

## **CHAPTER 2**

### **THEORETICAL FOUNDATION**

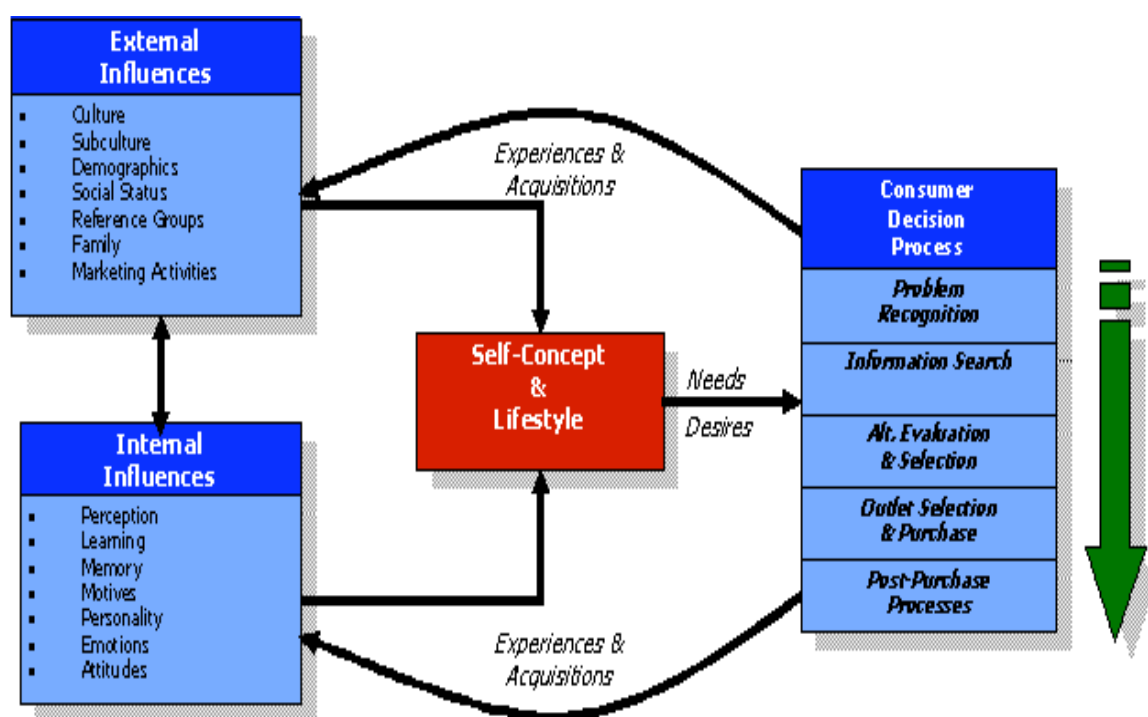
#### **2.1 Consumer Behavior**

Consumer behavior study is a very critical aspect in marketing, to identify reasons why consumers buy the products or services. Marketers need to learn about the consumers' behavior in order to understand what marketing strategy needs to be formulated to persuade customers to purchase their product. All marketing decisions should then be based on the assumptions and knowledge about consumer behavior.

Referring to Del Hawkins, David Mothersbaugh and Roger Best (Consumer Behavior Building Marketing Strategy 10<sup>th</sup> edition) consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. While in Belch and Belch (2007, p. 105), consumer behavior is defined as the process and activities that people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires. In other words, consumer behavior consists of factor affecting the consumer's mind before purchasing product or service and impacts to the customer in post purchase situation.

Consumer behavior towards purchasing product or service is affected by so many factors whether it is internal as well as external ones. Factors such as influence from friends, the

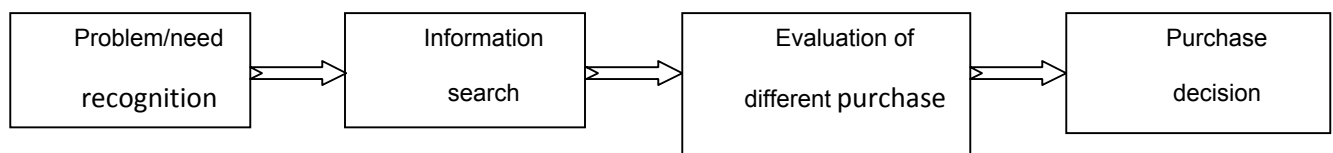
consumer's upbringing, culture, the media, a role model or reference group are among external factor affecting the consumer behavior. While factors such as perception, learning, memory, motives, personality, emotions and attitudes are among internal factors influencing consumer behavior.



