

Impulse Purchasing In The Emerging Retail Setting : An Empirical Study

Rishi Chaudhryⁱ & Amit Mittalⁱⁱ

EXECUTIVE SUMMARY

“What would you like to have with this?” this question with a smile greets anyone visiting fast-food outlets anywhere in the world. Retailers recognize that some shoppers need that extra nudge so that they buy new products or those products, which were not originally a part of the shopper’s shopping list. This “extra nudge” often leads to impulse purchasing by shoppers. Manufacturers, not to be left behind, do their bit by providing special deals, freebies, innovative packaging and in-store advertising material- also called Point-of-purchase display material. The modern grocery-retailing sector (Big Bazaar, Foodworld, Subhiksha etc.), which is mainly based on the do-it-yourself(DIY) or self-service format, helps unobtrusive exploratory shopping while keeping overheads low. Such formats use store layout, shelving techniques, POP display etc. as surrogates for salespeople as these lead to increasing incidents of impulse behavior.

This study revisits the pioneering research conducted on impulse purchasing by Hawkins Stern in 1962. The study seeks to explore:

- √ the extent of impulse purchasing by adult individuals in grocery stores/ supermarkets in a typical progressive Indian urban area;
- √ the major(top 3) factors influencing the impulse purchase; and

- √ the “impulse inducing” attributes present in the impulse products as per this study with the nine factors posited by Stern(1962).

The major findings of the study are:

- √ Eatables feature most prominently on the impulse purchases list
- √ Packaging, in-store display and children’s pestering are major impulse triggering factors
- √ Impulse purchasing is rampant
- √ There is no increase/ decrease in impulse purchasing in percentage terms with the change in the total amount spent on shopping
- √ Most of the impulse purchases included products that were: non-durables, small in size, widely advertised, available easily, low priced and had a low marginal utility.

INTRODUCTION

Given its high presence across various product categories and retail markets, impulse purchasing, as a behavioral dimension needs to be studied, monitored and used in formulation of retail strategies. Managers of retail outlets need to carefully understand the types and extent of occurrence of impulse purchases in order to better plan store

(i) Reader IMSAR, MD Rohtak, (ii) Sr Lecturer MAIMT, Jogadhri (Haryana)

layout, merchandise and display location and allocation and so on. Manufacturers could also benefit by determining how much in-store product information may be necessary to provide on or with their products (Loudon & Della Bitta 2002). Encouraged by the extent of impulse purchasing, retailers have widely adopted methods such as scrambled merchandising where a wide variety of unrelated product types are offered in close proximity to each other. The one-stop shopping retail format has also become a growth area as a result of impulse purchasing (Lindquist and Sirgy 2003). Today's marketing context in India is characterized by growing aspirations, willingness to spend, western influences, and availability of products; marketers have several opportunities to use impulse buying. The organized retail sector is set for explosive growth. Even unorganized smaller players are ramping up and seeking new niches. Though impulse buying can also be applied to the category of durables, it may be worthwhile to discuss it in the context of FMCGs as these cover a broad range of consumers. Besides, the trend toward shopping in supermarkets and DIY(do-it-yourself) formats makes it important for retailers to appreciate the value of impulse buying (Kumar 2003). In this study we shall measure the extent of impulse purchasing in a typical emerging Indian city. We shall also explore the attributes present in those products that trigger impulse purchases. The study shall make a comprehensive review of the concept and literature pertaining to impulse purchasing/buying. The findings will be explained point-by-point and the lessons for retailers and manufacturers shall be presented for discussions, deliberations, debate and implementation.

LITERATURE REVIEW

Impulse Purchasing: Meaning and Concept

The phenomenon of impulse purchasing has been studied in consumer research since the 1950s. Impulse buying is an important source of revenue for retailing – 30-50 % of all purchases can be classified as impulse purchases (Hausman 2000). When buying on impulse, the consumer makes

an:1) unintended, 2) unreflective, and 3) immediate purchase (Jones et al. 2003). Impulse purchasing is not simply an “unplanned” purchase but is also an irrational process that creates an urge for immediate gratification. Rook (1987) calls this a tendency to buy on a whim or an action based on a “powerful and persistent urge”. Rook and Fisher (1995) define impulsive buying as “a consumer's tendency to buy spontaneously, unreflectively, immediately, and kinetically.”

