

# An Investigation into Individual and Situational Factors Effective in the Level of Impulse Buying Behavior of Customers

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## Abstract

Impulse buying is a highly important aspect of customer behavior. It emerges as a dominant phenomenon in customer behavior, and is a vital concept in the market. The aim of the present study was to examine the factors that affect impulse buying in cosmetics market. Regarding its aim, the present investigation was an applied study, and in terms of its method and nature, it was a causal study. Cosmetics customers in Sanandaj were selected as the statistical population. Cochran sampling method was used to determine a study sample of 384 individuals. After 422 questionnaires were distributed, 396 were returned and considered as the basis for final analysis. The validity of the questionnaire was confirmed based on the experts' opinions and confirmatory factor loadings, and the obtained Cronbach's alpha showed its appropriate reliability. Statistical equations were used as the statistical method, and data analysis was carried out using LISREL statistical software. The results of the present study showed that individual and situational factors affect the customers' impulse buying. Among individual factors, the aspect of assets and financial wealth, and among situational factors, the aspect of the salesperson's behavior had the most effect on impulse buying.

**Keywords:** Impulse buying, individual factors, situational factors, cosmetics.

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## Introduction

Impulse buying is the hidden side of customer behavior (Bahrainizadeh & Rajabi, 2016). With growing competition in retail sector, on one hand attractive product, store displays, and packaging designs (Jones et al, 2003; Lee & Kacen, 2008) are being used to lure customers, and on the other hand, enjoy able and state-of-the-art store environment (Tendai & Crispen, 2009) and promotional strategies (Bell et al, 2011) influence the magnitude of purchases.

Previous studies of customer buying behavior indicate that numerous factors affect the customers' buying decisions (Zhang et al, 2006). Impulse buying accounts for a large portion of daily purchases and covers a large spectrum of products, and it can be said that any product may be bought this way. It is estimated that two third of buying decisions take place this way. For some categories of good; however, the rate of impulse buying even exceeds this number (Liang, 2012). Therefore, impulse buying is highly important to retailers and their profitability (Verplanken & Sato, 2011). As a result, many researchers have studied customer behavior with regard to impulse buying (Kacen & Lee, 2002). In recent decades, the process of buying decision have extensively been studied. The main hypothesis in the body of knowledge proposed that the consumer's choices can be described from a rational view (Bakhshizadeh et al, 2016). This issue is confirmed if a choice is made after precise examination of different aspects of a good and its different replacements. This hypothesis; however, is not always true, and the customer exists this rational scope and selects a good without precise examination of available replacements (Nazari & Bagdadi, 2013).

Due to managerial and retail interests, primary studies focused on categorizing products into impulse and non-impulse. This close-up categorization indicates that impulse buying is the same as unplanned buying (Stern, 1962). In the 1970s, the researchers focused on this question whether certain goods were bought in an impulse way. Finally, the results showed that almost all goods have the potential to be bought in an impulse way (Verplanken & Sato, 2011). In the 1980s; however, researchers attempted to identify psychological and internal states of individuals while impulse buying. At last, the valuable studies carried out by Rook and Hoch (1985) and Rook (1987) led to deeper understanding of the nature of impulse buying. They figured out that "consumers experience a strong tendency toward consumption not toward the products" (Rook & Hoch, 1985) and "impulse buying happens when the consumer experiences a sudden whim, mostly strong and stable, toward impulse buying of a good" (Rook, 2000). Hoch and Loewenstein (1991) described impulse buying as a struggle between determination power and desires. The new definition of impulse buying drew the researchers' attention to find fundamental or effective factors in impulse buying, and this thirst for study is still remaining among researchers of customer behavior (Badgaiyan & Verma, 2014). Producers and retailers would like to get informed about how customers decide to buy goods and why and how their buying intention leads to final purchase (Zhuang et al, 2006). Theoreticians used to consider buying behaviors as planned, including information-seeking interval, and based on rational decisions. However, as another type of buying, unplanned buying requires unplanned purchase and includes impulse buying.

Scholars referred to the speed in making buying decision as the distinguishing factor between planned buying and impulse buying (Harmancioglu et al, 2009).

Starting with the early work related to definition of impulsive Buying (e.g. Stern, 1962; Piron, 1991), gradually, various facets of the this phenomenon—such as effect of intrinsic factors (Badgaiyan & Verma, 2014; Foroughi et al, 2013), external factors (Mehta & Chugan, 2013), in-store music (Dube´ & Morin, 2001), in-store lighting (Summers & Hebert, 2001), in-store scent (Mattila & Wirtz ,2008), the mood And emotions (Foroughi et al, 2013) etc.—have been examined. Among these developments, an important contribution has been the identification of situational factors related to Impulsive buying. The results of the conducted studies in this field show that 30-50% of all purchases are unplanned and happen due to sudden decisions (Tariq Khan et al, 2015). However, the consequences that the consumers are faced with as a result of sudden purchases can have negative mental effects on them; both in that they spend a large part of their money on buying products with this feature (products that cause impulse buying) and they are faced with the risk of lack of trust in the quality of the products (Liang, 2012).

