

PREDOMINANT EXTRINSIC AND INTRINSIC FACTORS OF IMPULSE BUYING AMONGST POST GRADUATE STUDENTS IN KHARGHAR, NAVI MUMBAI

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ABSTRACT

This study studies the factors of Impulse Buying in young people. The study focuses on deriving the factors that are predominant in Impulse Buying Behaviour. The sample used for this study is taken from The Institutional Area in Kharghar, Navi Mumbai which is home to engineering, Management, Dental and Medical Colleges. The Sample taken for this study comprised of 125 post graduate students. Through factor analysis the derived factors could be classified into two broad factor. The first factor was extrinsic in nature and the second, third and fourth factors were intrinsic in nature. The study also tries to understand if there is a relation between Gender and Impulse buying and Income and Impulse buying.

KEYWORDS: Impulse Buying, Intrinsic Factors, Extrinsic Factors

INTRODUCTION

India is today witnessing a quick pace change in the consumer buying habits across demographics especially amongst its urban youth. Hypermarkets, multiplex malls, mega marts are the new faces of modern retailing in cities across. AT Kearney has ranked India fourth most attractive nation for retail investment among 30 flourishing markets. In terms of sheer space, the organized retail supply in 2013 was about 4.7 million square feet (sq ft). This showed a 78 per cent increase over the total mall supply of just 2.5 million sq ft. "Favorable demographics, increasing urbanization, nuclearisation of families, rising affluence amid consumer's, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India," said DS Rawat, Assocham Secretary General.

With changing lifestyles, the rising middle class in India has more money at their disposal and with this the aspiration levels too have risen. Innovations in the banking sector like credit cards, cash machines, instant credit, that has penetrated the Indian markets has further made it easier for consumers to buy on impulse. With disposable incomes on the rise the culture of materialism among young people with aspirational inclination has multiplied manifold. Materialism refers to the amount of importance possessions have for a consumer (Belk, 1985). Currently, our consumer culture and our culture in general is characterized by materialistic values (Dittmar et al., 2007). The media feeds this frenzy by showing individuals who are in pursuit of money and material objects in order to obtain a certain image or status. Materialism is an advocate for consumers to be conscious of their status (Goldsmith & Clark, 2012). Goldsmith & Clark (2012) state that

"materialism leads consumers to put a disproportionate amount of their resources into acquiring goods". Materialistic culture has further reduced the notion of sin in indulging in ones whims and fancies.

India has more than 50% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan. In the extremely competitive retail scene where companies and brands need to design innovative strategies for sale Impulse buying can be a major marketing strategy and determinant of the revenues .(Hausman 2000; Parboteeah et al. 2009; Vohs and Faber 2007; Zhou and Wong 2003).

According to Rook Impulse buying occurs when a consumer experiences a sudden often powerful and persistent urge to buy something immediately. The impulse to buy is complex and may stimulate emotional upheavals. Also, impulse buying is prone to occur with disregard for its consequences. Marketers and psychologists opine differently when they attribute causes to Impulse buying. Marketers advocate the importance and predominance of market influence on consumers and purchase according to them are determined by factors that are external in nature (Kotler & Bes, 2003; Piron, 1991; Stern, 1962). The rationale is that impulse buying is irrational so they believe that the external cues may often be the reason for impulse buying. Psychologists on the other hand believe this to be an individual tendency due to internal reasons (Rook & Hoch, 1985).

The motivational factors which prompt a person to do impulse buying are both Internal as well as external. External Impulse are the cues or prompts by a marketer or retailer in a shopping setup. These cues can be anything from a sale sign to the placement of a display in a store (Kalla & Arora, 2010). "Extrinsic sources are those that are perceived as coming from outside the self, such as interpersonal acceptance for one's accomplishments and living up to socially defined expectations" (Williams et al., 2010).

The three main intellectual traditions from which impulsivity has been analysed: (a) the consumption impulsivity theory; (b) social – cultural factors; and (c) individual approaches. Consumer impulsivity has been in existence in classical and neoclassical microeconomic theories (Dittmar & Drury, 2000). Strotz (1956) explained that consumers are rational beings and desire to maximize positive reinforcement. He suggested that impulse buyers give no importance to the long term consequences. Within the social culture factors studies examine mechanisms of unplanned buying (Kollat & Willett, 1967) , impulsive choices (Ainslie, 1975;) . Theories of impulsivity discuss the instant pleasure gratification but long term negative utilitarian aversive consequences. The notion of impulsivity is described in terms of an inability to delay immediate gratification, the absence of self-control (Monterosso & Ainslie, 1999). Research in this line concentrates on consumer's immediate gratification and willpower to resist it and seeks to understand which has weight age- immediate gratification or the long term consequences . The second school believe the Social – cultural factors to be important. Sociologists and social psychologists of this school believe that impulse behavior is more a learned one and is the result of the socialization process. (e.g. Davis & Dollard, 1940). Richins and Dawson (1992) view it differently and feel that since the consumer is a creative being he uses goods as an expression of self (Dittmar et al., 1995; Lunt & Livingstone, 1992). The third school of thought -Individual approaches - talks of consumer impulsivity as a relationship between consumers and the external environment (Beatty & Ferrell, 1998;Dholakia, 2000; Rook & Fisher, 1995). This perspective rejects the notion of impulsivity and discards the opposition between powerful marketers and self-construing consumers posited by

