AN ANALYSIS OF IN-STORE SHOPPING ENVIRONMENT ON CONSUMERS’ IMPULSE BUYING: EVIDENCE FROM PAKISTAN

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ABSTRACT

Purpose: This paper is to identify and explain the in-store shopping environment effects that drive consumers’ impulse buying decisions.

Methodology: Primary data is collected from 100 randomly selected shoppers in Abbottabad and Islamabad. Descriptive data analysis along with test of significance was applied to analyze data.

Findings: Results indicate that presence of an enjoyable, pleasant and attractive in-store shopping environment increases the chances of impulsive buying among consumers.

Research Limitation: The sample size for the current research is very small and is geographically limited to Abbottabad and Islamabad. A larger sample with data collection from other cities may produce different results.

Practical Implications: A proper mix of both promotional and atmospheric factors can help retailers to increase their sales and profits through consumers’ impulse buying actions.

Originality of Research: The current research is among the very few studies on consumers’ impulse buying in Pakistan. It will extend the horizons of impulse buying from developed countries like USA to least studied developing countries like Pakistan. It provides new insights to producers and retailers in Pakistan. Thus, enables them to develop strategies for more sales and profits through consumers’ impulse buying behaviors.

Keywords: Impulse Buying, Shopping Environment, Buying Behavior, Point-of-Purchase

1. Introduction

Impulse buying is an ever-present and unique side of consumers’ routine. In marketing research impulse buying behavior is a mystery marked as deviation from standard buying behavior together by the literature and the consumers, and it is the impulse buying behavior that explains huge sales of various products every year around the globe (Kollat and Willet, 1967; Bellenger et al., 1978; Weinberg and Gottwald, 1982; Cobb and Hoyer, 1986; Rook and Fisher, 1995; Hausman, 2000).

Impulse buying behavior is known as a momentous happening in the retail settings. Retailers have recognized the significance of this phenomenon, and endeavored to increase in-store impulsivity of consumers through store layouts, in-store promotions and product packaging (Dholakia, 2000). Over the years, innovations like credit cards, telemarketing, home shopping networks and 24-hours retailing with the Internet has facilitated impulse buying phenomenon (Rook, 1987).

It became vital for retailers to have strong in-store promotional mix coupled with economic and atmospheric engagements in order to achieve higher profits through impulsive actions of consumers (Gutierrez, 2004; Michon et al., 2005; Schiffman and Kanuk, 2007).

This study attempts to identify and explain the in-store shopping environment factors that cause impulse buying among consumers. Moreover, the research on impulse buying is deeply rooted in the Western societies and developed societies. Few studies have been conducted so far on impulse buying in developing nations. This study will help to predict the impulse buying behaviors in the consumers of Pakistan and will extend the scope of impulse buying literature to developing countries.
2. Literature Review

The fundamental assumption core to consumers’ decision-making is the rational perspective of consumers’ choices, where a selection is made after watchfully considering and evaluating the various alternatives available. However, consumers do not follow these requirements of rationality always. Decisions can be made without watchful consideration of the alternatives available, with unsatisfactory information regarding the product, or without prior intention of purchasing that product (Tversky and Kahneman, 1974; 1981). This unplanned purchase that is unanticipated previous to the entry of the shopper into the store is impulse buying (Stern, 1962; Kollat and Wallet, 1969). It results due to rapid decision making and individual’s desire for abrupt ownership of the product (Rook and Hoch, 1985; Rook, 1987; Rook and Gardner, 1993; Rook and Fisher, 1995; Lee and Kacen, 2008). Impulse buying is unplanned purchase, decided on the spot, occurs in response to a stimulus and entails a cognitive reaction, an emotional reaction, or both of them (Hodge, 2004).

Clover (1950) laid the basis for research on impulse buying, paving way to a multi-prospective research on impulse buying in the retail stores. As impulse buying is a decision taken within the store it thus requires investigation into issues relevant to shelve displays; exposure to in-store stimulus; and offering innovative ways of satisfying needs (Kollat and Willett, 1969) in a very short time (Stern, 1962; Piron, 1991).

