Alpha, Beta and Coefficients shown in the table below:

Table 3: Coefficients of Multiple Linear Regression.

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.186	.465		6.846	.000
Ambiance	.011	.047	.016	.229	.819
In- Store Promotions	.236	.055	.303	4.269	.000
Shelving	-.081	.104	-.055	-.783	.435
Hedonic Motivation	.069	.034	.143	2.023	.044

a. Dependent Variable: Impulse Buying Behavior

Two independent variables (Shelving and Ambiance) in the study are non-significant as in the table above.

Multiple Regression Equation

$$Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \dots$$

Where,

Y_1 = Dependent Variable in the study

$X_{(1,2,3,\dots)}$ = All the Independent Variables in the study.

α =Constant or y-intercept

$\beta_{(1,2,3,...)}$ =Beta value of variable

In this Study,

Y_1 =Impulse Buying Behavior

X_1 =Ambiance.

X_2 =In-Store Promotions

X_3 =Shelving

X_4 =Hedonic Motivation

α =3.186

β_1 =0 (Insignificant)

β_2 =0.303

β_3 =0 (Insignificant)

β_4 =0.143

$$Y_1 = 3.186 + 0X_1 + 0.303X_2 + 0X_3 + 0.143X_4$$

Final Equation

$$Y_1 = 3.186 + 0.303X_2 + 0.143X_4$$

Impulse Buying= 3.186 + 0.303In-store Promotions+0.143Hedonic Motivation

Interpretation:

After making the regression model, we came to the conclusion that

1. An increase of 100 units in In-store promotions would lead to 23.6 units increase in Impulse buying
2. Moreover, hedonic motivation is the mediation variable. An increase of 100 units in hedonic motivation of consumers would increase the impulse buying by 6.9 units. Hedonic motivation has a low impact as compared to other variable, since it is a mediating variable.

ANOVA (Analysis of Variations)**Table 4 ANOVA**

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.536	4	1.134	6.764	.000 ^a
	Residual	31.017	185	.168		
	Total	35.553	189			

a. Predictors: (Constant), Ambiance, Hedonic, shelving, Promotions

b. Dependent Variable: Impulse Buying

From the above table, we can say that the model is significant.

Hypothesis Testing

After reviewing the above analysis of Pearson correlation, we come to a conclusion that our hypothesis H1 and H3 are rejected while on the other hand, H2 and H4 are accepted, which means that Ambiance and In-store promotion have a positive relation with Impulse buying behavior of consumers.

Null and Alternative Hypothesis are listed below.

H1: There is a positive relationship between Impulse Buying Behavior and Ambiance.

H0: There is no relationship in the impulse buying and Ambiance

H2: There is a positive relationship between Impulse Buying Behavior and In-Store Promotions

H0: There is no relationship in the impulse buying and In-store Promotions

H3: There is a positive relationship between Impulse Buying Behavior and Shelving

H0: There is no relationship in the impulse buying and Shelving

H4: Hedonic motivation moderates the relationship between characteristics of the retail environment (i.e. ambient, shelving and in-store promotions) and consumers' positive emotional responses to these characteristics

Frequency Tables

Below are the tables, pie charts and bar charts for the responses to each dimension in the study.

Table 5: Frequency Table of “Gender”

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	123	64.7	64.7	64.7
	Female	67	35.3	35.3	100.0
	Total	190	100.0	100.0	

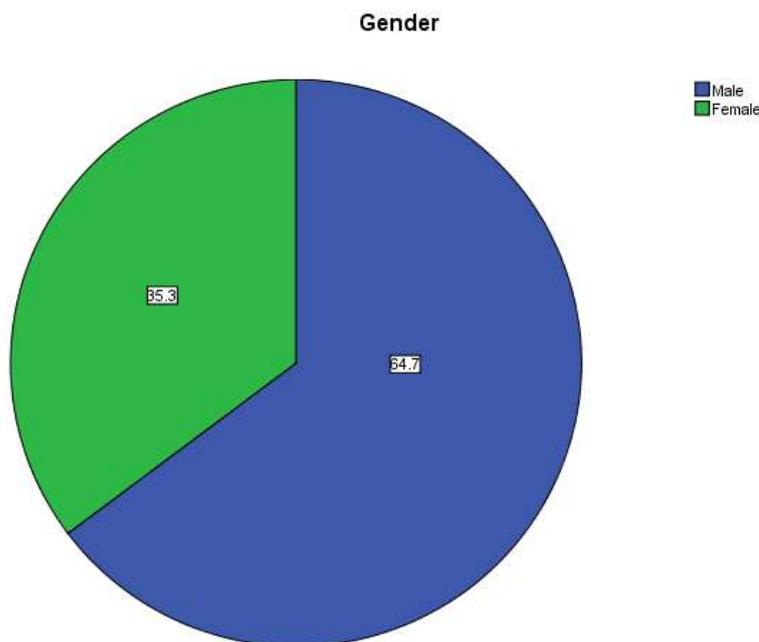


Figure 3: Gender

64.7% of the respondents were male, who actually purchased the beverage in the store, while others were females.

Table 6: Frequency Table of “Age”

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	29	15.3	15.3	15.3
	25-31	23	12.1	12.1	27.4
	32-38	46	24.2	24.2	51.6
	39-45	58	30.5	30.5	82.1
	46 and above	34	17.9	17.9	100.0
	Total	190	100.0	100.0	

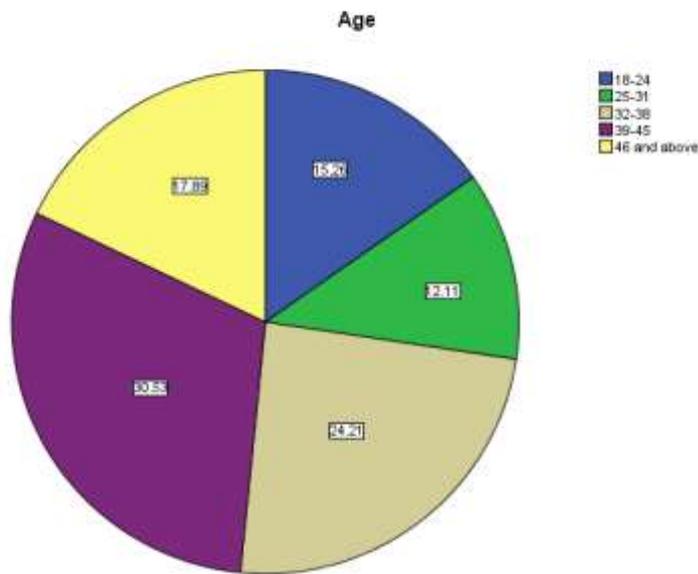


Figure 4: Age

There was a diverse age group, which was found in impulsive behavior at a retail grocery store. 30.5% of the respondents were between “39-45” of the age group. Moreover, 24.21% of the respondents were between the ages of “32-38”.