the social – cultural factors, instead focusing on the co-production between external market and internal states at the individual level.

The interpretations are varied and drawn from different disciplines of sociology, psychology, marketing and even economics. However the common link is that there is a customer at one end operating in a market environment who is either overcome by the stimuli or who feels that that transaction is the primary goal at that particular moment of time.

Among the products that are of primary importance to young people are off course apparels. Apparels are one of the major areas where youth invest a lot upon due to various reasons. The way one dresses is very often perceived as an expression of their individuality amongst the youth. Peer pressure and moving with the latest trends and fashion is also very important. The clothes that they wear are very often used as a means to boost self confidence and self esteem. The perception amongst youth is generally that clothes define them. Within retail the apparel sector is fast booming and all major brands are creating their space in the minds of its young consumers. Since there are a plethora of modes to understand the concept of Impulse Buying and lot of multidisciplinary ways of explaining the concept, this study tries to explore what the major factors are that define the concept of Impulse Buying among youth in a small town in India.

SCOPE OF THE STUDY

The study is important as it gives an understanding of the major factors of Impulse Buying in the Indian Context especially among young educated middle class. It adds to the body of knowledge and literature available in this area. From the marketers perspective this study delves into the extrinsic factors that play a major role in provoking the youth to go in for impulse buying . Since India is a very young country with 65% of its population being below 35 years, the scope of this study becomes all the more manifold. Retailers can now concentrate on the extrinsic factors to their advantage. This study also focuses on the intrinsic factors that affect the young minds when the phenomenon of Impulse buying happens. This again is an area where sociological and a psychological perspective can be derived and an understanding into the mindset of the individual in the entire phenomenon can be gauged

OBJECTIVE OF THE STUDY

- To understand if the demographic variables of Gender and Income affect Impulse Buying
- To understand the predominant factors that characterize Impulse Buying

RESEARCH METHODOLOGY

This study is descriptive in nature. All the factors that drive a young college going student to indulge in Impulse Buying is studied.

Sampling Design

The population comprises of the 3 postgraduate colleges in the Institutional Area of Kharghar, Navi Mumbai. The Institutional Area comprises of many undergraduate , graduate and Post graduate colleges in the fields of Engineering, Medicine, Fashion Technology and Management. The sampling frame was 1 of the colleges from where a random sample of 125 students in the age group of 22yrs and 26 years were taken.

Data Collection Plan

The questionnaire comprises of 20 items. It was developed after three focus group discussions among young college going students and after discussion with experts. The most common variables were then selected to create the questionnaire.

The first two items relate to the demographic variables of Gender, and Income (family Income) and are in the nominal and ordinal scale while the other 18 items are in the 5 point Likert scale.

The reliability of the scale as shown in Table 1 is .943 and therefore very high. Hence we conclude that the scale used is highly reliable.

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.945	.943	18

DATA ANALYSIS AND INTERPRETATION

The pie chart Figure 1 and the frequency table in Table No.2 displays the % of Males and females in the sample taken for the study. 42.4% of the sample comprises of males and 57.6% are females

Table 2: Percentage of Males and Females

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	53	42.4	42.4	42.4
	Female	72	57.6	57.6	100.0
	Total	125	100.0	100.0	



Figure 1: Pie Chart Showing the %of Males and Females in the Sample Taken

The study comprised of postgraduate students from a small town on the outskirts of Mumbai the family Income of the students is shown in Figure 2 and Table3 . The Postgraduation courses are expensive and most of the students come from middle class and upper middle class sections. 27.2 % of the sample belongs to the income category of 50,000-1 lakh Rupees per month and 65.6 % belong to the Income category of 1 lakh and above per month.

