



Exploring the role of product category and marketing cue in online impulse buying

Master Thesis

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Abstract

This study investigated if sales promotion is an effective marketing tool to be used for indulging impulse buying in online channel. Another distinction is made between product categories (hedonic vs utilitarian). All result reported from a 2 (no sales promotion vs with sales promotion) x 2 (hedonic vs utilitarian) between-subject experiment design. The effect of sales promotion was examined on a single dependent variable; impulse purchase intention. A product was selected to represent each product category and examined whether each category has an effect on sales promotion and consumer's impulsivity simultaneously.

Overall, the empirical results from this study imply that discount and price reduction may not be an effective marketing tool as it was initially proposed. Compared to the utilitarian product, consumer sees the hedonic product is more likely to be purchased on impulse if the product is on promotion. This study also confirms that consumer's impulsivity trait may vary in individual level and is a key determinant of impulse buying.

Current study contributes to literature on impulse buying in at least two ways. First, it offers a theoretical understanding of the moderating effect of product category on impulse buying. Second, it is found that such marketing cue will be more effective for a product associated with fun and sensory experiences, especially for high impulsive consumers. Thus, it is suggested to present the hedonic product in more attractive display. Such findings can be used as a basis for e-retailers for decisions about marketing initiatives should be applied in conjunction with product category.

Keywords: Impulse buying, sales promotion, impulsivity, impulsive buying tendency, product category, utilitarian goods, hedonic goods

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To everything there is a reason and a time to every purpose

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Chapter 1

Introduction

1. Introduction

Frequently consumers are casually browsing products through supermarket shelf or a shopping website/e-commerce and making a purchase they do not initially plan. This so-called impulse buying makes up significant amount of products sale whether in the store or online channels (Hausman, 2000; Ozen & Engizek, 2014). The growing phenomenon has led to many researchers from various disciplines to examine the factors and consumer motivation behind the behavior and how their relationship is (Beatty & Ferrell, 1996; Sherman et al., 1997; Hausman, 2000; Youn and Faber, 2000; Verplanken & Herabadi, 2001; Dawson & Kim, 2009; Wang, 2015) whereas business sees this as an opportunity to gain profit by breaking consumer's normal buying pattern (planned purchase) and eliminating shopping barriers (Crawford and Melewar, 2003; Amos et al., 2014).

Many studies on impulse buying has been conducted both in brick-and-mortar (Peck & Childers, 2006; Khan, et al., 2016) and online environment (Madhavaram and Laverie, 2004; Mummalaneni, 2005; Dawson and Kim, 2009; Hostler et al., 2011; Floh & Maldberger, 2013) with various results of factors that influence consumer. A consumer can be affected by both internal and external factors of impulse buying (Wansink, 1994). External factors can be a form of marketing cues and stimuli, and internal factors are related to individual characteristics of the shoppers (Dawson & Kim, 2009) Since impulse buying is often driven by stimuli (Rook & Fisher, 1995), increasing consumer exposure on external stimuli also increased the likelihood of impulse buying (Iyer, 1989). Apart from the external and internal factors, impulse buying also occur on a wide range of product category, whether utilitarian or hedonic goods (Kacen et al., 2012). Past studies about product category influence on impulse buying have shown that the hedonic goods are more likely to be impulsively purchased than utilitarian goods (Rook, 1987; Beatty & Ferrell, 1999).

Studies on impulse buying behavior in the online environment have extensively summarised some factors, but they were done separately. An experimental study by Park & Lennon (2009) provided evidence of the use of promotion in online shopping context and might similar effect in impulsive buying behavior and suggested further research to investigate the effect of sales promotion on

impulsive buying behavior. Later study found website design factor, online store perception, and sales promotion effectively facilitate online impulse buying (Eroglu et al., 2001; Lo et al., 2016; Verhagen & van Dolen, 2011) with different products category used (Verhagen & van Dolen, 2011) and certain consumer's personality trait (Dawson & Kim, 2009) make them engaged in impulse buying behavior. Despite the diverse range of studies done in the field of online impulse buying, no study combines the involvement of product category, marketing cues, and consumer's internal characteristics on impulse buying process. Furthermore, while earlier studies focused on the mature market in developed countries (for example research by Dittmar et al., 1995 and Kacen & Lee, 2002), limited attention is given to emerging market. A meta-analysis by Amos et al., (2014) sees that impulse buying behavior in Asia region is a substantial phenomenon. Therefore, this study focuses on the factors affects impulse buying in online shopping environment with an empirical result from an emerging market. This thesis eventually will benefit the firms as it analyses why people buy on impulse and the role of product category.

1.1. Research Problem and Motivation

Today, consumer behaviour of impulse buying is commonly used by businesses to sell more products. Impulse buying as a practice is a significant contributor to the revenue, besides planned purchases (Ozen & Engizek, 2014). While exploring about impulse buying factors, store retailing was taken place predominantly in the past studies (i.e. a study by Sharma et al., 2010). Retailers have implemented thus benefitted the result of studies on impulse buying in brick-and-mortar (Dholakia, 2000). Shopping website or e-commerce has become more popular shopping channel, as they provided greater convenience for consumers (Eroglu et al., 2001) and be more conducive to impulse-buying behavior than traditional retailers (Dawson & Kim, 2009). Many e-retailers have begun applying the same strategies to attract consumers to shop through their online channels; with further intention to target impulse buyer to spend more on their unplanned purchase. However, due to resources constraints, e-retailers must carefully select the most appropriate factors of online impulse buying and assess their effectiveness, predominantly from consumers' perspective (Eroglu et al., 2001). Furthermore, shopping in a physical store allows the consumers to feel, touch, and try the products, while shopping in an online store does not offer similar convenience. Because of the inability to do so, consumers rely on the sensory experience (Park et

al., 2011) and their beliefs on a website (Verhagen & van Dolen, 2011) for online purchasing. And, due to the nature of the virtual environment that e-commerce has, consumers might be quite selective about which product they tend to shop online impulsively.

Impulse buying differs from rational buying decision where the shopper did not have prior purchase intention (Rook, 1987). Impulse buying decision is often driven by an individual's emotions, creating a strong desire to purchase products spontaneously (Rook, 1987). Consumer's impulse buying might be influenced by both internal and external factors of impulse buying (Wansink, 1994). Some determinants of impulse buying relate to external and internal factors; it can be not under direct control of consumers but considered have direct impact towards impulse buying behavior (Sharma et al., 2010; Amos et al., 2014). Such external factors refer to marketing cues or stimuli that are designed and controlled by marketers aiming to lure consumers into impulse purchase (Piron, 1991; Youn & Faber, 2000). According to a recent report by Accenture (2017), about 74% of Indonesian online shoppers claim that their online impulse is triggered by low price or substantial price discount. This report illustrates that sales promotion presents at the time of purchase contributes to consumer's buying decision. Given the presence of impulse buying in the online shopping environment and the impact of promotional strategy on such decision, it is important for retailers to understand what marketing factor is most effective in sparking and leveraging impulse sales.

In addition to the external factor, impulse buying also directly and/or indirectly be affected by other factors, such as personal trait and shopping motivation (Rook & Fisher, 1995; Hausman, 2000; Dawson & Kim, 2009). Internal factor is determined by individual characteristics and traits, which is unaffected by external influence (Dawson & Kim, 2009). Impulsive buying tendency of consumers influences their buying behavior (Dholakia, 2000), and increase the likelihood of consumer to engage in impulse purchase (Rook & Fisher, 1995). Consumers with greater impulsive buying tendency are more likely to engage in impulsive purchases (Rook & Fisher, 1995). Buying intention is a proven result of impulse buying, triggered by promotion (Rook & Fisher, 1995); therefore the tendency trait as an internal factor complements sales promotion as the external factor. This thesis will further explore the effect of sales promotion and consumer's trait on online impulse buying behavior.

Impulse buying can occur across product categories, from food, clothing, and household items (Bellenger et al., 1978). An impulse buying definition proposed by Beatty and Ferrel (1998) describes the impulse buying's objective is to purchase specific product category or fulfill specific need. Previous studies have investigated on general trait of impulse buying tendency (IBT) as consistent across product categories (Rook & Fisher, 1995; Beatty & Ferrel, 1998), while later study found a better connection between product-specific category and actual impulse buying behavior (Jones et al., 2003). While several investigations have identified hedonic shopping motivations as a moderating role, few studies have been done to analyze other moderators of the IBT-impulse buying relationship (Amos et al., 2014). Researchers who included product categories as antecedents for impulsive buying rarely considered product category (utilitarian vs hedonic) as the essentials factor in their research design (Bellenger, et al., 1978), leaving a knowledge gap. Moreover, due to lack of empirical study, retailers still attempt to study impulse buying in product-specific context (Jones et al., 2003) and how it is connected with marketing-related factors such as product discount and/or price reduction. Having said, will it be worth for them to combine all the factors to target customer and therefore increase the number of unplanned purchases effectively?

As highlighted in the previous section, no existing literature that has examined the relationship between product category (hedonic or utilitarian) and online marketing stimuli in the context of impulse buying behavior, and therefore it will be considered in this research. This study addresses the gap by developing a conceptual framework incorporating several factors that influence online impulse buying behavior. These will be tested to explore their effectiveness on impulse buying behavior and assess if the relationship becomes stronger or less with product category involvement, an underexplored area which will help to develop a better understanding of online marketing stimuli and nature of IBT in product-specific impulse buying.

1.2. Research Objectives

In summary, the primary purpose of this thesis is to examine the relationship between marketing strategy and consumer's personal trait that elicit impulse buying in the online shopping environment. More specifically, this thesis investigates the effect of marketing promotion of

discount and price reduction stimuli and impulse buying trait as both are related to stimulating online impulse buying behavior and therefore attempts to find the answer for following research question:

What is the role of sales promotion, consumer's trait, and product category in online impulse buying behavior?

In addition to the main research question, following sub-questions are developed:

- What is the effect of sales promotion of price discount and price reduction on consumer's online impulse buying behavior?
- What is the effect of impulse buying tendency (IBT) as personal trait on consumer's online impulse buying behavior?

From previous studies, it is also suggested to analyze possible moderating effect as follows:

- What is the effect of different product category (utilitarian and hedonic goods) on the possible relationship between online impulse buying sales promotion, consumer's personal trait, and online impulse behavior?

1.3. Academic and Managerial Relevance

1.3.1. Academic Relevance

A considerable amount of past research has been conducted to have a better understanding of the impulse buying behavior, either to develop the theoretical framework or to determine the factors within the framework (Floh & Madlberger, 2013; Mehrabian & Russel, 1974; Mummalaneni, 2005; Wells et al., 2011). While the influence of product category on impulse buying behavior has received limited research attention, studies (Floh & Madlberger, 2013; Jones et al., 2003; Kacen et al., 2012) have highlighted the need for further research to better understand and predict this "situational impulsiveness", especially in online environments where hedonic browsing is prevalent. The empirical study contributes to a deeper theoretical understanding of impulse buying, then will provide insight to retailers, marketers, and consumers about which components influence shopper's impulse buying urges and actions. Where the previous studies have indicated a relationship

between marketing promotion discount and impulse buying (Abratt & Goodey, 1990; Stern, 1962), they still emphasized on offline settings. Furthermore, consumer's personal trait and product category are also investigated. Either utilitarian or hedonic goods has been proven to be purchased impulsively. Hence, this thesis will contribute to the existing literature by further clarifying and deepening the linkages between external factor, consumer's internal factor, and product category on impulse buying behavior.

1.3.2. Managerial Relevance

Impulsive purchase accounts for a significant portion of consumer spending in the retail environment (Rook, 1987). The purchase occurs as a result of being exposed by present stimulus (Wolman, 1973), such as sales promotion. The results of this thesis should be relevant for retailers doing the online selling since the result will provide them the analysis of the factors stimulating online impulse buying behavior thus they can better satisfy people's need and improve competitiveness of their business web site (Wang, 2015). Marketers will benefit the result by successfully implementing marketing strategy to indulge the stimuli such as price reduction or discount.

1.4. Research Methodology

A theoretical framework is constructed based on literature review and the use of existing theories with regards of the subject. The framework consists of variables to be tested in following chapter as well as for hypotheses formulation purpose. Products are selected represents each product category and an exploratory pre-test is performed to determine which one product is most suitable for use in the main study. Simultaneously, an online experiment is used to examine causal relationship between sales promotions on impulse buying of particular product category (utilitarian vs hedonic). A scenario-based questionnaire with 2 (no sales promotion vs with sales promotion) x 2 (hedonic products vs utilitarian products) between-subject is designed and therefore four different scenarios to assess various effect is established. The IBT-related questionnaire will be launched after respondent completes all scenario-based questions. All items included in this part is adopted from established scales. Lastly, respondents are required to fill post-test questions related to demographic info. Data collection is conducted through an online questionnaire to targeted respondents. A pilot test is launched to selected respondents to validate the scalable

questions (content validity) and gather initial feedback. After validation, main online experiment will be launched online using Qualtrics. Using regression, data gathered from the experiment will be analyzed, interpreted to draw conclusion in relation to research questions.

