Influence of planning on mid-consumption purchasing for experience goods

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Abstract:

The purpose of this thesis is to analyze how impulse purchasing mid-consumption differs upon time of purchase of tickets for an experience good. Experience goods differ from other goods in that time of consumption and purchase are split and that they often offer another purchase opportunity within the consumption itself. This research used a survey in which the control group and treatment group both visit a movie, but the treatment group has already bought tickets two weeks in advance. This research found no significant difference in mean purchase intention across all products for planned and unplanned visits, but it did find that consumers who plan their visit are less likely to upgrade their purchase of popcorn to a larger size. This indicates that although overall purchase intention is equal, planned visitors pick a smaller size for products indicating a lesser likelihood to spend. It is therefore advised for companies who offer experience goods, similar to a movie theater, to increase effort in getting consumers to come spontaneously. Furthermore, it is advised to increase stimuli as impulsive people are also more likely to upgrade their purchase.

Introduction

Impulse purchasing has been described for decades. It's a phenomenon described often in literature initially defining it as purchase decision that was not intended prior to entering the store (West, 1951). Others explain it as buying something without careful consideration (Beatty and Ferrell, 1998). It is estimated that consumers make up to three impulse purchases a week combining an average of $5400 on impulse purchases per year (CNBC, 2018). Stores and other establishments where consumers can buy anything carefully act on this, when arranging their products. Smaller items, which usually cost a little bit less, are often placed strategically at the checkout for easy grabbing, and to give consumers less time to think about why they should purchase it.

Earlier definitions of impulse purchasing fall short in describing the complex aspects of impulse purchasing like described by Rook (1987). He defined impulse purchasing as a spontaneous process in which a consumer experiences a sudden uncontrollable urge to acquire something immediately. In his research, he describes impulse purchasing using several different aspects.

He starts by explaining it as a spontaneous urge to purchase an item. He found that consumers experience powerful force which compelled them to purchase the item instantaneously. Consumers also experience excitement when purchasing something on impulse and often felt better after doing it. They also described it as an internal battle between keeping control and giving in to the urge, which often leads consumers to not take consequences into account (Rook, 1987).

These feelings are usually triggered when coming in contact with a stimulus, sometimes a promotion or something the consumers has previously encountered. This stimulus can be anything the consumer wants or needs but did not think of before entering the store. This aspect goes further than just purchasing an item that was not planned prior to entering a store. While in the shopping environment, the consumer is exposed to multiple stimuli on which he or she can act. The consumer may not have planned to purchase an item, exposure to it can induce this uncontrollable urge, after which may end up purchasing it (Applebaum, 1951).

This stimulus induced behavior has since then been more conceptualized by Stern (1962) noting that not all consumers plan their purchases beforehand at all. Some

consumers deliberately don't plan their purchases and seek out these impulses or deals and then decide on the spot upon buying it or not. This so-called planned purchase behavior makes room for more theories upon different aspects of impulse purchasing. Stern's (1962) three other types of impulse purchasing behavior include pure, suggestion, and reminder impulse purchasing. Suggestion impulse purchasing and reminder impulse purchasing respectively mean the consumer seeing a product for the first time and thinking he/she needs it, and the consumer being reminded of needing a product upon seeing it.

The last one, pure impulse purchasing comes closer to the common understanding of impulse purchasing behavior, meaning a complete act of impulse. In this case, the purchase is not planned, has not been forgotten but the product is known to consumers.

One of the key elements of impulse purchasing comes back to the idea of instant gratification, meaning consumers prefer their happiness from buying something now over that same, or even greater feeling at a later time (Gardner & Rook, 1988).

Whether the consumer actually chooses for this instant gratification is due to a battle between cognitive and emotional responses (Hoch & Loewenstein, 1991). They discovered that the cognitive parts of the brain were used to ensure self-control and to stay rational, while the emotional parts of the brain were more affected when being more spontaneous and impulsive. Their economic-psychological model explains that impulse purchases are made after a battle between desire and willpower, in which desire hedonic or emotionally affected and willpower comes from rationalization and cognitive thinking (Hoch & Loewenstein, 1991).

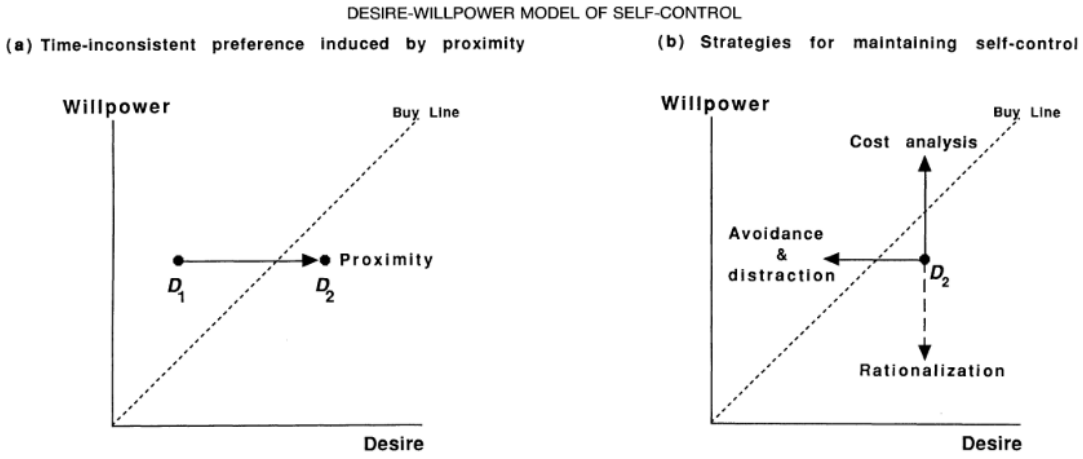

Figure 1: Conflict between Willpower and Desire.

In the above model (figure 1) by Hoch and Loewenstein (1991), the conflict is depicted by the buy line. When desire is greater than willpower, D_1 to D_2, the purchase will be made (model a of figure 1). Consumers can still go back over the buy line by either using cost-analysis for instance which means carefully considering whether the purchase fits the consumer's current budget (Hoch & Loewenstein, 1991). This is similar to what is defined by Rook (1987) which states that impulse purchases are often made without consideration of consequences. These consequences can be financially or even the product not being how they imagined it to be. Other options are avoidance and distraction, which mean walking away from the stimulus as to not give in, or rationalization, justifying why purchase in necessary.

When taking the above literature into account and combining them, the following pyramid can be constructed (figure 2).