Table 3: Percentage of Males and Females

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20,000-50,000	8	6.4	6.4	6.4
	50,000-1lakh	34	27.2	27.2	33.6
	1lakh&above	82	65.6	65.6	99.2
	NotEarning	1	.8	.8	100.0
	Total	125	100.0	100.0	

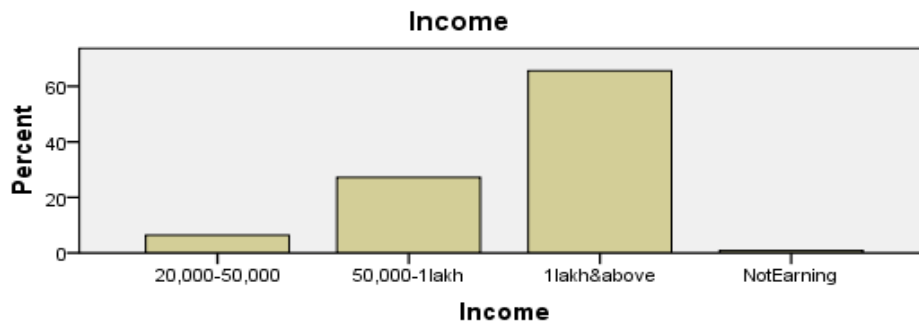


Figure 2: Bar Graph of Income of Respondents

Comparison of Impulse Buying Among Males and Females

H01 : there is no difference in impulse buying between Males and Females.

H11 : There is a difference in impulse buying between Males and Females.

The Independent sample T test output in SPSS is shown in Table 4. Since the Levenes Equality of Variances shows the value to be .543 we assume Equal variances and the calculated p value is .763 which is more than .05 our assumed level of significance. Hence we accept the Null Hypothesis and understand that there is no difference in impulse buying between males and females.

Table 4: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IBhilo	Equal variances assumed	.372	.543	-.303	123	.763	-.02358	.07789	-.17777	.13060
	Equal variances not assumed			-.304	1.141E2	.761	-.02358	.07752	-.17715	.12998

Hypothesis Number 2 : Difference In Impulse Buying Due To Differences In Income

Table 5: Anova to Show the Difference in Income and Impulse Buying

ANOVA					
Impulse Buying	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.295	3	.432	2.429	.069
Within Groups	21.505	121	.178		
Total	22.800	124			

H02 :There is no difference in impulse buying due to Differences in Income

H12: There is a difference in impulse buying due to differences in Income

The calculated p value as shown in Table 5 is .069 which is more than the $\alpha = .05$. Therefore the null hypothesis is accepted and there are not enough evidences to reject it. Hence we can interpret that Income does not play a major role in Impulse Buying.

Predominant Factors Affecting Impulse Buying

The results in (Table) indicate that the KMO statistics is .895 more than .5 and the Bartlett's Test of Sphericity is significant.

Table 6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.895	
Bartlett's Test of Sphericity	Approx. Chi-Square	2.221E3
	df	153
	Sig.	.000

Table 7: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.302	57.232	57.232	10.302	57.232	57.232	8.911	49.505	49.505
2	1.493	8.294	65.526	1.493	8.294	65.526	2.119	11.772	61.277
3	1.140	6.334	71.859	1.140	6.334	71.859	1.837	10.207	71.484
4	1.038	5.765	77.624	1.038	5.765	77.624	1.105	6.140	77.624
5	.771	4.284	81.908						
6	.695	3.859	85.767						
7	.563	3.126	88.893						
8	.378	2.099	90.992						
9	.328	1.824	92.816						
10	.269	1.496	94.312						
11	.222	1.232	95.544						
12	.181	1.005	96.549						

Table 7: Contd.,

13	.173	.960	97.509					
14	.135	.752	98.261					
15	.104	.575	98.837					
16	.081	.450	99.287					
17	.073	.404	99.691					
18	.056	.309	1.0002					
Extraction Method: Principal Component Analysis.								

The Eigen values of all factors having Eigen value of 1 or more than 1 are shown in Table 7.. There are four factors resulting from the analysis explaining a total of 77.624 percent of the variations in the entire data set (Table 7). The percentage of variation explained by the first, second, third and fourth factors are 49.505, 11.772, 10.207 and 6.140 percent respectively after varimax rotation is performed.

Table 8: Rotated Component Matrix^a

	Component			
	1	2	3	4
In spite of a preplanned agenda I tend to do a lot of unplanned purchase	.465	.480	.511	-.188
experience a thrill	.342	-.042	.723	-.064
feel sad after impulse purchase	-.151	.033	.778	.254
feel guilty after impulse purchase	.095	.045	.109	.939
regret my purchase	.082	.850	-.119	.084
price doesn't matter	.701	.530	.287	-.051
display prominence	.669	.522	.282	.066
sales pitch	.647	.532	.311	-.075
run short of money	.836	.292	.086	.083
dislike clothes brought on impulse	.887	.208	.150	.019
had to discard clothes brought previously on impulse without using	.891	.101	.055	.199
buy whenever I visit my favorite store	.898	.051	.112	.137
do not wear for long time	.880	.260	.097	.020
discount/special sales/	.762	.058	-.118	-.023
seasonal promotion	.867	.133	.162	.000
Color	.900	.096	.111	-.156
Design	.721	.250	.172	.033
Brand	.812	.150	.161	-.093
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