Aptly defined by Dholakia (2000) as environmental and individual factors that have influence on impulsive buying, the situational factors could either be attributed to person's situation related to money, time, family, credit card use, etc. or could result from the in-store situations such as sales promotions, store environment, friendly store employees, in-store music, etc., and hence, both personal as well as in-store situational factors have been given due consideration in many research endeavors—such as availability of time (Pattipeilohy & Rofiaty, 2013), money availability (Pattipeilohy & Rofiaty, 2013), the presence of companion (Luo, 2004), store environment (Mattila & Wirtz ,2008) etc. Importantly, considering the fact that most of the situational factors could be controlled and/or changed by retailers mean that insights related to relationship between situational factors and impulsive buying behavior could be extremely useful for retailers. They are also faced with financial problem, and the individual thinks that others will have a negative attitude toward him as a result of an increase in impulse buying (Hollywood et al, 2013).

## **Methodology**

With regard to examining the variable, the study method was descriptive-survey, and regarding the aim, it was applied. The statistical population included cosmetics customers in Sanandaj. A two-stage sampling method was used; the first stage was cluster sampling and the second stage was convenience sampling. Morgan Table was used to determine the sample size, which led to selecting 384 individuals as the study sample to collect the required data from. In order to analyze the data and test the hypotheses, confirmatory factor analysis was used through LISREL software version 8.54.

## **Results**

Diagram 1 presents the significant numbers of the structural model. As indicated in the diagram, all of the estimated parameters in the structural model are at a significant level, and they are all positive, which indicates that the latent variables have a direct relationship

with each other and with their obvious variables, which was defined before based on the hypothetical relationships. Table 1 provides the fit indices of the structural model. Based on the obtained significant numbers and the values of fit indices, the model and the data had an acceptable fit; therefore, the validity of the model was confirmed.

Table 1 Structural research model fitting indices

Fit index	Optimum	Result
$\chi^2/df$	< 3.00	1.084
GFI (Goodness of Fit Index)	> 0.90	0.97
RMSEA (Root Mean Square Error of Approximation)	< 0.08	0.015
RMR (Root Mean Square Residual)	< 0.05	0.016
NFI (Normed Fit Index)	> 0.90	0.99
NNFI (Non-Normed Fit Index)	> 0.90	1.00
CFI (Comparative Fit Index)	> 0.90	1.00

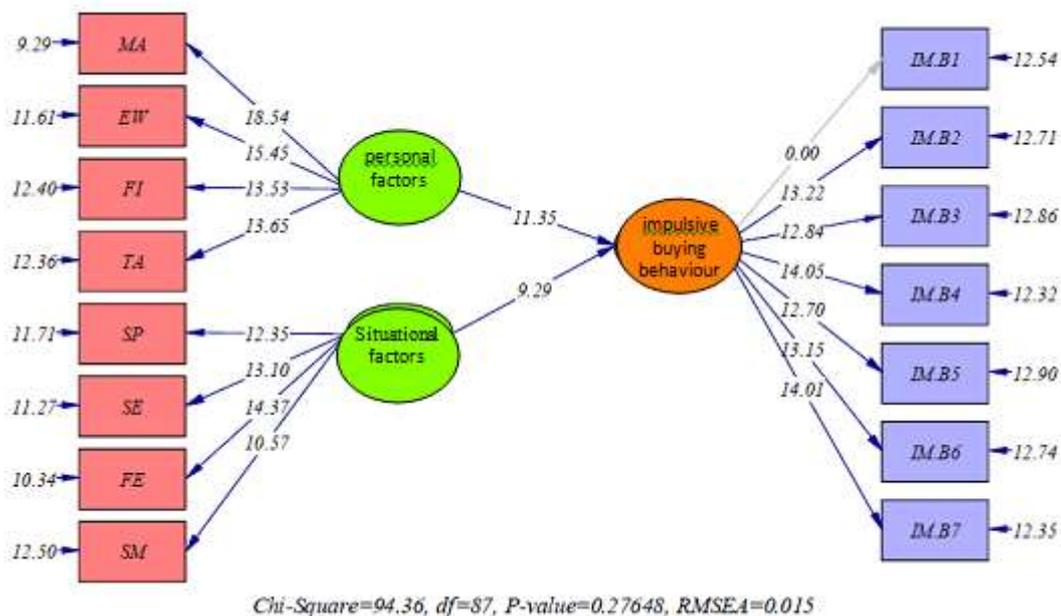


Diagram 1. Significant numbers of research structural model

Diagram 2 presents the standard estimation coefficients of the structural model and the effect of the variables on each other.