4th	Emotionally affected
3nd	Decided on-the-spot
2nd	Induced by stimuli
1st (Base)	Non-intended/unplanned purchases

Figure 2: Levels of Impulse Purchasing

The first layer or base is non-intended or unplanned purchases. This goes back to the definition of West (1951) which defines impulse buying as purchases made which were not intended prior to entering the store. The second layer, induced by stimuli, is described by several researchers who found that these impulse purchases arise due to exposure to stimuli in the purchase situation, which could be promotional cues or displays (Rook, 1987; Stern, 1962). The third layer explains that impulse purchases have to decided on-the-spot. A purchase cannot be classified as being impulsive if it's not, as consumers who go back later to purchase an item after being stimulated to purchase earlier, have had time to consider the purchase in itself (Piron, 1993). These purchase therefore are made with a consideration of consequences (Rook, 1987).
The fourth later goes into the research of economic-psychological model which states that impulse purchases are emotionally affected which causes desire to be greater than willpower (Hoch & Loewenstein, 1991).

This pyramid does not have a peak because that would mean that we know all there is to know about how impulse purchasing arises. Because the mind is so complex, research into this subject needs to continue.

Impulse purchasing also gets influenced by the transaction itself. Jeffrey & Hodge (2007) found that consumer who spend more money in total, are also found to spend more on these impulsive items. They did this experiment in online purchasing situation, where consumers were shown another product after their primary purchase. Amount of money spent in the first purchase had a positive effect on whether the impulse purchase was made (Jeffrey & Hodge, 2007).

When looking at experience goods, consumers often also make multiple transactions. Often do experience goods like the cinema, zoo and similar activities consist of purchase opportunities within the consumption of this experience good itself. In the example of a cinema, one can think of the purchase of popcorn and beverages, and in the example of a zoo, snacks and souvenirs come to mind. And with all the technological advances made on improving the ease of purchasing products from anywhere you are, this means consumers can already pay their entrance fee days or even weeks prior to the actual consumption. This raised the question whether this has

any effect on how much consumer will spend within the consumption, being in the zoo or cinema, itself.

For these experience goods, different groups of consumers can be distinguished. Some consumers plan their trips ahead and others decide to go spontaneously. It is unclear whether this initial purchase influences other purchases in this scenario as well. Time in the experiment of Jeffrey & Hodge (2007) was kept constant and impulse purchases were made directly after the initial purchase. In the case of experience goods this is not, because these are not physical and consumption may occur at a later time. The initial purchase memory may have already faded and therefore decreasing the impulse purchasing in the mid-consumption purchase. It is therefore important to distinguish how mid-consumption purchases differ for these different consumer groups and how time prior to actual consumption itself influences this, as this can be used by providers of experience goods to either promote on site purchase of tickets or promote planning of a visit.

This research will therefore make an attempt in discovering whether there is a difference in money spent for people who buy their tickets, or pay an entrance fee, days prior to the consumption of it or people who buy them on-the-spot. The main research question of this paper will therefore be:
Does planning the consumption of an experience good increase or decrease impulse buying mid-consumption?

Unplanned consumption

While some consumers plan these consumptions ahead, other consumers decide last-minute on going to the cinema, theater or zoo. Consuming these experience goods can be regarded as being joyful and speaking to emotional elements of the brain. Hoch & Loewenstein (1991) discovered that cognitive elements in the brain ensured more self-control and emotional elements affect more impulsive behavior. It therefore depends on which parts of the brain get affected more for the stimulus to turn into a purchase (Hoch & Loewenstein, 1991). The way information, processed within a person, can determine whether stimuluses turn into action or not. As an example, women tend to take more pleasure in shopping and thus choose more frequently for

this beforementioned instant gratification behavior than men do (Peter, Olson, & Grunert, 1999).

It is therefore useful for providers of these goods to know how this impulse purchasing behavior is being affected to take actions upon increasing this behavior. Self-control is mentioned frequently within the realm of impulse purchasing behavior. Roy Baumeister (2002) described it in his research as the ability to alter its own state or desire. What this means is that a person can change its decision regardless of desire. If a person is craving unhealthy food, self-control is the ability that causes that person to not give in to this craving. In everyday life, people are constantly confronted with decisions, whether it's at the supermarket, to buy something which is currently discounted, but you don't actually need. Or at home, where you can make the decision to treat yourself to a snack or not.

When you think about the path the consumers walk through the store, often these small treats are displayed at the checkout to attract these people with cravings. This is where Vohs and Faber (2007) come into play, because in their research, they discovered that, because consumers have to consider a lot, which taxes their self-regulatory resources. This causes consumer to value goods as more important, or more needed, than they would normally do. They performed three different experiments where they sought to deplete attention, cognitive resources and emotional recourses, and found that for all three, the group whose attention and recourses were depleted, spent more money and bought more items (Vohs & Faber, 2007). They even found that impulsiveness a trait, measured using the Buying Impulsiveness Scale (BIS) (Rook & Fisher, 1995), were increasingly affected by the depletion of recourses.

The willpower of strength model suggests this also, explaining that when effort is exerted in the first purchase situation, self-control will not be as optimal in the following situations (Baumeister, 2002). Linking this back to experience goods, one can question whether buying tickets at the ticket counter, can also have this depleting effect, and thus increase spending in the next purchase situation. This would mean that consumers, who didn't plan and decided on the spot on consuming an experience good, will spend more on the mid-consumption purchase opportunity.

Budgeting

Soman & Lam (2002) found that a more recent spending has a significantly bigger effect on future spending. They did this by subjecting people to a month of expenses they had made which differed between two groups. One group incurred most of them early in the month and the other group later. They then got subjected to a situation in which they could choose to buy a set of CD's. The results of this experiment showed how more recent spending decreases the probability of purchasing another item.

Another reason for similar behavior can be explained by what is called: mental budgeting (Heath and Soll, 1996). This means that consumers set mental budgets for different spending categories like groceries, clothing etc. The same can be said for activities. By spending money for tickets as proposed above, this mental budget leaves less room for spending on the second consumption area. For the consumer group that plans these trips, new mental budgets can form as to how much he/she can spend. This is in line with the assumptions that consumers set budgets prior to actually consuming (Heath & Soll, 1996). This mental budget then leaves less room for impulsivity to act by using self-control mechanisms.

This is in line with what is called retrospective accounting, which, similarly to mental budgeting, assumes that the consumers use some form of mental budget or account (Soman, 2001). This retrospective accounting mentally pins future spending to similar products that have been purchased recently, without using a specific budget for this category unlike mental budgeting. The consumers then use this to decide on future spending opportunities.

