

"I FEEL LIKE SHOPPING TODAY...": AN ANALYSIS OF EXTERNAL AND SITUATIONAL FACTORS TOWARD ONLINE IMPULSE BUYING BEHAVIOUR AMONG GENERATION Z AGED 18-24 YEARS

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Abstract. In the past few decades, technology has undoubtedly changed, especially in information technology. For instance, the smartphone is now one of the most used and essential electronics for people right now because people from any generations use the smartphone. They use it not only for taking photos or messaging but also for browsing or even online shopping. Because of the easiness to access everything, they are exposed to a lot of information. Customers who used to go to the mall to buy clothes now can just quickly browse the dresses from the website. In several simple steps, it is on its way to the customers. This leads to new behaviour, which is online impulse buying behaviour. According to Dawson and Kim (2009), impulse buying is supported by someone's affective and cognitive response to purchase on impulse. Not only that but also the external factors like discounts and web quality (Swarnalatha and Soundhariya, 2018) and situational factors like time and money availability (Beatty and Ferrell, 1998) influence the customers. Among all customers, Generation Z is now the most significant target market as they are currently at a productive age. The main objective of this research is to see which factors between external and situational that have the most substantial influence on online impulse buying behaviour among Generation Z aged 18-24 years. For this research, a survey questionnaire was administered to 400 respondents. Reliability and validity test, classical assumption test, descriptive analysis, correlation analysis, and multiple linear regression are used to analyze the data. The results show that external factors and situation factors both influence online impulse buying. But, situational factors have a stronger impact on online impulse buying compared to external factors. These findings might enable companies to develop an effective marketing strategy.

Keywords: online impulse buying behaviour; external factors; situational factors; Generation Z.

INTRODUCTION

In the past few decades, technology has changed. The information and communication technology has become vital and critical in our life. Since there is information technology, companies can reach more customers to announce their new products and services quickly. They can also collaborate with suppliers and business partners from all over the world (Berisha-Shaqiri, 2015). This leads to a variety of shopping style, from offline to online shopping. According to Bourlakis et al. (2008), online shopping has become more favoured in the internet world, and it has been accepted as a way of purchasing products and services. The trend of online shopping or categorized as e-commerce has been predicted to keep on increasing from year to year. As the increase of online shopping behaviour, there is a possibility of doing it impulsively as the information is now easily exposed to anyone.

Impulse buying itself is stated as an immediate purchase with no pre-shopping intentions, either to buy the specific product category or to satisfy a particular buying task (Beatty and Ferrell, 1998). According to Dawson and Kim (2009), impulse buying is related to someone's affective and cognitive response to purchasing on impulse. Affective is similar to consumer's feeling, emotional state, or mood; meanwhile, the cognitive refers to how the consumer comprehends and consider the information about the product. Karbasivar and Yarahmadi (2011) stated that consumers have authority over their affective and cognitive aspects because these are internal factors.

Several factors influence the online impulse buying itself; two of them are external and situational factors. Things like discount or promotions and advertisement, website quality are classified as external factors. External factors are explained as attempts to allure consumers into purchasing behaviour by marketing signs that are placed and controlled by the advertiser (Neves, 2016). Meanwhile, situational factors include every one of the components associated with the time and place of perception (Mihic and Kursan, 2010). With the support of market stimuli and the buyer's social environment, a purchase decision could be met. So, both the external and situational factors are affecting the customers' buying behaviour.

People know that they could always go to the stores to buy stuff or do window shopping. But, they also realize that all of those things like eyeing a product or purchasing something interesting can be done online. With the development of technology and the help of market stimuli, there is an increase in online shopping behaviour. Currently, there are 31.65 million eCommerce users in Indonesia, with an additional 22.24 million users expected to be shopping online by 2022. It was predicted in 2022 that 43.89 million eCommerce users would spend an average of 375.32 USD online ("Indonesia eCommerce Insights", 2019). Online shopping has made every shopping process much more comfortable than ever, which then triggered the impulse buying online (Dawson and Kim, 2009).

