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Role of Price on Teen Impulsive Buying

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Abstract

Unplanned purchases, which can constitute three quarters of all purchases in certain countries, are an important component of retail business. Impulsive purchases are a type of unplanned purchase defined as a sudden and immediate buying with no plans to buy (Beatty and Ferrell 1998). Impulsive behaviour being characterized as specious thinking (Ainslie 1975) leads to myopic behaviour. However, the stability of impulsiveness as a consumer trait makes it attractive to both marketers and retailers.

The demographic group of teenagers in India is expected to rise to 55% soon (Nilkant 2016). Concurrently, the purchasing power of this segment increased over the recent years. Moreover, this demographic cohort is motivated not by economic need, but by a desire for luxuries (O'Neill 1992). Taken together, impulse purchases by teenagers represent an important target for marketers in India.

The current study looks at the positive and negative relationship between price and impulse buying behaviour of teenagers. To better understand the negative role of price we have considered price consciousness, sale proneness, price mavenism and value consciousness and to understand the positive role of price we have considered prestige sensitivity and price quality schema.

The results suggest that teen impulsive buyers were less price conscious and value conscious. Whereas at the same time it was noticed that they were more prestige conscious, price quality conscious, price maven and sale prone. Also, female adolescents are not more impulsive than their male counterparts. The results suggest that both the genders are equally impulsive.

Keywords – Impulsive buying behaviour, Prestige sensitivity, Price quality schema, Price Consciousness, Sale Proneness, Price mavenism, Value consciousness

Introduction

Teens today are more aware of the new products and spend more and more hours shopping (Gunter and Farnham, 1998). This increase of purchasing power increases impulse consumption. Teenage is usually a complex, transitory period that includes rapid biological, social, and cognitive growth. Teenagers deal with a contradictory ideology; that make them want to create an individual identity but at the same time, still connect with their own group of friends (Gulland, 2006).

Earlier, this phenomenon of impulse buying was thought to be a product-level act i.e. it was thought that certain products evoked emotions in an individual and were responsible depending on the display of impulsive buying behaviour. However, by 1970s researchers became suspicious and wondered whether products could actually be classified as impulse items. They believed that virtually all products can be bought impulsively (Bellenger et al., 1978).

Impulsive behaviour being characterized by Beatty and Ferrell (1998) as a sudden and immediate buying with no plans to buy. Growth in the spending power of teenagers, global marketers are trying to understand teenagers' wishes and needs in order to relate to reach this attractive consumer base.

This has a direct reflection on the market, were these teenagers shop. There have been evidences where price has played certain role in the buying pattern of these teens. Youth today are more equipped with adequate details than they had a couple of decades back. The evolution of technology around has brought in this change in the lifestyle of youth. It is said that 40% of sales are impulsive in nature and a large and impressionable market are adolescents. (Alistair Saldanha, 2016)

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According to Packaged Facts, teen spending in 2006 was a remarkable \$189.7 billion and was expected to reach \$208.7 billion by the end of 2007 (Marketing ox), 2007). With the help of this study on role of price on teen impulsive buying we will find the relationships between several concepts which deal with the role of price (Lichtenstein et al., 1993) (prestige sensitivity, price-quality schema, price consciousness, value consciousness, price mavens and sale proneness) and adolescent's impulsive buyers. For instance, are adolescents' Impulsive buyers less likely to be price conscious? Or are they comparatively more likely to be prestige sensitive than non-impulsive buyers? Are they more likely to use the price-quality heuristics than non-impulsive buyers?

Finally, it will also be necessary to study and understand about till what extent the impulse buying is strongly developed in teenagers. More broadly, this research will contribute to a better understanding of the teen's buying process.

Review of Literature

Teenagers today spend an increasing amount of time on shopping, which is mostly driven by their friends who play an important role in this opinion making. There is an existence of both positive and negative emotions. Positive emotions exists when they shop with their friends which releases satisfaction along with the shopping experience. This provides an improved understanding of themselves which is experienced when they shop together. Apart from friends, store environment, peer pressure, sibling too are a reason for their impulsive consumption (Sanna Britsman et al 2011).

Consumer impulsiveness and optimum stimulation level are said to have positive effect on variety seeking and impulse buying behaviour. Whereas if an impulsive buyer is associated with self-monitoring, they tend to act negatively while the same with variety seeking. (Stefanie Wenzel et al 2018).