Table 7: Frequency Table of “Highest Education”

		Highest Education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matric/O levels	9	4.7	4.7	4.7
	Intermediate/A levels	28	14.7	14.7	19.5
	Bachelors	111	58.4	58.4	77.9
	Masters	42	22.1	22.1	100.0
	Total	190	100.0	100.0	

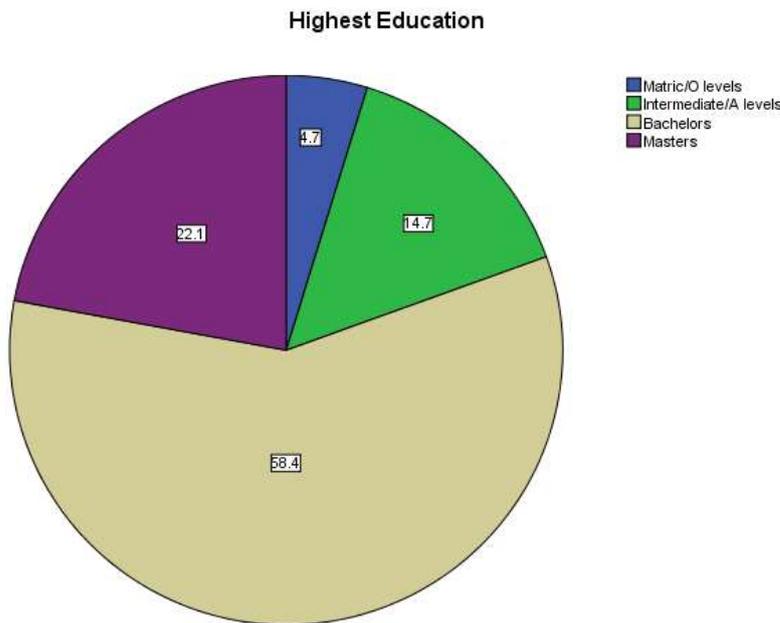


Figure 5: Highest Education

58.4% of the respondents had a bachelor’s degree, 22.1% had masters. This means that majority of the respondents were educated who actually made an impulse purchase.

Table 8: Frequency Table of “House Hold Income”

		Household Income			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not to disclose	40	21.1	21.1	21.1
	Below 30,000	7	3.7	3.7	24.7
	31,000 to 40,000	6	3.2	3.2	27.9
	41,000 to 50,000	8	4.2	4.2	32.1
	51,000 to 60,000	39	20.5	20.5	52.6
	61,000 to 70,000	33	17.4	17.4	70.0
	71,000 to 80,000	16	8.4	8.4	78.4
	80,000 and above	41	21.6	21.6	100.0
	Total	190	100.0	100.0	

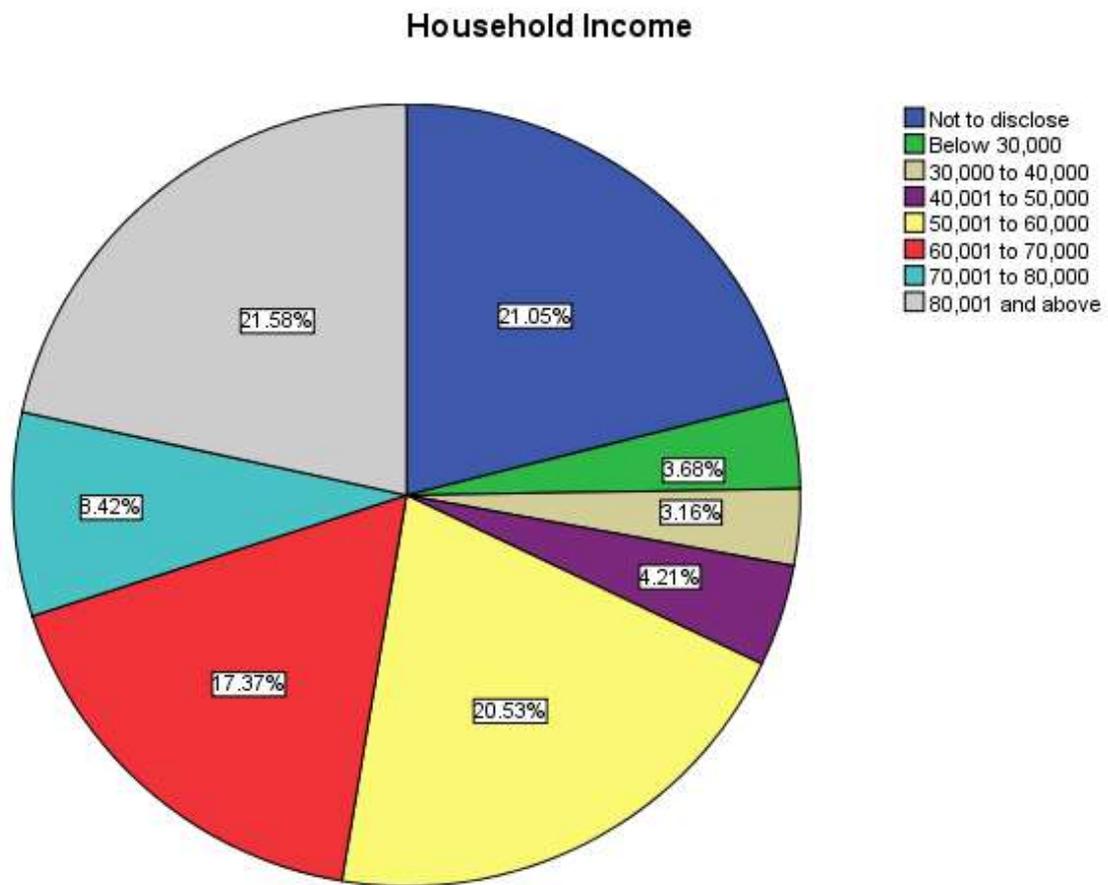


Figure 6: Household Income

There was a diverse group of people found with different income levels making impulse purchases in the retail stores. The majority was have their house hold incomes more than Rupees 50,000 as shown above in the chart and table.

