

A Study of Impulse Buying Behavior and Factors Influencing it with reference to Beverage Products in Retail Stores

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Abstract

Purpose – The purpose of this research is to study impulse purchase of beverages across different formats of modern trade in two metropolitan cities to the West of India; Pune and Mumbai and to try to ascertain the factors that influence it.

Design Methodology/ approach – 93 customers in various retail outlets were observed, while shopping beverages and the observations were recorded in a tabular form. Shoppers were not informed about the presence of an observer and no interaction with the shopper was done in order to avoid any influence, while the consumer is shopping. The sample was limited to two cities in western India as they were similar in terms of demographic and cultural parameters and therefore the consumer behavior pattern was expected to be similar.

Findings- Age, Gender and the Time Taken to Purchase were found to have a significant impact on impulse purchases of customers, whereas number of people accompanying a Shopper showed no significant impact on impulse purchases with reference to beverage purchases.

Originality/value –The drivers of impulse purchase buying behavior in the beverage category can aid retailers to plan appropriate marketing strategy to enhance sales.

Keywords: Organized retail; Consumer behavior; Impulse purchase behavior; Beverages

Introduction

The Indian retail industry is growing at a fast pace with many significant developments like the entry of many global players, growing acceptance of the modern formats, success of many specialty retail formats and rising competition in the regional markets beyond the metros and tier 1 cities. Today's middle class wants more choices and is ready to explore. Retailers are trying their best to lure customers to enhance their share of wallet out of the total amount spent by the consumer. It is therefore important for retailers to understand impulse buying behavior as it can aid in enhancing the sales of the firm. Impulse purchase is an unplanned decision to buy a product. So, if a consumer walks into a store to pick up bread and also ends up buying a cold drink, then this can be termed as an impulse purchase. There are many factors, which can trigger impulse purchase like, age of the shopper, gender, time spent at the store, packaging, engaging displays, creative advertising and alluring promotional offers. These factors can trigger unrecognized needs and desires and entice consumer to purchase unintended goods, in turn, act impulsively (Inman et al. (2009)).

This paper focuses on understanding the consumer shopping behavior, with particular focus on impulse purchase behavior in the beverage category. Beverages fall under non-essential items and are available in a variety of retail outlets like kirana shop, pan-shops, restaurants, bakeries, etc. apart from organized retail stores. This research tries to understand the impulse purchase of beverages across different formats of modern retail and delineate the factors that influence it.

Background

Various studies have been conducted to find out the impulse buying behavior of the customers. Shoppers are asked upon entering the store as to, what they intend to buy and are checked again, while they leave the store as to, what exactly they bought to get an idea of the items picked up as impulse purchases. These studies show that an increasing number of items are picked up as impulse purchases. Many times a shopper sees an item and remembers that the stock at home is exhausted or going to get exhausted soon, or the shopper remembers an advertisement on the television or radio and thereby recalls the product and would like to try it out. The shopper sometimes remembers about a product, whose purchase decision was postponed and therefore would like to pick up on impulse right now. Sometimes shoppers see a product for the first time and visualize a need for it, even though he/she has not used such a product in the past. Impulse purchases can also be planned as in, if a shopper decides that apart from the planned purchases, he/she would pick up products on which schemes, discounts or promotions and the like are on.

When people use to shop through mom and pop stores, there was hardly any scope for impulse purchase as the number of products, which were on display, was hardly enough to induce impulse purchase in a big way. But with the proliferation of modern organized retail, shoppers are increasingly transferring purchase planning to the store. They come to a store to window shop or with a general intention to buy, but end up reaching the actual buying decision at the point of purchase. The wide display through self service and ease with which shoppers can reach out to a plethora of products has enhanced the ability of the shopper to explore, compare and reach a decision to purchase a product. Mass merchandising has provided a favorable environment for impulse purchase. Retailers are therefore trying to understand impulse buying

behavior so that they can create an environment, which is conducive to impulse buying and thereby enhance sales and share of wallet of the shopper.

One such study was done by Bashar *et al.* (2012) in Delhi & NCR region on the basis of demographic factors. The study was done by collecting the primary data from 250 customers through a structured questionnaire. The research reveals that individuals, who are young, with high disposable income, have more inclination towards impulse buying. They used various tools like regression analysis, inter variable correlation and percentage analysis to ascertain outcomes.

According to Gupta *et al.* (2009), store size is also one of the important factors, which can influence impulse buying behavior, which means bigger the size of the store more the probability of impulse buying. The study was carried out in the state of Chhattisgarh by collecting data through survey method. The study demonstrates that stores that are big in size attract more customers to spend on impulse than small-sized stores. One-way ANOVA analysis was done by them to examine the differences in impulse buying across various store sizes.