1.5. Thesis Structure

The thesis is structured as follows: Chapter 2 Literature Background on the topic of impulse buying and online shopping environment, including the evolution of impulse buying. This is followed by literature analysis where past research on the impulse buying is described and evaluated. It also includes four factors affecting online impulse buying behavior as the basis of the conceptual framework. Moreover, this chapter also describes the conceptual framework constructed after literature review and hypotheses development to be tested in this thesis. Chapter 3 elaborates research design and methodology. Chapter 4 shows the empirical result of methods used in previous chapter, statistical description, and hypotheses testing. Chapter 5 draw the overall result, conclusion, as well as the implication of this thesis towards academic and management and suggestion for future research.

Chapter 2

Literature Review and Hypotheses Development

2. Literature Review and Hypotheses Development

In-depth literature review and past research about impulse buying, external and internal cues that trigger such behavior are the theoretical constructs elaborated in this section. The section begins with general impulse buying definitions, online impulse buying, as well as factors and cues influencing impulse buying behavior. A conceptual framework is developed to sum the literature review and to visualize possible relationship among the variables.

2.1. Theoretical Background

Impulse Buying

When people do not follow a homo economicus concept, they tend to purchase products in less rational way; rather than evaluating cost and benefits of their purchase (Verplanken & Herabadi, 2001). Several definitions of impulse buying have been widely made and used to identify this type of consumer behaviors. Early study on impulse buying relates to some characteristics that commonly used to define, such as ‘unplanned purchase’ (Applebaum, 1951; Clover, 1950), ‘consumer experiences urge to buy immediately’ (Rook, 1987), and ‘a result from stimuli exposure’ (Piron, 1991). In addition to impulse purchase definition, Stern (1962) distinguished the impulse buying into four different impulse buying types. The four types of impulse buying according to Stern (1962). *Pure impulse buying* refers to escapism and novelty shopping, which break consumer’s normal shopping pattern. *Reminder impulse buying* occurs when consumers buy something out of their shopping list after seeing store display. *Suggestion impulse buying* occurs when consumers decide to purchase something after they evaluate it in-store, but they have no prior product knowledge. Lastly, *planned impulse buying* where consumers make the purchase decision on the basis of special price and other marketing offerings. In addition to Stern’s definition, Rook (1987) suggests a definition of impulse buying is possible to evolve when a consumer experiences a sudden, often powerful, and persistent urge to buy something immediately. As the result, the impulse to buy is hedonically complex and might stimulate

consumer's emotional conflict. Also, impulse buying is prone to occur with diminished regards for its consequence'. Consequently, Rook's definition highlighted three key elements: unplanned purchase, self-control issue, and emotional conflict.

The common point of Stern's four types of impulse buying is that exposure to a stimulus is needed for the impulse purchase to be made (Piron 1991). Beatty & Ferrell (1998) see the impulse buying as an immediate purchase to acquire a product of interest with the behavior arise after consumer experience a desire to acquire. The burning desire is a result of consumer's exposure to a present stimulus (Wolman, 1973) emphasizing the need for such external influence to induce an impulse buying. Furthermore, during impulse buying process, Rook (1987) explained that consumer experiences an instantaneous, overpowering, and persistent desire, resulting unintended and unreflective purchase without engaging in a great deal of evaluation (Rook, 1987, Rook & Fisher, 1995; Weun et al., 1998;) so individual who buy on impulse is less likely to consider or think carefully before making the purchase (Rook, 1987). Piron (1991) improved upon early definitions by defining the phenomenon as a behavior that satisfies three key characteristics of impulse buying: unplanned, the result of stimulus exposure, and decided "on-the-spot". Indeed, an unplanned purchase not decided immediately after first exposure towards the stimulus would not be considered as impulse buying. According to Wansink (1994), stimulus or trigger can be divided into two: external and internal. The external factors can be controlled by marketers (Youn & Faber, 2000) while the internal factor focuses on consumer characteristics in which make them more likely to impulse buy and cannot be manipulated by external influence (Kacen & Lee, 2002). In online purchase context, Madhavaram and Laverie (2004) found that there is a relationship between online impulse purchase and exposures towards stimuli other than the products itself and the online impulse behavior is influenced by mood states, positive feeling, and online browsing. Having said, online impulse buying is generally similar to offline impulse buying in retail stores, only the environmental setting is different. Given the fact that online shopping channels have been rapidly growing, Donthu & Garcia (1999) and Ling et al., (2010) argued that an impulsive individual may be prone to be an online shopper. In other words, an online shopper is more likely to be impulse oriented.

Although the notion of unintended or unplanned purchase have been long associated with the definition of impulse buying in general, Jones et al., (2003) acknowledged that it is not sufficient basis for categorizing these purchases as an impulse purchase. The early definition by Stern (1962) and Rook (1987) were focused on the product while determining an impulse purchase and did not include consumer's personal trait (Muruganatham & Bhakat, 2013). Over the time, many researchers had taken a look at consumer psychology and demographic as important determinants in impulse buying and concluded the importance of consumer characteristics and trait (Kacen & Lee, 2002; Madhavaram & Laverie, 2004; Piron, 1991). Later, a study by Rook & Fisher (1995) revealed that consumer could have a specific degree of impulse tendency to buy spontaneously, non-reflectively, and immediately. Lo et al., (2016) study on online impulse buying indicated consumers' failure to control shopping impulse when encountering consumptive stimuli. To be consistent with previous research this study also considers consumer's internal factor in addition to external factor as impulse buying cues.

Impulse purchase arises spontaneously, triggered by something visual such as product image or sales promotion (Rook, 1987), therefore create sudden urge to buy a product (Rook & Hooch, 1985; Rook, 1987). For example, a customer can impulsively purchase some accessories because the products appear in e-commerce or shopping website with discounted price. The unintended purchases are brought by visuals; while the sales promotion could be a stronger trigger. A different case may also apply when personal care products are offered on the website.

The person who purchases the accessories impulsively might not be interested in personal care products though it is on sale. It implies that impulse purchase can be different depending on product category and marketing cue applied. Furthermore, a person's trait can be also a trigger for her/himself. It is the case when different person may not be interested in purchasing the accessories or personal cares with such price promotion. These various buying situations explain how consumers may act differently and how impulse buying is triggered highlight the influence of external and internal factors on consumer's impulse buying behavior.

Factors Influence Impulse Buying

Existing literature in consumer behavior for impulse buying have been focused on identifying general factors that increase consumer's propensity to make impulse buying. Dholakia (2000) classified the factors into four types: (1) consumer characteristics; (2) store characteristics; (3) situational factors; and (4) product characteristics. The studies also have examined the effect of various external and internal factors on an individual's propensity to make an impulse purchase (Wansink, 1994; Lo et al., 2016).

Online impulse buying is also associated with retailer sales promotion stimuli in their online channel (Dawson & Kim, 2009); which regarded as marketing cue influencing such behavior (Lo et al., 2016). Product characteristics can also be a factor, but it is under manufacturer control rather than the retailer itself. Concerning studies by Wansink (1994) and Youn and Faber (2000), this study only focuses on external factors that can be controlled by retailer and marketer, sales promotion as the marketing cue. Furthermore, internal factors such as culture (Kacen and Lee, 2002; Hultén & Vanyushyn, 2011), mood (Rook, 1987), and consumer's normative evaluation (Rook & Fisher, 1995) have been found to affect impulse buying. However, internal factors of impulse buying lie outside marketer's ability to control. External cues are more relevant as these can be manipulated in both offline (store) and online (website) shopping environments and therefore provide practical insights for marketers.

This study enhances existing literature by combining and investigating how external cues, and consumer's internal factor as relevant impulse buying determinants with an intervention of product category. Due to the nature of online shopping environment, the study will examine marketing incentive as external factor of interest, while impulse buying tendency (IBT) represents relevant consumer's internal factor.

a. Marketing Cue – Sales Promotion Cue

External factors of impulse buying refer to marketing cues or stimuli that are managed, controlled (Youn & Faber, 2000) and offered by online retailers (or marketer) to indulge online impulse buying (Floh & Madlberger, 2013). For example, many retailers replicating impulse buying factors in offline setting by manipulating their website to release a

convenience atmosphere (Floh & Madlberger, 2013; Parboteeah et al., 2009) and designing attractive marketing cues stimulating the purchase (Dawson & Kim, 2009). According to Consumption Impulse Formation Enactment (CIFE) model developed by Dholakia (2000), marketing stimuli that a consumer encounters during their shopping experience is the first factor influences a consumer's consumption impulse.

Sales promotion is one of marketing tools used by retailers to increase their incremental sales. Similar to in-store environment rule of thumb, retailer's decision to put promotional products or offer discount will increase the likelihood of impulse buying (Dholakia, 2000) in online environment. Moreover, promotions offer is another way to attract more consumers and likely to increase online retailers competition (Park & Lennon, 2009). The increasing use of sales promotion as a retail strategy illustrates the importance to gain deeper insight into the impact of various sales promotion tactic on consumer buying behavior. Marketers need to know which type of sales promotions is more desirable by consumers and have the largest attitude of consumer acceptance (Campbell & Diamond, 1990). Benefits of sales promotion is further classified as utilitarian benefits and hedonic benefits. The utilitarian benefit is primarily easy and simple to recognize by consumer as it enables consumer to maximize their shopping utility, efficiency, and economy. By contrast, hedonic benefit is associated with intrinsic stimulation, fun, and pleasure and be more experiential (Chandon et al., 2000; Kwok & Uncles, 2005). Furthermore, sales promotions can be classified into two general categories: nonmonetary promotion (i.e. free gifts, free products/samples, etc.) and monetary promotions (i.e. bonus pack, price discount, price reduction, etc.). Both types have behavioral goals to set up a consumer mental accounting, yet only nonmonetary promotions may have two goals: behavioral and affective (emotional) goals as it is perceived differently by consumers than monetary promotion (Campbell & Diamond, 1990). It is therefore reported that the form of sales promotion affects its likelihood of being framed as a gain or loss by consumer where monetary promotions seem to be more favorable than nonmonetary promotions because it delivers money saving or an additional quantity of product.

Likewise, a study by Piron (1991), Wolman (1973), and Dholakia (2000), highlight that sales promotions are stimuli's that trigger the impulse purchase. Consumers can experience an urge to buy impulsively when they are visually encountering promotion cues in the website (Dholakia, 2000). Generally, the impact of sales promotion has been investigated by some researchers and proven in empirical research (Chen et al., 1998; Teng, 2009) and show a positive effect in consumer buying behavior, particularly in price promotion (Chen et al., 1998). Price discount is a promotional tactic characterized by offering reduction in price (Mishra & Mishra, 2011; Teng, 2009). In a retail environment, this type of sales promotion is identified by price discount (percentage off) and price reduction (amount of Dollar off) or a combination of both.

Retailer can communicate the price promotion in several ways as it is similar to framing of purchase decision (Chen et al., 1998). Additionally, previous research examined possible effect that promotion framing might have on consumer's behavior when monetary sales promotion is offered: price discount (i.e. percentage off %) and price reduction (i.e. dollar off \$) promotion (Chen et al., 1998; Gendall et al., 2006) or combination of these two offerings (Chen et al., 1998; Della Bitta et al., 1981). Gendall et al., (2006) found that sales promotion cue was better expressed using price reduction (dollars off) rather than price discount (percentage off), so consumers would think they have saved amount of dollars against regular price (Della Bitta et al., 1981). Therefore, the perceived saving of price reduction is higher than price discount. Concerning price discount, the study (Teng, 2009) demonstrated to positively affect consumer's purchase intention. Therefore, both monetary sales promotion types lead to higher purchase intention of consumers. The biggest e-commerce Indonesia, Lazada Indonesia, also employ the combination of two sales promotions in their website to increase their sales lead. This study therefore employs price discount and price reduction for sales promotion cue.