Table 9: Frequency Table of “Impulse Buying 1”

I bought beverage I had not planned to purchase on this trip

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	.5	.5	.5
Undecided	1	.5	.5	1.1
Agree	171	90.0	90.0	91.1
Strongly Agree	17	8.9	8.9	100.0
Total	190	100.0	100.0	

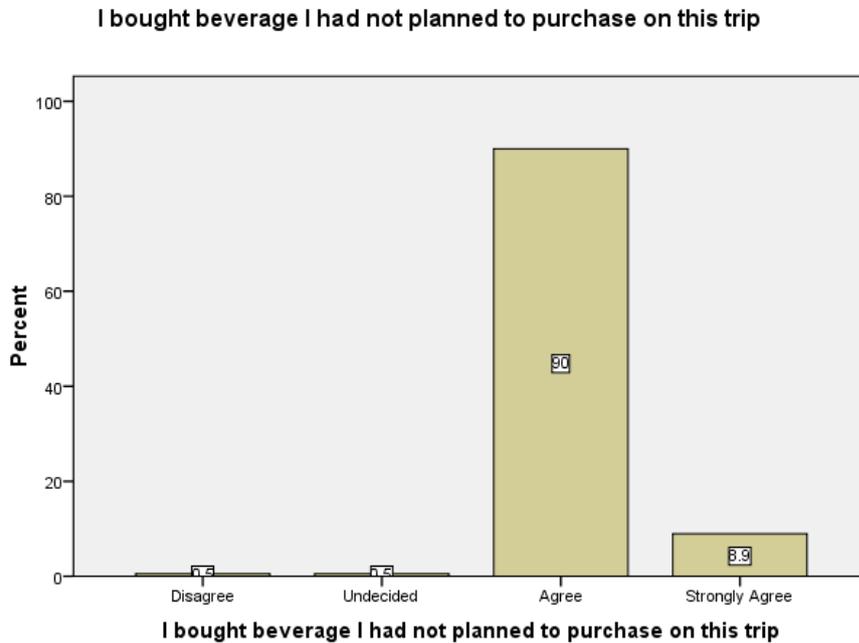


Figure 7: Impulse 1

Majority of the consumers in the retail stores agree and strongly agree with the point that they are checking out with a beverage purchase that they had not planned when entering the stores

Table 10: Frequency Table of “Impulse Buying 2”

.On this trip, I felt a sudden urge to buy beverage and I bought it

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	22	11.6	11.6	11.6
Undecided	19	10.0	10.0	21.6
Agree	113	59.5	59.5	81.1
Strongly Agree	36	18.9	18.9	100.0
Total	190	100.0	100.0	

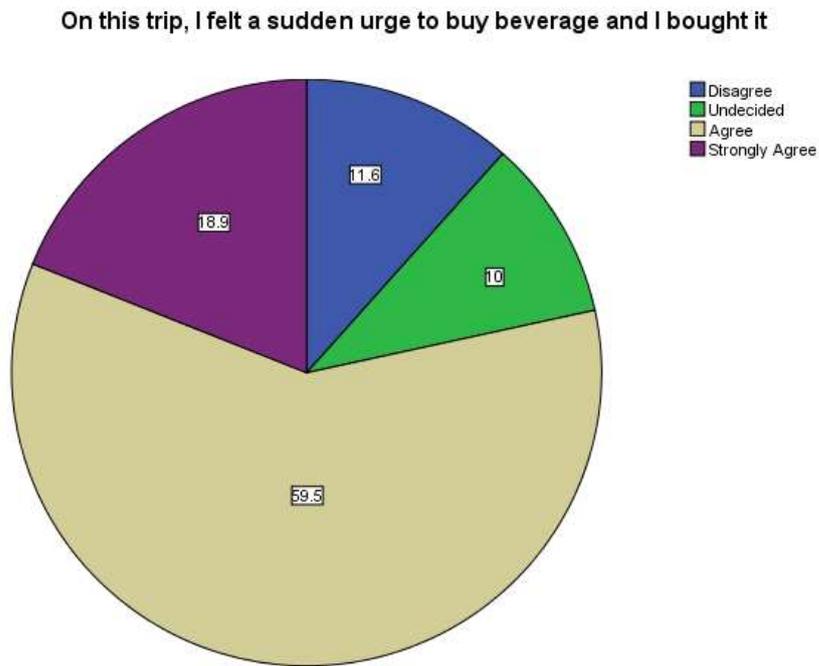


Figure 8: Impulse 2

Consumers were asked; whether they felt a sudden urge to buy the beverage. Most of the respondents agreed to the statement. Reasons can be the Independent variables under the study

Table 11: Frequency Table of “Impulse Buying 3”

On this trip, I felt excitement of the hunt

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	27	14.2	14.2	14.2
Undecided	17	8.9	8.9	23.2
Agree	140	73.7	73.7	96.8
Strongly Agree	6	3.2	3.2	100.0
Total	190	100.0	100.0	

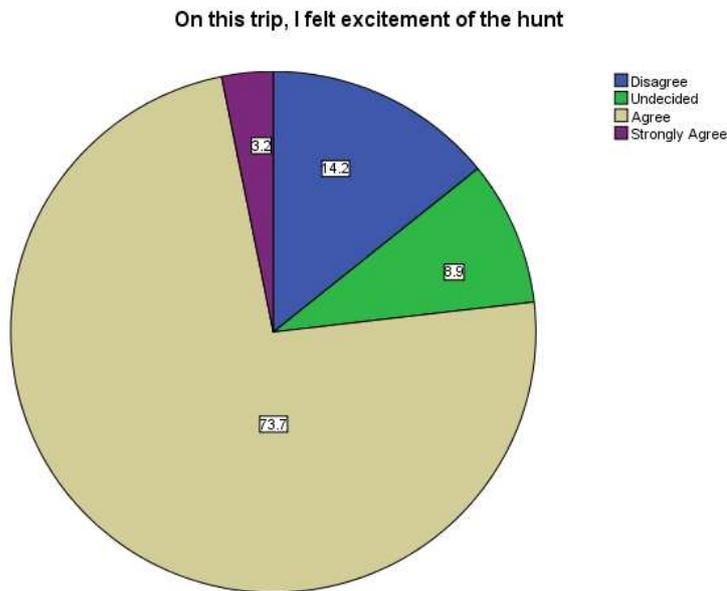


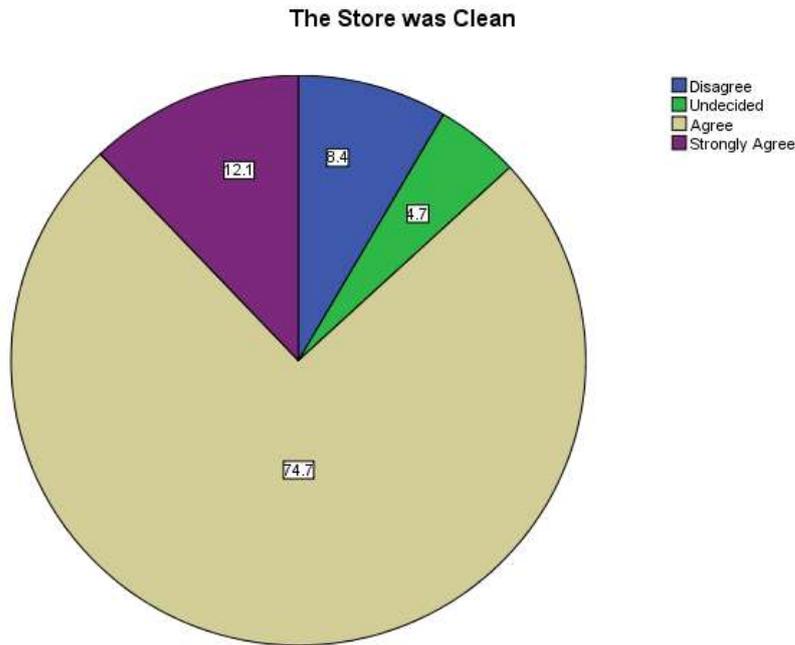
Figure 9: Impulse 3

73.7% of the respondents said, they were excited in the store and ended up trying new beverages in the store. This may be because of the independent variables in the study, which motivated them.