No matter how defined, impulse buying refers to a distinctive type of an unplanned purchase, and the fact that impulse purchase is unplanned is central to all definitions of impulse buying (Piron 1991). Piron (1991) conducted a thorough survey of impulse purchasing literature and proposed a more specific and comprehensive definition for impulse buying that includes four components: it is unplanned, it is the result of an exposure to stimulus, it is decided “on-the-spot”, and it involves an emotional and/or cognitive reaction. Rook (1987) ascertained that certain feelings are associated with impulse buys, such as: “intense feelings of having to buy the product immediately, ignoring negative consequences... feelings excitement, even euphoria... conflict between control and indulgence.”

Impulse Purchasing: Types

The most popular impulse purchasing classification was given by Stern (1962). Stern identified the following types of Impulse Purchasing:

1. Pure Impulse: A novelty or escape purchase which breaks a normal buying pattern.
2. Suggestion Impulse: A shopper having no previous knowledge of a product sees the item for the first time and visualizes a need for it.
3. Reminder Impulse: A shopper sees an item that the stock at home needs replenishment, or recalls an advertisement or other information about the item and a previous decision to purchase.

4. Planned impulse: A shopper enters the store with the expectation and intention of making some purchases on the basis of price specials, coupons and the like.

According to Beatty & Ferrel(1998) these are some of the consumer attitudes and behavior patterns that retailers should consider:

1. In-store browsing is positively affected by the amount of time a person has to shop
2. Some individuals are more predisposed toward making impulse purchases than others
3. those who enjoy shopping are more apt to make in-store purchase decisions
4. impulse purchases are greater when a person has discretionary income to spend

Based on their inclination towards buying on impulse Cobb & Hoyer(1986) have identified three types of customer segments:

1. Planners: tend to know what products and specific brands they will buy beforehand.
2. Partial Planners: Know they need certain products, but do not decide on specific brands until they are in the store
3. Impulse purchasers: do no advance planning whatsoever

Impulse Purchasing: Causes

A detailed literature review leads one to the following causes of impulse purchasing:

Causes related to the individual:

Impulsiveness as a trait has gained a lot of attention. The origins of which can be traced to psychology. The basic assumption here is that individuals vary in their propensity to buy on impulse (Jones et al. 2003; Weun et al. 1998). This impulse buying tendency, measured usually using a quantitative scale, has been seen as one factor in triggering consumers into impulse buying (Beatty & Ferrell 1998).

Causes related to the store environment:

Once inside the store, consumers confront many marketing stimuli that are used to encourage impulse buying. POP displays, salespeople, store atmosphere, store layout, shelving techniques, tempting graphics or copy, or sales promotions can affect impulse buying (Abratt & Goodey 1990). In general, in-store browsing increases the likelihood of an impulse purchase, i.e. the longer the consumers browse the store, the more likely it is that they end up buying on impulse (Beatty & Ferrell 1998).

Product-related causes

Some products or product categories have been found to be more susceptible to an impulse purchase. Already in 1962 Stern suggested that those products with a low price or a short product life will be more likely to be bought on impulse. Also Bellenger et al. (1978) proposed that impulse buying varies by product. According to a social psychological viewpoint, those goods that project a person's self-image are especially likely to be bought on impulse (Dittmar & Beattie 1998).

Situational causes

Many situational factors seem to have an effect on the occurrence of an impulse purchase. Higher disposable income, time available, the availability of credit or the consumer being confronted with a too good a bargain to pass up have been described as part of the impulse buying experience (Dittmar & Drury 2000).

According to Stern(1962) there are nine factors which have a direct impact on impulse purchasing 1) Prices. Low prices, special deals etc;2) Mass distribution. Maximum availability of the product; 3) Self-service. Do-it-yourself (DIY) counters encourage browsing and exploratory shopping;4) Mass advertising. it creates consumer knowledge about an item or brand which increases the chances of the product being recognized and chosen on impulse by the consumer;5) Prominent store displays. Includes POP display, attractive shelving etc. to encourage in-store decisions; 6) Low

marginal need for an item. The marginal need for the item refers to the degree that the consumer requires or needs the item. Low marginal need items are not necessities and can be purchased with other items or when it is convenient to buy them. 7) Short product life. Items that are perishable or are consumed quickly have a short product buying cycle; 8) Small size and light weight. Large or heavy items discourage impulse purchases and 9) Ease of storage. Storage problems such as bulk and perishability may discourage impulse.