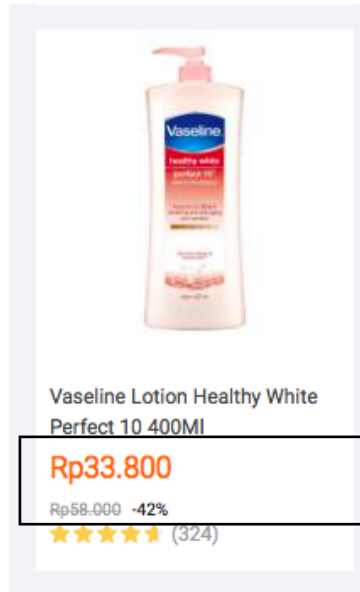


Image: One of product offered in Lazada Indonesia e-commerce website (www.lazada.co.id) with reference price, reduced price, and discount.

b. Internal Cues

Internal factors of impulse buying revolve around consumer's internal cues and characteristics or traits that can increase their propensity to make impulse purchase (Dawson & Kim, 2009; Dholakia, 2000; Rook & Fisher, 1987). The characteristics or traits include consumer's demographic (age, gender, culture), mood, impulsive buying trait and has been proven as a better predictor of impulse behavior (i.e. Beatty & Ferrell, 1998; Kacen & Lee, 2002; Jones et al., 2003; Rook & Fisher, 1995; Weun et al., 1998). Research argued that personality traits could help to determine the degree of a consumer's impulse buying (Beatty & Ferrell, 1998; Rook & Fisher, 1995) and the likelihood of an impulse purchase is made (Hultén & Vanyushyn, 2011; Kacen & Lee, 2002). For example, the studies by Hultén & Vanyushyn (2011) and Kacen & Lee (2002) provided evidence that culture affects the relationship between impulsivity trait and impulse buying.

The impulse buying trait specifically has been studied widely by some scholars and measurements were developed to assess the personal trait within the consumers (i.e. Rook & Fisher, 1995; Weun, 1998). Furthermore, a study by Jones et al (2003) indicated that consumers' impulsivity has direct effect on their impulse purchase. Their result indicated

the people with high impulse buying tendency scores are more likely to engage in impulse buying (Beatty & Ferrell, 1998; Rook & Fisher, 1995) after being exposed to external cues (i.e. promotional offers) and more inclined to buy impulsively (Youn & Faber, 2000).

Impulse Buying Tendency

A concept explored in the literature as the most significant mediator between external cues and consumer's impulse buying behavior is impulse buying tendency (thereafter, IBT). According to Rook and Fisher (1995), some people can have a higher tendency to buy impulsively than others. They described the people with high impulse buying tendency to be more spontaneous, tend to think unreflectively and react immediately on their purchase. Studies found that the IBT is relevant to measure consumers' tendency to buy on impulse (Rook, 1987) and related to their personality and the degree of it changes across individual (Rook and Fisher, 1995; Beatty & Ferrel, 1998; Dholakia, 2000; Youn & Faber, 2000, Verplanken & Herabadi, 2001). Additionally, several scales have been developed and used in many studies to measure the consumer trait to predict the impulse buying phenomenon better (i.e. Beatty & Ferrell, 1998; Rook & Fisher, 1995; Verplanken & Herabadi, 2001; Weun et al., 1998).

Below is a table of comparison among most-cited IBT measurement scale:

Table 1:

Comparison of IBT Measurement Scale

Measurement Scale	Description	Author	Replicated by
Buying Impulsivess Scale	The degree to which a subject will make an impulsive purchase decision based on a shopping scenario and provided shopping options.	Rook & Fisher (1995)	Dholakia (2000), Jones et al., (2003)
Impulse Buying Trait (IBT)	The degree to which an individual is likely to make unintended, immediate, and unreflective purchases.	Weun et al., (1998)	Kacen & Lee (2002)

General Impulse Buying Tendency	A scale to measure individual tendency in impulse buying based on cognitive aspects (i.e. lack of planning and deliberation) and affective aspects (feeling of pleasure, excitement, compulsion, lack of control, etc.)	Verplanken & Herabadi (2001)	Verplanken & Herabadi (2001)
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The Impulse Buying Tendency (IBT) scale was initially developed by Rook and Fisher (1995) aiming to measure impulsiveness traits as it is related to the purchase and use of products (Amos, 2014). Beatty & Ferrell (1998) further noted IBT as important element to make on-the-spot purchase with little evaluation of consequences which correlated with definition of impulse buying. Therefore, this trait is highly regarded as fundamental internal determinant of impulse buying intention. A higher score of IBT mean higher probability of an impulse purchase occurrence (Rook & Fisher, 1995) and individuals who have a tendency to a buy product on impulse are more likely to buy particular product on impulse as well (Jones et al., 2003). This empirical study will employ the five-item scale from Weun et al., (1998) to measure impulsive trait as internal cues and assess the effect on impulse buying on individual level (see Appendix for full scale). The scale was used by Kacen & Lee (2002) in their study on the effect of culture in consumer impulse buying behavior in Singapore and Malaysia who have culture similarity with Indonesia.

The role of product categories in impulse buying

Impulse buying tendency is a general trait of consumers to buy products on impulse. In their study, Weun et al., (1998) argued that it is also associated with particular product categories, and therefore product-specific impulse buying also reflects consumer’s impulse buying tendency (Jones et al., 2003). Furthermore, Jones et al.,’s (2003) study demonstrated that product-specific impulse buying tendency is more strongly related to product-specific impulse buying than the generalized impulse buying trait, highlighting a better prediction of impulse buying at product-specific level.

When purchasing a product/brand, consumers perform two basic consumption reasons, hedonic gratification and utilitarian reason (Voss et al., 2003). This two-dimensional approach is adopted in this study to measure the hedonic and utilitarian dimensions of consumer's attitudes towards product categories and brands within these categories. The hedonic dimension is a result of a sensation derived from the experience of using products while the utilitarian dimension is derived from functions performed by products (Voss, et al., 2003). Consequently, hedonic products are linked as experiential product and utilitarian products are perceived to be more functional. Hedonic goods have more emotional appeal than utilitarian and are bought primarily for their ability to provide pleasure for consumers. Dittmar (1995) suggest that emotionally appealing products are more likely to be more purchased impulsively than non-emotionally products. Given that impulse buying is related to excited, fun, and hedonically-charged experience (Rook, 1987; Hausman, 2000), therefore hedonic goods are more likely to be purchased than non-hedonic goods (Kacen et al., 2012).

To get better understanding of how different product categories can influence impulse buying a more elaborate approach is necessary. For this study, two product categories are chosen during the survey to observe their effect on online impulse buying behavior. These product categories are utilitarian and hedonic (Voss et al., 2003). In sum, utilitarian product offers practical and functional benefits while hedonic product gives experiential enjoyment (Okada, 2005). The effect of two products on consumer impulse buying has been examined in a study by Coley & Burgess (2003) and Chen & Wang (2016). Both experimental results support the fact that product category has a positive effect and hedonic products are more likely purchased on impulse, particularly for person with high impulsivity. The fact that utilitarian products are also possible to be purchased on impulse was found by Coley & Burgess (2003) who studied gender differences on impulse buying. In their study, women prefer to purchase a product related to social identity and concern about emotional aspect of a product, consistent with behavioral study of impulse purchase motivation by Hausman (2000). By contrast, men prefer to purchase product that more likely to be more functional and use-related, supporting a finding from Dittmar et al., (1995). When buying utilitarian product, consumer consider the usage and functional benefit of the product. Hedonic product is perceived to give joy and fun; thus, consumers make the buying decision based on the highest utility (Chen & Wang, 2016). To

conclude, utilitarian and hedonic have same chance to be purchase impulsively on product-specific level. Additionally, considering earlier discussion about consumer personal trait on impulse buying, the impulsivity trait should be a better predictor of product-specific impulse buying behavior (Jones et al., 2003). Consumers' impulse buying behavior is associated with their desires to fulfill hedonic needs, such as fun, fantasy, and social or emotional gratification (Hausman, 2000). From product category perspective, Chen & Wang (2016) assessed how promotion affects impulse purchase intention for different product category. The result shows hedonic products are more likely to be affected by promotion, leading to impulse buying intention, compared to utilitarian product. Therefore, it is possible that product category (utilitarian & hedonic), consumer's impulsivity trait, and sales promotion interact to determine impulse purchase intention, particularly in online shopping context.

2.2. Hypotheses Development

Having elaborated previous studies and literature on impulse buying definition, marketing cue, internal cue, role of product category in online impulse buying, the corresponding hypotheses are formulated in this following section.

2.2.1. Impulse Purchase in Online Environment

Behavioral responses can be categorized into two: behavioral intent and actual behavior (Beatty & Ferrell, 1998). Furthermore, according to the theory of reasoned action (Ajzen & Fishbein, 1980), consumer behavior could be predicted from its corresponding intentions. Day (1969) argued that intentional measures are more effective than behavioral measures in drawing customer's mind as customer tend to skip real preferences due to some constraints when a purchasing is considered. In online shopping, it is quite common that a consumer has no product knowledge and prior shopping intention while their visiting an e-commerce or a shopping website but may be very likely to buy products (Xu & Huang, 2014) shortly after having been stimulated by external cues (Dawson & Kim, 2009; Youn & Faber, 2000) then decide to buy the product immediately. This situation is similar to an impulse purchase definition suggestion of "a sudden and immediate purchase with no pre-shopping intention to buy specific product" by Beatty & Ferrell (1998) and "decided on-the-spot" by Piron (1991).

Therefore, following previous studies in impulse buying (Adelaar, 2003; Beatty & Ferrell, 1998; Chen & Wang, 2016; Teng, 2009; Xu & Huang, 2014), this study uses impulse purchase intention in online environment as a proxy of impulse buying behavior, and therefore to be used for following hypotheses.

2.2.2. Marketing cue – Sales Promotion Cue

The CIFE model (Dholakia, 2000) puts marketing stimuli as the first antecedent indulging consumer impulse buying. Sales promotion is one of most popular marketing strategy which easy to be controlled by marketers (Young & Faber, 2000). An effective sales promotion involves not only the framing type but also the type of sales promotion used to attract the consumer. Common sales promotions used by retailers include price discounts and bonus packs (Mishra & Mishra, 2011), price reduction (Chen & Wang, 2016; Zhou & Wong, 2004), call-to-action. In some online shopping websites, marketer deploy one or combination of sales promotions (Madhavaram & Laverie, 2004) to improve hedonic elements of a website thus convince the customer they get a cost-saving benefit. To conclude, selecting a specific type of promotion could impact the consumer's impulse buying behavior by influencing the consumer's perception and attractiveness of the decision outcome. Furthermore, studies by Xu & Huang (2014) and Chen & Wang (2016) confirmed product type has a moderating effect on the relationship between sales promotion and impulse buying intention. Results suggests that both of price discounts (Teng, 2009; Xu & Huang, 2014; Zhou & Wong, 2004) and price reduction (Chen & Wang, 2016; Zhou & Wong, 2004) have positive direct effect on consumer impulse buying behavior, more specifically as an indicator of consumer's impulse purchase intention (Chen & Wang, 2016). Consumer perceives greater benefit using particular price reduction strategy. Finally, consistent with previous studies at sales promotion, the present study will focus on combination of price discount and price reduction as sales promotion cue and assess the effect on consumer's impulse buying in online shopping context. It is therefore expected that combination of price discount and price reduction as marketing cues will lead to consumer impulse buying.

This result following hypotheses:

H₁: Sales promotion positively affects impulse purchase intention in online shopping environment. Consumers exposed to price discount and price reduction framing have a higher impulse purchase intention than those who are not.

2.2.3. Internal cue – Impulse Buying Tendency

Impulse buying was not only determined by the external cues, but more importantly by individual characteristics and trait. Rook & Fisher (1995) described impulsiveness as a consumer's tendency to purchase a product impulsively without hesitation. Previous studies (Chen & Wang, 2016; Dholakia, 2000; Rook & Fisher, 1995; Weun, 1998) have shown that consumers with higher impulsiveness (high IBT score) are more responsive to online impulse buying cues and more likely to be engaged in the buying behavior (Dholakia, 2000; Rook & Fisher, 1995). When compared with low impulsive consumers, highly impulsive consumers easily connect external information to internal emotion, incurring impulse buying. Thus, such consumers also exhibit a higher likelihood to react to the stimuli, i.e. more likely to buy on impulse. Subsequently, a consumer's impulsiveness effects their impulse consumption. Based on past discussions (i.e. Chen & Wang, 2016; Dholakia, 2000), this study predicts that consumer with high impulsivity is more likely to engage in impulse buying than consumer with low impulsivity in online shopping context. Therefore, following hypothesis is developed:

H₂: Impulse buying tendency (IBT) directly and positively affect impulse purchase intention.

Impulsivity trait, i.e. a consumer's basic trait of acting on impulse, is the last factor that influences a consumer consumption impulse and thus their impulsive buying behavior (Dholakia, 2000). According to Rook & Fisher (1995), impulsiveness is a consumer's tendency to impulsively purchase a product directly without hesitation, and subsequent reflection. In other words, the extent to which a consumer buys impulsively varies between consumers, based on the consumer's impulsiveness (Rook & Fisher, 1995). For example, consumers with large impulsive buying tendencies are more prone to experience impulsive buying stimuli (Rook & Fisher, 1995).