Retailers today are actively engaged in increasing the magnitude of impulse purchases through product and store displays, and packaging designs (Hoyer and MacInnis, 1997; Jones et al., 2003; Lee and Kacen, 2008). Marketers have utilized the power of impulsive buying over the times to amplify the profits for retailers. Attractive, enjoyable and state-of-the-art store environment influences the in-store purchase decisions of consumers and pushes them to buy on impulse (Tendai and Crispen, 2009). Exposure to in-store marketing stimuli generates unplanned buying, especially when store is selected for “low prices” and “attractive promotions” (Bell et al., 2011). Parboteah (2005, as cited in Virvilaite, 2009) categorized variables causing impulse buying into those of consumer characteristics, store characteristics, product characteristics and situational factors.

Zhou and Wong (2003, as cited in Tendai and Crispen, 2009) classified the in-store shopping environment into two distant effects i.e. the promotional, informative and economic effect, and the atmospheric engagement effect. The promotional effect consists of stimuli like promotional discounts (coupons, multiple-item discounts and gifts) and cheaper prices, while atmospheric engagement effect include stimuli of enjoyment and attractiveness like in-store advertisements, store displays, salesperson, shop crowding etc.

2.1 The Promotional, Informative and Economic Effect

2.1.1 Coupon

Coupon offers increase the likelihood of planned impulse buying (Stern, 1962; Kahn and Schmittlein, 1992). Kollat and Willett (1967) found no relationship between food coupons and unplanned purchases of consumers. However, surprise coupons have a psychological income effect on the consumers resulting in increase in the size of shopping basket and number of unplanned purchases (Abratt and Goodey, 1990; Heilman et al., 2002; Tendai and Crispen, 2009).

2.1.2 Low Prices

Among numerous other determinants of impulse buying low prices exercise the most direct effect (Stern, 1962; Thaler, 1985; 1999; Tendai and Crispen, 2009). Price reductions, cost savings, discounts or sales promotions can convince buyers to end up in an unintended purchase (Abratt and Goodey, 1990; Grewal et al., 1998; Dittmar and Drury, 2000; Youn and Faber, 2000; Laroche et al., 2003; Virvilaite et al., 2009). Bell et al. (2011) found that exposure to in-store marketing stimuli produce unplanned buying actions, especially when store is chosen for low prices. However, not always low price is found healthier for impulse buying (Dittmar et al., 1998; Kelly et al., 2000).

2.2 Atmospheric, Entertaining, Experiential and Hedonic Effect

2.2.1 In-store Advertisements and Promotions

In-store advertisements and promotions have proven records to amplify the magnitude of unplanned purchasing among consumers (McClure and West, 1969; Woodside and Waddle, 1975; Wilkinson et al., 1982; Inman et al., 1990). Consumers buy impulsively when their attention is engrossed by pleasant goods, attractive in-store advertisements and promotions (Dholakia, 2000; Tendai and Crispen, 2009; Virvilaite et
Exposure to in-store marketing stimuli produces unplanned buying actions, as identified by Bell et al. (2011).

2.2.2 Store Displays
Stern (1962) acknowledged prominent store displays as determinant of impulse buying. In-store environment including store layout may effect emotional states of consumers and direct them to show high level of impulse buying behavior (Iyer, 1989; Wakefield and Baker, 1998; Mattila and Wirtz, 2001). Retailers today are actively engaged in increasing the magnitude of impulse purchases through product and store displays, product mixture and packaging designs (Hoyer and MacInnis, 1997; Jones et al., 2003; Gutierrez, 2004; Michon et al., 2005; Schiffman and Kanuk, 2007; Lee and Kacen, 2008; Tendai and Crispen, 2009).

2.2.3 Salesperson
Good behavior of salesperson can act as an extraordinary service to consumers. Consumers usually do not enjoy shopping when dealt by an overbearing salesperson (Jones, 1999). Persuasive and friendly salesperson triggers impulse purchases among consumers (Grewal et al., 1998; Dittmar, 2000; Crawford and Melewar, 2003; Parboteeah, 2005; Tendai and Crispen, 2009).

2.2.4 Shop Crowding
Shop crowding usually develops psychological pressure and amplified arousal in consumers who sense a loss of personal space (Stokols, 1972). High shop densities make consumers reduce shopping time, postpone purchases, reduce interpersonal skills and rely more on shopping lists (Michon et al., 2005) which limits impulse purchases. However, Tendai and Crispen (2009) found no significant relationship between shop crowding and impulse buying behavior among consumers.

3. Hypothesis
The presence of an enjoyable, pleasant and attractive in-store shopping environment increases the chances of impulsive buying among consumers.