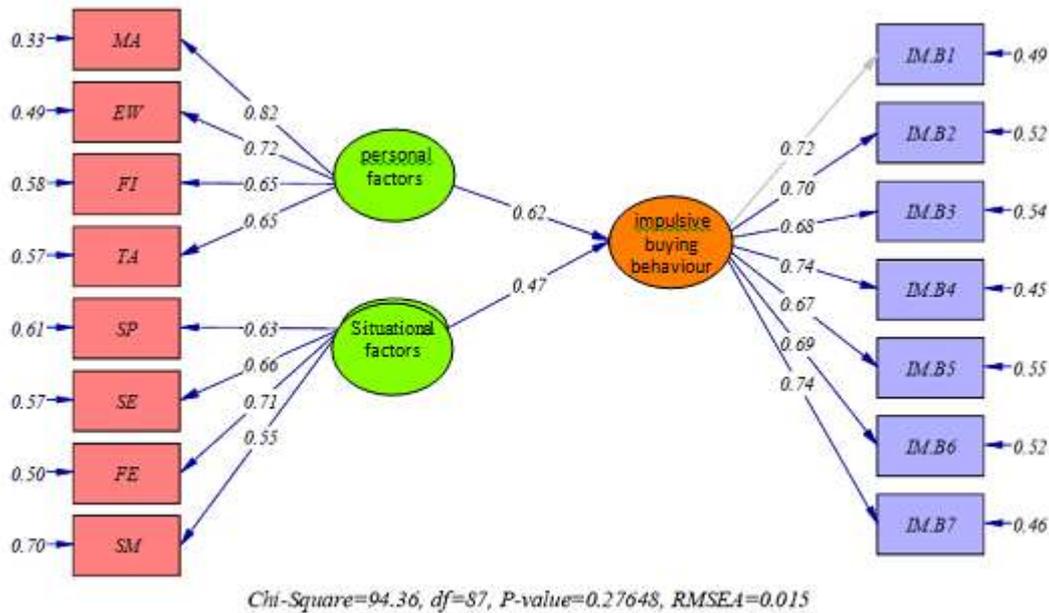


Diagram 2. Structural Model Standard Estimates

In order to better understand, the summary of the results of the structural model test is relevant numbers as shown in table 2.

Table 2 The results of the structural research model test

Path		Direct Impact		Multiple Correlation Squared
From	To	Path coefficient	t- value	
Personal Factors	Impulsive Buying Behavior	11.35	0.62	0.89
Situational Factors	Impulsive Buying Behavior	9.29	0.47	

### Conclusion

The global industry of cosmetics is one of the biggest and most profitable industries in the world. In this regard, the results of the study's two hypotheses are as follows.

The first main hypothesis: Individuals factors affect the impulse buying behavior of cosmetics customers.

According to Table 2, the significant number of the path between the variable of individual factors and the variable of impulse buying is 11.35 which is larger than the value of 1.96; therefore, the relationship between these two variables was confirmed at a confidence level of 99%. The path coefficient between these two variables was estimated as 0.62 which shows that with a unit change in the variable of individual factors, the variable of impulse buying behavior will change 0.62 units. Therefore, the first main

hypothesis was approved with a confidence of 99%, and individual factors affect impulse buying behavior among cosmetics customers. The results of this hypothesis are in line with those of the studies carried out by Sohrabi et al (2014), Zare'i and Balouchi (2015), Coley & Burgess (2003), Verplanken et al (2005), and Badgaiyan & Verma (2015).

The second main hypothesis: Situational factors affect the impulse buying behavior of cosmetics customers.

According to Table 2, the significant number of the path between the variable of situational factors and the variable of impulse buying behavior is 9.29 which is larger than the value of 1.96; therefore, the relationship between these two variables was confirmed at a confidence level of 99%. The path coefficient between these two variables was estimated as 0.47 which shows that with a unit change in the variable of individual factors, the variable of impulse buying behavior will change 0.47 units. Therefore, the second main hypothesis was approved with a confidence of 99%, and situational factors affect impulse buying behavior among cosmetics customers. The results of this hypothesis are in agreement with those of the studies conducted by Nikbakht et al (2015), Moshabaki and Nikbakht (2014), Ghafari and Akbari (2013), Leo (2004), Abdolavand et al (2001), and Badgaiyan & Verma (2015).

According to Table 2, the square of the multiple correlation of impulse buying behavior is 0.89, which indicates that the variables of individual and situational factors together predict 89% of changes in the variable of impulse buying behavior. Since before companies adopt their marketing policies, they need to know their customers and their buying decision-making processes, understanding the factors that influence the customer's decision of impulse buying and the overall processes through which individuals behave and finally make their decisions is a significant step in creating marketing plans and obtaining competitive advantages.

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