2.2.4. Product category – Utilitarian vs Hedonic

Studied from past literature, both product category can positively influence impulse buying. Such study has associated hedonic products with higher impulse buying compared to utilitarian products (Park et al., 2012), while less research has been conducted for utilitarian products (Chen, 2008). A recent study by Chen & Wang (2016) examined relationship between sales promotion cue and impulsivity trait on impulse buying intention in online shopping was moderated by different product category, utilitarian and hedonic, and was hypothesized to have positive influence on product-specific impulse buying behavior (Jones, et al., 2003). Furthermore, in online context, price discounts resulted in greater impulse buying intention for an inexpensive hedonic product (Xu & Huang, 2014) than utilitarian. Using same principle by Chen & Wang (2016), Jones et al., (2003), and Xu & Huang (2014), this study proposes product category (utilitarian and hedonic) can moderate the effect of sales promotion and impulsivity trait on impulse buying intention in online shopping, and the effect may vary for each category. Specifically, this study also propose that product type can moderate the effect of sales promotion on impulse purchase intention. Therefore, this leads to hypothesis as follow:

H_{3a}: Product category has a positive moderating influence on the relationship between sales promotion and impulse purchase intention. The effect of sales promotion on impulse purchase intention is greater for a hedonic product than a utilitarian product.

As mentioned earlier, products in this study are categorized as utilitarian and hedonic product. Utilitarian product is perceived as a product which gives functional benefit and help consumers to accomplish a practical task. A hedonic product is a product characterized by affective and sensory experiences (experiential goods) of sensual experience, fun, and joy (Voss et al., 2003; Chen & Wang, 2016). Dholakia (2000) indicated that consumers' impulsivity trait affects the impulse purchase intention, and product-specific impulse buying tendency was positively associated with product-specific impulse buying in the same category (Jones et al., 2003). Given the reason that impulse purchase is mainly motivated by hedonic motivation (Hausman, 2000), consumers will be more likely to purchase hedonic than utilitarian product. When consumers with high impulsivity traits view hedonic product, they are more likely to be affected by product appearance, it increases their likelihood to make a spontaneous purchase.

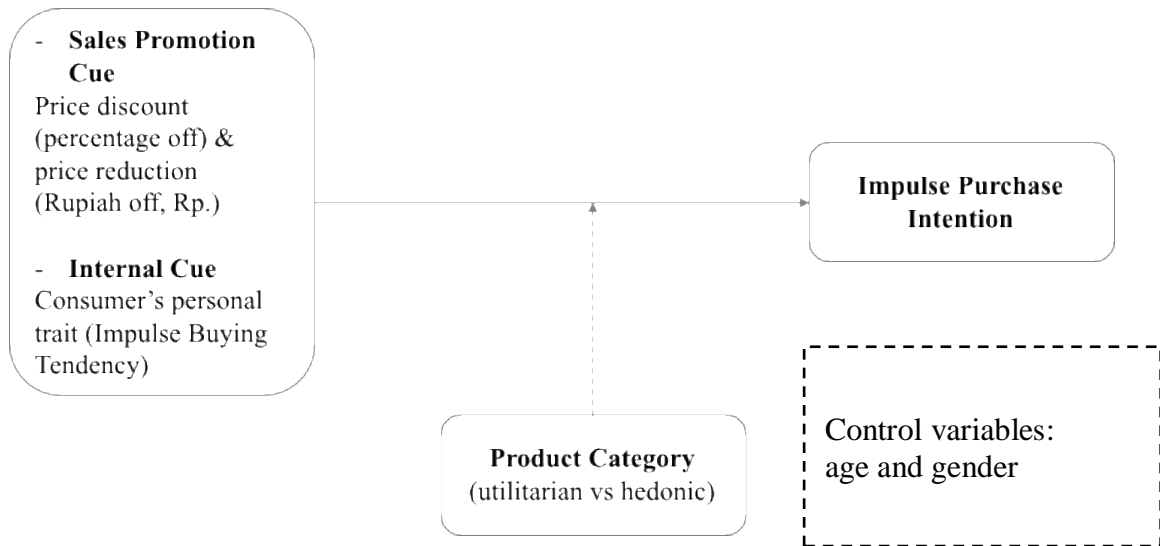
Supporting the view by Dholakia (2000), Chen & Wang (2016) found significant interaction between consumers' impulsivity trait and product category where hedonic products have a greater effect on the relationship between impulsivity trait and impulse buying intention. Therefore, this study proposes that product category can moderate the effect of consumer's impulsivity traits on impulse buying intention and propose the following hypotheses:

H_{3b}: Product category has a positive moderating influence on the relationship between impulsivity trait and impulse purchase intention. The effect of impulsivity trait on impulse purchase intention is stronger for hedonic product than utilitarian product.

Both products can be purchased impulsively, however, each unique individual may purchase them differently. Consumers with high impulsivity have positive emotion and high arousal, therefore they prefer to purchase hedonic goods. On the other hand, consumers with low impulsivity have more neutral emotion and low arousal, therefore they prefer to purchase utilitarian goods (Herabadi et al., 2009).

2.3. Conceptual Framework

This section draws the overall research objectives and conceptual framework that is tested in the data analysis. A conceptual model for this study is drawn, depicting the relations between variables, factors, and moderator. From the literature review, impulse buying is defined as a spontaneous, immediate purchase (Rook & Fisher, 1995) without prior shopping intention to buy a specific product category or to fulfil a specific buying task (Beatty & Ferrell, 1998). Furthermore, impulse buyers are not actively looking for a certain product and have no prior intention to purchase (Beatty & Ferrell, 1998; Weun et al., 1998), their personal trait and external factors can serve as cues to trigger their impulse buying behavior. Below is a proposed conceptual model to be used in this study,



The figure presents price discount and price reduction and impulse buying tendency as the main independent variables (IVs) and impulse purchase intention as the dependent variable (DV). The price discount is presented by percentage off (for example, 50% off) and price reduction is presented by reference price and reduced price in local currency, Rupiah (Rp.). On the main relationship, two product categories serve as a moderator variable. Also, several control variables will be included to check whether they affect the relationship between independent variables and dependent variable. For this study, the control variables, or known as covariate variables, are limited to age and gender.

Chapter 3

Methodology

3. Methodology

This chapter elaborates on research design and methodology applied for data collection. Furthermore, this chapter also describes the respondents, the measurement, and research procedure.

3.1. Research Design and Methodology

A causal research design is deployed in the form of online experiment to test all hypotheses. Therefore, an experimental approach is used in this study as it is frequently adopted in other studies and considered as the main and the most common method to test causality (Malhotra & Birks, 2007). For survey design and hypotheses testing of moderating role, a specific product needs to be identified for each product category. For this reason, a pre-test will be conducted with a small number of people to establish which products best reflect both product categories; utilitarian and hedonic. Furthermore, a scale by Voss et al., (2003) is used to evaluate and classify products as either utilitarian or hedonic goods.

This study has a 2 (no sales promotion/with promotion) x 2 (utilitarian/hedonic products) between-subject experimental research design to examine the effect of these four groups on impulse buying. Both promotional strategy and products were manipulated. The advantage of this between-subject research design is to allow a separate group to response each treatment and control other irrelevant variables besides independent variable.

	No sales promotion	With sales promotion
Utilitarian product	N = 54	N = 55
Hedonic product	N = 58	N = 55

Based on experimental design, there were four possible versions of the questionnaire. A convenience sample was used, and they are randomly assigned to either one of four possible scenarios after they entered main experimental questionnaire. The purpose of random assignment

is to help distributing unique characteristics of participants over the experiment, thus prevent selection bias of the outcome of the survey link (Kirk, 2013). As previously mentioned, the scales and measured in this study mainly were adopted from previous research using Likert-scale, for example product category classification uses a scale developed by Voss et al., (2003), Impulse Buying Tendency (IBT) uses a scale by Weun et al., (1998). Depending on the experiment scenario, three or four questions are asked to measure online impulse purchase intention (dependent variable). Detail for measurement scale is explained in the later section. Using an online questionnaire has several advantages; it is easy to administer and collected data is persistent. To increase questionnaire response and stimulate the completion, respondents have a chance to win a reward equal of €6; which is set at the end of the questionnaire. Also, the length of the questionnaire was set as short as possible to achieve maximum response rate.

3.2. Pre-test

Prior to launching the main experiment, a product for each category need to be selected by a pre-test. The pre-test on this is needed to ensure that the product presented in the main experiment would be perceived as utilitarian and hedonic products and would be likely to be purchased on impulse. The pre-test was carried out to 40 respondents through an online survey, specifically to young adult professionals and students within the author's network. All respondents were aged between 21–28 years old (Mean: 24,9; SD: 2.24). Out of the total number of respondents for the pre-test with 55% was female, and 45% was male.

Products selected in pre-test are based on past research and external information on most purchased product/product category in online channel in Indonesia (source: Statista, Kantar World Panel). We also consider most purchased products on actual data during a specific period of sales (i.e. Black Friday or known as Hari Belanja Nasional) and has the highest probability to be impulsively purchased by the targeted population. Based on the literature review as well as external sources as abovementioned, five goods were selected for pre-test; they are: headphone, backpack, leather watch, toothpaste, and drinking water/tumbler. Any symbolic indicator was manipulated to avoid brand/name/logo effect on the measurement process during pre-test and main study. In the pre-test survey, respondents were asked to indicate to what extent they perceived these products on bi-

polar dimensions (Voss et al., 2003) by giving a rating to each product presented. The full version of the questionnaire can be found in Appendix 1.

The 7-point semantic differential scale from Voss et al., (2003) was used as a measurement for product category pre-test. The scale consists of five items measuring the hedonic dimension and five items measuring the utilitarian dimension of consumers attitudes towards product presented and had been used over the time by other researchers (i.e. Kushwana & Shankar, 2013; Gursoy et al., 2006; Okada, 2005). Furthermore, the even semantic differential scale has a neutral point in the middle where the end of each point are two bipolar attributes (Mazzocchi, 2008). To select one product to represent each category, one sample t-test was performed to test the difference in means for hedonic and utilitarian dimension for each product. A significant mean difference was found ($t= 12.788$, $p=.005$) for leather watch with scoring was high in hedonic dimension ($\mu=6.05$). Toothpaste, backpack, and tumbler scored high in utilitarian dimensions, however, the toothpaste shows significant mean difference ($t= 43.788$, $p=.000$) and have very score low in hedonic dimensions ($\mu=3.53$). Therefore, based on the pre-test result, a leather watch represents hedonic product while a toothpaste represents utilitarian product for main survey.

3.3. Participants

For pre-test in product category, respondents were recruited through the author's personal network. Forty respondents (55% female; 45% male) participated in the pre-test. Most respondents are young professionals with age range from 21 to 28 years old.

For the main experiment, a random convenience sampling was used for sample selection. Most respondents were university students at a major university in Indonesia. An online questionnaire was administered during regular class where the students were encouraged to fill in. In addition, some young professionals were also invited through social media and emails to take part in the main experiment. Both sample groups are easily accessible and provide a high response rate. Their participation in the main experiment was voluntary and kept anonymously. This main experiment involved online shopping task, so, prior online shopping experiences was required. Respondents who completed the online questionnaire were given chance to win a small reward. Each subject

was randomly assigned to one of four different treatment conditions. Table 4.2 elaborates the respondent's characteristics, including age, gender, occupation, and education level.

3.4. Measurements

This following section describes the method and the scales applied in the survey to assess research variables such as product category, online impulse buying intention, and impulse buying tendency (IBT). Table 3.1 provides a summary of relevant variables to be used in this study.

3.4.1. Product category – Hedonic vs Utilitarian

A range of potential products (headset, toothpaste, watch, backpack, and toothpaste) were chosen for pre-test and product manipulation. The Hedonic/Utilitarian (HED/UT) scale developed by Voss et al., (2003) was used to evaluate and categorize the five products to either hedonic or utilitarian goods. The scale uses a 7-point differential scale on bi-polar dimensions. The hedonic dimensions are as follow: No Fun/Fun; Dull/Exciting; Not Delightful/Delightful; Not Thrilling/Thrilling; Unenjoyable/Enjoyable. Respectively, the utilitarian dimensions are as follow: Ineffective/Effective, Unhelpful/Helpful; Not Functional/Functional; Unnecessary/Necessary; and Impractical/Practical. If a product has a higher score in Hedonic dimension, this product is classified as hedonic; vice versa. According to pre-test result, the hedonic product is represented by a leather watch and utilitarian product is represented by a toothpaste. Headset scored high in both dimensions, therefore treated as hedonic and utilitarian; however, it is not included in the main survey.