It then depends on how far in the past this recent purchase is to actually influence this future purchase decision (Prelec & Loewenstein, 1998). When consumption of a good happens after a long time after the payment, consumers essentially value the consumption like it's free. By means of survey, Prelec & Loewenstein (1998) composed Figure 3, showing how these imputed costs of consumption change with respect to the time of the consumption itself. With the middle line marked as the time of consumption itself, the imputed costs of paying either before or after consumption are shown. When

the actual costs are paid a long time before the consumption, these ‘mental’ imputed costs are regarded as 0. They then rise as time towards the consumption decreases.

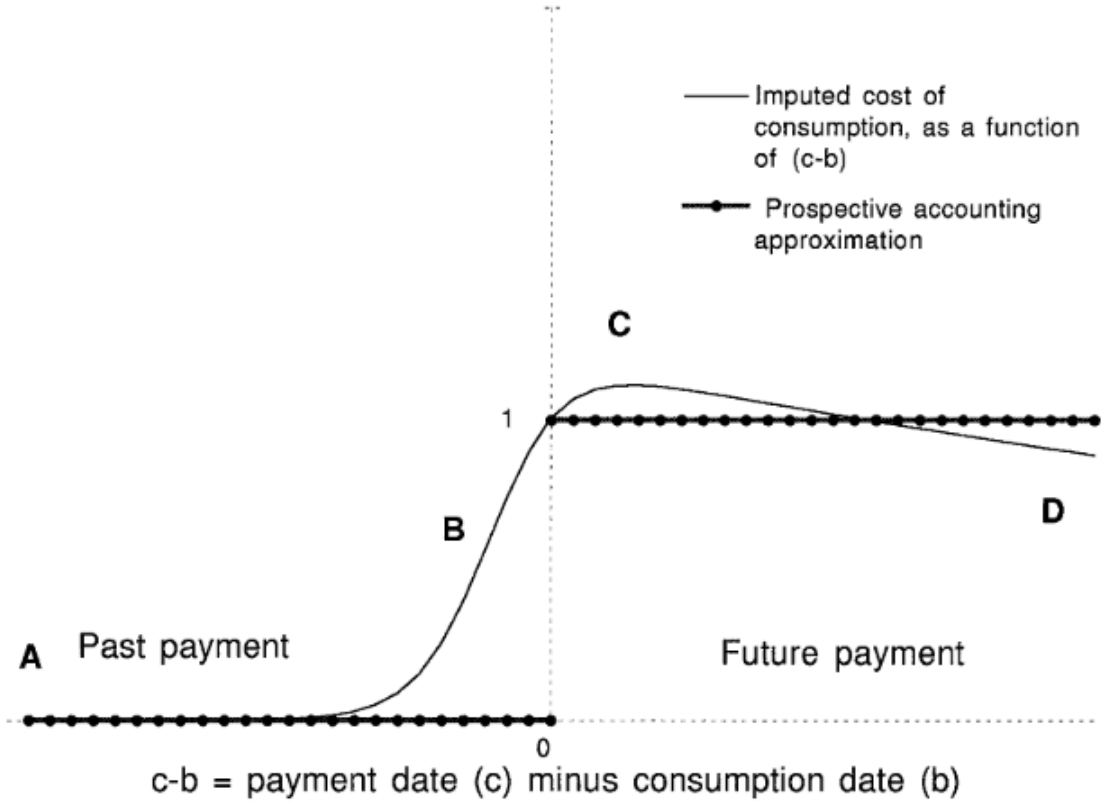

Figure 3: Dependance of Imputed cost of consumption on time of consumption (Prelec & Loewenstein, 1998).

Right after consumption (moment 1) imputed costs of this consumption are even higher than the actual costs, which can be explained by the “pain of paying” effect. In a similar study by Gourville & Soman (1998), two groups both bought a television and a computer two years ago, both costing $1,500 respectively. They could buy one right now and for the other product, they had gotten a payment plan. The two groups differed in that the product they bought instantly, and the one for which had gotten a payment plan were different. After two years, both groups valued their products different based on how recent payment was completed, meaning that past payment depreciates and the cost incurred are sunk.

When implementing these theories in an experience good scenario, one might question whether buying tickets earlier might influence spending behavior when consumption occurs. From an economic perspective, consumers in both scenarios

who will visit a cinema should have paid the same for tickets, with one of them paying that amount days or weeks prior. If both visit the same cinema, and have the same choice of snacks and drinks, there should be no significant difference in amount spent. From a marketing perspective, following the research of Prelec & Loewenstein (1998), and Gourville & Soman (1998) and keeping depletion of self-control as explained by Vohs and Faber (2007) and Baumeister (2002) equal it is expected that consumers, who purchase tickets in advance, spend more mid-consumption than consumers who purchase close the event itself.

Based on the research given above, the following hypotheses are formulated to answer our research question.

As a result of the theory explained above, our hypothesis will be:
H1a: Planning the consumption of an experience good increases purchase intention within the consumption.

The next hypothesis is formulated as cinemas offer multiple sizes for their products, popcorn being the most popular.

H1b: Planning the consumption of an experience good increases likeliness that consumers upgrade their purchase to a larger size.

Methodology

To test which effects will be stronger and whether consumers will spend more or less within the consumption as a result of either planning or not planning, a survey will be conducted. For this survey, people will be randomly selected in to two groups, planned consumption and non-planned consumption.

Similarly to the research of Gourville and Soman (1998), this study will test whether costs incurred for an experience good will depreciate over time, and whether or not this has any effect on how much will be spend within the consumption itself.

This study will examine whether there is a difference in impulse buying for consumers who plan the consumption of an experience good in advance and those who don’t. Two groups will be created that will be told that they will attend a screening of a movie

at a movie theater. These two groups differ in time of purchase of the tickets and get to pick a selection of snacks to enjoy during the movie.

Design and procedure:

All subjects were given the scenario that they will attend a screening in a movie theater (figure 4). One group (N = 62) was told that they spontaneously decide to go see a movie, hereafter the control group. The other group (N = 62), hereafter the 'treatment group', will be told they already have purchased the tickets 2 weeks ago online for the price of 10 Euros. Subjects were randomly assigned to either the control group or the treatment group. The control group will be given a budget of €30,00 Euros and the treatment group was given a budget of €20,00 Euros, but they will be told that they already payed €10,00 Euros for a movie ticket two weeks prior.

