

CHAPTER 6

UNDERSTANDING THE LINK BETWEEN TENDENCY AND ACTUAL IMPULSIVE BUYING IN SERVICES

Existing literature of impulsive buying are mostly based on goods (refer to Section 1.7 in Chapter 1). It is doubtful to conclude that the same empirical findings could be applied in services as well because services are different in their characteristics and usefulness. However, the analysis presented in the previous chapters (refer to Chapter 4 and 5) of the present study established the existence of impulsive buying in various services. The study has also identified the role of various internal and external factors associated with impulsive buying of services. However, a holistic approach regarding the process of impulsive buying in services would provide insight to the academicians and marketing practitioners. From literature (refer to Chapter 1, Section 1.4), it is found that the study of impulsive buying in services is crucial for present marketing scenario, particularly in the developing economy. As mentioned in Chapter 2 Section 2.1, the works which offer some understanding about the existence of impulsive buying in services also require more empirically verified data in order of strengthening the theoretical understandings. Utilitarian and experiential services are studied separately as they are different in their consumption pattern. Utilitarian buying motives deal with convenience whereas experiential is related to feelings and experience. Therefore, visual appeal has been given more importance in experiential services, while in utilitarian, usefulness and convenience is given more importance. Different study approaches are believed to offer significant insights. Impulse buying of services can be affected by factors like perceived risk and interest as mentioned in earlier Chapter 1, Section 1.3.3 and 1.3.4. Based on the earlier literature on impulsive buying, current research tries to understand how different factors works in the process between a tendency and actual impulsive buying of services, so that a comprehensive framework to understand impulse buying process in services could be offered.

6.1 Theoretical understanding of impulse buying process in services

The need of purchasing a service may be triggered by unconscious mind (e.g., impulse buying), internal conditions (e.g., hunger) or external sources (e.g., marketing mix) (Tsiotsou and Wirtz, 2011). General buying decision of a service is influenced by factors

like consumer expertise, knowledge (Byrne, 2005), desire or willingness to buy (Lee and Yie, 2008) and perceived risk (Diacon and Ennew, 2001). Higher the intangibility of a service higher would be the effort to search for information and alternative evaluations before consumer decides to purchase.

In case of impulsive buying, the need of buying a service would be triggered by the unconscious mind. Particularly consumers with high impulsive trait would feel more impulsive buying tendency when encountering a service in the form of tangible cues (Mortimer and Mathew, 2006; Rook and Fisher, 1995; Youn and Faber, 2000). The affective reactions occur in exposure to stimuli is spontaneous and automatic; thereby trigger the impulsive consumption (Dholakia, 2000; Stafford, 1996). In such consumption process, perceived risk and the level of willingness to buy may control the situation while the tendency is being converted into actual buying (Sharma et al., 2014; Gabbott, 1991; Hoover, Green, and Saegert, 1978). In this case, two things may happen-perceived risk associated with the service may be relatively low and the willingness to buy the service may be high (favourable) or vice-versa. In the first condition, impulse buying tendency would be stronger. If the consumer has high internal impulsive attribute and the external stimuli are stronger, this would support impulsive buying of the service. On the other hand, if the controlling factors (perceived risk and interest) are unfavourable then this may weaken the process of actual buying of the service.

Perceived risk is different for different services and also varies from person to person (Stone and Gronhaug, 1993). The perceived risks related to impulsive consumption will be higher in individuals with low level of impulsive trait. Such consumers are reflective thinkers who put a lot of emphasize on pros and cons of an action (Kahneman and Tversky, 2000), which eventually lowers the probability of impulsive consumption (Sharma et al., 2014). When perceived risk is high, consumers become more risk averse (Zhu and Zhang, 2010). Thus, high perceived risk is assumed to weaken the tendency of actual impulsive consumption of a service. However, in case of an individual with higher impulsive trait, perceived risk would be lower. The high risk taking ability would overlook the thought of possible negative consequences (Vohs and Faber, 2007), which in turn shall strengthen the tendency of impulsive consumption enactment. Certain factors may work as reinforcements to minimise perceived barriers and strengthen the tendency for impulsive consumption. These may be the *product involvement* (need or

interest), *external stimuli* (marketing, mix, sales promotion, service provider/encounter, word of mouth) etc. These factors are discussed in Section 1.3.3 of Chapter 1. The present study, therefore, attempted to verify the theoretical understanding with the help of empirical data generated through the surveys. It is also important to investigate how different factors alone or in combination with each other affect impulsive buying in services.