3.4.2. Online Impulse Purchase Intention: Situational scenario and mock e-commerce

In general, to measure the effect of sales promotion and product category on impulse purchase intention in an online environment, this study used a generic situational scenario as a presentation method. A situational scenario was designed to resemble a neutral condition where the respondent had no prior purchase intention. Therefore, following generic scenario was applied:

*It is a sunny Sunday. You have nothing to do in the afternoon and just relaxing on your couch with a laptop in front. You are casually browsing through one of e-commerce website **without any intention to purchase anything**. In addition, you have Rp500.000 (equal to €30) to spend on anything you like.*

The scenario-based experimental design followed a study by Xu & Huang (2014) with modification. After reading about the scenario, respondents completed a questionnaire on measures and manipulation check; including their purchase intention. Later, respondents were exposed to mock e-commerce with varying product presented and sales promotion condition. Depending on which the scenario they were assigned, each of the mock e-commerce contained either hedonic or utilitarian product, with or without sales promotion (price discount and price reduction). Price discount was presented by percentage off (i.e. 50% off) and price reduction was presented by reference price (original price) and after-discount price. As the study was conducted in Indonesia, the price displayed in the mock e-commerce used local currency, Rupiah (Rp.). A compelling call-to-action (CTA) was placed on the web page to persuade the respondents and increase their likelihood to shop, but same (not manipulated) for all treatment levels since it was not the main subject of the experiment. Product-specific attribute, such as product description, specification, rating and review, was described in an effective length to replicate a real online shopping/e-commerce website better and encourage consumer browsing behavior (Park et al., 2012).

3.4.2.1. Dependent Variable: Online Impulse Purchase Intention

Dependent variable impulse purchase intention was measured by 3-item impulse purchase intention scale. The use of impulse purchase intention as the measurement was based on Adelaar et al., (2003) and Verplanken & Herabadi (2001) studies to reflect impulse buying behavior. Respondents were asked to rate on 7-point Likert scale (1: strongly disagree – 7: strongly agree) to which extent they “would buy the product impulsively”, “would buy the product immediately”, and “would not carefully evaluate the product before they buy it”. The following “impulsively”, “immediately”, and “not carefully evaluate product” was adopted from impulse purchase definition by Beatty & Ferrell (1998), Piron (1991), Rook (1987), Rook & Fisher (1995), and Stern (1962). Additionally, a question was developed to the extent to

which the offer (price reduction and promotion) presented is a good deal on the same 7-point Likert scale. This question was only presented for the scenario product with promotion to evaluate the effectiveness of marketing sales promotion cue, whether or not the customers purchased the product, because product and promotion can act as a trigger for impulse buying (Stern, 1962). The Likert scale itself is one of the most popular measurement scales in marketing research, usually used to rate the level of agreement with a chance of being neutral with a middle point (Mazzocchi, 2008). A high score indicates a respondent has a high intention to purchase impulsively after seeing product and promotion (if applicable) appeared in a mock web page.

3.4.3. Impulse Buying Tendency (IBT)

The impulsivity scale was adopted from Weun et al., (1998) on their Impulse Buying Tendency Scale. The scale has five questions where respondents are asked to rate their level of agreement of each question by 7 scales (1: Very Rarely / Strongly Disagree – 7: Very Often / Strongly Agree) where the last question “I avoid buying things that are not on my shopping list” is a reversed code item. Full questions list can be found in Appendix 2 In their study, the scale provided an internal consistency and discriminant validity for student and non-student sample. Furthermore, Kacen and Lee (2002), of whom examined the culture effect on impulse buying in Singapore & Malaysia (collectivist countries), argued that this IBT measurement score was better produced when using Weun et al., (1998) scale than Rook & Fisher (1995). Considering geographical proximity and cultural similarity among Singapore, Malaysia, and Indonesia, this study employed the same impulsivity scale similarly to Kacen & Lee (2002) study. Consistent with previous research who used the scale (Kacen & Lee, 2002, Weun et al., 1998) in this study the reliability scale for IBT achieved is satisfactory (Cronbach’s Alpha $\alpha = .819$).

Table 3.1: Overview of Variables

Variable(s)	Description	Measurement Scale	Adopted From
Product Category	Respondents were asked to rate a product on bipolar items	7-point bipolar rating	Voss et. al (2003)
Impulse Purchase Intention	Respondents were asked to what extent they would buy the product impulsively after seeing product and marketing stimuli in mock webpage	7-point Likert scale	Self-developed
Impulsive Buying Tendency	Respondents were asked to what extent they agreed with the statements about impulsivity	7-point Likert scale	Weun et. al (1998)
Demographic	Respondents were asked to fill in their basic information		Self-developed
Age		0-100	
Gender		Female, Male	
Occupation		Student, Full-time/Part-time Employee, Entrepreneur, Others	
Education Level		High School, Bachelor's degree, Master's degree	

3.5. Research Procedure and Administration

This study employed a 2x2 experiment design; resulting four possible scenario groups. Each respondent was randomly allocated to one of the possible groups, with each group varying in the sales promotion cue and product selection. The groups are:

1. Group 1: Leather watch (hedonic goods) without the promotion;
2. Group 2: Leather watch (hedonic goods) with the promotion;
3. Group 3: Toothpaste (utilitarian goods) without the promotion; and
4. Group 4: Toothpaste (utilitarian goods) with the promotion.

Main subjects of this experiment are focused on those who have experience in online shopping. Hence, the first section of the online experiment included a short introduction and goal of the experiment and online shopping experience. If the respondent had no previous online shopping experience, the survey was ended. Participants were randomly assigned to either one of four possible combinations of product and promotion (utilitarian product-no discount, hedonic product-no discount, utilitarian product-with discount, and hedonic product-with discount) on a mock e-commerce web page. Subsequently, respondents were asked to indicate their willingness to shop

online on a 7-point Likert scale (1: Very unlikely – 7: Very likely). Afterwards, five-item impulsivity trait questions were asked to capture customer internal factor that could influence impulsive buying behavior. On 7-point Likert scale, respondents were asked to indicate the extent they agreed with the following five questions about impulsivity. The final section of the survey covered demographic questions related to gender, age, occupation, and education level, to see the respondent's profile and further be used as control variables. The respondents were also given a chance to win a lucky draw by entering the mobile phone number if they wished to participate. Full questions list of the main survey can be found in Appendix 2. As mentioned in the previous chapter, a questionnaire was prepared and was set-up in English, including scenario and questions, as it refers to the original measurement scale baseline. It aims to avoid any ambiguities and different or misinterpretation that may arise due to language translation. The questionnaire was prepared and distributed through an online platform, Qualtrics. The platform generates a single reusable link for further distribution via social media and email. The online questionnaire has several advantages including easy to administer and response anonymity.

Chapter 4

Results and Analysis

4. Empirical Results and Analysis

This chapter discusses empirical analysis and data interpretation as a result of data collection and statistical processing. First, descriptive statistic and research demographics are described. Then, the reliability of various scales was examined to ensure they exhibited a satisfactory level of internal consistency, followed by the correlations between the variables. Finally, ANOVA and regression analysis were performed for hypotheses testing. In addition, a manipulation check was described.

4.1. Manipulation Check

Following a study by Perdue & Summers (1986) on manipulation checking for marketing research, all manipulation in the study was performed and checked. For pre-test, product category was manipulated and assessed by asking respondents to evaluate each product in ten questions. For this manipulation, a study by Voss et al., (1998) was adopted where the product was characterized as being a hedonic or utilitarian based on bi-polar dimensions. By using one sample t-test, the result indicated that leather watch was perceived as the most “hedonic” ($M_{\text{HED}} = 6.05$; $SD = 0.858$), $t(199) = 33.696$, $p = 0.000$ and that toothpaste was perceived as the most “utilitarian” ($M_{\text{UT}} = 6.16$; $SD = 0.786$), $t(199) = 38.874$, $p = 0.000$. The difference between these two products was found significant. Consistent with prior research (Gursoy, 2006; Okada, 2005), the scale achieved satisfactory internal consistency for both hedonic scale (Cronbach’s Alpha = .925; N = 40) and utilitarian (Cronbach’s Alpha = .887; N = 40) scale.

The purpose of developing a situational scenario and mock e-commerce web page is to create an engaging atmosphere and to resemble an online shopping experience as real as possible. Huang & Benyoucef (2013) summarized several factors of design and features in e-commerce for effective platform which include information availability and content profile. Furthermore, e-commerce with an attractive design can stimulate a customer to engage in online shopping (Floh &

Madlberger, 2013; Youn & Faber, 2000). Furthermore, following a study by Xu & Huang (2014), e-commerce web page, sales promotion, and price were manipulated to examine the effect of sales promotion on impulse purchase intention in online channel. Prior study used 50-percent off of price discount which resulted in greater impulse purchase intention. In addition, price reduction was presented accompanying discount. Price for each product was set based observation on one of Indonesia's leading e-commerce, Lazada Indonesia in May 2018. In addition, the distribution of four experimental groups was checked to ensure that respondents were allocated equally. Survey result demonstrated that all four groups were more or less equally distributed to valid respondents with respectively 54-58 participants per condition. Table 4.1 described number of assignments per each condition group based on gender.

Table 4.1: Experiment Group Allocation based on Gender

Group	Group Description	Gender Distribution	
		Male	Female
1	Hedonic product without promotion	27	31
2	Hedonic product with promotion	27	28
3	Utilitarian product without promotion	22	32
4	Utilitarian product with promotion	24	31
Total		100	122

4.2.Descriptive Statistics and Demographic Analysis

In total 313 respondents participated in the main test, mainly from university students and young professional from author's personal network in Indonesia. Eventually, there are 91 responses which were excluded from the main analysis due to incomplete response as well as failed to proceed to next questions in preliminary section, thus resulted 222 valid response collected. Based on demographic information gathered in the last section of the survey, there were 122 females (55%) and 100 male (45%) participants. Their age ranged from 18 to 32 years old ($M = 20,5$; $SD = 2,63$); a quite similar mean and standard deviation with pre-test result. The average age in this study is not far from the average age of 30.2 years old in Indonesia population according to Indonesia Demographics Profile 2018 (Indexmundi, 2018). To test whether the mean age in sample representative of the average age of Indonesia population was, a one-sample t-test was performed. Result of the t-test demonstrated that the mean age of sample was significantly different from the

mean age of the population ($t(223) = -50.852; p < 0.005$). This due to the distribution of the survey was dispersed mainly among university student and entry-level employee as it used personal network. Thus, participants who filled the survey was mostly in their young age thus leading to low mean age of the sample. Same explanation applied for occupation and education level. Over 80% of occupation distribution of the sample was student, where the remaining percentage was filled by young professional. Due to the fact that most university student was the respondent; the sample was mainly having completed High School (80%) for their education while the rest held Bachelor and Master's degree. In addition, all respondents in this survey is Indonesian. Due this fact, there is no cultural difference among respondents.

Below is the summary of demographic analysis:

Table 4.2: Summary of Demographic Analysis in the Main Survey

Item	Count	Percentage
Gender		
Female	122	55%
Male	100	45%
Age Range		
18 - 22	182	82%
23 - 27	37	17%
28 - 31	3	1%
Occupation		
Student	181	81%
Full-time/Part-time Employee	41	19%
Education Level		
High School	178	80%
Bachelor's Degree / Undergraduate	38	17%
Master's Degree and Higher	6	3%
TOTAL	222	100%

Additionally, Table 4.3 presents general mean (M) and standard deviations (SD) of the various variables across four experimental groups. The means across four groups are substantial for further hypothesis analysis in later section.

Table 4.3: Means (M) and standard deviation (SD) for the four experimental groups

	Hedonic No Promotion (N = 58)		Hedonic with Promotion (N = 55)		Utilitarian No Promotion (N = 54)		Utilitarian with Promotion (N = 55)	
	M	SD	M	SD	M	SD	M	SD
Impulse Purchase Intention	3.33	1.28	3.83	1.44	3.89	1.13	3.41	1.32
Impulse Buying Tendency	4.11	1.2	3.98	1.48	4.06	1.18	4.15	1.03
Age	20.81	2.56	20.71	3.29	20.07	2.34	20.35	2.23

4.3. Reliability Analysis

To examine internal consistency of the scales used in the study, a Cronbach's Alpha was executed for each measurement scale. A reliable scale needs to be above suggested limit of 0.7 (Malhotra & Birks, 2007). For main study, the reliability was measured for Impulsive Buying Tendency (IBT) scale and impulse purchase intention scale. Table 4.4 provides summary of descriptive analysis as well as reliability check for each measurement scale.

4.3.1. Impulsive Buying Tendency (IBT) Scale

Impulsive Buying Tendency (IBT) scale was adopted from Weun et al., (1998) in which consists of five-item impulsivity trait. The Cronbach's alpha coefficient (α) is .839 thus the items in the scale had a good internal consistency and suitable for current study. Additionally, the Cronbach's alpha could have been improved to .842 by removing the last item ("I avoid buying things that are not in my shopping list" - reversed-code question). However, the question was not removed as it only increases of $\alpha = 0.003$ and to stay relevant with general definition of impulse buying that involves product evaluation. Hence, the item was kept in the study for further analysis since the overall coefficient was already reliable.