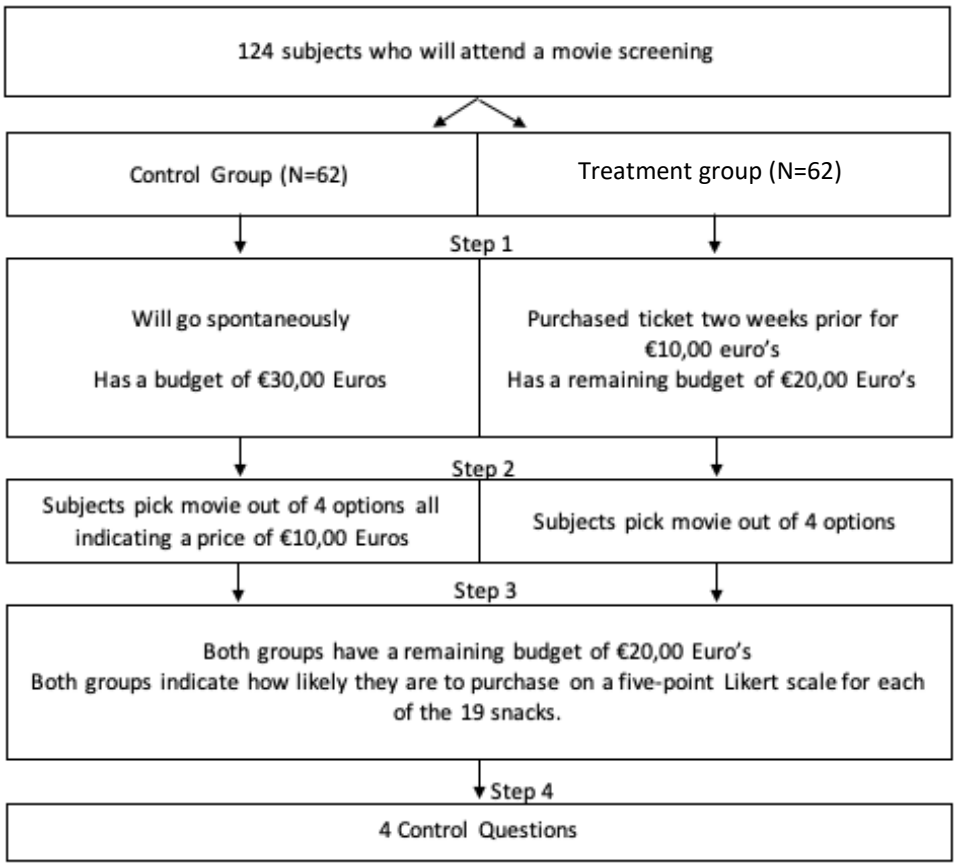

Figure 4: The survey-flow

In step 2, both groups could choose a movie they were going to see. Both groups were shown the same four movie posters, but only the control group had the price for each movie below it as they were told they were going spontaneously and therefore hadn't payed their ticket yet.

In step 3, both groups were shown a list of 19 snacks. These snacks were chosen based on the best-selling items for an actual cinema. At this point, both groups had a remaining budget of €20,00. For all the snacks, no prices were shown to keep subjects from counting out prices. Similarly, subjects had to mark how likely they are to purchase each item in relation to their total purchase on a five-point Likert scale, indication purchase intention. Each snack contained a picture of the snack to stimulate emotional parts of the brain and therefore stimulate impulsive tendencies (Hoch & Loewenstein, 1991). The snacks weren't categorized and were presented one after another. The full list of snacks and the way they were projected in the survey can be viewed in Appendix A. The whole experiment was designed to closely mimic a cinema visit using several pictures along the way to increase the feeling of actually visiting a movie.

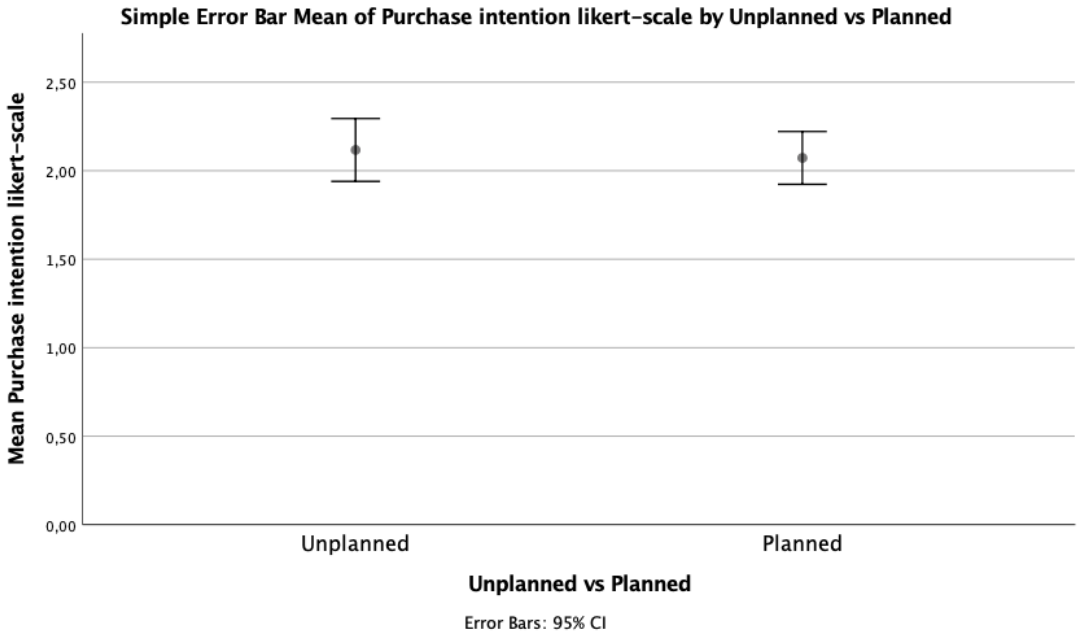

Figure 5: Error bar Mean of the variable Purchase intention measured in Liktert Scale across variable of interest.

Figure 5 shows the mean purchase intention scores across all products . This figure shows that the mean purchase intention score for the planned group is slightly lower than for the unplanned group.

Furthermore, to account for subjects choosing everything they want because it's not their real money, subjects were given a budget constraint. This budget constraint was

€20,00 Euros for the test group, and €30,00 Euros for the control group as they are shown the movie with the price of €10,00 euros. This leaves both groups with a budget of €20,00 Euros for snacks to enjoy during the movie.
The given budget of €20,00 for snacks was picked as a result of a pre-test under 22 subjects asking them how much they would maximally spend on snacks at cinema. The results of this test are shown in figure 6 below.