Table 12: Frequency Table of “Ambiance 1”

The Store was Clean

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	16	8.4	8.4	8.4
Undecided	9	4.7	4.7	13.2
Agree	142	74.7	74.7	87.9
Strongly Agree	23	12.1	12.1	100.0
Total	190	100.0	100.0	



**Figure 10:
Ambiance 1**

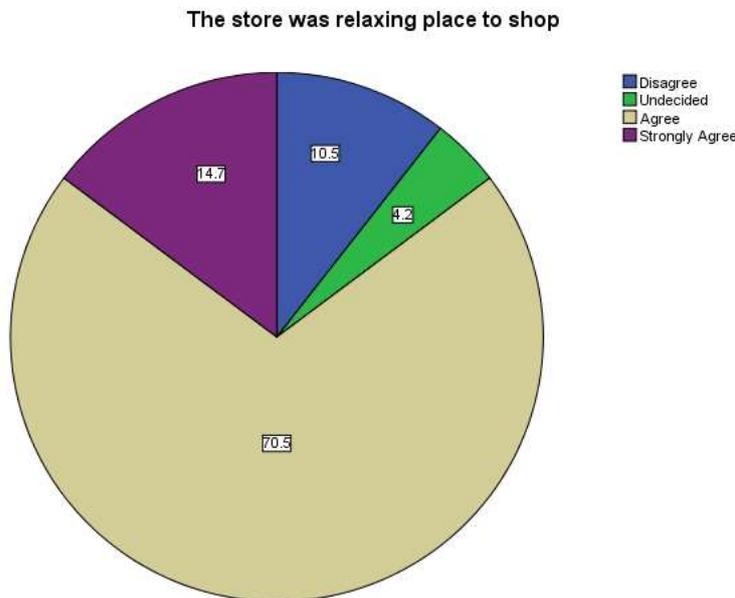
74.7% of the respondents said that store was clean, while only 8.4% disagreed to the statement as shown above.

Table 13: Frequency Table of “Ambiance 2”

The store was relaxing place to shop

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	20	10.5	10.5	10.5
Undecided	8	4.2	4.2	14.7
Agree	134	70.5	70.5	85.3
Strongly Agree	28	14.7	14.7	100.0
Total	190	100.0	100.0	

Figure 11: Ambiance 2



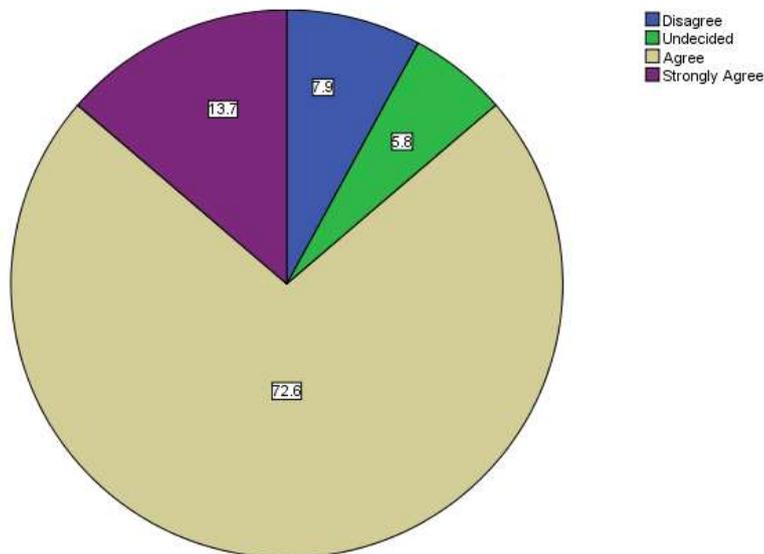
70.3% agreed and 14.7% strongly agreed that retail store they were shopping in was a relaxing place to shop. While, 4.2% were undecided.

Table 14: Frequency Table of “Ambiance 3”
The store had an impressive Interior Design

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	15	7.9	7.9	7.9
Undecided	11	5.8	5.8	13.7
Agree	138	72.6	72.6	86.3
Strongly Agree	26	13.7	13.7	100.0
Total	190	100.0	100.0	

The store had an impressive Interior Design

Figure 12: Ambiance 3



72.4% agreed to the above statement, while 13.7% strongly agreed. Similarly, 5.8% were undecided and 7.5% disagreed.

**Table 15: Frequency Table of “Ambiance 4”
Store Temperature was Comfortable**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	15	7.9	7.9	7.9
Undecided	9	4.7	4.7	12.6
Agree	140	73.7	73.7	86.3
Strongly Agree	26	13.7	13.7	100.0
Total	190	100.0	100.0	

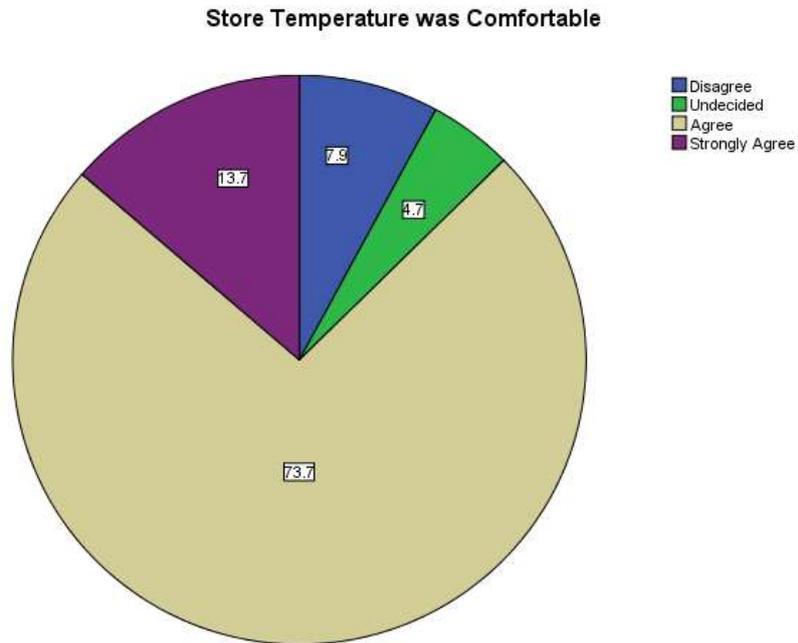


Figure 13: Ambiance 4

73.7% percent agreed to the statement that store temperature was comfortable for them to do their shopping and buy an beverage impulsely.