4.3.2. Impulse Purchase Intention scale

Impulse purchase intention was measured in the main survey using 3-item impulsive buying intention scale. This 3-items scale was applied for all four test groups to assess impulse purchase intention (IPI) as dependent variable. First, the multi-item scale was checked for its reliability. Using the 3-item scale for the groups, the initial Cronbach's Alpha was .870, showed the scale is consistent for this current study. The alpha coefficient could have been improved to $\alpha = .901$ by removing item number 3. Considering the item in the scale was to present impulse purchase intention based on the literature review in Chapter II while achieve satisfactory internal reliability, it is therefore decided to keep all items into measurement for further analysis.

Table 4.4: Summary of Means (M), Standard Deviation (SD), and Cronbach's Alpha (α)

Measurement Items	Mean (M)	Std. Deviation (SD)	Cronbach's Alpha (α)
Impulsive Buying Tendency (IBT) Scale			
When I go shopping, I buy things that had not intended to purchase	4.4	1.657	0.839
I am a person who makes unplanned purchase	4.05	1.667	
When I see something that really interest me, I buy it without considering the consequences	3.73	1.623	
It is fun to buy spontaneously	4.38	1.552	
I avoid buying things that are not on my shopping list [Reversed Code]	3.83	1.344	
Promotion Effectiveness			
I think the offers (price discounts and price reduction) presented are good deals	4.99	1.337	N/A
Impulse Purchase Intention			
How likely you would purchase this [PRODUCT]?	3.15	1.209	0.87
I would impulsively buy this [PRODUCT]	3.7	1.654	
I would buy this [PRODUCT] immediately	3.79	1.655	
I would not carefully evaluate this [PRODUCT] before I buy	3.78	1.672	

N = 222; except for Promotion Effectiveness where N = 165

4.4. Correlations

To analyze the relationship among various variables, a correlation coefficient (Pearson Correlation) was examined (Mazzochi, 2008). As Table 4.5 indicates, age has no correlation with impulse purchase intention ($p > 0.05$). Moreover, impulsive buying tendency had a significant correlation with impulse purchase intention ($r = 0.161$; $p < 0.05$). This indicates respondents with high impulsivity trait tends to have high impulse purchase intention. Below is the summary of Pearson Correlation (bivariate) among variables tested.

Table 4.5: Pearson's Correlation (r) among variables

	Impulse Purchase Intention	Impulse Buying Tendency	Age
Impulse Purchase Intention	1	0.161*	0.038
Impulsive Buying Tendency	0.161*	1	-0.004
Age	0.038	-0.004	1

Note: * $p < 0.05$ (2-tailed)

4.5. Hypotheses Testing

Following section elaborates hypothesis testing in separate analysis. Potential factors that directly/indirectly affect impulse purchase intention were investigated. More specifically, it assessed whether marketing cue of sales promotion and impulse buying tendency have direct effect on impulse purchase intention and if a different product (hedonic & utilitarian) moderated the relationship between these two. In this study, both independent variables and dependent variables were measured in interval variables (average of the Likert scale). Therefore, an ANOVA (Analysis of Variance) was primarily performed to test each of hypothesis separately, including to assess the main effect and interaction effect on the dependent variable.

4.5.1. Effects on Impulse Purchase Intention

To fully address the research goals, ANOVA testing was used to expand on the analysis and to examine general relationship within conceptual model. One-way ANOVA analysis was used to test mean difference among four conditions as explained in section 3.1 and 3.5. The ANOVA analysis there was significantly mean difference across four conditions in impulse

purchase intention ($F(3, 218) = 2.676; p < 0.05$). This initial finding was used as early indicator that consumer's impulse purchase intention was affected by variables in the experiment. Thus, it is beneficial to further examine which variable has the strongest effect on consumer's impulse purchase intention within the scope of this study.

This study suggested that consumer's impulse purchase intention was influenced by sales promotion and impulsivity trait; and later by different product. Homogeneity of variances assumption was checked by Levene's test for homogeneity. An insignificant result ($F = 1.455; p = 0.228$) indicated that there was homogeneity in variance due to roughly equal distribution which allows us to use factorial ANOVA for further analysis. This section described the joint effect of sales promotion and impulsivity trait on impulse purchase intention. The relationship of sales promotion and impulsive buying tendency was analyzed by factorial ANOVA with factor one was sales promotion with two levels (no sales promotion/with sales promotion) and factor two was impulsive buying tendency with two levels (high/low) by ignoring product intervention. This study measured the influence of IBT on impulse purchase intention in continuous variable. To understand if there is any difference in sensitivity of the external cues and product category, the trait was classified by using a dichotomous (nominal variable) as "high" or "low". The classification was based on average score of total respondents ($M = 4.08; SD = 1.22$); respondents with higher impulsivity score than average score were classified as "high" and respondents with lower impulsivity score than average score were classified as "low" (Chen & Wang, 2016). The ANOVA analysis was performed to investigate main and interaction effect (Mazzochi, 2008) between sales promotion and impulsive buying tendency (IBT). Table 4.6 provides an overview of two-way ANOVA factorial design testing with sales promotion and IBT as independent variables and impulse purchase intention as dependent variable.

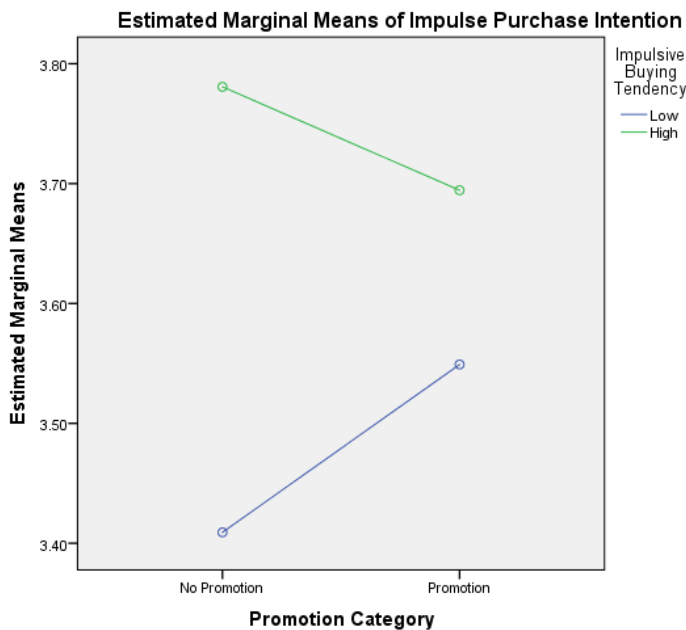
Table 4.6: Factorial ANOVA for sales promotion and impulsivity trait

Source	df	Mean Square	F	Sig.
Corrected Model	3	1.491	0.863	0.461
Intercept	1	2889.287	1671.548	0.000
Sales Promotion	1	0.04	0.023	0.879
Impulsive Buying Tendency (IBT)	1	3.706	2.144	0.145
Sales Promotion x IBT	1	0.71	0.411	0.522

R Squared = 0.012

Results indicated there was no significant main effect of both sales promotion on impulse purchase intention ($F = 0.023, p = 0.879$) and impulsive buying tendency on impulse purchase intention ($F = 2.144, p = 0.145$). Furthermore, no significant was found between sales promotion and IBT ($F = 0.411, p = 0.522$). The interaction plot below suggests that the effect of sales promotion for each individual may vary due to their impulsivity trait ($M_{LOW} = 3.48, SD = 1.26; M_{HIGH} = 3.74, SD = 1.36$). Specifically, consumer with high impulsivity tends to purchase on impulse regardless promotion offering ($M_{PROMO} = 3.69, SD = 1.44; M_{NOPROMO} = 3.78, SD = 1.29$) and consumer with low impulsivity could purchase on impulse if there is a promotion offering ($M_{PROMO} = 3.55, SD = 1.35; M_{NOPROMO} = 3.41, SD = 1.16$).

Figure 4.1: Interaction between sales promotion and impulsivity level



A poor R^2 indicated that current independent variables (promotion and impulsivity trait) failed to explain a greater variance in dependent variable (impulse purchase intention). Thus, current model does not have a good fit by means there are other factors also effect consumer's impulse purchase intention. On the other hand, when looking at promotion in combination with IBT score, impulse purchase intention appeared to be higher with or without promotion for consumer with high impulsivity trait (see Figure 4.1). Current model was considered poor to predict consumer's purchase intention with sales promotion and impulsivity trait as the influencers. Therefore, a product-specific impulse purchase intention model was proposed by Jones et al., (2003) to be a better model; and used as the goal of this study. Further, each of following section described hypothesis assessment in more detail, including role of product category in impulse purchase.

4.5.2. Marketing Cue – Sales Promotion

The first hypothesis (H_1) examines the impact of marketing cue of sales promotion on consumer's impulse purchase intention. As described in previous chapter, in H_1 , sales promotion (discount and price reduction) was proposed to positively affect impulse purchase intention. A t-test was therefore performed to test whether the mean score for consumer's impulse purchase intention was significantly different between two promotion conditions (no sales promotion vs with promotion). It was predicted that a consumer's impulse purchase intention was significantly higher when they were exposed to sales promotion. Table 4.7 shows result of ANOVA testing for promotion effect.

Table 4.7: Mean for each sales promotion group

	N	Mean	Std. Deviation
No Promotion	112	3.59	1.24
Promotion	110	3.62	1.39

The result indicated that both mean scores for impulse purchase intention were not significantly different across two conditions ($F(1, 220) = 3.436; p > 0.05$) even though respondents that were presented by sales promotion had a slightly higher mean ($M = 3.62, SD = 1.39$) than those who were not presented ($M = 3.59, SD = 1.24$). This indicates that consumers' impulse

purchase intention does not significantly vary whether or not a promotion applied. Promotion offering do not lead to significant increase on impulse purchase intention hence H_1 was not supported. This main effect result is surprising as it contradicts popular research on the effect of sales promotion on impulse buying. Yet this finding opens an interesting discussion whether other factors may cause the effectiveness of sales promotion; thus, further analysis was conducted. Based on current research, for experiment Group 2 and Group 4, respondents perceived sales promotion presented was a good deal ($M_{Q4PROMO} = 5.01$; $SD_{Q4PROMO} = 1.25$) though it did not lead them to buy the product impulsively. An independent sample t-test was executed to understand if promotions was significantly different across product category. Result demonstrated that promotion was significantly different ($F = 4.205$; $p < 0.05$) between hedonic product ($M = 5.04$) and utilitarian product ($M = 4.98$). By this mean, consumers perceived promotion offering differently depending on the product itself. Further, role of product category on impulse purchase intention and its effect on promotion would be discussed in next section.

4.5.3. Impulsive Buying Tendency (IBT)

The Impulsive Buying Tendency (IBT) was used to assess a consumer's impulsivity trait. Based on the regression result, overall model is significant ($F(1, 220)$, $p = 0.45$) and IBT does the effect on impulse purchase intention ($\beta = 0.144$; $t = 4.049$; $p = 0.045$) This indicates that every one point change in IBT (on a 7-point Likert scale) would result 0.144 increase in impulse purchase intention. The result from previous simple correlation support that impulsive buying tendency is positively correlated with impulse purchase intention (Dawson & Kim, 2009). Moreover, the result also demonstrated consumers that experience high impulsive tendency traits are more likely to buy on impulse ($M = 3.74$, $SD = 1.36$) than consumers that experience low impulsive tendency traits ($M = 3.48$, $SD = 1.26$). Thus, H_2 was supported. This also highlights that compared to consumers with a low impulsive buying tendency, consumers with a high impulsive buying tendency exhibits higher impulse purchase intention. However, there was no statistically significant mean difference between "high" and "low" impulsive consumers ($F(1, 220) = 2.169$, $p = 0.142$), indicating that both "high" and "low" impulsive consumer may make the impulse purchase.