It has been observed that in-store promotions have significant influence on impulse buying. Abratt and Goodey (1990) had done a comparative study of unplanned buying in 15 major supermarkets in South Africa. The sample for the study was 450, collected by conducting personal face-to-face interviews with the shoppers, using a semi-structured questionnaire in the respondent's home language. They discussed how in-store promotional techniques are employed to increase impulse purchases of the products. Earlier, Kollat and Willet (1967) had done study on similar environment to understand customer intentions and its outcomes in impulse buying behavior. The methodology used by Abratt and Goodey was similar to that is used in the research conducted by Kollat and Willet (1967). The study reveals that unplanned purchasing is

higher in the United States as compared to South Africa, but the significance of in-store promotions result true across geographies. Chi-square tests were performed to test the significant differences among different supermarkets with respect to unplanned buying.

Another research related to in-store shopping environment and impulsive buying was conducted by Tendai and Crispin (2009) in Kings William Town, South Africa. A total of 320 shoppers were selected from the specific shops of a mall in 10 days of data collection, served as the sample. A structured questionnaire divided into 2 parts was used to collect responses from respondents. Respondents were asked to rate various in-store factors, (e.g. background music, coupons and vouchers, store display, advertisements and promotions, price, etc.) which influenced impulsive purchasing in supermarket shops. Descriptive data analysis was performed to calculate frequencies for each variables used in the study, to support the hypotheses, significant tests were done at 5 percent and 10 percent significance level. The significance test indicates that factors like background music, ventilation, in-store scent and crowding did not directly influence impulsive buying. However, variables such as, coupons and vouchers price, in-store promotions, store display and behavior of shop staff were all likely to influence unplanned buying. A summary of detailed literature review is presented in Table I.

Table I: Detailed Literature Review

Title of Research Paper	Author	Description
A study of influence of demographic factors on consumer impulse buying behavior	Bashar et al. (2012)	The main purpose of the paper is to determine the correlation of consumers' demographic factors on the impulse buying behavior with respect to a number of single impulsivity indicators and one collective indicator.
In-store shopping environment and impulsive buying	Tendai and Crispin (2009)	The objective of the study was to investigate the influence of in-store shopping environment on impulsive buying among consumers. The impulsive decision making theory and the consumer decision making model were used to substantiate the study

Supermarket Shelving: A Conceptual Paper on the Value of Shelf Position	Zac et al. (2012)	Based on planograms, information regarding a product's height, weight and position can be combined with scanner data to provide valuable insights into supermarket shelves, in particularly the impact of position. Using a Many Sets of Data approach, this paper proposes across category and market research to increase the knowledge in the shelf positioning.
Impact of Store Size on Impulse Purchase	Sumeet Gupta et al. (2009)	Research about Impact of Store Size on Impulse Purchase
Measuring the Ubiquitous Consumer's Impulse Purchase Behavior	Robert and Laszlo (2009)	This paper illustrates the significance of impulse purchase behavior in the consumption of M-commerce services such as Short Message Service (SMS)
Factors that encourage Impulse Purchase of women for Beauty Products in Gujarat	Thakor and Prajapati (2012)	This paper identifies the factors that encourage women to make impulse purchase
The direct and Interactive effects of store level promotions on impulse purchase	Shukla and Banerjee (2011)	To measure the direct effects of store-level promotions, brand image and price consciousness and also examine the interactive effects of store-level promotions and the moderating influence of category familiarity and normative influences
The effect of Retail Cigarette pack displays on Impulse Purchase	Wakefield et al. (2008)	To assess the extent to which point-of purchase (POP) cigarette displays stimulate impulse purchases
The availability of snack food displays that may trigger impulse purchases in Melbourne supermarkets	Thornton et al (2011)	The availability of snack food displays that may trigger impulse purchases in Melbourne supermarkets
Customer Impulse Purchasing Behavior	Kollat and Willette (1967)	This article attempts to explain customer differences in unplanned purchasing behavior
Unplanned Buying and In-Store Stimuli in Supermarkets	Abratt and Goodey (1990)	Study of unplanned buying behavior of various countries and effect of in-store stimuli across cultures. Also analysis of variables such as brand loyalty, specific outlet and presence of a shopping list on a cross-cultural basis.