The analysis is done separately for both utilitarian and experiential services. The results are shown in two phases. First phase considers the analysis of experiential services and second phase is related to utilitarian services.

6.1.1 Testing the role of various factors in impulsive buying of services

According to Gerbing and Anderson (1988) in most of the modeling works, Structural Equation Modeling (SEM) technique is favored over other data analysis techniques because it allows the modeling of relationships among several independent and dependent variables. SEM technique is used in the present study as relationships among the constructs are complex and involve mediating effects. To test the formulated assumptions, maximum likelihood method is used to estimate goodness of fit (Bollen, 1989) of the model. The analyses are conducted using *lavaan version 0.5-23* package specifically developed for structural equation models in *R 3.4.2* statistical computing and graphics software. Historically, the chi-square value has been the initial estimator of a model fit (Bollen, 1989; Browne and Cudeck, 1989). However, researchers have also recommended modified versions of the chi-square (Gerbing and Anderson, 1993) because it is very sensitive to sample size and statistical power. Alternatively, acceptable model fits are indicated by both relative (standardized χ^2 [χ^2/df], Goodness-of-Fit Index [GFI], Incremental Fit Index [IFI], Comparative Fit Index [CFI]) and absolute (root mean square error of approximation [RMSEA]) indexes. Bentler (1992) suggested the cutoff value for an adequate fit is GFI, IFI, and CFI greater than 0.90. For the final models standardized estimates are also calculated.

In our assessment of the models, we use RMSEA with considerations of CFI and SRMR fit indices, following the suggestions of Hu and Bentler (1990) and MacCallum (1998). RMSEA index considers the error of approximation in the population and tries to assess how well the model fits the population covariance matrix (Byrne, 2001). In the

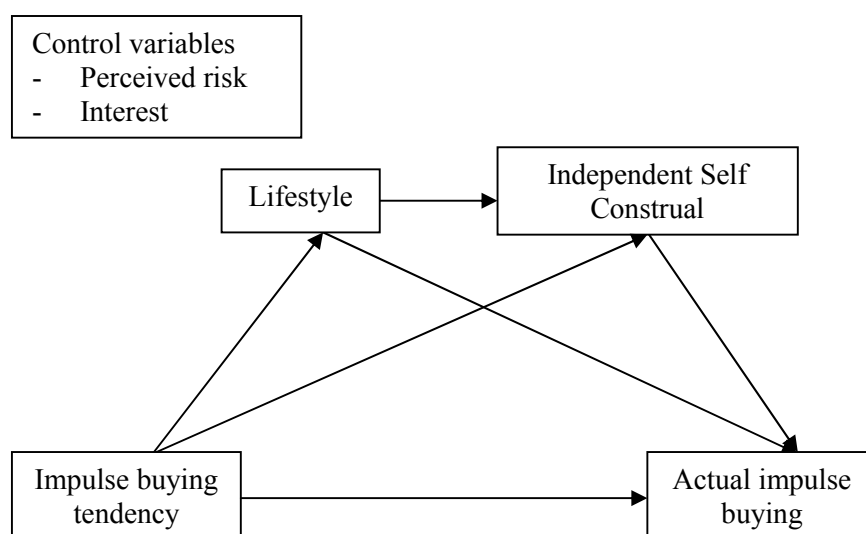
model, the factors are found by combining the average scores of their items for each of the factors.