3. Research Method
3.1 Participants
The study is based on primary data. Data was collected from randomly selected 100 shoppers in different shopping centers of Islamabad and Abbottabad. Each shopper was approached when he/she came out of the retail store and has actually experienced shopping at that point in time. The questionnaires were completed in the presence of the researcher in order to increase the response rate and to clarify questions if the respondents feel problems in understanding.

3.2 Data Collection Instrument
Standardized closed ended questionnaires were used as instruments for data collection. The questionnaire consists of three parts. First part includes questions relevant to personal characteristics of the respondents like gender, age, income etc. The second part identifies the impulse buying behavior of the respondents while the third part investigates the influence of in-store shopping environment factors on the buying behaviors of the respondents. Impulse buying scale was developed in order to measure the impulse buying tendency of individuals. The five point Likert scale was adapted from Rook and Fisher’s (1995) Buying Impulsiveness Scale. The factors with a promotional, informative and economic effect and with atmospheric, entertaining, experiential and hedonic effect were measured through Five point Likert scale.

3.3 Statistical Analysis
The data collected through questionnaires is analyzed through Statistical Package for Social Sciences (SPSS) version 17. Cronbach’s alpha is used to check the reliability of the instrument while content validity is used to ensure that the instrument actually measures the conception accurately. Descriptive analysis along with z-scores is used to analyze data.

4. Empirical Results and Discussion
4.1 Reliability
Cronbach’s Alpha is usually used as an indicator of reliability. Alpha co-efficiency is normally employed to express the reliability of factors taken out from dichotomous (questions with two possible answers) and /or
multi-point formulated questionnaires or scales (Struwig and Stead 2001). The overall reliability of the questionnaire used in this research is 0.674 which is acceptable.

4.2 Validity

Validity is the degree to which an empirical measure precisely reveals the intended conception. De Vos et al. (2006, as cited in Tendai and Crispen, 2009) identified various types of validity that need to be utilized in researches to guarantee the accuracy of research instruments. Among them is the content validity, which is ensured in this research undertaking. Content validity is the sampling sufficiency of the items that make an instrument. Validity refers to the fact that the instrument actually measures the conception accurately. For the purpose the questionnaire of this research was presented to 6 marketing subject experts for opinions. The design of the questionnaire was aligned in accordance to their expert opinions, before it was used in the survey. This approach is adopted from Tendai and Crispen (2009)

4.3 Descriptive Analysis

The sample includes 59% male and 41% female respondents. 53% respondents belong to Abbottabad while 47% belong to Islamabad city.

**Table: 1** Age distribution of sample, frequencies and valid percentages for all corresponding age groups are specified along with cumulative percentages.

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>20-29</td>
<td>52</td>
<td>52.0</td>
<td>52.0</td>
<td>62.0</td>
</tr>
<tr>
<td>30-39</td>
<td>25</td>
<td>25.0</td>
<td>25.0</td>
<td>87.0</td>
</tr>
<tr>
<td>40-49</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>93.0</td>
</tr>
<tr>
<td>50-59</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>98.0</td>
</tr>
<tr>
<td>60-Above</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Majority of respondents belong to 20-29 years of age (i.e. 52%). The second largest age group is that of 30-39, which comprises of 25% of whole sample. This gives a sense that people of age 20-39 are fonder of shopping as compared to other age groups. However, one another important consideration here is that in this research endeavor people of ages 20-39 were more likely to respond the survey as compared to other age groups.

**Table: 2** Income distributions of sample, frequencies and valid percentages for all corresponding income groups along with cumulative percentages.

<table>
<thead>
<tr>
<th>Income (Rs)</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 10000</td>
<td>28</td>
<td>28.0</td>
<td>28.0</td>
<td>28.0</td>
</tr>
<tr>
<td>10000-19000</td>
<td>19</td>
<td>19.0</td>
<td>19.0</td>
<td>47.0</td>
</tr>
<tr>
<td>20000-29000</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
<td>69.0</td>
</tr>
<tr>
<td>30000-39000</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>75.0</td>
</tr>
<tr>
<td>40000-49000</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>82.0</td>
</tr>
<tr>
<td>50000-59000</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>89.0</td>
</tr>
<tr>
<td>60000-79000</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>92.0</td>
</tr>
<tr>
<td>80000-99000</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>94.0</td>
</tr>
<tr>
<td>100000-Above</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
Majority of respondents were having monthly income of under Rs 10,000 i.e. 28% . The cumulative percentage for first two groups is 47% which shows that majority of respondents are low income earners.