Previous studies by Donthu and Garcia (1999) & Madhavaram and Laverie (2004) stated that customers on the internet are more impulsive than offline customers. Seeing this phenomenon, the main objective of this research is to see which factors have the most substantial influence on online impulse buying behaviour of Generation Z between external and situational factors. The scope of this research is only for Generation Z aged 18-24 years in Java. Correlation analysis and Multiple Linear Regression analysis are used as the method to analyze the data with SPSS as the chosen tool. As a result, the situational factors have been proved to have caused a more significant impact on impulse buying in online shopping compared to the external factors.

LITERATURE REVIEW

Previous studies stated that consumer behaviour is the process that is involved when consumers choose, buy, use or dispose of products and services, ideas or experiences with the

purpose to fulfil the consumer's needs and desires (Solomon et al., 2006). Consumer behaviour points out the feeling, thought, and action of an individual before and while purchasing something. The result of that thought on consumer behaviour is when the consumer makes a final decision concerning their choice of buying a product or service (Manali, 2015).

2.1 Online Impulse Buying

Impulse buying is one of the behaviours of customers. It is often described as an unplanned decision to buy something. The reaction happens after encountering an urge to purchase something, and it tends to be unexpected and without a lot of consideration, or it can be said as impulsive (Beatty and Ferrell, 1998). Compared to the conventional physical stores, online shopping affords more convenience and hedonic value to the consumers. It is because it can be accessed anywhere 24 hours/7 days as long as they have the internet with them. Online shopping makes every shopping process much more comfortable than ever, which triggered the impulse buying online (Dawson and Kim, 2009). Impulse buying itself is said to be reflected by two things, which is the cognitive and affective aspect of the customers.

2.1.1 Cognitive Aspect

The cognitive response refers to mental structures and procedures included reflecting and interpreting (Sharma, 2012). It is the way people think before, during, and after the purchase of the product.

2.1.2 Affective Aspect

The affective response involves the consumer's overwhelming craves to purchase, emotions towards the purchasing, and mood management (Sharma, 2012). It can be explained as the customer's feelings that influence them to buy a product (Dincer, 2010).

According to the earlier research, situational and external factors could be some possible factors that determine the impulse buying behaviour (Neves, 2016). However, it is applied to offline impulse shopping. So, there is still minimal research that examines the simultaneous relationship among these factors with impulse online buying behaviour.

2.2 Situational Factors

The situational factors include every one of the components that are identified with the time and place of perception (Mihic and Kursan, 2010). Conditions like the consumers' financial circumstances, time availability, social visibility, and emotions can affect the consumers' feeling of doing impulse buying (Beatty & Ferrell, 1998). But in this research, the items limit on time and money availability only. Time availability has such a significant influence on online impulse buying behaviour. According to Grail Research (2010), Generation Z spends substantial time online on networking portals and virtual world. On the other hand, money availability also influences Generation Z customers just like time availability. This is aligned with the previous study by Octaprinanta, Kusumawati, and Pangestuti (2017) that supported the fact that the higher money availability, the bigger the chance of doing online impulse buying.

2.3 External Factors

External factors are defined as factors executed by sellers to allure consumers into a purchasing behaviour by placing marketing signal (Youn and Faber, 2000). There are many instances of

external factors that allure consumers on impulse buying behaviour, such as sudden price drops and discounts (Swarnalatha and Soundharya, 2018). Discounts and promotions turn out to make a massive impact on online impulse buying behaviour, as stated by previous research by Akram et al. (2018). This study also noted that the better the web design is, the more online customers are interested in visiting the web and even impulsively buy products through the internet.