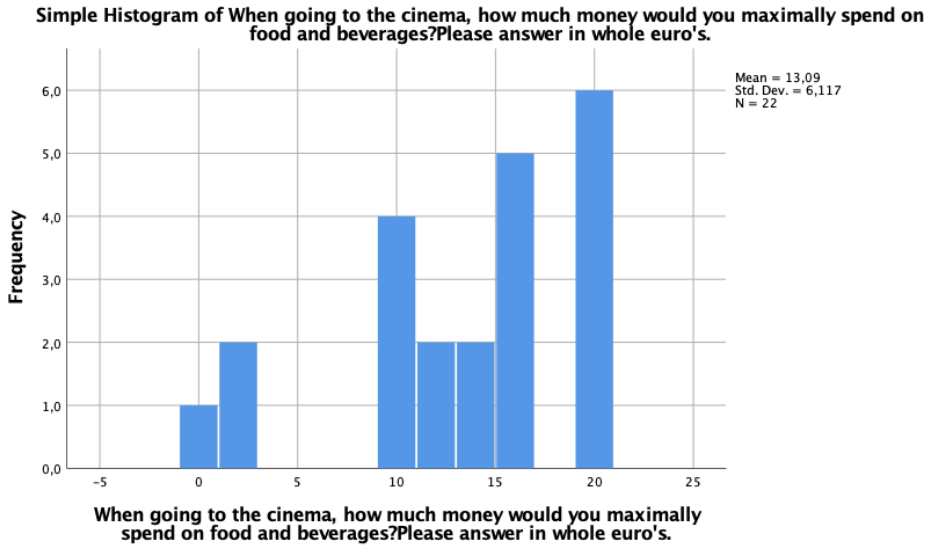

Figure 6: Results of the pre-test

In step 4 of the survey, Subjects were asked to answer four questions, for which the answers can potentially influence the outcome of this test. These questions were asked after the test to have them not influence the test results directly.

Control Variables

To distinctively capture how planning an experience good influences purchasing behavior mid-consumption, this research controls for the following variables. These variables may have an effect on impulse buying regardless of the experimental conditions.

Mood:

First, mood has to be controlled for. Research of Ozen and Gultekin (2015) found that as mood increases, impulse buying also increases. Subjects were therefore asked about their current mood.

Impulsiveness as a trait:

To control for trait impulsiveness, subjects were asked to what extend they would describe themselves as being impulsive as this may positively influence how likely they are to purchase snacks (Rook & Fisher, 1995).

Movie choice satisfaction:

Subjects were also asked about their satisfaction regarding the choice of movies they were given. Movies and experience goods often elicit a form of excitement. When movies are not found to be interesting, this excitement may decrease and therefore decrease buying intention (Harmanciogly, Finney & Joseph, 2009).

Actual budgeting behavior:

Subjects were also asked to what extend they plan their budgets for different spending categories. This research needs to control for this fact as mental budgeting behavior affects purchase behavior due to the fact that impulsive tendencies are constraint (Heath & Soll, 1996). It may therefore occur that subjects who plan their budgets purchase less than other subjects do as they're more accustomed to this budgeting behavior.

Impulsiveness differed across both groups with the planned group having a slightly higher mean and being more left-skewed than the group whose subject were given the unplanned visit scenario.

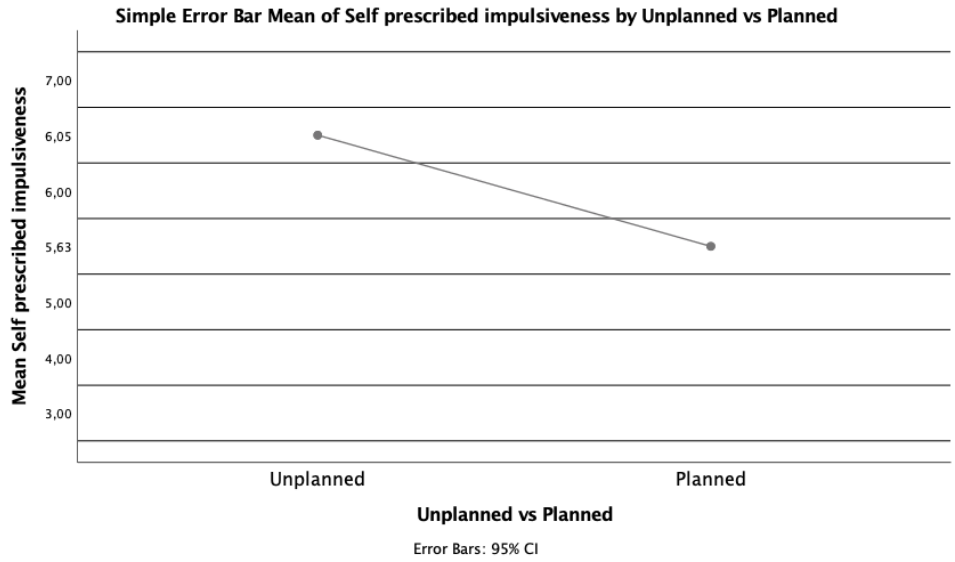

Figure 7: Error Bar Mean plot of Self prescribed Impulsiveness for planned and unplanned group.

Subjects

The subjects of this survey were 124 individuals and were approached online through social media. Subjects were asked to fill out an online survey without compensation. Subjects were aged between 17 and 55 but averaged 25 and were mostly students.

Results

This analyzation will use two different methods to measure whether planning the consumption of an experience good increases impulse purchasing. Firstly, it looks at the mean purchase intention over all snacks and drinks. Secondly, this research measures whether consumers who plan the consumption of an experience good are more likely to upgrade their popcorn to a larger size.

For the first analyzation, a regression will be run using a variable indicating purchase intention. For this variable, the outcomes of the 5-point Likert scales for snacks and drinks, indicating purchase intention (1=very unlikely, 2=somewhat unlikely, 3=neither likely nor unlikely, 4=somewhat likely, 5=very likely), were added up and divided by the number of snacks (19) to generate the variable indicating the mean purchase intention. This is similar to the research done by Dilip Soman (2001), who used the mean purchase intention on a scale with ten points and with a similar labelling to measure the effect of payment mechanisms on purchase intention. Both for this research and for the research of Soman Dip (2001), all points on the 5-point Likert scale were

labeled. Only labeling certain points can cause the distribution of replies to peak along those labels (Juster, 1966).

The outcome of this across our variable of interest is shown in figure 8 below.