Table 16: Frequency Table of “Ambiance 5”

The color scheme of the store was motivating you to stay in the store

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	12	6.3	6.3	6.3
Undecided	22	11.6	11.6	17.9
Agree	135	71.1	71.1	88.9
Strongly Agree	21	11.1	11.1	100.0
Total	190	100.0	100.0	

The color scheme of the store was motivating you to stay in the store

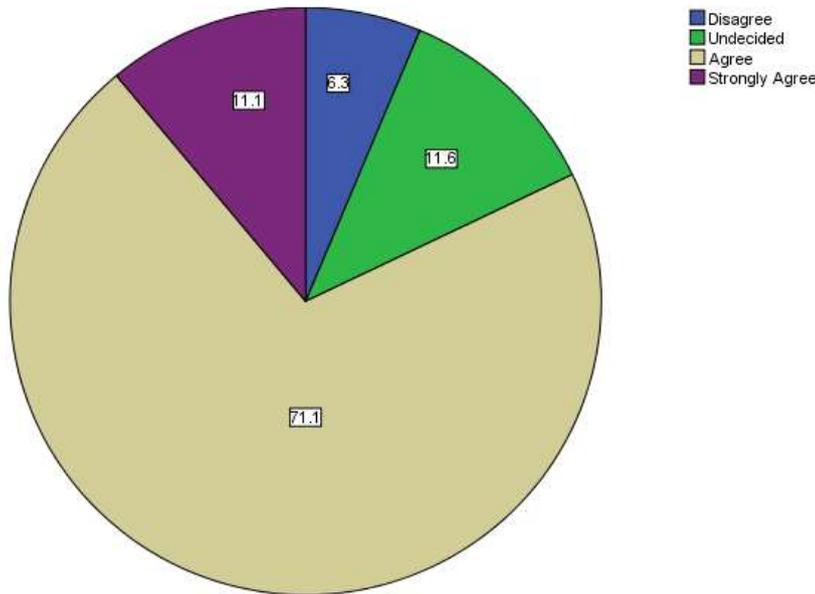


Figure 14: Ambiance 5

Majority, 71.1 % agreed and 11.1% strongly agreed that the color scheme was the motivating factor for making them stay in the store.

Table 17: Frequency Table of “In-Store Promotions 1”

Gave you the information regarding beverage

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	36	18.9	18.9	18.9
Undecided	115	60.5	60.5	79.5
Agree	39	20.5	20.5	100.0
Total	190	100.0	100.0	

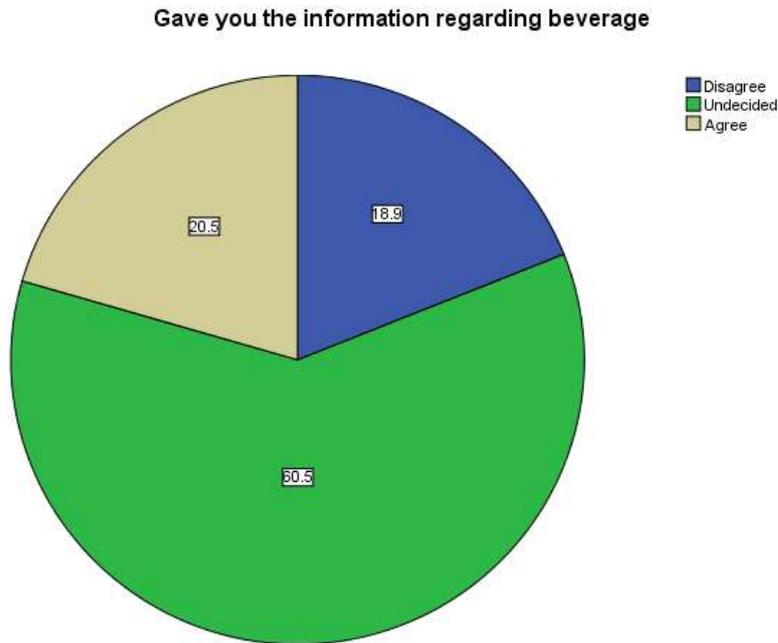


Figure 15: In Store Promotions 1

60.5% of the consumer were undecided or did not know that the beverage they were buying at the store due to promotions gave them information about the product or not. Only 20.5% agreed, means they got the product related information.

Table 18: Frequency Table of “In-Store Promotions 2”

		Discount offers			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	35	18.4	18.4	18.4
	Undecided	109	57.4	57.4	75.8
	Agree	46	24.2	24.2	100.0
	Total	190	100.0	100.0	

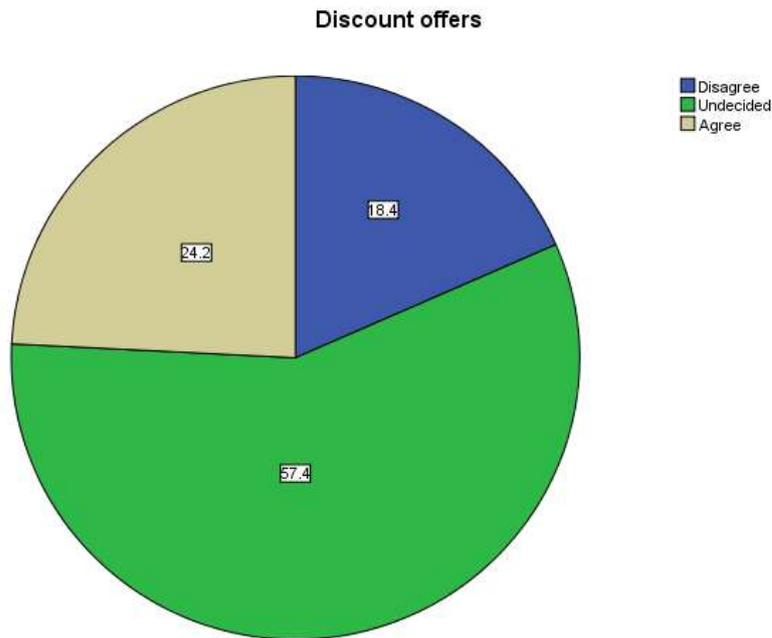


Figure 16: In Store Promotions 2

57.4% of the respondents were undecided since they didn't see any discount offers in the store. Moreover, 24.2 bought the beverage after watching the discount.