2.4 Generation Z Cohort

Though there is much definition of Generation Z, according to Grail Research (2010), Generation Z is them who were born between 1995 and 2010, who are also known as 'Digital Natives'. Oblinger and Oblinger (2005) call this cohort 'post-millennials'. Based on Grail Research (2010), some behavioural traits that Generation Z has are: first; they are well networked, more 'virtually' present, and more tolerant in diversity. It is because they are driven by massive exposure to digital media and have a significant amount of time spent on online social networking. Second, they are comfortable with technology since they are growing up in a digital world. Third, they are well educated, informed, and environmentally conscious because they have greater access to extensive information pool. Due to these behavioural traits, Generation Z becomes a moving object to this research.

The diagram below is a proposed conceptual framework of the study and the hypotheses of the research.

H1: External factors (promotion and website quality) has a significant influence on the online impulse buying behaviour of Generation Z aged 18-24.

H2: Situational factors (time and money availability) has a significant influence on the online impulse buying behaviour of Generation Z aged 18-24.

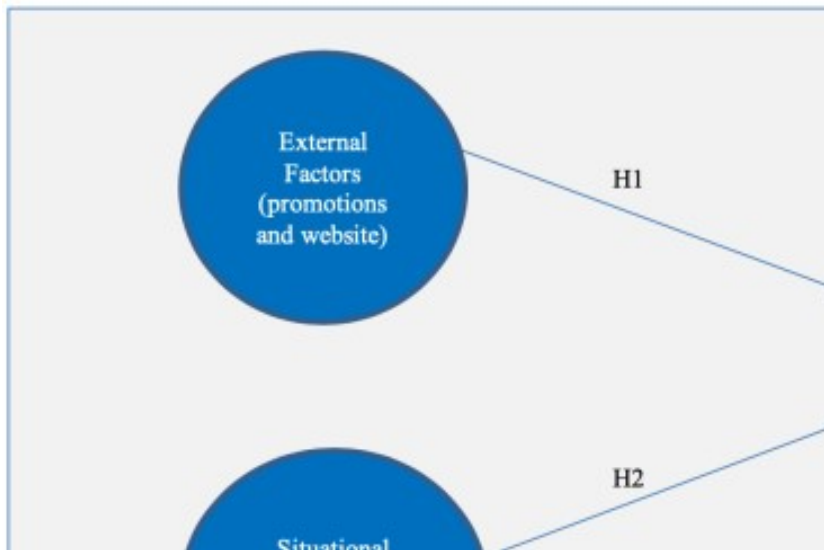


Figure 1. Conceptual Framework (Neves, 2016)

METHODOLOGY

This is causal research, and the study is descriptive. Primary data is used for data collection and questionnaire is distributed to the participants through a google form. Targeted populations are Generation Z aged 18-24 who live in Java and like to do online shopping. The minimum sample sizes of 400 respondents are targeted for this research purpose based on the Slovin's Formula. After screening the collected data, from 421 respondents, only 400 sets of questionnaires with valid answers were included in the data analysis.

The non-probability sampling method is used because the targeted population in this study is relatively large. The data collection process is taken over a limited time. So, this study used purposive sampling to be more specific as it is also less costly and save more time. Total of 11 items is used to measure the cognitive and affective factors which explain the impulse buying are adapted from Neves, 2016. Total of 7 items is used to measure the external factors such as promotions or discount and quality of the website (Neves, 2016). The situational factor is measured in terms of time availability and money availability by five items. Correlation analysis and multiple regression analysis are used to analyze the data.

FINDINGS AND ARGUMENT

Among 400 respondents, 80% are female. Total of 39% are from Jabodetabek area, 32% are from Bandung, 15% are from Surabaya, 9% are from Yogyakarta, and the rest 5% are from other areas in Java Island too. Around 56% of the respondents are college students, and 53% of the respondents spend about 1 million Rupiahs to 3 million Rupiahs per month.