Looking at the Table 8 Rotated Factor Matrix, Factor 1 of impulse buying comprises of running short of money, dislike for clothes brought on impulse, discarding of clothes brought without prior planning, buying whenever there is a visit to the favorite store, seasonal Promotions Color of the apparel and Brand of the apparel. Hence the first factor can be

renamed as Extrinsic factors that describe Impulse buying. Factor 2 has the highest loading on regret after purchase, Factor 3 comprises of the thrill experienced while making an impulse purchase and the sadness after the impulse purchase and Factor 4 is the guilt experienced.

INTERPRETATION

The results of the study prove that that the Impulse behaviour among youth is characterized by mainly three important Factors. The first factor is the extrinsic causes acting as an important factor of this kind of behavior. Hence it can be interpreted that extrinsic factors contribute to impulse buying in a major way. Hence since it is unplanned purchase and on the spur of the moment decision to acquire the product, running short of money is an important aspect. Another important aspect of the extrinsic factor is of that discarding of the apparel brought on impulse purchase. It could be because on the spur decisions could go wrong and hence the apparel has to be discarded. Also the guilt associated with the unplanned purchase could lead to a bad aftertaste for the customer. Another extrinsic factor is the purchase happening whenever there is an actual visit to the favourite store . So again here it is a conditioned response to the perception of the positive cues of the store environment for the customer.

The other three aspects of Extrinsic causes in the first factor are Seasonal Sales, Color of the apparel and the brand. Seasonal sales in the malls in and around the town of Kharghar mostly happen during the time of festivals especially festivals like Diwali. Since these are seasons of splurging and personal indulgence it is but natural for people who have a tendency for impulse buying to do it all the more. Colors off course play a very important role in attracting the impulse buyer to be tempted to buy the apparel. Since this study comprises of youth between 22 and 26 years, the colors of the apparel they don is very important as it is style statement and a description of who they are. The last important aspect of the Factor1 i.e extrinsic factor is the Brand of the apparel. Young India, especially the sample taken in this study which represents postgraduate students has a lot of exposure to various brands of clothes. With the satellite town of Kharghar, Navi Mumbai teeming with malls and stores with the most sophisticated brands the youth indulge in impulse buying mostly to look good and keep up with the trends and to get acceptance among their peer.

Factor 2 that has the next highest loading is the regret after purchase. Factor 3 comprises of a combination of the thrill experienced while making an impulse purchase and the sadness after the impulse purchase . Factor 4 is the guilt experienced. The second, third and fourth extracted factors majorly are intrinsic aftermaths of impulse buying. The regret after buying is another typical aspect of impulse purchase. Regret could be because the decisions made on impulse could be so wrong that the apparel brought without any preplan is of diminished value . The third factor is very complex and describes the emotions during the purchase that is the exhilaration and thrill in the acquisition of the apparel and the sadness after the impulse purchase when the expectations from the apparel are belied. Factor 4 is the guilt experienced post purchase. Since these students are studying for expensive courses and many of them staying in hostels and residences away from their homes, the prioritization of expenses from their limited budget is important. Unplanned Impulse purchases can seriously dent their monthly budgets and hence make them feel guilty.

LIMITATIONS OF THE STUDY

The major limitation of this study is that it has studied youth between 22 and 26 years. A broader age range would have given a more diverse picture about the phenomenon of Impulse buying among youth. More over the Postgraduate students in this study have not been compared based upon the streams they have opted for. Perhaps there could be a

difference in Impulse Buying based upon their Postgraduation streams like engineering, medicine and management and fashion technology. This study has been done among students in the satellite town of Kharghar, Navi Mumbai. Factors that play a predominant role in Postgraduate students in metros and rural areas could vary.

CONCLUSIONS

This study categorizes the two important aspects of Impulse Buying The Extrinsic and the Intrinsic. The extrinsic factors had the highest loading and these extrinsic factors are a part of the environment in which the customer experiences the urge to buy. Retailers should concentrate on these factors to facilitate themselves and improve their sales. The intrinsic factors are more relevant from the individual perspective and is important for the customer to manage his impulse desires and make fruitful decisions. This study therefore clearly delineates the various aspects of impulse buying and proves that gender differences do not affect Impulse Buying and also that Income too does not in any way impact impulse buying. This study also draws conclusions on the two important aspects of Impulse Buying Intrinsic and Extrinsic with the extrinsic factors being most important. The extrinsic factors derived in this study are important from the Marketing perspective and the intrinsic factors that are mostly the aftermath of the impulse behaviour are important from the sociological and psychological perspective.

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