6.1.1.1 Analysis and results with regards to experiential services

The analysis process is to examine the different relationships in the model to determine whether the constructs are significantly and directionally related in reality also as predicted theoretically. Descriptions of the variables under study are already explained in the earlier chapters (Chapter 3, Section 3.1). The descriptive statistics of the variables are presented in Chapter 4, Section 4.2. In the present study, impulse buying tendency of services refers to individuals' general tendency to indulge in impulsive buying of services. Impulse buying behaviour is the actual impulse buying when exposed to external stimuli and internal factors.

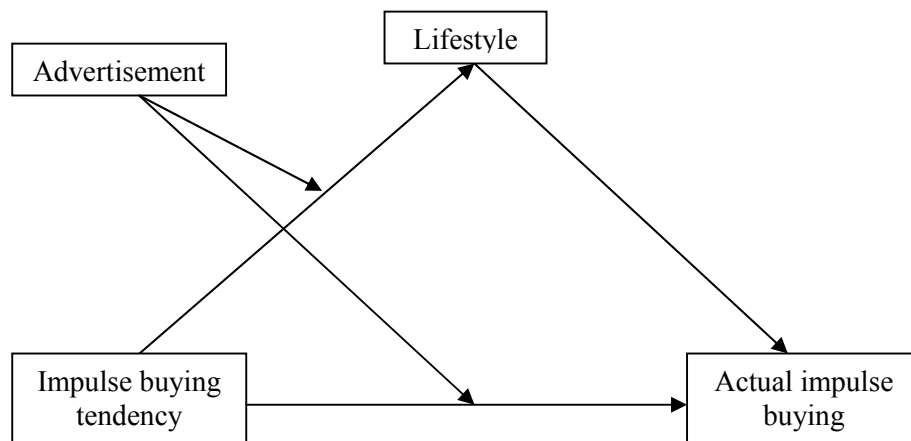
In the present study, the mediating and moderating effect of various external and internal factors along with the role of controlling variables (perceived risk and interest) on impulsive buying of experiential services is examined. In this process both intentions of buying and actual impulsive buying of service are measured. The internal factors and external stimuli are: General Impulsive Buying (GIB), Lifestyle, Optimum Stimulation Level (OSL), Independent Self Construal (ISC), Advertisement, Discount, Rating and Reference. As indicated in Figure 15. The standardized path coefficients indicate the relative strengths of the different relationships.

Figure 15: Mediating effects of internal factors on Impulsive buying of experiential services



As a general rule of thumb, path coefficients in the range of 0.10–0.20 indicate a small effect, 0.30–0.40 indicates a medium effect, and 0.50 or more indicates a large effect (Kline, 1998). An initial model is tested using internal factors as mediating variables between impulse buying tendency and actual impulse buying; however, model fit is found to be poor. A second model is tested dropping all the non-significant paths to find a more robust model to check the mediating effect of various factors in the process of impulse buying of experiential services. Lifestyle and Independent Self Construal (ISC) are considered as mediators between tendency of impulsive buying and actual impulsive buying. Model fit is improved (CFI=0.925, TFI=0.883, RMSEA=0.076, SRMR=0.053). A positive relationship between mediators and dependent variable is found. Lifestyle and ISC as the mediating variables are found to have significant direct path with impulsive buying tendency (standardized path coefficient is 0.49, 0.34 and 0.30 respectively, $p>0.05$). Perceived risk has moderate significant control on impulse buying tendency of experiential services (standardized path coefficient is 0.10, $p>0.1$). Interest is found to be a mediating variable rather than a control variable as it has a direct effect on impulse buying tendency (standardized path coefficient is 0.30, $p<0.05$).