The Significance of the Impulse Buying Today	Hawkins Stern (1990)	To study the market for impulse items as it has developed in the past decade and as it is likely to develop during the 1960s and to refine the definition of impulse buying also.
The Buying Impulse	Dennis W. Rook (1987)	This article reviews extant research on impulsive behavior and then introduces a new interpretation of impulse buying. Following this are the results of an exploratory study that investigates the phenomenology of consumers' impulse buying episodes. The research identifies: (1) the subjective experiences that distinguish the onset of the buying impulse, (2) how consumers cope with their impulsive urges to buy, and (3) the types of negative consequences they incur as a result of their impulsive buying
Influence of demographic factors on impulse buying behavior	Bellenger et al. (1978)	Age has an impact on impulse buying
Unplanned buying and in-store stimuli in supermarkets	Abratt and Goodey (1990)	In-store stimuli affect unplanned purchases due to promotional techniques like point-of-sale, shelf signs, end-of-aisles displays and special displays.
In the mood: Impulse Buying's Affective Antecedents	Rook and Gardner (1993)	Shoppers positive moods were conducive to impulse buying than negative moods
Normative influences on impulse buying behavior	Rook and Fisher (1995)	Normative evaluation of the appropriateness of engaging in impulse buying; Trait buying impulsiveness was significantly correlated with impulse buying behavior
Gender identity and Material symbols: objects and decision considerations in impulse purchases	Dittmar et al. (1995)	Women reported social identity reasons for Impulse buying behavior, whereas Men reported personal identity reasons for their purchases
Impulse Buying: Modeling its precursors	Beatty and Ferrell (1998)	Shoppers positive moods is associated with the desire to purchase impulsively
Socio-Economic status, Delay of gratification and impulse buying	Wood (1998)	Impulse buying changes with age. It increases between the 18-39 years of age and declines thereafter

The influence of culture on consumer impulse buying behavior	Kacen and Lee (2002)	Culture has an impact on impulse buying behavior
The product-specific nature of Impulse buying behavior	Jones et al. (2003)	The impulse buying behavior was different for different products

Hypothesis development and Research Methodology

The objective of this research study is to test the influence of the various independent demographic factors like Age, Gender, Number of People Accompanying a shopper, Time taken to purchase, on the dependent variable that is ; Impulse Buying Behavior of the shoppers in two metropolitan cities of Maharashtra i.e. Mumbai and Pune.

The hypothesis formulated after review of the literature is given below:

H1: Age of the consumer has a strong association with the impulse buying behavior of the shopper with reference to beverage purchases in organized retail stores.

H2: Gender of the consumer has a strong association with the impulse buying behavior of the shopper with reference to beverage purchases in organized retail stores.

H3: Number of people accompanying a shopper has a strong association with the impulse buying behavior of the shopper with reference to beverage purchases in organized retail stores.

H4: Time taken to purchase has a strong association with the impulse buying behavior of the shopper with reference to beverage purchases in organized retail stores.

In-store observations were taken by closely observing the consumers, when they were making purchases of beverages, across various organized retail stores in Mumbai and Pune. A

total sample of 93 observations was collected from various retail stores. Chi square test was adopted to interpret the findings. The format of the table used for collection of the impulse data is as summarized in Table II.

Table II: Observation Table for collection of Impulse data

				Demographics							Impulse Interaction						
	Start	End		Age (<20,20-30,30-40,40+)	Gender (M:1,F:0)	Accompanist 1 Age (1:Y,0:N)	Accompanist 2 Age	Accompanist 3 Age	Accompanist 4 Age	Accompanist 5 Age	Total Group	Bay	Time Spent (s)	Looked Only (1:Y,0:N)	Picked Only (1:Y,0:N)	Purch in Pilot (1:Y,0:N)	Purch in Browsing (1:Y,0:N)
Date	Time	Time	Store														

Data Analysis and Interpretation

The data collected through observation tables was analyzed using chi square test. The impact of each factor considered on the decision to make impulse purchase was evaluated. The findings of the test are described below.

Number of people accompanying:

The chi square test suggests that the number of people accompanying the shopper does not impact the decision of making an impulse purchase (Pearson chi square = 0.539, Fisher's exact test = 0.824). The study comes with an inference that the shopper makes the decision to purchase a beverage individually; presence of friends or family members does not influence this decision. Table III depicts the cross tabulation of Purchased in Impulse and Number of People Accompanying.

Table III: Cross Tabulation of Purchased in Impulse and Number of People Accompanying

		Number of people accompanying			Total
		0	1	2	
Purchased on impulse	No	12	17	3	32
	Yes	25	28	8	61
Total		37	45	11	93

Age group:

The chi square test reports that there is a significant difference between the impulse purchases made by different age groups (Pearson chi square=5.523, Fisher’s exact test = 0.046). It suggests that the age group, which lies between 30 to 40, has a higher percentage of shoppers making impulse purchase than the other two age groups i.e. between 20 to 30 and greater than 40.