Table 19: Frequency Table of "In-Store Promotions 3"

Sampling

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	3	1.6	1.6	1.6
Disagree	52	27.4	27.4	28.9
Undecided	119	62.6	62.6	91.6
Agree	16	8.4	8.4	100.0
Total	190	100.0	100.0	

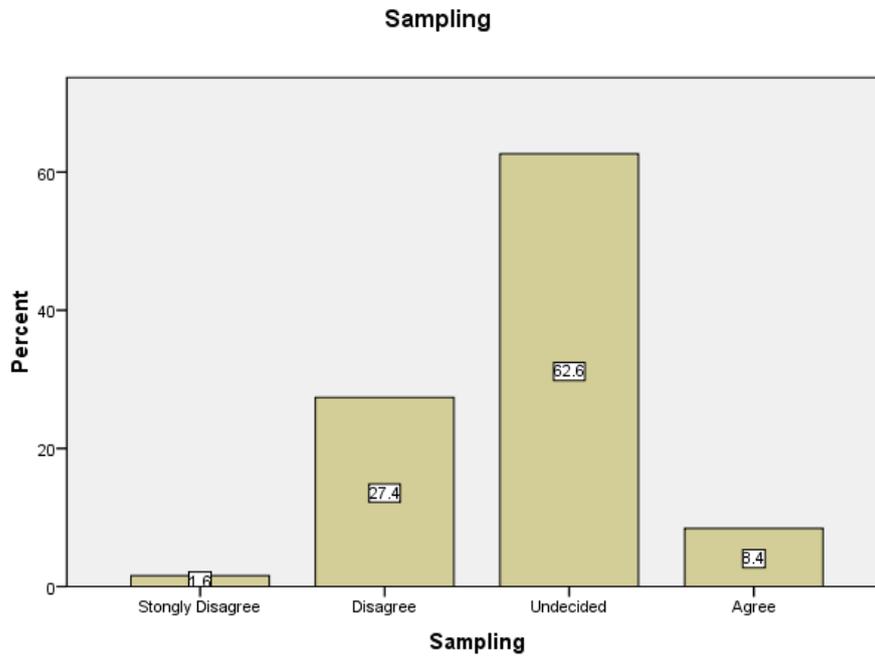


Figure 17: In Store Promotion 3

62.6% consumer didn't saw any sampling at the store. While, 8.4% respondents said, they get motivated for impulse purchases after they experience sampling.

Table 20: Frequency Table of "In-Store Promotions 4"

Created a desire to buy the beverage

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	35	18.4	18.4	18.4
Undecided	105	55.3	55.3	73.7
Agree	50	26.3	26.3	100.0
Total	190	100.0	100.0	

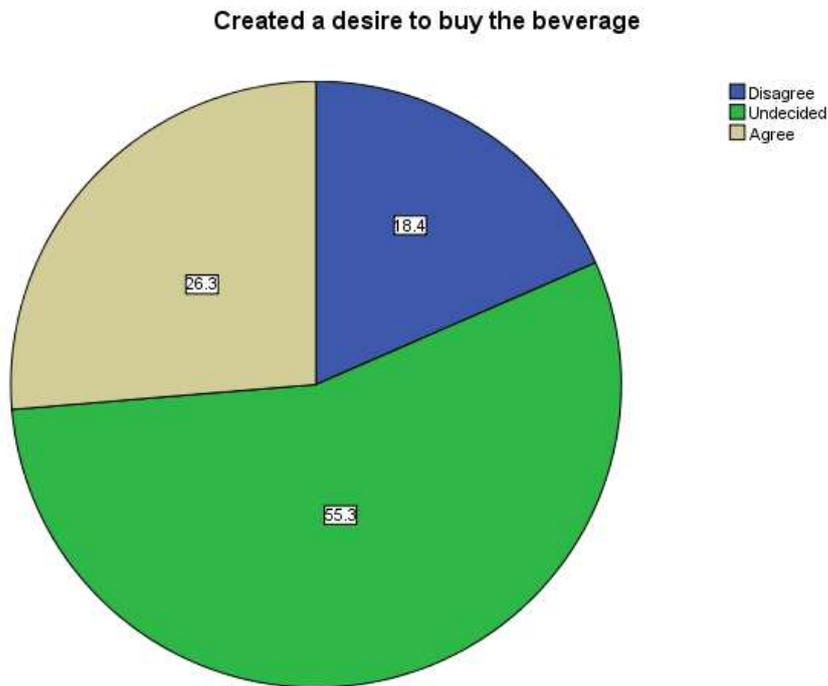


Figure 18: In Store Promotion 4

After looking at the in store promotions, 26.3 agreed that the beverage created a desire to buy it, while 55.3 were undecided since they were unable to see any promotion in the store.

Table 21: Frequency Table of “Hedonic Motivation 1”

I enjoy Shopping at stores

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	42	22.1	22.1	22.1
Undecided	9	4.7	4.7	26.8
Agree	110	57.9	57.9	84.7
Strongly Agree	29	15.3	15.3	100.0
Total	190	100.0	100.0	

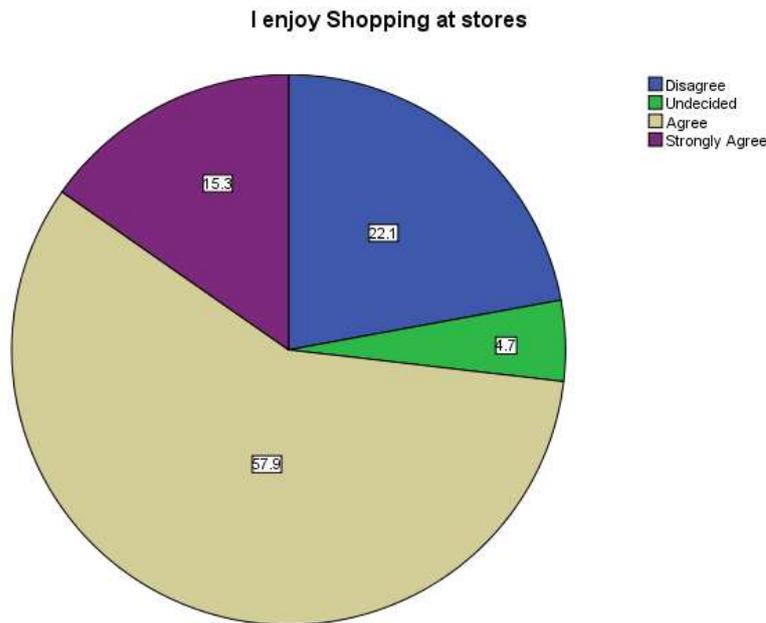


Figure 19: Hedonic Motivation 1

57.9% of the respondents enjoy shopping, 15.3% strongly agree to the statement.