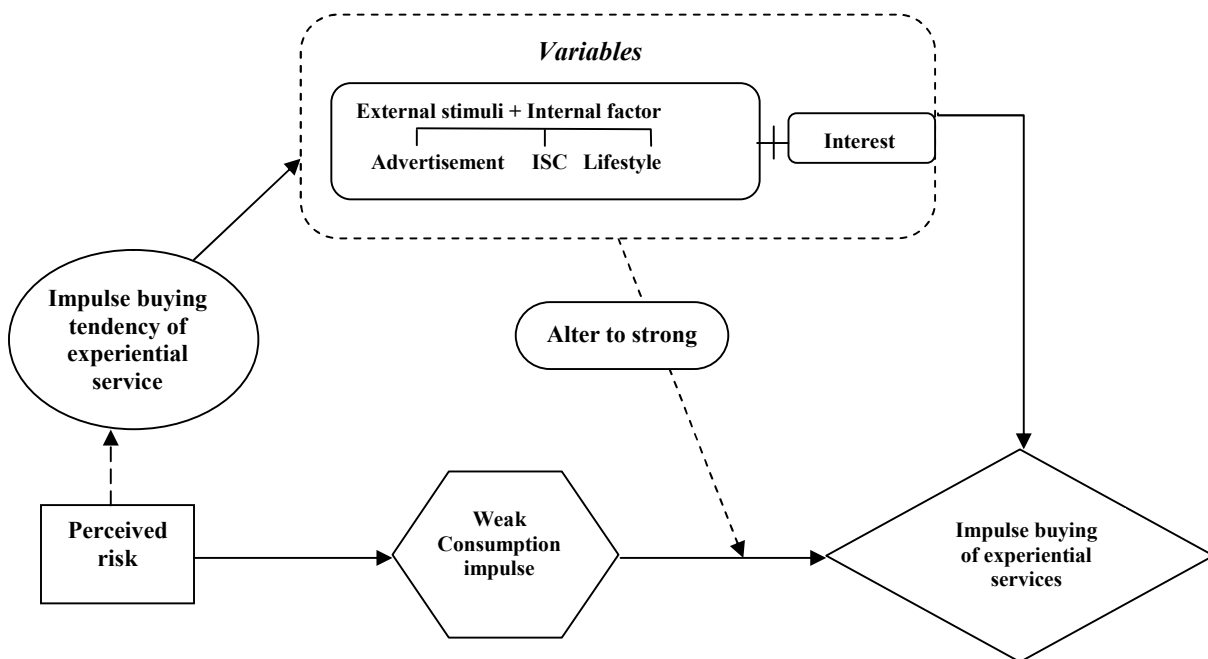
Figure 16: Moderated mediation of internal and external factors on Impulsive buying of experiential services



Further, moderated mediation effect is tested to see whether the external factor has any moderated effect on the internal variable in the process of impulsive buying of experiential services. The result suggests that advertisement moderates the relationship between lifestyle and impulsive buying tendency (standardized path coefficient is 0.91,

$p < 0.05$). Hence, exposure of advertisement strengthens the mediating effect of lifestyle on impulse buying of experiential services. Suppose, a consumer strongly intends to buy an experiential service impulsively which adds value to his lifestyle, in that circumstances, exposure to an appealing advertisement will propel his tendency and lead to impulse buying of that service.