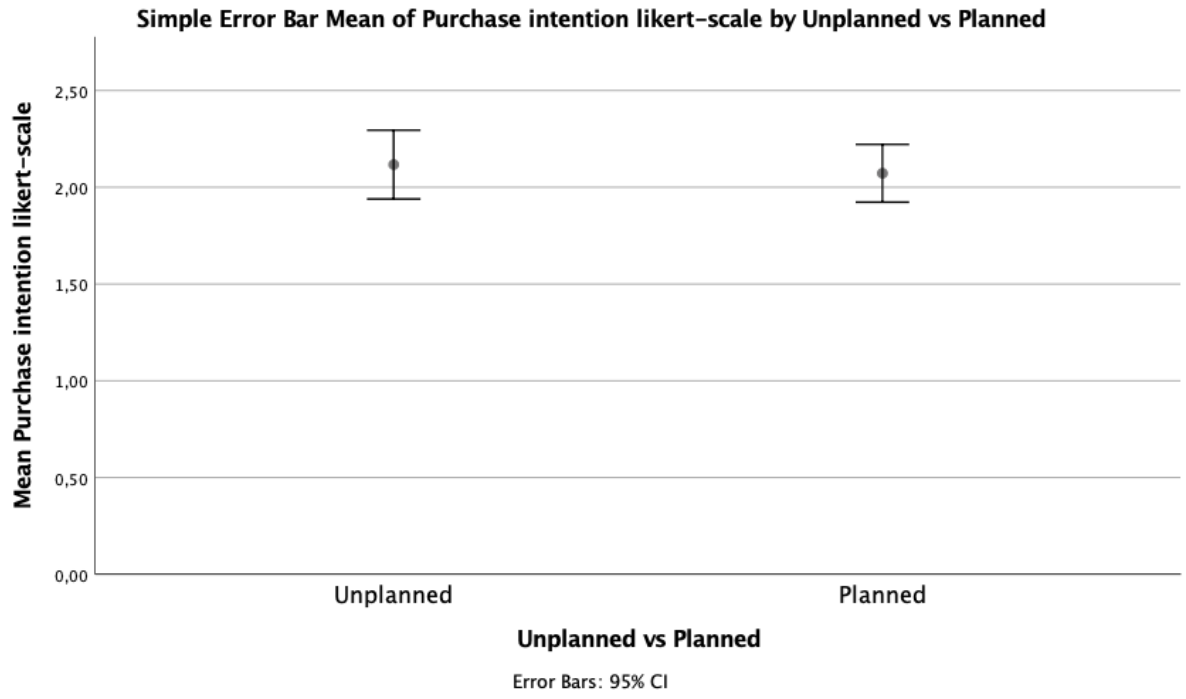

Figure 8: Mean purchase intention depending on whether visit was planned or not.

Next, this variable was used as a dependent variable in a regression with the beforementioned control variables and the variable Gender and Age.

For this regression, first the assumptions of normality, homoscedasticity and multi-collinearity were checked. Figure 9 below shows that the residuals of this regression are normally distributed and follow a line similar to diagonal.

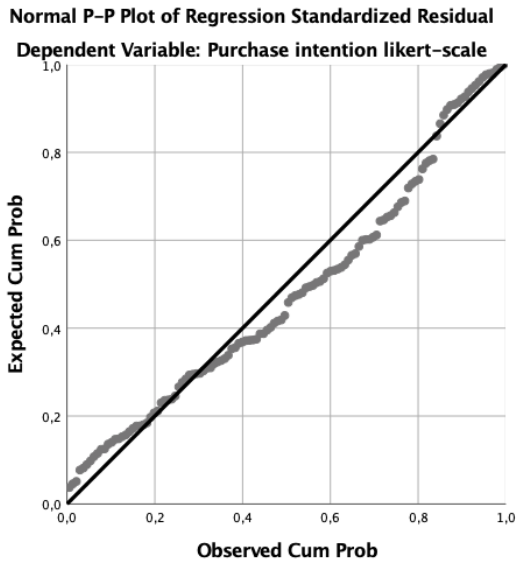

Figure 9: distribution of the residuals

Furthermore, to test for homoscedasticity, figure 10 below shows how the residuals are distributed. It can be shown that these residuals follow a cone shape indicating heteroscedasticity across the error terms.

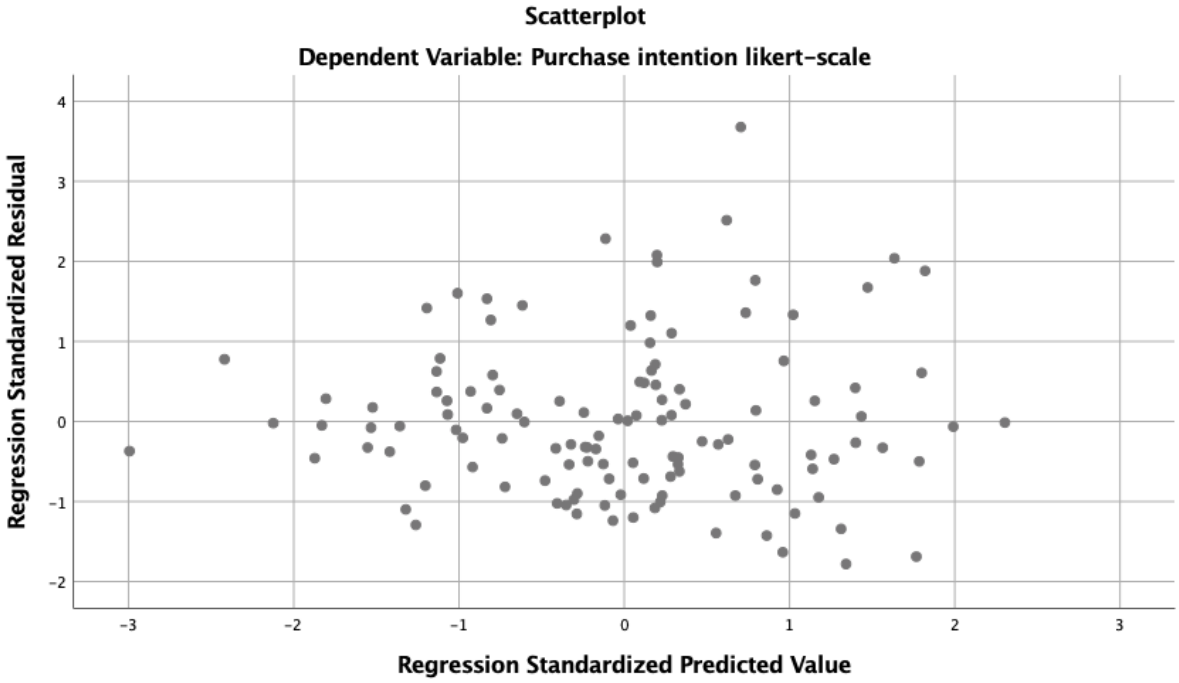

Figure 10: Scatterplot of dependent variable: "Purchase Intention on a 5-point Likert-scale

Lastly, the regression checks for multicollinearity, we check the Variance Inflation Factor (VIF) values in table 2 below. Each of VIF values is below 10 therefore indicating there is no multicollinearity.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,897	7	,985	2,599	,016[b]
	Residual	43,973	116	,379		
	Total	50,870	123			

a. Dependent Variable: Purchase intention likert-scale

b. Predictors: (Constant), Actual planning, Mood, Unplanned vs Planned, Movie option Satisfaction, Self prescribed impulsiveness, Age, Gender

Table 1: Results ANOVA table of regression on Purchase intention of Likert scale

As shown in table 1, the regression itself is significant (F=2.599, p-value=0.016<0.05). This means that the independent variables are a good predictor of the dependent variable.