Table 22: Frequency Table of “Hedonic Motivation 2”

I am a person who is looking more toward the fun and enjoyment of shopping

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	44	23.2	23.2	23.2
Undecided	5	2.6	2.6	25.8
Agree	114	60.0	60.0	85.8
Strongly Agree	27	14.2	14.2	100.0
Total	190	100.0	100.0	

I am a person who is looking more toward the fun and enjoyment of shopping

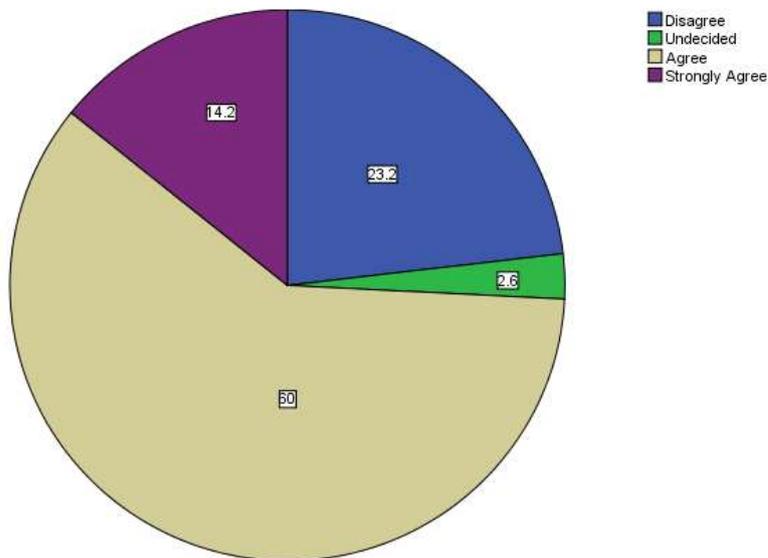


Figure 20: Hedonic Motivation 2

60% of the respondents said they are the type of persons who look forward for the enjoyment in the shopping. Similarly, 14.2% respondents strongly agreed to the statement.

Table 23: Frequency Table of “Hedonic Motivation 3”

Shopping is one of my favorite activities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	50	26.3	26.3	26.3
Undecided	4	2.1	2.1	28.4
Agree	109	57.4	57.4	85.8
Strongly Agree	27	14.2	14.2	100.0
Total	190	100.0	100.0	

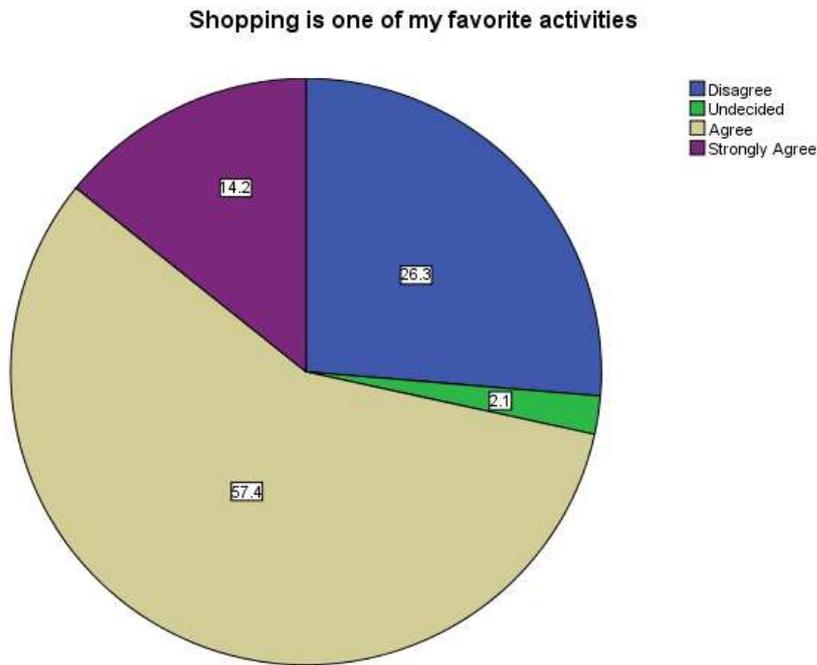


Figure 21: Hedonic Motivation 3

57.4% agreed that shopping is their one of their favorite activities, while 14.2% strongly agreed to the statement

Table 24: Frequency Table of “Hedonic Motivation 4”

Beverage is necessity for me while shopping

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	38	20.0	20.0	20.0
Undecided	21	11.1	11.1	31.1
Agree	101	53.2	53.2	84.2
Strongly Agree	30	15.8	15.8	100.0
Total	190	100.0	100.0	

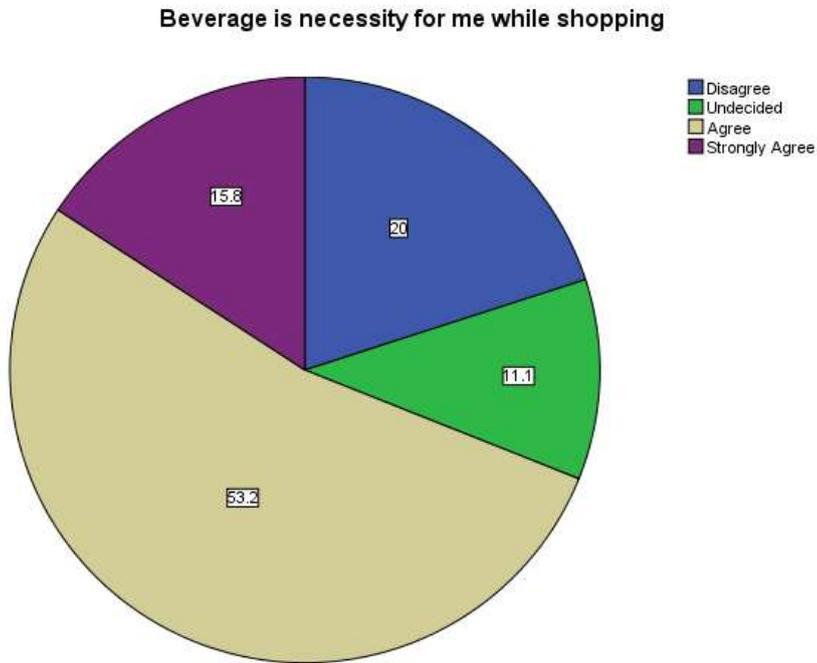


Figure 22: Hedonic Motivation 4

53.2% agreed that, beverage is a necessity during shopping. Moreover, 20% disagreed to the statement. 11.1% were undecided, which means some time they need and some they don't need.

Table 25: Frequency Table of “Shelving 1”

Beverages were kept at eye level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	3	1.6	1.6	1.6
Undecided	2	1.1	1.1	2.6
Agree	177	93.2	93.2	95.8
Strongly Agree	8	4.2	4.2	100.0
Total	190	100.0	100.0	