Figure 17: Impulsive buying in experiential services



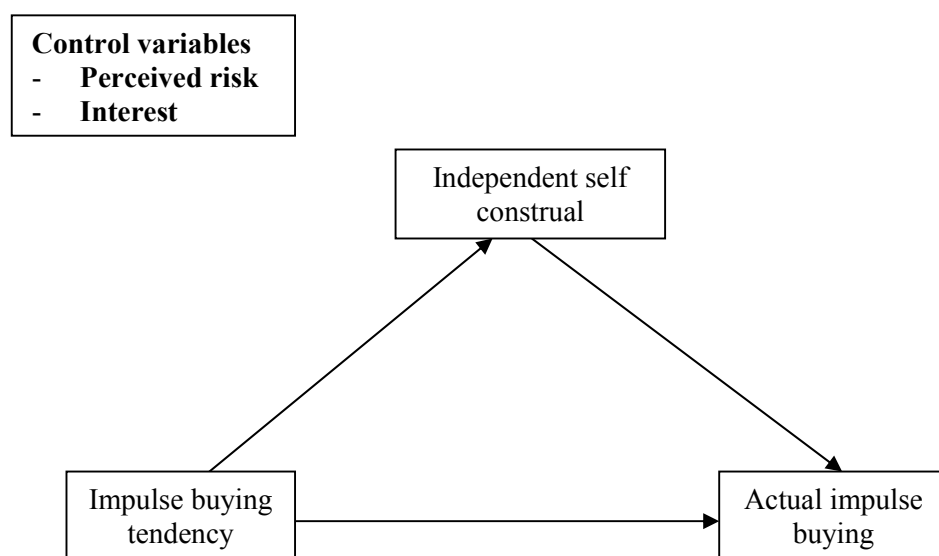
On the basis of test results, the process flow of impulse buying in experiential services is presented in Figure 17. Impulsive buying of services could be interrupted by factors such as economic position, social visibility or time pressure (Rook and Fisher, 1995). Result in the present study suggests that lifestyle, advertisement and independent self construal are important factors that drive impulse buying of experiential services. Impulsive buying of experiential services fulfills hedonic buying motives which are related to emotional needs of individuals for enjoyable and interesting shopping experiences (Bhatnagar and Ghosh, 2004). According to Hirschman and Holbrook (1982), affective reaction serves as a primary motivator for impulsive buying. Buying associated with hedonic motive involves affective state of mind. The memory of a beautiful event spent with special one is such a situation where affective process is involved. Advertisement

evokes emotional appeal in consumers (Cutler and Javalgi, 1993; Edell and Burke, 1987; Holbrook and Batra, 1987a). Affective appeals may work better for intangible offerings (Cutler and Javalgi, 1993). A variety seeking individual would be more receptive to an appealing advertisement (e.g. well decorated restaurant with tasty food or trailer of a good movie). Interest of an experiential service affects the impulsive buying tendency of a service; higher the interest, higher is the indulgence in impulsive buying of experiential service. A consumer with high level of interest in an experiential service would be more stimulated by external stimuli. Independent decision making ability is also necessary for converting the tendency to actual buying. Perceived risk as controlling variable affect impulsive buying tendency of experiential services, however, it does not have any effect on the buying behaviour. Probably, the strong effects of internal factors and external stimuli lessen the impact of perceived risk. A consumer with modern lifestyle orientation may disregard perceived risk of buying if exposed to a pleasurable advertisement of an experiential service.

6.1.1.2 Analysis and discussion with regards to utilitarian services

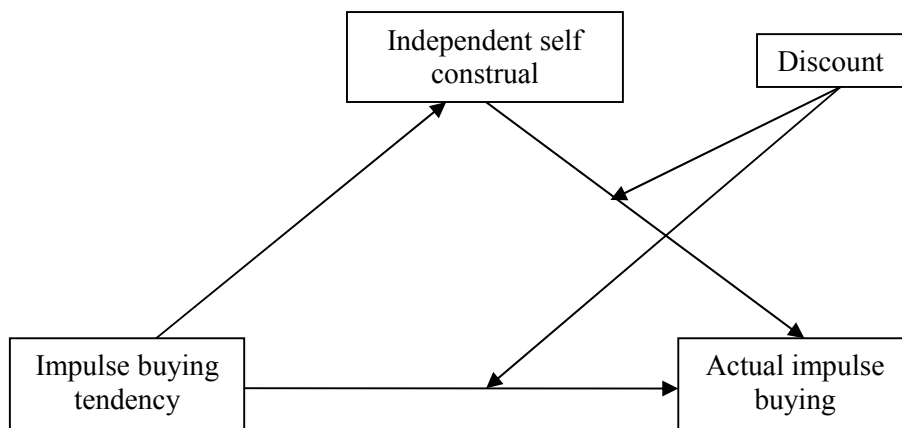
A model of impulsive buying in utilitarian services is also tested following the same procedure as experiential services. The analysis is to examine the different relationships in the model to determine whether the constructs are significantly and directionally related as predicted by the theory.