**Table: 3** The impulse buying tendency scale

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I often buy things spontaneously</td>
<td>100</td>
<td>2.29</td>
<td>1.351</td>
</tr>
<tr>
<td>&quot;Just do it&quot; describes the way I buy things</td>
<td>100</td>
<td>2.01</td>
<td>1.322</td>
</tr>
<tr>
<td>I often buy things without thinking</td>
<td>100</td>
<td>1.66</td>
<td>1.335</td>
</tr>
<tr>
<td>&quot;I see it, I buy it&quot; describes me</td>
<td>100</td>
<td>2.40</td>
<td>1.271</td>
</tr>
<tr>
<td>&quot;Buy now, think about it later&quot; describes me</td>
<td>100</td>
<td>1.53</td>
<td>1.344</td>
</tr>
<tr>
<td>I buy things according to how I feel at the moment</td>
<td>100</td>
<td>2.61</td>
<td>1.024</td>
</tr>
<tr>
<td>I carefully plan most of my purchases</td>
<td>100</td>
<td>2.42</td>
<td>1.281</td>
</tr>
<tr>
<td><strong>Valid N (listwise)</strong></td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

The item “I buy things according to how I feel at the moment” secured highest mean (M = 2.61, S.D = 1.024) thus is the most important item in measuring the impulse buying tendency of consumers. This finding is similar to the finding of Chien-Huang and Hung-Ming (2005). This result shows that consumers’ attitude towards impulse buying is mostly influenced by the emotions they attach with products while shopping. This argument is also supported by the item “I see it, I buy it, describes me”, achieving third highest mean (M = 2.40, S.D = 1.271) on the scale.

**4.4 Z-Scores**

Figure 1 shows 65% of likelihood for the influence of all the five in-store variables under study, except coupons and vouchers, on the impulse buying behavior among consumers. This finding supports our hypothesis as all the factors with atmospheric, entertaining, experiential and hedonic effect attained acceptance in influencing impulse buying among consumers.

**Figure 1:** On the vertical axis percentage scores for the likelihood of impulse buying among consumers are plotted while the horizontal axis covers the six in-store factors under investigation. Percentage scores obtained by each variable under study are shown by the numbers over the vertical bars.

![Figure 1](image)

From Table 4, a 5% significance test for each variable depicts that five among six variables under study are significant at 5% test of significance. These includes supportive and friendly salesperson, cheaper prices and discounts, low shop crowding, attractive store displays, and in-store advertisements, with Z-Values of -3.564, -2.62, -2.205, -1.824 and -1.764 respectively. The only factor that is insignificant at 5% test of
significance is the unexpected coupons and vouchers with Z-Value 1.483. As among six significant variables four are with atmospheric, entertaining, experiential and hedonic effect, thus the stated hypothesis is fully supported.

Table 4: Test of Significance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Critical Value</th>
<th>Computed Z Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Store Advertisements</td>
<td>-1.645</td>
<td>-1.764</td>
<td>***</td>
</tr>
<tr>
<td>Attractive Store Displays</td>
<td>-1.645</td>
<td>-1.824</td>
<td>***</td>
</tr>
<tr>
<td>Unexpected Coupons and Vouchers</td>
<td>1.645</td>
<td>1.483</td>
<td></td>
</tr>
<tr>
<td>Cheaper Prices and Discounts</td>
<td>-1.645</td>
<td>-2.62</td>
<td>***</td>
</tr>
<tr>
<td>Low Shop Crowding</td>
<td>-1.645</td>
<td>-2.205</td>
<td>***</td>
</tr>
<tr>
<td>Supportive and Friendly salesperson</td>
<td>-1.645</td>
<td>-3.564</td>
<td>***</td>
</tr>
</tbody>
</table>

*** Results Significant at 0.05 test of Significance

From Figure 1 and Table 4, supportive and friendly salesperson proves to be the most important determinant of impulse buying among consumers. This helps to conclude that shoppers enjoy buying when they are dealt by helpful and social salespersons, thus resulting in a willingness to buy on impulse. It’s this salesperson who helps shoppers to have information on products and suggestions to buy the right products. Cheaper prices and discounts is the second important determinant of impulse buying in this study. This significance is basically due to the reason that the majority of respondents belong to income level of below Rs. 30,000 and they make impulse purchases mostly due to economic reasons.