When looking at the coefficients the following results can be obtained.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,260	,383		3,291	,001		
	Unplanned vs Planned	,020	,117	,016	,175	,862	,899	1,113
	Age	-,012	,008	-,147	-1,606	,111	,889	1,125
	Gender	,259	,118	,202	2,200	,030	,888	1,126
	Movie option Satisfaction	,034	,025	,118	1,334	,185	,953	1,050
	Mood	,015	,036	,038	,429	,669	,931	1,075
	Self prescribed impulsiveness	,091	,027	,302	3,336	,001	,906	1,103
	Actual planning	,024	,022	,101	1,120	,265	,910	1,099

a. Dependent Variable: Purchase intention likert-scale

Table 2: Results of Coefficients table of Regression on Purchase Intention of Likert scale

The variable of interest 'Unplanned vs Planned', indicating whether the subjects visit was planned or not with value 0 meaning their visit wasn't planned and value 1 meaning their visit was planned. We can see from the table that there is no significant difference in likeliness to buy more products for subjects who's visit was planned or not planned (t=0,175, p-value=0.862>0.05).

Two variables were significant, being 'Gender; and 'Self-prescribed Impulsiveness'. Gender had a positive effect on overall likeliness to buy, meaning when all other factors being constant, females had a 0.259 higher score on the scale of 1-5 (t=2.200, p=0.030<0.05). Self-Prescribed Impulsiveness also had a positive score, meaning that

all other factors staying constant, when the variable increases by 1 point, overall Purchase intention increases by 0.091 (t=3.336, p=0.001<0.05).

While the above research treats the Likert-scale data as interval nature, with the distance between points being equal, the debate on whether this is allowed or not, is still going on with researchers both agreeing and disagreeing. Therefore, this research will also perform the same research with the assumption that it may not be the case. Following the research of Juster (1966) who found that purchase intention was not proportionally divided and was actually lower.

LIKERT SCALE	ACTUAL PURCHASE INTENTION PROBABILITY
5	0.75
4	0.25
3	0.1
2	0.05
1	0.02

Table 3: Likert scale and matching actual purchase Intention probabilities

For this to work, the 5-point Likert scale data will be transformed into actual purchase intention probabilities according to the scale of marketing company Nielsen (Risen & Risen, 2008). Then the mean is taken across all products to give the overall purchase probability. This is then used as the dependent variable in a regression using the same independent variables as in the previous analyzation.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,081	7	,012	2,081	,051[b]
	Residual	,643	116	,006		
	Total	,724	123			

a. Dependent Variable: Purchase intention prob.

b. Predictors: (Constant), Actual planning, Mood, Unplanned vs Planned, Movie option Satisfaction, Self prescribed impulsiveness, Age, Gender

Table 4: ANOVA table of regression on Purchase intention probability model

Following the ANOVA table above, the used independent variables are not a good predictor of 'Purchase intention probability' (F=2.081, p=0.051>0.05).
Based on the above mentioned analyzations, hypothesis H1a will be rejected.

Another interesting analyzation looks at whether subjects are more likely to purchase a larger size of the same product, in this research popcorn, based on whether their visit was planned or not. For this analyzation, the score for the smaller item was substracted from the score for the larger item. When this newly acquired score is positive, it means that the score given on the larger item was higher than that of the smaller item. Subsequently, when this score is negative, it means consumers gave a higher score on the smaller item. This score was recoded to give 0 when the score was negative, and a 1 indicating that the score was positive.
When the score is 0, indicating consumers score both products the same, the result was omitted from this analyzation.
This was done for the upgrade small to medium and medium to large resulting in two new variables.
When using either of the two variables as the dependent variable in a binary logistic regression, and the variables, Planned, Gender, Age, and the control variables as independent variables, the following results were obtained. For this regression, for the category 'gender', male was used as the reference category, and for the category, 'planned vs unplanned', the unplanned group was used as the reference category.

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	93	75,0
	Missing Cases	31	25,0
	Total	124	100,0
Unselected Cases		0	,0
Total		124	100,0

a. If weight is in effect, see classification table for the total number of cases.

Table 5: Case Processing Summary of binary logistic regression on Upgrade from Small to Medium

From the 124 subjects who completely filled in the survey, 31 cases (25%) were indifferent when giving a mark to the small and medium popcorn question. Therefore, upon recoding the values, these subjects' marks were recorded as missing. For this analyzation, 93 cases were used.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	14,150	7	,049
	Block	14,150	7	,049
	Model	14,150	7	,049

Table 6: Omnibus Tests of Model Coefficients of binary logistic regression on Upgrade from Small to Medium

At first, we look at the Omnibus Tests of Model Coefficients outcomes in table 3. This model explains by use of a Chi-square test, whether this model is significant or not. In this scenario, adding the independent variables mentioned before, gives a significant outcome (Chi-square = 14.150, df=7, p=0.049<0.05).

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	7,891	8	,444

Table 7: Outcomes of Hosmer and Lemeshow test

Next, we look at the Homer and Lemeshow test, which tests the null hypothesis that our data is good fit for the model. The results indicate that the data is good fit for the model (Chi-square = 7.891, df=8, p=0.444>0.05).

Classification Table[a]

Observed			Predicted		
			SmalltoMediumCor		Percentage Correct
			,00	1,00	
Step 1	SmalltoMediumCor	,00	5	20	20,0
		1,00	6	62	91,2
	Overall Percentage				72,0

a. The cut value is ,500

Table 8: Classification table for binary logistic regression on Upgrade from Small to Medium

The classification table measures that 72% of the outcomes can be correctly classified using the model.