Figure 18: Mediating effects of internal factors on Impulsive buying of utilitarian services



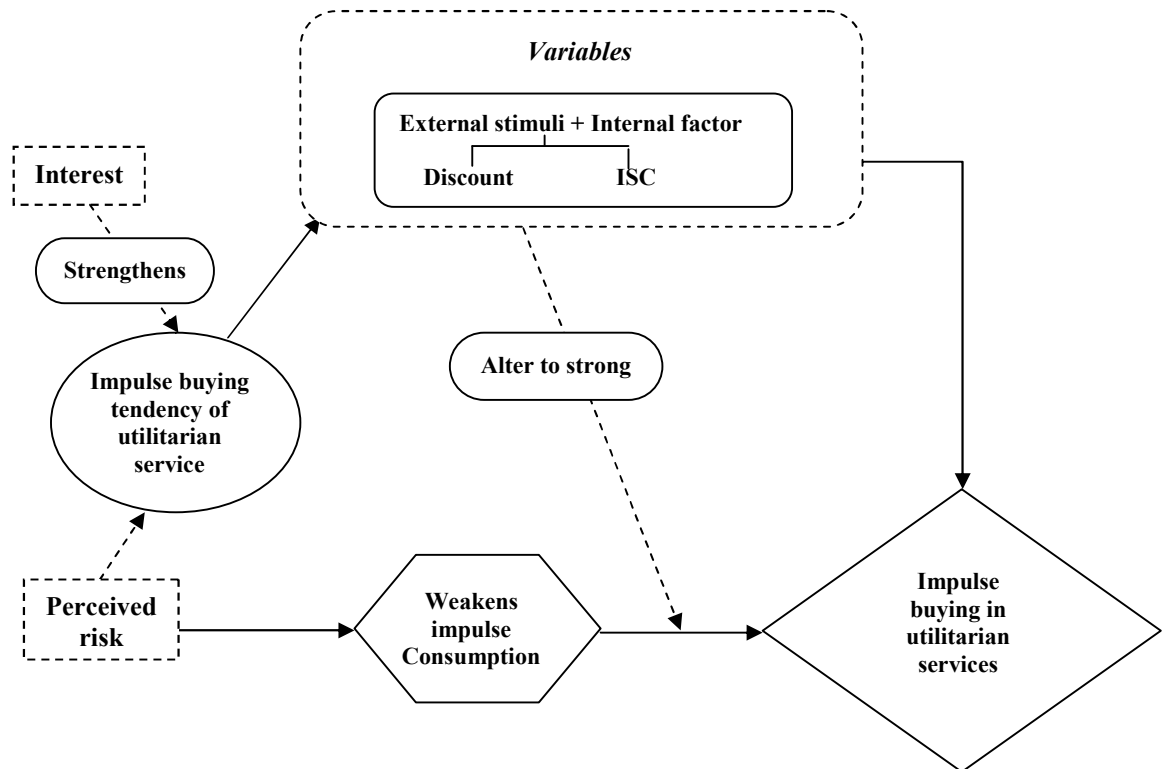
The model is tested using internal factors as mediators between impulsive buying tendency and actual impulse buying keeping perceived risk and interest as controlling variables. It is found ideal (CFI=0.931, TFI=0.87, RMSEA=0.076, SRMR=0.052). A positive relationship between tendency of impulsive buying of utilitarian services and actual impulsive buying is found (standardized path coefficient = 0.54, $p < 0.05$). Interest has strong effect on impulsive buying tendency of utilitarian services (standardized path coefficient = 0.58, $p < 0.05$). No significant effect of ISC as mediator is found but it has strong relationship with tendency of impulsive buying.

Figure 19: Moderated mediation of internal and external factors on Impulsive buying of utilitarian services



Likewise, experiential services, moderated mediation effect of external factor on impulse buying of utilitarian services are also tested. Discount is found to have significant moderating effect on independent self construal and impulsive buying behaviour (standardized path coefficient is 0.58, $p < 0.05$). Discount strengthens the mediating role of independent self construal and impulse buying of utilitarian services. Suppose, a consumer who usually takes independent decision when exposed to a discount of a utilitarian service, he would be more likely to buy it on impulse. Discount may strengthen his/her tendency of buying impulsively and leads to actual impulsive buying of the service provided the consumer is independent decision maker.