Impulse Purchasing: The Extent and Significance

1. In the US More Than 33% of all Purchases in Variety & Drugstores Are Unplanned (Clover 1950).
2. One half of all decisions in supermarkets are impulse (E.I. Du Pont de Nemours & Co. 1965)
3. 84 % in newspapers/magazines, apparel is next 71%, snack foods 68% , grooming aids 65%, and detergents 50% are a result of impulse purchases (Juster 1966)
4. 39 % of all department store shoppers and 62% of all discount store shoppers purchased at least one item on an unplanned basis (Prasad 1975)
5. 85 % of all candy gum, almost 70% of all cosmetics and 75 % of oral hygiene products are a result of impulse purchases (Meyer 1988)
6. 70 per cent of all supermarket purchases are impulse (Armata 1996)
7. A more extreme result was found by the POPAI (point of purchase industry body) which indicates that 75 percent of buying decisions are made in-store (Miller 2002).

METHODOLOGY

This study is exploratory in nature. This study seeks to:

1. Study the extent of impulse purchasing by adult individuals in grocery stores/

supermarkets in a typical progressive Indian urban area,

2. Find out the major (top 3) factors influencing the impulse purchase, and
3. Compare the "impulse inducing" attributes present in the impulse products as per this study with the nine factors posited by Stern (1962).

For the study a non-probability mall-intercept interview sampling method was used. A total of 137 respondents were surveyed as soon as they came out of the store. This was done to maintain the "recency" effect. The shoppers were intercepted outside 3 major grocery stores. We surveyed 56 shoppers outside store 1, 42 outside store 2 and 39 outside store 3. Only those shoppers were included who made a minimum purchase of Rs.50/- and a maximum purchase of Rs.450/-. These are figures for a single shopping trip to a single store. We included only those purchases where a minimum of 3 SKUs (stock keeping units) were purchased. This was done to increase the probability of the inclusion of "impulse triggered purchases" in the sample.

FINDINGS AND DISCUSSIONS

✓ REFER TO TABLE I. PRODUCT-WISE ANALYSIS ALONG WITH THE THREE MOST COMPELLING FACTORS (REASONS) BEHIND THE IMPULSE PURCHASE

1. Chocolates and candies in 48 % cases are bought on impulse. The major factor behind this being children pester power. This is followed by namkeen/biscuits/wafers (36%) where in-store displays play a major role in triggering the impulse. Shampoo (34%) and detergents (34%) are a close number 3. Other eatables (28%) are followed by cosmetics and spices, both 24%
2. One major observation is that eatables feature very prominently on the impulse purchases list.

3. Child's demands (pester power) have a dominating effect on certain product categories such as chocolates, candies, namkeens and biscuits. The child's demand also seems to be triggered by attractive and accessible display.
 4. Product packaging also triggers impulse. Attractive and small size packs are helpful in inducing in-store decisions.
- ✓ REFER TO TABLE 2. IMPULSE PURCHASING BEHAVIOR IN TERMS OF AMOUNT SPENT
1. There was not a single shopper who did not indulge in or the other form of impulse purchasing (for different types of impulse purchasing refer the literature review section)
 2. Even as the average absolute amount spent on impulse purchases increases with the increase in the total amount spent, there seems to be no impact in percentage terms. This shows that impulse purchasing happens irrespective of the amount spent.

3. The average amount spent on impulse purchasing hovered between 11 to 17 per cent.
- ✓ REFER TO TABLE 3. COMPARISON OF IMPULSE PRODUCTS IDENTIFIED WITH STERN'S NINE FACTORS
1. Most of the impulse products factors/ attributes identified by Stern (1962) remain valid in our study.
 2. A majority of the products are mass distributed (i.e. widely available), are promoted through mass media and are inexpensive
 3. The "self-service" factor holds because we studied shoppers of only DIY grocery stores
 4. All the products belong to FMCG category, thus validating the "short product life" factor
 5. The POP display factor is equally important as it helps advertisement/ replenishment recall. It also encourages pester (child's demands)

The products identified were mostly of small pack sizes e.g. shampoo/pickle sachets, 5 rupee chips packets/chocolates and so on. This validates the "small size and easy storage" factors.