Hence, it can be concluded that age of the shopper influences the impulse purchase decision. Shoppers younger or older than the shoppers of age group 30-40 years tend to stick to

their shopping list. Table IV depicts the cross tabulation of purchased on impulse and age of the consumers.

Table IV: Cross Tabulation of Purchased on Impulse and Age of the Shopper

		Age			Total
		20-30	30-40	40 +	
Purchased on Impulse	No	26	3	3	32
	Yes	38	19	4	61
Total		64	22	7	93

Gender:

The chi square test results between gender of the shopper and their decision to purchase on impulse, indicates that the impulse purchase decisions are influenced by gender. Impulse purchase made by female shoppers as a percentage of total purchases are significantly higher as compared to their males counterparts (Pearson chi square=3.145, Fisher's Exact Test = 0.089 at 10% significance).

Hence, we can conclude that females make more impulse purchases than male shoppers. Females are more flexible in adding unplanned items to their shopping than males. A reason behind this observation can be that more females evaluate the need for an item after looking at it,

whereas more males buy according to their plans. Table V depicts the Cross Tabulation of Purchased on Impulse and Gender of the consumer.

Table V: Cross Tabulation of Purchased on Impulse and Gender

		Gender		
		Female	Male	Total
Purchased on impulse	No	5	27	32
	Yes	20	41	61
Total		64	22	93

Time taken to purchase:

According to the chi square results the decision of impulse purchase varies by the time taken by shopper to make the purchase decision (Pearson chi square 10.682, Fisher’s exact test = 0.004). Shoppers taking 3 to 5 minutes in taking the decision to purchase make fewer impulse purchases than those taking lesser or more time.

We can conclude that shoppers decide to purchase a beverage either without taking much time to decide or contemplating about their decision. Shoppers who decide not to make a purchase are more likely to do so in 3 to 5 minutes. Table VI depicts the Cross Tabulation of Purchased on Impulse verses Time Taken to Purchase.

Table VI: Cross Tabulation of Purchased on Impulse and Time Taken to Purchase

		Time Taken to Purchase			Total
		Less than		More than	
		3 mins	3 to 5 mins	5 mins	
Purchased on impulse	No	6	25	1	32
	Yes	30	26	5	61
Total		64	22	7	93

Conclusions, Contributions and Limitations

Impulse purchasing is increasing among the shoppers with the proliferation of organized retail in India. Over a period of time, retailers are conducting extensive research to understand what appeals to the senses of the shoppers into making impulse purchases. Retail stores are being designed such that they are more spacious, have soothing music, have well lit aisles and present an overall serene environment, which appeal to the shoppers. The increasing disposable income of shoppers is also adding to the increase in impulse purchases. E-commerce is playing a significant role in enhancing impulse buying as shoppers can have access to a variety of products, along with price and product comparison, which lures them to buy on impulse.

The current study has made an effort in the direction of understanding impulse buying behavior with respect to a number of single impulsivity indicators in beverage purchases. The study reveals that Age, Gender and Time taken to purchase impact the impulse buying behavior positively, whereas Number of people accompanying the shopper does not impact the impulse buying behavior significantly. These findings can enable a retailer and the beverage company; design an appropriate strategy to lure the consumer to make impulse purchases.

It is important that shoppers cannot focus exclusively on increasing unplanned purchases as unplanned purchases can also be a result of stocking up goods, which are required in the future. In such a situation, the retailer does not benefit much, as the stocking up behavior will result in reduced sales later. Only items, which were never planned by the shopper, but picked up are true impulse purchases and they enhance the sales and profitability of the store. This limited study will provide some guideline into further research in this area. There are several limitations while doing the study, which must be kept in mind, when considering the results. The sample size is small and caters to only two cities i.e. Mumbai and Pune. The results therefore cannot be generalized and should be cross validated using diverse product categories and in other cities and therefore the current study provide a guideline for further analysis. Moreover, it is necessary to replicate the findings using a large sample and across the country so that conclusions can be used for developing a marketing and sales promotion strategy, which can be implemented across the country.

Finally, the study illustrates various observations for retail stores, particularly the demographics of customers and time taken to purchase that an organized retailer should consider while developing an appropriate strategy entice shoppers into impulse buying. Impulse buying can be favorably influenced through distribution, advertising and store promotion. Future

research can look at the intersection of the different demographic parameters and time taken to purchase along with varied in-store advertising and sales promotion strategies.

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