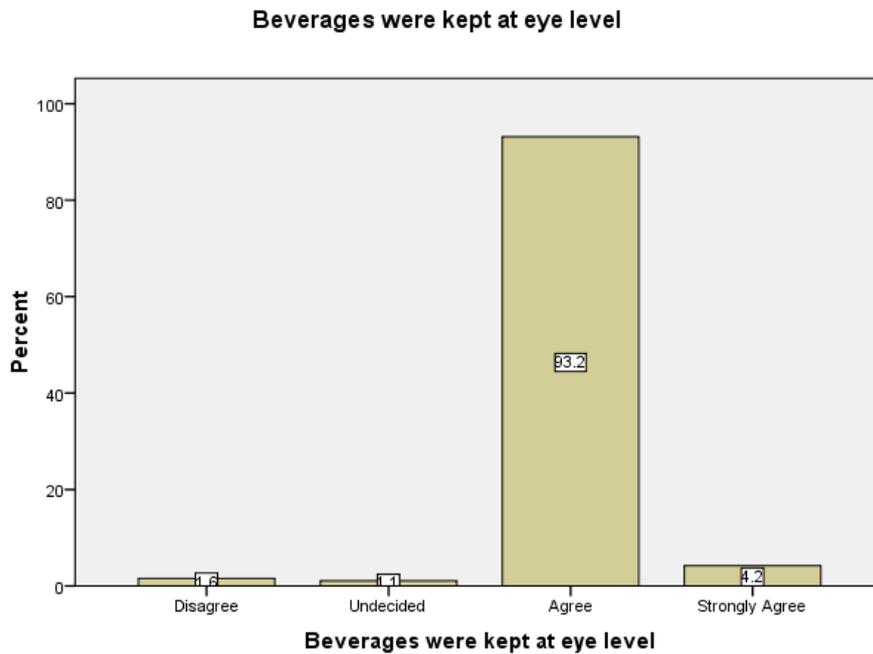


Figure 23: Shelving 1

93.2% of the respondents said that the shelving was good, and this was quite motivating.

Table 26: Frequency Table of “Shelving 2”

There was ease of accessibility

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	11	5.8	5.8	5.8
Agree	174	91.6	91.6	97.4
Strongly Agree	5	2.6	2.6	100.0
Total	190	100.0	100.0	

There was ease of accessibility

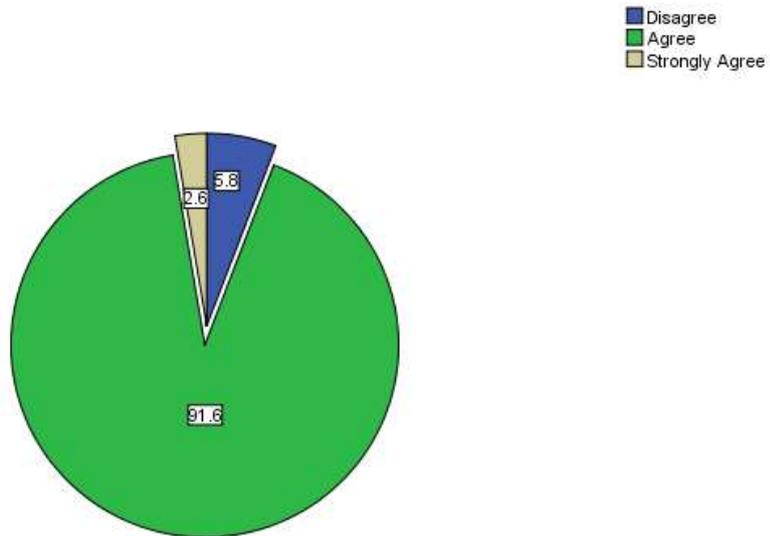


Figure 24: Shelving 2

Only 5.8% disagreed to the statement that the beverages were not accessible. Rest agreed and strongly agreed that beverages were accessible at the store.

Table 27: Frequency Table of “Shelving 3”

There was proper product assortment in beverages

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	.5	.5	.5
Agree	184	96.8	96.8	97.4
Strongly Agree	5	2.6	2.6	100.0
Total	190	100.0	100.0	

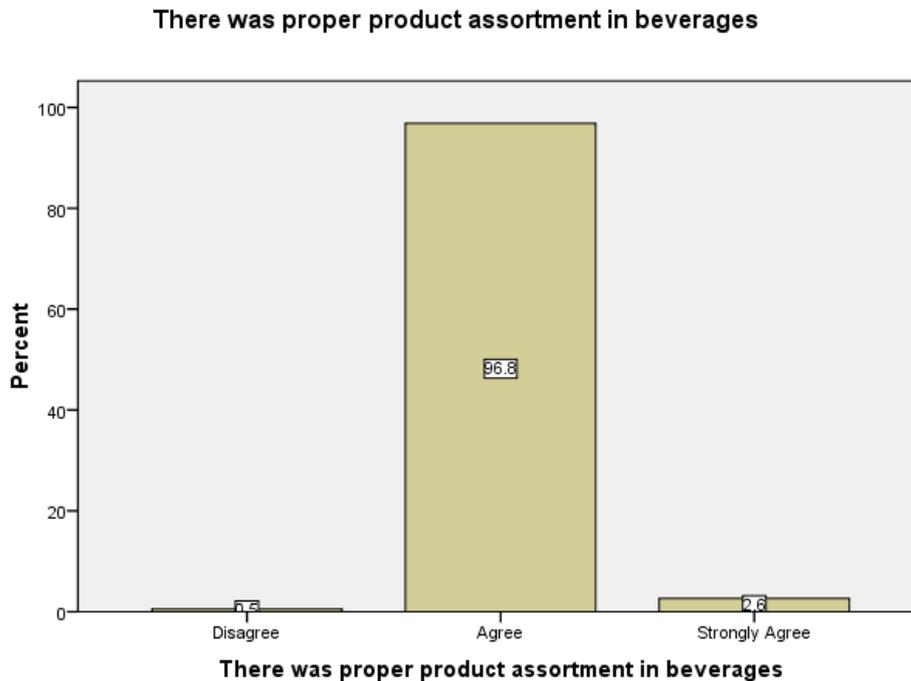


Figure 25: Shelving 3

96.8% of the respondents' respondent positively by agreeing to the statement that there was proper product assortment.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Findings

- It was found that Males are more likely to have impulse behavior on beverages while shopping, where as females don't really buy much beverages
- Income level has a significant effect on the Impulse Behavior, consumer with low income class are less likely to do impulse behavior at Store
- Moreover, kids are often driving force for beverage purchase.
- Grocery Shopping was a need, despite having a bad ambiance at few of the store, consumer bought their groceries and impulsively bought beverage too.

Conclusion

On the whole, all of the variables under study do create some impact on the impulse behavior for beverages at store. None of them can be really ignored; moreover, there are other external variables as well, like staff presence for price enquiry, etc has a very important role in the consumer impulse behavior. Moreover, people in Karachi love discounts and promotions, they

are ready to buy the beverage that is newly launched but on discount. This means that market over here is highly elastic.

Recommendations

After the above analysis, we following are the recommendations:

1. In-Store Promotions should never be ignored, many consumer make impulsive purchases because of promotions.
2. Moreover, a person with high hedonic motivation or who enjoys shopping makes more sudden purchases in the store.
3. On the other hand, frequency tables depicts that, males are more likely to buy the beverages impulsively.
4. Consumers at retail stores also said that to do the shopping peacefully, they give their child a beverage, which keeps them busy.
5. Temperature of the retail store should be controlled. It allows them to stay in the store more and buy more.
6. Shelving and proper assortment of the beverages should not be ignored. Proper eye level front shelving motivates the consumers to buy.

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