TABLES

TABLE I. PRODUCT-WISE ANALYSIS ALONGWITH THE THREE MOST COMPELLING FACTORS (REASONS) BEHIND THE IMPULSE PURCHASE

| Product | Percentage/ Extent | Factor 1 | Factor 2 | Factor 3 |
|--|-----------------------|------------------------------------|------------------------------------|------------------------------------|
| Chocolates/candies | 48 | Child's demand | Prominent display | Packaging |
| Namkeen/Biscuits/Wafers | 36 | Prominent display | Packaging/Novelty | Child's demand |
| Shampoo | 34 | Packaging (small Size, attractive) | Ad. Recall | Prominent display |
| Detergent powder | 34 | Forgot to mention in shopping list | Schemes | Prominent display |
| Other eatables such as pickles, jam, butter and papad. | 28 | Prominent display | Forgot to mention in shopping list | Packaging (small size, attractive) |
| Women Cosmetics | 24 | Prominent display/Novelty | Schemes | Packaging (small size, attractive) |
| Spices | 24 | Forgot to mention in shopping list | Novelty | Prominent display |

TABLE 2. IMPULSE PURCHASING BEHAVIOR IN TERMS OF AMOUNT SPENT

| Total Amount Spent in one shopping trip (SLAB) Rs. | No. (percentage) of shoppers Total= 137 | Amount spent on Impulse purchases (Rs.) | Average Amount spent on Impulse purchases (Rs.) | Percentage spent on Impulse purchases (percentage to mid point of class interval/SLAB) |
|--|--|---|---|--|
| 50 to 150 | 57(42) | 8 to 28 | 17 | 17 |
| 150 to 250 | 36(26) | 11 to 34 | 22 | 11 |
| 250 to 350 | 28(20) | 14 to 102 | 31 | 10 |
| 350 to 450 | 16(12) | 34 to 112 | 58 | 15 |

TABLE 3. COMPARISON OF IMPULSE PRODUCTS IDENTIFIED WITH STERN'S NINE FACTORS

| Column: Products identified Row: Stern's 9 factors | Price | Mass Distt. | Self service | Mass Adv. | POP display | Low Marginal Utility | Short product | Small size/ life | Easy storage Wt. |
|--|-------|-------------|--------------|-----------|-------------|----------------------|---------------|------------------|------------------|
| Chocolates/candies | √ | √ | √ | √ | | √ | √ | √ | √ |
| Namkeen/Biscuits/Wafers | √ | √ | √ | | | √ | √ | √ | √ |
| Shampoo | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Detergent powder | √ | √ | √ | √ | √ | | √ | | √ |
| Other eatables such as pickles, jam, butter and papad. | | √ | √ | √ | √ | √ | √ | | √ |
| Women Cosmetics | | | √ | √ | √ | √ | √ | √ | ü |
| Spices | √ | √ | √ | | | | √ | | √ |

CONCLUSIONS

This paper has shown that impulse purchasing is a widespread phenomenon even in the Indian context. At present, impulse purchasing in India is still much behind more organized markets such as the United States. But, in the times to come, especially in the grocery sector, we will see retailing getting more organized. The DIY format will get more popular

and in-store decision-making will increase. Our findings show that manufacturers and retailers can take advantage of impulse purchases by working together or independently on in-store display, packaging, store layout and the like. Given the increase in children's pester power shoppers accompanied by children also need to be seen as a major emerging opportunity.