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Unplanned vs Planned (1)	-1,163	,541	4,615	1	,032	,313
	Self prescribed impulsiveness	,151	,131	1,325	1	,250	1,163
	Mood	-,004	,190	,001	1	,982	,996
	Movie option Satisfaction	-,070	,116	,363	1	,547	,932
	Actual planning	,049	,098	,250	1	,617	1,050
	Gender(1)	-,935	,534	3,068	1	,080	,392
	Age	-,080	,039	4,267	1	,039	,924
	Constant	3,516	1,888	3,467	1	,063	33,651

a. Variable(s) entered on step 1: Unplanned vs Planned, Self prescribed impulsiveness, Mood, Movie option Satisfaction, Actual planning, Gender, Age.

Table 9: Variables in the Equation table for binary logistic regression on Upgrade from Small to Medium

Lastly the 'variables in the equation' model, which answer for each of the variables, how they interact with the dependent variable 'Upgrade from Small to Medium'. The variable 'Unplanned vs Planned' is our variable of interest, and it's significant (Wald=4.614, df=1, p=0.032<0.05). Exp(B) is 0.313, indicating that consumers who plan their experience good are 68.7% (1 – Exp(B)) less likely to upgrade their popcorn purchase from a small size to a medium one, holding all other factors constant.

Furthermore, Age is also significant, indicating that, holding all other factors constant, when age increases by factor 1, likeliness to purchase a medium popcorn instead of a small one decreases by 7.6% (Wald=4.267, df=1, p=0.039<0.05).

The same analyzation can be performed to see if subjects are more likely to upgrade from a medium to a large popcorn but as there are not enough cases, this will not deliver any significant results. Following the results from the binary logistic regression on Upgrade from Small to Medium, hypothesis H1b will be rejected.

Upgrade from Medium to Large Popcorn

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,00	80	64,5	87,0	87,0
	1,00	12	9,7	13,0	100,0
	Total	92	74,2	100,0	
Missing	System	32	25,8		
Total		124	100,0		

Table 10: Frequencies of upgrade from Medium to Large popcorn.

Discussion

Previous research into impulse purchasing suggest that purchases made in the past depreciate over time, and that splitting of payment and consumption may lead to over- or undervaluing that payment at the time of consumption (Gourville & Soman, 1998; Hoch & Loewenstein, 1991). This research, using a treatment group who purchased tickets two weeks prior to consumption of the experience good did not significantly differ in mean purchase intention from the control group who purchased tickets while in the cinema itself.

Also, following the research of Soman & Lam (2002), who found that more recent spending had a negative effect on future spending, this research found no significant difference in mean purchase intention across all products for consumers who's visit was planned or not. While Soman & Lam researched the probability of purchasing an extra item, this research looked at the overall purchase intention. This indicates that there's no difference in overall willingness to buy between both groups.

This research did find that planning a visit decreased the probability that the consumer bought a medium popcorn instead of small one. It being that there's no significant difference in planning or not planning of the consumption of an experience good on purchase intention measured on a Likert-scale, the decreased likeliness to upgrade to

a medium indicates a lower likeliness to spend when a visit is planned. This is contrary to what Soman and Lam (2002) found. While they found a lower likeliness to spend when costs were incurred more recently, this research found a higher likeliness.

What this means for cinema's is that although no difference in mean purchase intention was found, the decreased likeliness to upgrade indicates efforts still have to be made to get consumers to buy tickets closely before they are actually visiting. Many cinemas are providing opportunities to purchase tickets days and weeks prior but as this research found, this decreases revenue as they are less likely to upgrade.

This research kept all other steps prior to choosing snacks and drinks constant, which eliminates a difference in taxing of self-regulatory systems described by Vohs and Faber (2007). This research also controlled for impulsivity as a trait, which means that it accounts for depletion of self-control being faster for consumers who describe themselves as being more impulsive (Rook & Fischer, 1995). This research also found that subjects who found themselves to be impulsive had a significantly higher score for overall purchase intention. They were however not significantly more likely to upgrade their popcorn. This means that for cinemas it's important to provide enough stimuli to trigger consumers into buying more items.

Another factor which was found to be significant is the effect of age on whether the subject was likely to upgrade their popcorn to a medium one. This research found that age and upgrading their popcorn had an inverse relationship. This indicates that older consumers are less likely to upgrade and therefore are less likely to spend, also considering that there is no significant difference in age when looking at mean purchase intention. It can also therefore be assumed that for age, total likeliness to spend is equal for across ages, but older consumers are less likely to buy on impulse This is in line with previous, which also found an inverse relationship between age and impulse buying (Wood, 1998).

Limitations

This research also used an online survey, which could have negatively affected the strength of the effects. Impulse purchasing is induced by many different factors and induced by stimuli as explained early in this research (Applebaum, 1951). These stimuli

might be less effective through an online survey as they would be in a real-life experiment. We therefore suggest to perform a similar study into effects of planned vs. unplanned consumption of experience goods in a real-life scenario.

While this research found that planning a visit decreased the likeliness to upgrade from a small to a medium popcorn, but had no significant effect on overall purchase intention. Because this research used overall purchase intention and not actual prices, following these results it can be assumed that planning a visit has lower spending than unplanned. However, similar research using actual prices can provide useful answers as actual behavior sometimes differ from purchase intention (Juster, 1966).

Furthermore, this research used two groups with the treatment group purchasing tickets two weeks in advance. When looking into the research of Prelec and Loewenstein (1998), depletion of recourses is not linear and when time towards consumption gets closer, imputed costs become increasingly higher. It might therefore be interesting to see whether impulse buying is different using multiple time points prior to actual consumption.

Lastly, this research did find that planning the consumption of a movie decreases likeliness to upgrade from a small to a medium popcorn. This research held depletion of self-regulatory recourses constant but further research has to be done to measure the strength of this effect and how much this changes the overall effect of planning on impulse buying.

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Appendix

A:

	Very Unlikely	Somewhat Unlikely	Neither Likely nor Unlikely	Somewhat likely	Very Likely
 Popcorn Small	○	○	○	○	○
 Popcorn Medium	○	○	○	○	○
 Popcorn Large	○	○	○	○	○
 Nacho's with dip	○	○	○	○	○
 M&M's Peanut	○	○	○	○	○
 M&M's Chocolate	○	○	○	○	○

 M&M's Crispy	○	○	○	○	○
 Coca Cola	○	○	○	○	○
 Coca Cola Zero	○	○	○	○	○
 Coca Cola Light	○	○	○	○	○
 Fanta Orange	○	○	○	○	○
 Sprite	○	○	○	○	○

 Water	○	○	○	○	○
 Ice Tea	○	○	○	○	○
 Green Tea	○	○	○	○	○
 Winegums	○	○	○	○	○
 KitKat	○	○	○	○	○
 Twix	○	○	○	○	○
 Skittles	○	○	○	○	○