Figure 20: Impulsive buying in utilitarian services



Impulse buying of utilitarian services is encouraged by discount. If a consumer is exposed to discount of a utilitarian service that he/she is interested in, he would feel the temptation to buy it immediately. These types of services offer efficiency or convenience, discounts help consumers maximize the utility, efficiency and economy of their purchase (Liao, Shen and Chu, 2009). According to Allen, Machleit and Kleine (1992), cognitive efforts involve in utilitarian consumption rather than emotional response. Discount strengthens the decision making process of the consumer and helps in converting the tendency of buying into actual buying. Consumers' tendency for instant gratification of the service would be enhanced if he/she has strong interest in the service and at the same time exposed to a tempting discount of the service. Cognitive advertisement provides more information about a service, which reduces relatively higher levels of perceived risk usually associated with the purchase of services (Stafford and Day, 1995). When buying motive is influenced by discounts, consumer uses cognitive approach. Interest in a service fuels consumers' tendency for buying the

service. The likelihood of indulgence in impulsive buying increases with consumer's ability to make decision independently.

6.2 Relationships between the two models

When the empirical investigation is made (section 6.1) for both the services, following similarities and differences have been noticed between the two services:

i. The factors that contribute to impulsive buying of experiential services are different from the factors that influence impulsive buying of utilitarian services. Advertisement and lifestyle has strong influence on impulse buying of experiential services while discount and independent self construal are the mediators of utilitarian services.

ii. Perceived risk and interest is considered as controlling variables in the analysis. However, when it is tested, significant effect of interest is found in both the cases. Presence of this factor (interest) is necessary for evoking the tendency for impulsive buying of services. Without a strong interest in a service; consumer would not feel the impulsive buying tendency.

iii. Developing a single model for both the services would not give a farfetched result in terms of the study implications, as the direct and indirect effects and relationships among the variables are differed to certain extent in the models.

Moreover, a good fit model cannot be achieved combining the two services. Therefore, two separate models are created.

6.3 Conclusion of this chapter

The tested models offer some important findings associated with impulsive buying of both utilitarian and experiential services. It is seen that both external stimuli and internal factors are crucial for impulsive buying of services. Tendency of buying has minimal effect on actual impulsive buying which is established in the analysis as the process is influenced by other internal and external factors.

Following are some observations regarding the process of impulsive buying in experiential and utilitarian services:

1. Contradictory finding is noticed in terms of perceived risk which is found not to have any effect on impulse buying decision of a service. According to Lee and Yee

(2008), perceived risk is not significantly associated with impulsive buying intention but it has impact on impulsive buying of goods. However, present study differs from this finding. Probably, in case of services, pre purchase impulse buying intention may be affected by perceived risk.

2. Interest strengthens the intention as well as impulsive buying behaviour of services.

3. Advertisement and lifestyle are important factors of impulsive buying of experiential services. These two factors also work as strong drivers of impulse buying of experiential services as hedonic buying motive is involved in experiential services.

4. In case of impulse buying of utilitarian services, discount and independent self construal are two of the important factors. Cognitive buying motive has more importance in case of utilitarian services. According to Fiore and Kim (2007), cognitive process is involved in utilitarian consumption. Probably because of that, impulsive buying of utilitarian services is relatively found to be low.

It is evident from the above analysis that the gap between impulse buying of services and goods is not very wide. Only, changes may be required in the marketing approach for both the products which has the chances of triggering impulsive buying in services. The present chapter offers the flow of impulsive buying in experiential and utilitarian services. The next chapter deals with the major findings of the present chapter in relation to the objectives expected to achieve through the study. It highlights overall buying behaviour of the consumers in context of present study.

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