



# Segmentation of impulse buyers in an emerging market – An exploratory study



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## ABSTRACT

Impulse buying promises to be a dominant buying behaviour in the highly conducive environment of emerging markets like India. However, existing research in these markets is largely within the context of product or market driven factors with inadequate focus on psychological exploration. The present study emphasizes on the role of an individual with underlying personality trait of impulse buying tendency being the focal point of the planned investigation. It uses the knowledge of impulse buying tendency and its contextual indicators as an effective taxonomical tool to profile the retail consumers' psychologically and capture their demographic diversity. The analysis identifies and profiles three distinct impulse buying consumer segments: *proactive impulsive*, *hesitant-hedonist* and *pragmatic-rationalist*; thus providing manufacturers and retailers an effective marketing tool to address different consumer groups.

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## 1. Introduction

As a leading emerging economy, India has been witnessing a rapid evolution of its consumer market. Increasing affluence of its middle class, greater accessibility to technology and rapid emergence and growth of modern retail formats are giving rise to unprecedented growth in consumer spending (Wall Street Journal, 2015). Shopping today has transitioned to be means of self-fulfilment and recreation, resulting in a growing acceptance and significance of impulse buying behaviour.

This is evident from the shift in consumption patterns with the new age consumers treating themselves to 'affordable indulgences'. Discretionary spending is up with non-necessities commanding a dominant share of a consumers' wallet (Techno Pak, 2010; BCG, 2012). The consumer confidence index surveys have been consistently ranking Indians as the world's most optimistic consumers since 2011, including the latest one (Nielsen, 2016), with large sections of the population considering "now" a good time to spend.

Despite such robust developments, Indian consumer market is very challenging. To retailers and manufacturers, it presents a paradoxical market ripe with modern aspirations, and consumerism on one hand, and on the other, a high value seeking orientation regardless of the social class and a proclivity towards

collectivism. Thus, it is imperative to comprehend the mechanics of impulse buying in this given context.

Impulse buying behaviour is a result of an unpredictable urge that emotionally overwhelms a buyer and leads to loss of control momentarily. However, the intensity and variability of this urge, the frequency of experiencing it and the susceptibility to this emotional arousal varies amongst individuals due to numerous factors that contribute to individual differences - one of the most significant being impulse buying tendency (IBT), a personality trait. Consumers with high IBT are considered to experience the buying urge more often, be more emotionally stimulated, reflect lesser, act faster and be more driven by instant gratification (Rook and Fisher, 1995; Dholakia, 2000; Mittal et al., 2015). Also according to Mowen's framework of personality, specialized situation specific traits such as IBT are shaped by interactive influences of an individual's environment with broader traits (Pirog and Roberts, 2007; Mowen, 2000). Thus, indicators and manifestation of IBT amongst Indian consumers would also strongly reflect the influences of the prevailing cultural mind-set (Wu and Huan, 2010; Kacen and Lee, 2002), contextual reality and the economic prosperity of the consumer group.

Research in India till recently has largely been limited to product related aspects and other marketer driven factors (Bashar et al., 2013; Pughazhendi and Ravindran, 2011; Ahmad, 2011; Pandey and Srivastava, 2013). Psychological understanding of the consumers' impulse buying behaviour is inadequate, with few having looked into the role of individual differences (Kalla and Arora, 2011; Khare, 2012).

Hence, the current paper aims to explore the underlying

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reasons for an individual to behave in this seemingly rash and irrational manner with IBT of an individual being the focal point of the planned investigation. Knowledge of varying impulse buying tendencies brings in an opportunity to use it as an effective taxonomical tool to profile the retail consumers' psychologically and identify distinct clusters with specific characteristics. This would allow marketers to develop variations in the marketing mix, advertising strategy or retail practices to address the different impulse buying needs of different consumer groups.

## 2. Literature review

### 2.1. Impulse buying behaviour: tracing the phenomenon

Extant literature has considered impulse buying behaviour as an act of purchase when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately, wherein there is no prior need or intent to buy either the specific brand or even the product category prior to entering the store (Rook, 1987; Engel and Blackwell, 1982; Rook and Gardener, 1993; Beatty and Ferrell, 1998; Dholakia, 2000). Further it is not a case of habitual or reminder purchase. This spontaneous reaction to a stimulus has been linked to a multitude of antecedents that can be broadly classified under two dimensions – Market driven factors or the individual led factors. The former comprised of product related and situational factors along with efforts of classifying purchases into impulse versus non impulse categories. The latter delved into the psychology behind the behaviour.