REFERENCE

1. Abratt, R. & Goodey, S.D. (1990) "Unplanned Buying and In-Store Stimuli in Supermarkets" *Managerial and Decision Economics*, Vol. 11, No. 2, pp 111-121
2. Beatty, S. E., & Ferrell, M. E. (1998) "Impulse Buying: Modeling its Precursors" *Journal Of Retailing*, 74(2), pp 169-191
3. Bellenger, D. N., & Robertson, D. H. (1978) "Impulse Buying Varies by Product", *Journal of Advertising Research*, 18, pp 15-18
4. Clover, Vernon T (July 1950) "Relative Importance of Impulse Buying In Retail Stores" *Journal of Marketing*, 15, pp66-70
5. Cobb, Cathy J & Hoyer, Wayne D (Winter 1986), "Planned Vs Impulse Purchase Behavior" *Journal of Retailing*, 62, pp 384-409
6. Dittmar, H. & Beattie, J. (1998) "Impulsive and Excessive Buying Behaviour" in Taylor-Gooby, P. (Ed.). *Choice and Public Policy: The Limits to Welfare Markets. Great Britain: Macmillan Press*, pp123-144
7. Dittmar, H. & Drury, J. (2000) "Self-Image - Is it in the Bag? A Qualitative Comparison Between "Ordinary" and "Excessive" Consumers", *Journal of Economic Psychology*, Vol. 21, No. 2, pp 109-142
8. E.I. Du Pont de Nemours & Co. (1965) "Consumer Buying Habits Studies", Wilmington, DE.
9. F. Thomas Juster, F. Thomas (1966) "Consumer Buying Intentions and Purchase Probability: An Experiment In Survey Design", in *Consumer Buying Intentions and Purchase Probability*, New York: Columbia University Press
10. Hausman, A. (2000) "A Multi-Method Investigation of Consumer Motivations in Impulse Buying Behavior" *Journal of Consumer Marketing*, Vol. 17, No.5, pp 403-419
11. Jones, M. A., Reynolds, K. E., Weun, S., & Beatty, S. E. (2003), "The Product-Specific Nature Of Impulse Buying Tendency" *Journal Of Business Research*, 56(7), pp 505-511
12. Jones, M.A., Reynolds, K.E., Weun, S. & Beatty, S.E. (2003) "The Product-Specific Nature of Impulse Buying Tendency" *Journal of Business Research*, Vol. 56, No. 7, pp 505-511
13. Koufaris, M. (2002) "Applying the Technology Acceptance Model and Flow Theory to Online Consumer Behavior" *Information Systems Research*. Vol. 13. No. 2, pp 205-223
14. Kumar, S Ramesh (2003), *Conceptual Issues in Consumer Behavior*, Singapore: Pearson Education, pp67-68
15. Lindquist Jay D., and Sirgy Joseph M (2003), *Shopper, Buyer, and Consumer Behavior (2/e)*, New Delhi: Biztantra, p 71
16. Loudon, David L. & Della Bitta (2002), *Consumer Behavior (4/e)*, Delhi: Tata McGraw-Hill, pp 569
17. Meyer, Marianne (May 1988) "Attention Shoppers!", *Marketing and Media Decisions*, p67
18. Miller, R. (2002) "In-Store Impact On Impulse Shoppers", *Marketing*, pp 27-28
19. Piron, F. (1991) "Defining Impulse Purchasing. *Advances in Consumer Research*" Vol. 18, pp 509-514

20. Piron, F. (1991) "Defining Impulse Purchasing" *Advances In Consumer Research*, 18, pp 509-514
21. Prasad, V.Kanti (Fall 1975) "Unplanned Buying In Two Retail Settings" *Journal of Retailing*, 51, pp 3-12
22. Rook, D. W. (1987) "The Buying Impulse" *Journal Of Consumer Research*, 14, pp 189-199
23. Rook, D.W. & Fisher, R.J. (1995) "Normative Influences on Impulse Buying Behavior" *Journal of Consumer Research*. Vol 22, No. 3, pp 305-313
24. Rook, D.W. (1987) "The Buying Impulse" *Journal of Consumer Research*. Vol. 14, No. 2, pp 189-199
25. Stern, H. (April 1962) "The Significance of Impulse Buying Today" *Journal of Marketing*. Vol. 26, pp 59-62
26. Weun, S., Jones, M.A. & Beatty, S.E. (1998) "Development and Validation of the Impulse Buying Tendency Scale" *Psychological Reports*, Vol. 82, pp 1123-1133
27. Armata, Kevin (October 1996) "Signs That Sell" *Progressive Grocer*, p 21