4.1 Pearson Correlation Analysis

The result from the Correlation matrix is shown in Table 1 as it indicates the correlation between the independent and dependent variables. As seen in Table 1, situational factors ($r = 0.718$) and external factors ($r = 0.684$) have a significant positive correlation with online impulse buying behaviour of Generation Z because all of the Pearson correlation is below the cut-off point, which is 0.80. That means there is no multicollinearity between the predictors. This indicates that the regression analysis could be conducted.

Table 1. Correlation Matrix

	Impulse buying	External	Situational
Impulse buying	1	-	-
External	0.684**	1	-
Situational	0.718**	0.613**	1

*** . Correlation is significant at the 0.01 level (2-tailed).*

4.2 Multiple Linear Regression Analysis

The result shows that the model is a good fit with the Adjusted R^2 value of 0.609, which is within the range of acceptable amount from 0 to 1. It means that 60.9% of online impulse buying behaviour can be explained by two variables, which are situational factors (time and money availability) and also external factors (promotions and website quality). The results in Table 2 indicate the Multiple Linear Regression analysis of independent and dependent variables.

Table 2. Multiple Regression Analysis

Independent Variables	Beta	t	Significant
(Constant)	11.870	-	0.000
Situational Factors	0.776	9.886	0.000
External Factors	0.472	12.073	0.000

From Table 2, the constant (a) value is 11.870. This could be interpreted as when external and situational factors have 0 value, then online impulse buying's value is 11.870. For the situational factors, the coefficient regression value of situational factors is 0.776. This could be interpreted as when situational factors increase by one point; the online impulse buying will increase as much as 0.776. Meanwhile, for the external factors, the coefficient regression value is 0.472. This could be interpreted as when external factors increase by one point; the online impulse buying will increase as much as 0.472.

Situational factors have the highest and positive value; it means that this variable has the most substantial influence and positive relationship to the dependent variable. It is then followed by external factors that also have a positive relationship and influences the dependent variable but not as strong as the situational factors. So, all hypotheses are accepted. By positive relationship, it means that when the situational factors and external factors increase, the online impulse buying will also increase. For example, when someone has more free time and higher money availability and also being exposed to a lot of discounts and the website quality improved too, then the probability of someone doing online impulse buying will increase.

CONCLUSIONS

The general objective of the study is to examine the simultaneous relationship between online impulse buying behaviour of college-age customers and its determinant factors, i.e. situation and external. Among these two factors, situational factors have the most substantial impact on this impulse online buying behaviour, followed by external factors. In conclusion, this study represents an effort to provide an integrative view of online impulse buying behaviour by examining factors that influence it.

This research can help the relatable company to focus on situational factors and external factors that influence the online impulse buying itself. Since the situational and external factors have a significant influence on online impulse buying, this could be a substantial opportunity for the companies to intensify and maximize their marketing strategies to attract more online customers. To be more specified, from this research, we know that situational factors play a more prominent role in the purchase decision. With the support of external factors, the companies can put up a combined strategy.

The impact of the result is beneficial, especially for e-commerce. The combined strategy that could be implemented is that the company could be doing promotions and discounts when the customers have at least adequate time and money availability. For example, eCommerce company could do promotions and discounts during the weekend when the customers have a high level of time availability, or maybe during recess time or lunchtime. They could also do the promotions and discounts during the end of the month when most employees get their salary so that the targeted customers would have a high level of money availability too.

Limitation of the study regards to sample size and composition of data that had been collected. The data collection is restricted, and the sample size of 400 numbers of participants is relatively small in representing the approximately 15 million population of Indonesian Generation Z. Due to limited time and cost, the convenient sampling methods are used, and the distribution of the questionnaire is through google form. Therefore, the result obtained from this study might not reflect the entire population of Indonesian. Future research should consider larger sample sizes that are extracted from the whole state of Indonesia. Also because this research only explained 60.9% of the factors that influence online impulse buying which is situational and external factors, thus future research can be conducted to find out the construct by adding other variables like social influence to explain the rest 39.1% of the elements that were not described in this research. Moderating variables like gender could also be added because the results of when variable like gender was included would be different.

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