Early efforts focussed on one, differentiating impulse buying from planned and unplanned purchases (Stern, 1962; Piron, 1991) and two, on identifying low involvement characteristics of a product that enabled it to be bought on impulse (Bellenger et al., 1978; Park et al., 2006). Later works widened the range of stimulus attributes to include product style, design and appearance, for example an attractive product display or innovative packaging (e.g. Gutierrez, 2004; Hubert et al., 2013). Role of situational factors such as in store environment, social factors such as presence of companions and interactions with sales personnel, antecedent mood states, nature of the task etc. have also been highlighted in influencing the impulse buying urge (e.g. Mattila and Wirtz, 2008; Mihic and Kursan, 2010; Mohan et al., 2013). In store promotions such as discounts have been found to have a moderating impact by not only help in economically rationalizing a purchase but also lead to a positive affective state (Janakiraman, 2006; Shukla and Banerjee, 2014). This positive affect extends consideration to other goods as well, which may not be on discount.

While the above perspectives tend to weigh in favour of market driven factors, the extension of impulse buying episodes across a wide range of products not limited by level of involvement highlighted that its individuals and not products or situations that experience buying impulses (Rook and Hoch, 1985; Yu and Bastin, 2010; Chang et al., 2011). Mittal et al. (2015) suggest that the interplay of product features, physical surroundings and situational factors can at best create a conducive environment favourable to impulse buying. The role of individual differences is critical as one needs to understand and discern those who are more likely to indulge than others. This led to individual centric exploration of the behaviour.

### 2.2. Understanding the impulse buyer: role of significant individual factors

#### 2.2.1. Impulse buying tendency: a personality trait approach

Studies show that not all people are equally impulsive and may vary in terms of their motivations towards impulsive buying,

hedonic values sought, degree of self-control mechanism and susceptibility to emotional arousal (Rook and Fisher, 1995; Dholakia, 2000). These differences can be attributed to the underlying personality traits of people that influence how consumers behave, think, act and make choices; and react to physical surroundings and situations (Mehrabian and Russell, 1974). Thus, what sparks an impulse in one may not in another since an impulse buying urge originates from within a person as he/she seeks a consumption experience (Mittal et al., 2015).

Psychologists have studied the trait of general impulsiveness (Ainslie, 1975) and defined it as restlessness, quickness to move and make up one's mind (Murray, 1938). The extension of this psychological trait into consumer behaviour led to the recognition of its potential manifestation as IBT, a narrower consumer buying trait. Basis Mowen's (2000) framework, traits reside in a hierarchical structure such that the abstract, high level trait of impulsiveness is considered to interact with an individual's environment to shape the situation-specific surface trait of IBT.

Subsequent work led to the development of multi-item scales to measure IBT (e.g. Rook and Fisher, 1995; Verplanken and Herabadi, 2001; Sharma et al., 2011). A strong correlation of the construct was established with underlying shopping motivations such as seeking adventure, self-esteem, social interaction, escapism etc.; buying values such as self-gratification, materialism, narcissism etc. (Baiocco et al., 2009; Podoshen and Andrzejewski, 2012; Khare, 2012) and other personality dimensions such as 'susceptibility to emotional arousal', 'lack of self-control', 'action orientation' etc. (Verplanken and Herabadi, 2001; Youn and Faber, 2000). A neural responses study suggests a corresponding relationship between stronger impulsive buying tendencies and activity in brain areas associated with impulsive and reflective processes (Hubert et al., 2013). Extant literature has defined IBT as the tendency to experience spontaneous and sudden urges to make on the spot purchases; the tendency to overcome the consequent psychological conflict over the purchase decision; and the tendency to act on these felt urges with little deliberation or evaluation of consequences (Rook, 1987; Hoch and Loewenstein, 1991; Dholakia, 2000; Mittal et al., 2015).

#### 2.2.2. Role of demographic factors

Another antecedent that is seen to contribute towards individual differences in impulsive buying is demographic factors. Literature suggests an inverse relationship with age (Rawlings et al., 1995; Wood, 1998; Bashar et al., 2013), with younger consumers predisposed towards it on account of their hedonic engagement with shopping (Kaur and Singh, 2007; Yu and Bastin, 2010). Some argue that women make more impulsive purchases (Dittmar et al., 1996; Coley and Burgess, 2003), while others suggest that men and women have the same degree of susceptibility (Kollat and Willet, 1967; Bashar et al., 2013). However, women are considered to change their attitudes easily and exhibit higher conformity traits (Wu and Huan, 2010), regard both symbolic and utilitarian criteria as important determinants of shopping (Dholakia, 2000) and have different psychological drivers than men for impulse buying (Gąsiorowska, 2011). Disposable income is found to have a strong positive correlation with impulsivity (Bashar et al., 2013; Deon, 2011), with availability of means considered to lead to greater positive affect (Lin and Lin, 2013).

#### 2.2.3. Segmenting the impulse buyer

The role of individual differences in impulse buying behaviour brought in the possibility of profiling impulse buying situations and retail buyers. Based on the degree of planning, Cobb and Hoyer (1986) identified three customer types: *planners*, *partial planners* and *impulse buyers*. Bayley and Nancarrow (1998) differentiated the buyers in terms of experience of the purchase,

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