4.5.4. Product Category – Hedonic vs Utilitarian

Moderation effect (interaction effect) of product category was assessed using ANOVA. Two separate analysis was resulted to test moderation effect of product category on the relationship between sales promotion, impulsive buying tendency, and impulse purchase intention as postulated in H_{3a} and H_{3b}. A dummy variable was created to distinguish the product category (1: hedonic; 0: utilitarian). A model of consumer's purchase intention was developed based following variables: sales promotion (no promotion/promotion), impulsivity trait (high/low), and product category (hedonic/utilitarian). Consequently, a three-way ANOVA model to test main and moderation effect was proposed as follow:

Impulse Purchase Intention =

$$\beta_0 + \beta_1\text{Promotion} + \beta_2\text{IBT} + \beta_2\text{Prod} + \beta_3\text{SalesPromotion_Product} + \beta_4\text{IBT_Product} + \varepsilon$$

After running the univariate test, significance of the model was tested. The results of ANOVA indicated that overall model was slightly significant ($F(7, 221) = 1.863; p = 0.077$). The coefficient of determination (R^2) of current model is 0.057 which is higher than previous model without product intervention (see section 4.5.1. Effect on Impulse Purchase Intention). By this mean, this product-specific model explained 5.7% of the variation in impulse purchase intention and was a better predictor of actual impulse buying behavior (Jones et al., 2003). The significance of each coefficient was assessed whether various independent variables had a significant effect on dependent variable. Sales promotion, however, still showed insignificant effect on impulse purchase intention ($F(1, 221) = 0.018; p = 0.895$), *ceteris paribus*. Despite that this relation was already tested significantly in previous research (Chen & Wang, 2016; Jones et al., 2003), there was slightly significant effect of impulsivity trait ($F(1, 221) = 3.001; p = 0.085$) on impulse purchase intention in this research.

Furthermore, there was a significant interaction effect between sales promotion and product category ($F(1,272) = 3.97, p = 0.004$). Compared with utilitarian product ($M = 3.36$), hedonic product ($M = 4.08$) had a greater effect on sales promotion and impulse purchase intention. This result provides support for H_{3a} in which implies that sales promotion offering result in greater impulse purchase intention when the product is a hedonic product (see Figure 4.2 for

interaction effect between sales promotion and product category). However, the interaction between consumer's impulsivity trait and both product category was found not significant ($F(1, 221) = 0.298$; $p = 0.586$) as high impulsive consumers were really interested to buy both hedonic and utilitarian on impulse. Therefore, either hedonic or utilitarian goods did not moderate the relationship between impulsivity trait and impulse purchase intention. Thus, H3_b was not supported.

Table 4.8: Overview of Three-way ANOVA to test moderating effect of product category

Source	df	Mean Square	F	Sig.
Corrected Model	7	3.128	1.863	0.077
Intercept	1	2888.75	1720.106	0.000
Promotion	1	0.029	0.018	0.895
Impulsive Buying Tendency (IBT)	1	5.041	3.001	0.085
Product Category	1	3.380	3.226	0.047
Promotion x IBT	1	0.866	0.516	0.473
Promotion x Product Category	1	14.598	8.692	0.004
IBT x Product Category	1	0.501	0.298	0.586
Promotion x IBT x Product Category	1	2.007	1.195	0.276

Figure 4.2: Interaction effect on different product category based on sales promotion

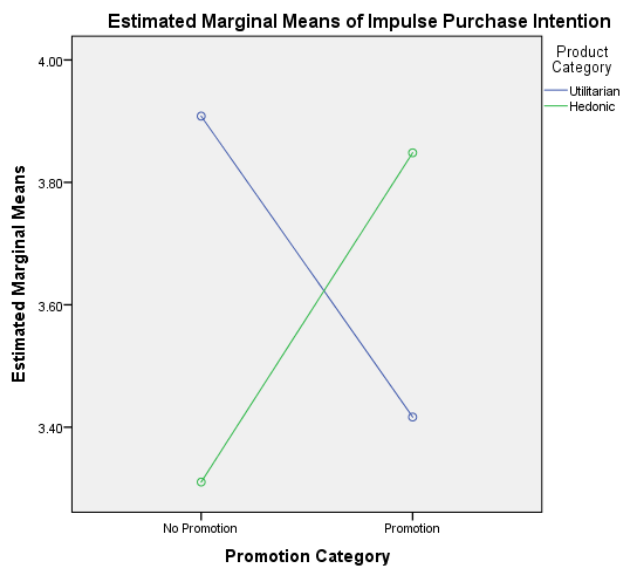
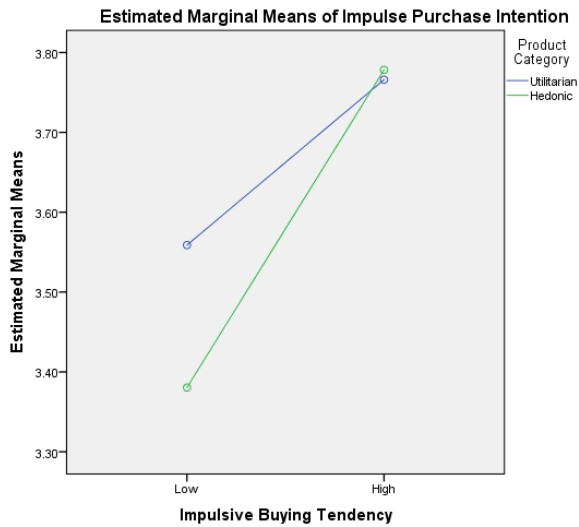


Figure 4.3: Interaction effect on different product category based on impulsivity trait



4.6. Control Variables – Age and Gender

In addition to three-way ANOVA testing, two control variables (age and gender) were considered in the analysis and found to be statistically significant. ANCOVA (Analysis of Covariate) was run to test the whether there was any mean difference for impulse purchase by using continuous variables. The first continuous variable tested as covariate was age of the respondents. The Sig value for age were higher than 0.05 ($p = 0.287$), meaning age did not show significant and meaningful results. Secondly, gender was included in the ANCOVA test following same procedure as previous. The Sig value for gender were also higher than 0.05 ($p = 0.60$), meaning gender did not show significant and meaningful results. The ANCOVA result was not included in the main analysis in this study.

4.7. Overview of Hypothesis Testing Result

To test all hypotheses, Analysis of Variance (ANOVA) was used. The ANOVA analysis is used to identify main and interaction effect among independent and dependent variables in this study. Result from testing the hypotheses revealed that two of proposed hypotheses (H_2 and H_{3a}) were accepted. However, H_1 about sales promotion and H_{3b} about moderating effect of product category in relationship between impulsivity trait and consumer's impulse purchase intention were not

supported at certain degree. All hypotheses results are discussed in the next chapter. Furthermore, it should be taken into consideration that in the sample students were overrepresented compared to young professionals; therefore, the findings were potentially more applicable to the student population than young professionals. The findings from testing the hypotheses are presented in Table 4.9.

Table 4.9: Summary of hypothesis testing

Hypothesis	Effect	Findings
H ₁	Effect of sales promotion (price discount and price reduction) as marketing cue on online impulse purchase intention	Not supported
H ₂	Effect of consumer's personal trait (impulse buying tendency) on online impulse purchase intention	Supported
H _{3a}	Moderation effect of product category on the effect of sales promotion on online impulse purchase intention	Supported
H _{3b}	Moderation effect of product category on the effect of impulse buying tendency (IBT) on online impulse purchase intention	Not supported

Chapter 5

Conclusion and Discussion

5. Conclusion and Discussion

This section concludes overall thesis goals as well as the result that have implications for academic and managerial. Research limitations connected to current study are addressed and suggestion further research is described.

5.1. Main Findings and Conclusion

Numerous consumer behavior research has investigated the effect of various factors on impulse buying behavior, such as age (Kacen & Lee, 2002), gender (Coley & Burgess, 2003; Dittmar et al., 1995; Verplanken & Herabadi, 2001), culture (Kacen & Lee, 2002; Hultén & Vanyushyn, 2011) in offline or online shopping environment. However, there is a gap in the knowledge on joint effect of marketing cue and consumer's internal cue on their impulse buying behavior for different product. Therefore, current study attempted to verify external and internal cue of impulse buying and if it is different on product-specific level. A study by Jones et al., (2003) was adopted as the foundation of product-specific impulse buying behavior later combined by a study by Dholakia (2000) of external and internal cue of impulse buying. The HED/UT measurement scale (Voss et al., 2003) was used to categorize product based on bi-polar items to be used in main study. Further, this study used sales promotion as marketing cue and impulsive buying tendency to represent internal cue and assessed their impact.

The result of this study indicated that in online promotion situation, customers experienced more impulse stimulus from sales promotion (discount and price reduction), thus led to a higher impulse purchase intention ($M_{PROMO} > M_{NOPROMO}$). However, there was no significant difference in consumer's impulse purchase between two promotion conditions hence H_1 was not completely supported. As reported in previous research (Chen & Wang, 2016; Kacen et al., 2012; Liao et al., 2009; Xu & Huang, 2014), sales promotion is proven to be a strong trigger for impulse buying; but the effect may vary depending on the framing. Considering customers' impulsivity trait, this study supports previous studies (i.e. Chen & Wang, 2016) which found customers with high impulsivity trait have higher impulse purchase intention than those whose low impulsivity. The

result suggested that the impulsivity trait is significantly correlated with the impulse buying behavior. However, the joint effect of sales promotion and impulsivity trait did not significantly lead to an overall impulse purchase intention.

As the extension of prior study on product-specific impulse buying behavior, a moderator variable proposed is product category (hedonic vs utilitarian) as hypothesized in H_{3a} and H_{3b}. In general, product category has a positive moderating effect on impulse buying for the same product category (Jones et al., 2003). Of the product category investigated, the hedonic nature of the products more significant influence on impulse buying compared to utilitarian (Chen & Wang, 2016, Kacen et al., 2012; Kushwaha & Shankar, 2013; Xu & Huang 2014). The effect of product category was examined for its relationship with other variables on predicting impulse buying. A significant result was found for interaction between sales promotion and product category where consumers were more likely buying hedonic product when it was on discount. However, current study did not find significant moderating effect of different product category on the relationship between impulsivity trait, and impulse purchase intention. In summary, the result supports past research (Chen & Wang, 2016; Xu & Huang, 2014). Current study confirmed that customers exhibited higher likelihood of impulse buying against hedonic product with combination of sales promotion. In other word, a hedonic product with whole package promotion can increase impulse buying intention of consumers. Possible explanation for the result is discussed in next paragraph.

Early research has defined and classified impulse buying into some definitions and operationalization. Therefore, it is important to build a strong construct of impulse buying in a research study by which sales promotion can evoke it significantly (Liao et al., 2009). Due to some limitations, current study used several streams of purchase intention definition by Beatty & Ferrell (1998), Piron (1991), Rook (1987), Rook & Fisher (1995). Generally, the type of impulse buying adopted was “planned impulse buying” by Stern (1962) as current study wanted to examine the effect of special price and other marketing offerings. Current finding concluded that the insignificant influences of sales promotion might not be effective for this type of impulse buying. Therefore, the result would bring an interesting avenue for future research in sales promotion effectiveness using other types of impulse buying i.e. reminder impulse buying (Liao et al., 2009). Moreover, possible explanation for insignificant outcomes for sales promotion effect (H₁) is a

same promotion strategy (discount and price reduction) may not be effective for utilitarian product than hedonic product (Chen & Wang, 2016; Liao, et al., 2011; Xu & Huang, 2014). Referring to benefit congruency framework, the magnitude of promotion on consumer's reaction depends on product value (Chandon et al., 2000). While the marketing cue such as promotion can draw customer's attention to the product, it is the characteristics of the product itself that seems to be the stimulus of consumer's purchase decision (Kacen et al., 2012). Thus, other promotional tools used may lead to different result. For example, other sales promotion type such as bonus pack was confirmed to be more effective as a trigger for impulse buying (Xu Huang, 2014) for utilitarian product while premium promotion could promote a greater impulse buying for hedonic product (Liao et al., 2009).

Moreover, current study contributes to literature development in impulse buying behavior by providing empirical result in a developing market. Besides explicit and implicit factors underlying the behavior within the scope of this study, we could see that there were any other factors affecting. It is confirmed by previous research that in general high impulsive consumer would buy products impulsively. In this study, ignoring promotion strategy, both hedonic and utilitarian products are likely to be purchased impulsively by high impulsive consumers. Low impulsive consumers exhibit their high likelihood to purchase utilitarian product on impulse which provide support for some past findings (i.e. Herabadi, 2009). However, current study does not produce similar result as Chen & Wang (2016) which found a significant moderating relationship between impulsivity trait and product category. This non-confirmation of hypothesis may be related to relatively low impulse buying tendency ($M = 4.08$, $SD = 1.22$), product was not fully differentiated as hedonic or utilitarian by respondents, and different scale used in the study. Former studies proposed that impulse buying tendency is an underlying factor within a consumer (Dholakia, 2000; Rook & Fisher, 1995) therefore their sensitivity to a stimulus would differ in the types of the cues triggering the behavior (Youn & Faber, 2000). In this case, an insignificant interaction effect between the product category and impulse buying tendency indicated that consumer's impulsivity trait was not affected by the time consumers see the product as stimuli. Moreover, the following result indicate that consumer's desire for the product can be a more significant factor to impulse purchase decision (Kacen et al., 2012) than the impulsivity trait itself.