Attractive store displays is also an important determinant of impulse buying among consumer, in this study. A significant relationship is found between attractive store displays and impulse buying. This shows that visuals of product displays develop impressions at the first sight pushing shopper to buy that product. In other words attractive store displays create an image in the minds of shoppers, thus making them to buy that product emotionally. Moreover, these displays make the shopping environment exciting for shoppers to buy things with pleasant experiences. In-store advertisement is yet another important determinant of impulse buying. A significant relationship is found between in-store advertisements and impulse buying among consumers. Such advertisements are sources of information at Point-of-Purchase and are more useful than any other form of advertisements. Reason being is that these in-store advertisements have the potential to influence the customers at the place where they take actual buying decisions.

As well as unexpected coupons and vouchers are concerned they showed no significance with impulse buying in this study. There are two possible reasons for this finding. First, in Pakistan people don’t have habit of using coupons as they provide benefit in future point in time, and second, as identified by Kahn and Schmittlein (1992), the intention of using a coupon is basically determined before the entry of shopper into the market. This helps to conclude that coupons increase the chances of planned purchases not the impulse purchases.

5. Conclusion

The results of the study show that supportive and friendly salesperson, cheaper prices and discounts, attractive store displays, and in-store advertisements are the significant determinants of impulse buying behavior among consumers. This finding is similar to the findings of Tendai and Crispen (2009). The significance found between low shop crowding and impulse buying is supported by Michon et al. (2005) who state that crowding brings unlikeable experience to consumers in the retail setting. On the other hand unexpected coupons and vouchers, has no significant relationship with impulse buying behavior among consumers. This finding is similar to the findings of Kollat and Willet (1967), and Kahn and Schmittlein (1992), who found no relationship between coupons and unplanned buying.

Findings suggest that in-store shopping environment does have influence over the impulsive buying actions among the consumers. Factors with the entertaining, experiential and hedonic effect are more crucial to impulse buying along with the cheaper price and discounts part of the promotional, informative and economic effect.
6. Managerial Implications

The findings of study highlighted the strategic significance of in-store environment factors to increase sales and profit through impulse buying. Good behavior of the staff emerged to be the most significant factor in influencing impulse buying among consumers. A focus on salesperson’s training by retailers can be very helpful in increasing the sales through impulse buying, as identified by Tendai and Crispen (2009). Cheaper prices and discounts were the second most important factor in influencing impulsive actions of consumers. Retailers can offer price discounts that can push buyers to purchase both essential and optional items on impulse, thus increasing the overall sales. Moreover, keeping in mind the collective orientation of people in Pakistan, discounts offers on product in bundles or collective-use products can also trigger consumers’ impulse buying.

Retailers need to design their stores in a way that consumers feel comfortable to move through the store. This is essential because shop crowding makes consumer reduce his/her shopping time, deviate from shopping lists, postpone purchases, reduce interpersonal skills and rely more on shopping lists. All these factors escort to less impulse buying, resulting in low sales. As Gutierrez (2004) identified, retailers must improve the shopping environment through attractive store displays and in-store advertisements, and make it enjoyable to trigger impulse buying among consumers. Retailers should make a mix that includes in it both the atmospheric and promotional/economic factors to increase sales through impulse buying.

Producers should focus more on P.O.P adverts and displays. In-store adverts and shelf displays can be very helpful in increasing the sales of company through consumers’ impulse buying.

7. Limitations and Future Research Directions

The small size of sample and data collection limited to Abbottabad and Islamabad are two major limitations of the current research. The research may end in different results if the data is collected from a large number of shoppers from other cities. During the survey most of females were found reluctant to respond to survey as compared to males. Furthermore when families were approach for survey in the shopping centers, males accompanying them were the ones who responded. All these social issues may have manipulated the results of the study. The majority of respondents were from age 21 to 39 years (i.e. 77%) and income group of below Rs. 30,000 on average (i.e. 60%), which might not be the true representatives of other age and income groups.

The study was focused mainly on shopping centers and was not explicit to particular products that can be bought on impulse as a result of in-store shopping environment factors. Thus the study fall short to determine what products can be bought on impulse as a consequence of different in-store shopping environment effects. There is need to conduct research, with larger sample size, on different personal characteristics of consumers that can influence them to purchase things on impulse. Such research can bring some true relationship among impulse buying and consumers’ characteristics. This will help to investigate the psychology of consumers in Pakistan, in the context of impulse buying. Moreover, a research on in-store environment factors with respect to particular product categories will also be helpful for retailers to build communication strategies accordingly.

REFERENCES