**Figure 2.1.1 Explains about consumer behavior model (Hawkins, Mothersbaugh & Best, Consumer Behavior Building Marketing Strategy 10<sup>th</sup> edition)**

### 2.1.1 Buying Behavior

The consumer buying process in particular is a complex matter and one of the most important factors in consumer behavior study. Before consumer decides to purchase a product there are several processes that consumers go through. They are:



**Figure 2.1.1.1 Consumer purchasing process**

When a consumer finds out that his DVD player stops working and can no longer function, he recognized that he has a problem or need. Therefore, he plans to buy a new one. Before he makes the decision to buy the new DVD, he seeks as much as possible information on various DVD brands. Sources of information could be family, friends, neighbors who have experienced with. Other source of information could be the sales people, dealers or various media such as magazine and TV. The consumer would eventually examine various options and alternatives from various source of information before he decides to purchase it.

The next step is evaluation of different purchase options. Consumers allocate and examine various attribute factors to the products, such as sound, picture clarity. The evaluation would be based on which attribute the consumer considers as the most

significant one and which brand deliver the best attribute the consumer considers as being important. Through the evaluation process above, consumers would eventually reach his final purchase decision.

Consumer buying behavior often creates impulsiveness to customer on buying products. This action usually occurs when the customers are stimulated by attractive and comfortable store environment and display. Consumer internal factors such as motivation also play role in occurrence of this impulsiveness.

## **2.2 Impulse Buying**

Impulse buying refers to making unplanned and sudden purchases (Rook, 1987). Impulse buying behavior is frequently based on the presence of an immediate stimulus object and is often accompanied by feelings of excitement and pleasure and/or a powerful urge to buy (Rook, 1987). In many cases, cognitive and affective forces drive Impulse buying. The cognitive aspect relates to the lack of planning and the affective aspect involves overpowering urges and strong sensations of pleasure or excitement; and is driven by hedonistic rather than practical considerations (Silvera, Lavack and Kropp, 2008).

Superficially at least, impulse buying seems to serve hedonic motives. Compared to non-impulsive buyers, impulse buyers exhibit hedonic rather than utilitarian considerations for their purchases, and the shopping experiences of impulse buyers tend to be driven by

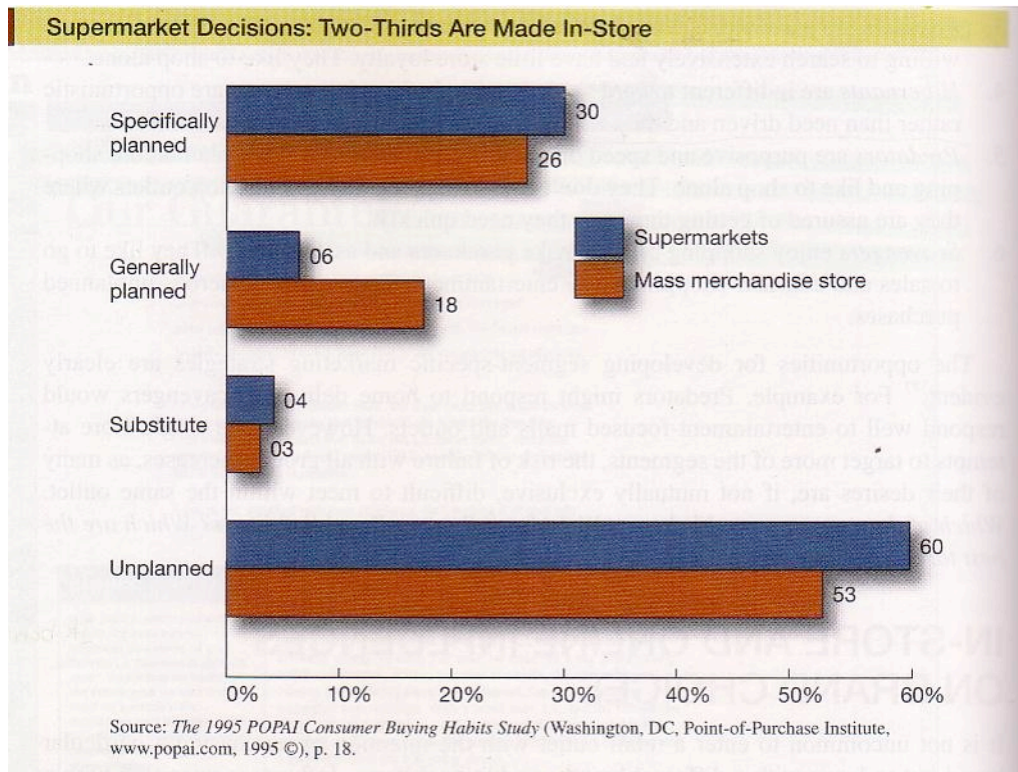
high-arousal emotions such as excitement and pleasure (Verplanken *et al.*, 2005). For instance, impulse purchase would occur when customer sees a chocolate bar displayed on the rack next to the cashier and purchases it with little or no consideration as the result of a sudden, powerful urge to have it.