The results moreover conclude there are any other factors affecting impulse buying beside the factors examined within the scope of this study. One of most popular underlying factors that beneficial for further analysis is the role of culture on consumer impulse buying behavior as previously studied by Kacen & Lee (2002) in two cultures (individualist & collectivist). A moderate average score of impulse purchase intention among Indonesian consumers provides a confirmation for a study by Kacen & Lee (2002) in which culture is likely impact an individual's in impulsivity trait subsequently their impulse buying behavior. Especially in college-aged, consumers from collectivist culture such as Asia countries (Indonesia, Malaysia, Singapore, etc) are better controlling their impulse tendencies more than individualist culture, so they are less likely to buy on impulse (Kacen & Lee, 2002).

5.2. Academic Implications

Overall, this study has reinforced external and internal cues as determinants of consumer's online impulse buying. Particularly in online shopping environment, previous researches emphasized in external trigger such as website design and feature as well as proposed impulse buying tendency as a generalized consumer's trait (Jones et al., 2003). Whereas this proposed the effect of sales promotion as external cue and impulsivity trait as internal cues when discussing impulse buying behavior. Furthermore, current study has shown that the relationship between external and internal cues and online impulse buying behavior is more complex by the involvement of different product category. The results partially support previous findings where consumer's impulsivity trait directly influence impulse buying in general and sales promotion is an effective marketing strategy for hedonic product. Accounting role of product category on product-specific impulse tendency, which is defined as the degree consumers make impulse purchase of a particular product category, current study could not confirm previous research.

Specifically, current study demonstrated that sales promotion did not significantly and independently increase impulse buying. The extent to which a sales promotion increase impulse purchase intention depends on the combination between sales promotion and product. The second finding confirms that IBT is a good predictor of consumer's general impulse buying instead of product-specific impulse buying tendency. The fact that product-specific concept moderates the

relation between promotion has led to a development of a model of consumer's impulse purchase, where product category partially moderates the joint effect of marketing cue and consumer's internal cue. Thus, combining these variables not only justifies this research, but also gives opportunities for further research.

5.3. Managerial Implications

Generally, sales promotion is one important element in promotion mix and an effective way to improve sales in every sales channel. Using this knowledge, online marketers can stimulate online impulse buying by using combined sales promotion to evoke impulse buying, particularly for customers with high impulsivity trait (Chen & Wang, 2016), thus increase product sales from online channel. Thereby, selecting a specific type of promotion could impact the consumer's impulse buying behavior by influencing the consumer's perception and attractiveness of the decision outcome for online impulse shoppers (Dawson & Kim, 2009). Retailers must decide whether and what type of promotions to run (Kacen, et al., 2012). Before deciding to use a promotion to indulge impulse buying, marketers should first identify whether the product value is utilitarian or hedonic in the marketplace. In regards of product-specific, the effect of promotion type may differ; a hedonic product might be more frequently purchased on impulse if they are on discount compared to other type of promotion i.e. bonus pack (Xu & Huang, 2014). Thus, marketers can use the benefit-matching framework to map the products and select appropriate promotion type (Chandon et al., 2000).

Similar to Jones et al., (2003), the finding suggest marketing manager should pay attention to hedonic products to be more appealing to high impulsive customer since the products are more likely to be purchased on impulse while utilitarian product is possible to be impulsively purchased any time by any shoppers. A serious threat facing by retailers is the loss of product relevance in the market because the category and/or subcategory they are serving does not match with customers' needs and wants. By understanding the impact of product category, marketing manager and product manager are able to combine product category in their merchandise management

This study generally implies that impulsive buying is determined by other marketers-controlled factors besides promotion. A well-developed retailer website/e-commerce providing aesthetic

website feature (i.e. product placement, product attribute, color, text, and design style) act as sensory attributes affecting customer's purchasing decision in the Internet (Adelaar, et al., 2003; Amos, et al., 2014; Dawson & Kim, 2009; Huang & Benyocef, 2017; Madhavaram & Laverie, 2000; Park et al., 2011; Scarpi, 2012; Youn & Faber, 2000). Thereby, online store design and sales promotions are two quick-wins for retailers who wish to encourage impulse buying to boost their profit, particularly from online channel. Additionally, a surge in Indonesia's e-commerce development is more or less inevitable as Indonesian consumers shift away from offline to digital shopping habits that create demand for retailers to keep up with the dynamics and be innovative.

5.2. Research Limitation and Future Directions

This study, however, has some limitations, in which also opens up numerous directions for future research. First, this study only considers two products to represent each category, leather watch (hedonic goods) and toothpaste (utilitarian goods). Typically, online shop or e-commerce involves numerous product/product categories on their web. Therefore, it is suggested to use different product or assortments for future study. Furthermore, future study is encouraged to compare between search goods and experience goods in relationship between external and internal cues of impulse buying. Moreover, as the service industry is also growing in number, it is interesting to explore online impulse buying behavior in particular area, for example in travel industry.

Current study focuses on the combination price discount (percentage off) and price reduction (dollars off) as sales promotion to maximize the marketing stimuli. Although they are widely adopted in some research however it is suggested to separate them into different variable (Chen et al., 1998; Xu & Huang, 2016) to examine which promotion creates the greatest effect. Additionally, depending on the product type and price, there are more promotion options besides discount and price reduction that might have different effect on purchase behavior (Chen et al., 1998). Bonus pack is one of sales promotion strategies commonly used in studies about impulse purchase, particularly in relation to product category (Xu & Huang, 2016). More factors/variables need to be considered (Chen & Wang, 2016) both from marketing and IT perspective for improving the research in online impulse buying. Future research may set lower/higher discount rate with or without presenting price reduction or assess different type of sales promotion on impulse purchase.

Nonetheless, the manipulation (scenario, price point) given in the main experiment was still not adequate to trigger some respondents' impulse buying intention (Perdue & Summer, 1986). To ensure that a scenario is adequate enough to trigger respondents to buy on impulse in an e-commerce, it is suggested to conduct a study in an actual e-commerce with higher quality of website design and atmosphere (Park et al., 2011), thereby also leading into another potentially relevant findings on online impulse buying. Technology advancement such as recommendation agent (RA) is widely utilized by many Internet businesses (Amazon, Netflix, Spotify, etc.) as an interactive decision aid to provide customers a customized online shopping experience. A research by Hostler et al. (2011) has examined the effect of RA increased product search effectiveness and promotion subsequently the likelihood of impulse buying (suggestion impulse buying). Therefore, future research might expand current study by assessing different type of impulse buying and using RA as a considerable factor in online impulse buying.

Lastly, convenience sampling was used as sample selection method which imposed a limitation on the generalizability of research findings. The use of university student and young professional make it impossible to confirm that the participants are representative of Internet shoppers' population (Park et al., 2011; Chen & Wang, 2016; Xu & Huang, 2014). This study was limited to Indonesians sample. It means, this study only exploring the factors influencing online impulse buying in Indonesia culture; thus, the result may not be applicable for customers in other culture (Chen & Wang, 2016). Further study can extend the research by examining culture effect will impact how consumers purchase impulsively as Kacen & Lee (2002), and Hultén & Vanyushyn (2011) confirmed that culture does have an influence on impulse buying behavior. Therefore, it will be beneficial to investigate various marketing and non-marketing factors, besides sales promotion, and examine which one has the substantial influence in different cultural context.

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Most popular online shopping categories of netizens in Indonesia as of August 2013

<https://www.statista.com/statistics/279708/netizen-online-shopping-categories-in-indonesia/>

Brand Footprint 2017 Launch

<https://www.kantarworldpanel.com/id/News/Brand-Footprint-2017-Press-Release>

Appendix

Appendix 1:

Pre-test: Product selection for each product category (Hedonic and Utilitarian)

From scale 1 to 7, please indicate your opinion about following products:



Product: Headset

Hedonic Dimension

Not Fun				Fun		
1	2	3	4	6	7	
Dull				Exciting		
1	2	3	4	6	7	
Not Delightful				Delightful		
1	2	3	4	6	7	
Not Thrilling				Thrilling		
1	2	3	4	6	7	
Unenjoyable				Enjoyable		
1	2	3	4	6	7	

Utilitarian Dimension

Ineffective				Effective		
1	2	3	4	6	7	
Unhelpful				Helpful		
1	2	3	4	6	7	
Not functional				Functional		
1	2	3	4	6	7	
Not necessary				Necessary		
1	2	3	4	6	7	

Not practical

1

2

3

4

Practical

6

7

Similar measurement scale is deployed for following products:



Unisex watch



Tumbler



Unisex backpack



Toothpaste

Note: Products selected in pre-test are based on past research and external information on most purchased product/product category in online channel in Indonesia (source: Statista, Kantar World Panel). We also consider most purchased products on actual data during a specific period of sales (i.e. Black Friday or known as Hari Belanja Nasional). To avoid brand/name/logo effect on the measurement process during pre-test and main study, any symbolic indicator will be manipulated.

Appendix 2:

Main Experiment – Scenario 3 (utilitarian product with sales promotion cue)

Scenario:

It is a sunny Sunday. You have nothing to do in the afternoon and just relaxing on your couch with a laptop in front. You are casually browsing through one of e-commerce website **without any intention to purchase anything**. In addition, you have Rp500.000 (equal to €30) to spend on anything you like.

Do you wish to shop online?

1. Yes
2. No

[If ‘Yes’, directed to a mock website, if ‘No’, the survey is end]

[directed to the mock webpage]



The screenshot displays a promotional banner for a product. On the left, a yellow lightning bolt icon is next to the text 'Flash Sale'. Below this, a yellow tag indicates '30% off'. The product is a white tube of 'Teeth Whitening Organic Toothpaste 225 gr'. To the right of the product, the text 'Today's SPECIAL OFFER' is shown. Below the product name, there are five stars and the text '5 customer reviews | 5 answered questions'. The price is shown as 'Rp15.000' with a red line through it, and 'SAVE 30%' next to it, followed by the discounted price 'Rp10.000'. A 'BUY NOW' button is visible. Below the product image, there are icons for 'FREE SHIPPING' and 'FREE RETURNS'. At the bottom, there is a paragraph of text: 'ORAL DETOX FOR A HAPPIER, HEALTHIER MOUTH Bad Breath Treatment - Infused with the antiseptic and demineralizing properties. Includes all the ingredients needed for a natural everyday toothpaste. Safe for kids and family. This is a toothpaste that actually tastes good with no mess, will leave your mouth feeling fresh like a day at the beach. Shop now to enjoy the benefits!'

A special offer for your-daily-use toothpaste at discounted price

Q1. How would likely you would like to purchase the items?

Very Unlikely

Very Likely

1 2 3 4 5 6 7

Please indicate the extent to which you agree or disagree with following statements :

1. I would impulsively buy this product

Strongly Disagree

Neither

Strongly Agree

1 2 3 4 5 6 7

2. I would buy this product immediately

Strongly Disagree

Neither

Strongly Agree

1 2 3 4 5 6 7

3. I would not carefully evaluate the product before I buy

Strongly Disagree

Neither

Strongly Agree

1 2 3 4 5 6 7

4. I think the offer (price discount and price reduction) presented is a good deal

Strongly Disagree

Neither

Strongly Agree

1 2 3 4 5 6 7

Q2. Please indicate how accurately each of following statements describes you. Rate your level of agreement with each statement:

Adopted from: Impulse Buying Tendency Scale (Weun et al., 1998).

1. When I go shopping, I buy things that I had not intended to purchase

Very Rarely

Sometimes

Very Often

1 2 3 4 5 6 7

2. I am a person who makes unplanned purchase

Very Rarely			Sometimes			Very Often
1	2	3	4	5	6	7

3. When I see something really interest me, I buy it without considering the consequences

Strongly Disagree			Neither			Strongly Agree
1	2	3	4	5	6	7

4. It is fun to buy spontaneously

Strongly Disagree			Neither			Strongly Agree
1	2	3	4	5	6	7

5. I avoid buying things that are not on my shopping list [Reverse coded]

Strongly Disagree			Neither			Strongly Agree
1	2	3	4	5	6	7

Q3. Demographic Questions

1. Please indicate your gender:

- a. Female
- b. Male

2. Please indicate your age:

3. Please indicate your occupation:

- a. Student
- b. Full-time/Part-time employee
- c. Entrepreneur
- d. Other

4. Please indicate your highest education level:

- a. High school
- b. Bachelor's degree
- c. Master's Degree

Thank you for participating in this survey and helping Nadia to graduate!
As an appreciation, I would like to offer you a chance to get Rp50.000 top-up voucher of Go-Pay account.

If you **wish to participate in lucky draw**, please provide us with your **contact information (mobile phone number)**. If **no**, you may **leave it blank and continue**. Please be aware that any contact information we need to collect from you in this lucky draw will be stored separately from your answer and be deleted once the draw is completed.

Thank you!

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