According to “10<sup>th</sup> edition of Consumer Behavior Building Marketing Strategy” by Hawkins, Mothersbaugh and Best recent research on impulse buying behavior indicated that individual consumers do not have view on their specific purchases as wrong and indeed retrospectively report a favorable evaluation of their behavior. Specifically, in the Rook (1987) study, a relatively small number of informants (20 percent) report feeling “bad” about their impulse buying, but an astonishingly large number of informants (41 percent) report that they actually feel good about their impulse purchases.

### **2.2.1 Unplanned Purchases**

Unplanned purchases are defined as purchases made in retail outlet that are different from those the consumer planned to make prior to entering that retail outlet (Consumer behavior building marketing strategy 10<sup>th</sup> edition, p.617).

Unplanned purchase is the most frequent explanation appears for consumer regarded in-store purchases. The study of Consumer Buying Habits by POPAI in 1995 has shown that unplanned purchase more frequently come out besides specifically planned, generally planned and substitute.



**Figure 2.2.1.1 Explains about purchases made in store (Hawkins, Mothersbaugh & Best, Consumer Behavior Building Marketing Strategy 10<sup>th</sup> edition)**

- Specifically planned. A specific brand or item decided on before visiting the store and purchased as planned.
- Generally planned. A pre-store decision to purchase a product category such as vegetables but not the specific item.
- Substitute. A change from a specifically or generally planned item to a functional substitute.

- Unplanned. An item bought that the shopper did not have in mind on entering the store.
- In-store decision. The sum of generally planned, substitute, and unplanned purchase.

The figure above illustrates how decisions are made. It reveals that consumers make most item or brand decisions after entering the store. Approximately two-thirds of decisions made in store are unplanned purchase. This explains that the possibility of impulse buying to occur in the store is very high.

### **2.3 Consumer Motivations in Impulse Purchasing**

Motivation is one of the internal influences in consumer behavior model. Motivation is a drive state created by consumer interests and needs (Hawkins, Mothersbaugh and Best, Consumer Behavior Building Marketing Strategy 10<sup>th</sup> edition). In purchasing a product, consumer has certain motivation and reason why they do the purchasing. They definitely buy something on purpose. Consumer motivation more or less is the decision made by consumer to purchase things in order to fulfill their need with looking forward to both sudden and future impact for them. The followings are consumers' motivation in impulse buying according to previous research by Angela Hausmann (2000):

1. Hedonic desires

Hedonic has been defined as those facets of behavior that relate to the multi-sensory, fantasy, and emotive aspects (Hirschman & Holbrook, 1982). This view suggests the consumption is driven by the fun consumer has in using the product, and the criteria for “success” are essentially aesthetic in nature (Holbrook & Hirschman, 1982). Hedonic shopping motives are similar to the task orientation of utilitarian shopping motives, only the “task” is concerned with hedonic fulfillment, such as experiencing fun, amusement, fantasy, and sensory stimulation (Babin *et al.*, 1994).

Hedonic aspects of shopping motivation have been uncovered in related phenomenological inquiry. For example, Christmas shoppers have previously described themselves as a “kid in a candy store” when engaged in holiday shopping, often expressing excitement, increased arousal, and a deep sense of enjoyment in shopping for others (Fischer & Arnold, 1990, p. 334).

In conclusion, hedonic aspects is the feeling experienced by consumer during purchasing something. Consumer will feel fun when they can buy everything they want to buy. They also experiencing some excitement during shopping and finally ends with enjoyment when they purchasing what they want to buy.

## 2. Shopping Experience

People can shop for hedonic reasons related to having fun. Some of them are enjoying the experience during shopping. They feel some excitement while shopping and feel



curious about what they are going to find later. People have expressed a sense of escapism while shopping, often describing the shopping trip as an adventure: “Shopping is adventure. When you cannot or do not find what you look for it’s okay because there are lots of other places to look (Babin *et al.*, 1994,p. 646). Shoppers have also described the enjoyment of bargaining and haggling (Sherry, 1990) and the mood-altering qualities of the shopping experience (Thompson, Locander, & Pollio, 1990). The seeking of such experiences is often far more significant than the mere acquisition of product (Sherry, 1990, p. 27).

### 3. Satisfaction

Hedonic feeling and shopping experience both provide satisfaction for consumers during impulse purchasing. Since the goal of shopping experience is to provide satisfaction of hedonic needs, the products purchased during these excursions appear to be chosen without prior planning and represent an impulse buying event. Generally, satisfactions of customer include hedonic, self-actualization, psychological, safety and social needs.

### 4. Social Needs

In many cases, many individual got influenced by other to satisfy their social needs by doing impulse purchasing. For example, “My girlfriend likes to shop, so it’s something we can do together when we can’t come up with anything else to do.” The expression of social needs appeared unintentionally to lead to impulse buying behavior. In this case,

the purchases were incidental to the more important need to interact and earn approval from a significant other or a group in the society.

## 5. Self-actualization

Self-actualization refers to the desire for self-fulfillment, namely, to the tendency for him/her to become actualized in what he is potentially. This tendency might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming (Maslow, 1943). The consumers used the shopping experience as a means of establishing identity. For example, “Mike likes to go shopping because it allows him to have some control over an aspect of his life. He is not Julia’s husband or Rio and Anna’s father, he is Mike”. This need is more catered through the purchase of some products which is associated to the fulfillment of self-actualization.

## 6. Psychology

Psychological literatures on impulse and impulsive decision making appears to make the implicit assumption that acting on impulse result in poor decision quality, while the thoughtful search and evaluation necessary for rational decisions result in better decisions. Empirical studies support contentions that rational decisions made after an adequate search and evaluation of alternatives, such as the decisions made utilizing planned buying behavior, result in decision errors (Halpern, 1989; Johnson-Laird, 1988). This negative evaluation of impulsive decision-making possibly will be accurate when

discussing impulse in general, but may not apply to impulse buying decisions, for several reasons. The first reason why impulse buying decisions may be accurate deals with the definition of accuracy in use and the second deals with increasing evidence that rational decision making is not more accurate than other decision making alternatives. Therefore, determination of what is meant by the term accuracy in connection with buying decisions is necessary.

#### 7. Objective Criteria

When consumers do the impulse purchasing, the objective criterion accuracy cannot be measured. This creates a question whether their purchases are accurate or not. Lowest possible price or other criteria are unable to be used as surrogate measure of accuracy and subjective criteria may be more useful in making these evaluations. If customers are allowed to judge the accuracy of their buying decisions, through satisfaction with the purchase, then impulse purchases appear to be fundamentally accurate. As in Rook's (1987) study, 41 per cent of consumers reported that they were satisfied with their impulse purchases.

#### 8. Cognitive Effort

Generally, cognitive effort is often used by consumer to made rational decisions in purchasing. However, when impulse buying occurs, cognitive effort reduces. Decision-making seems to be very complex toward impulse purchasing behavior. Not only may consumers begin to question the accuracy of their rational decisions, especially in

relation to the amount of cognitive effort expended to reach the decisions, but they may also begin to feel overwhelmed and frustrated trying to deal with the volume of complex information they experience (Bettman *et al.*, 1991). This phenomenon is termed information processing overload and may increase customer feelings of anxiety and unpleasantness associated with the decision-making process (Baron, 1994; Herbig and Kramer, 1994; Kahneman, 1972). In conclusion, under such circumstances customer might make worse decision. Information processing overload is often available in many shopping venues. In addition, as consumers increase their cognitive efforts in attempts to reach accurate decisions, both their dissatisfaction with the process increases and their decision accuracy declines.

## **2.4 Original Research**

The original research entitled “A Multi-method investigation of consumer motivations in impulse buying behavior” was conducted by Angela Hausman in 2000. The research took place in West Virginia, USA. The study used both qualitative and quantitative data to test hypotheses related to consumers’ motivations to engage in impulse buying. Data supported the theory that impulse buying is a common method of product selection, in part, because the shopping act and impulsive product selection provide hedonic rewards. This research indicated that impulse buying was influenced by several consumers’ motivations namely hedonic, style consciousness, decision accuracy, and decision effort.