Focusing on adolescence, a state between puberty and adulthood, research suggests that even though they have a weak recall for price, they become familiar with the order of price magnitude and classify products accordingly (Johnson et al 2012)).

Women play an active role in home budgets along with someone who has higher level of brand commitment (Herstein et al 2012). It was found that sometimes it is the brand recall and brand recognition along with the price consciousness which has a positive relationship with actual purchase. Showing that managers need to develop their strategies for the right fit between the brands recall and brand recognition being equally important for the actual purchase (Coralie Damay et al 2014).

Teenagers who are bound to certain amount of pocket money set by their parents sometimes have conflict due to disagreement with parents or due to comparison with friends and other families. Showcasing cause of others opinion in personal life can take charge to root disagreements. (Estess, P et al 1994).To an extent peer pressure is one of the dominant factor that drives youth's behaviour.

Looking from a different perspective, it is seen by Johnson (2012) that teenagers who have clear versus cloudy self-beliefs have a strong tendency to resist social motivations to consume. When they are clearer about themselves, they tend to appear less towards external sources and stimuli. This study demonstrates that materialistic orientation is a powerful force in developing positive attitudes toward luxury brands. Supporting this we have a study by L.J. Shrum (2009) wherein they discuss the influence of Self-Construal on Impulsive Consumption. The study focuses on three study which shadows that independent consumers tend to display more impulsive consumption tendencies than interdependents consumers do.

The development of a child into a consumer was studied wherein if a child is able to (1) feel wants and preferences, (2) search to fulfil them, (3) make a choice and a purchase, and (4) evaluate the product and its alternatives then there is a development of a consumer which according to the research suggests how teenagers have a tendency to act independently if these instances take place. In this way the journey from a consumer to impulsive buyer could be understood along with addressing factors which makes an effect to this behaviour.

Hypotheses

The price has both negative and positive role which is being discussed here

Negative role of price

- **H1-** Teen impulsive buyers are less likely to be price conscious than teen Non-impulsive buyers.
- **H2-** Teen impulsive buyers are more likely to be sale prone than teen Non-impulsive buyers.
- **H3-** Teen impulsive buyers are less likely to be price maven than teen Non-impulsive buyers.
- **H4-** Teen impulsive buyers are less likely to be value conscious than teen Non-impulsive buyers.

Positive role of price

- **H5-** Teen impulsive buyers are more likely to be prestige sensitive than teen Non-impulsive buyers.
- **H6-** Teen impulsive buyers are more likely to infer quality on the basis of price than teen non impulsive buyers.
- **H7-** Female's adolescents are likely to be more impulsive buyers than males adolescents.

Research Methodology

Method

The test of the hypotheses is conducted for the age group between 13 and 19 using MANOVA sample size being 159, from a high school of various classes in order to understand their behaviour in a wide aspect. Respondents will then be split in two groups, which are impulsive buyers and non-impulsive buyers. As per the collected data there are 51% of female respondents and 49% of Male respondents. Dependent variables being prestige sensitivity, price quality schema, price consciousness, value consciousness, price mavens, sales proneness and independent variables being impulsive buying behaviour.

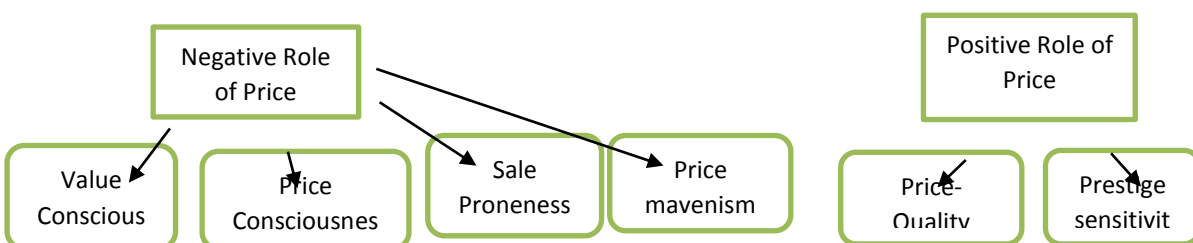
Study Procedure

In order to do the study, on understanding Role of price on teen impulsive buying. It was important to distinction between the impulsive and the non-impulsive buyer. For which the study was done initially Questionnaire is an adapted from Rook and Fisher, Normative influence on impulsive buying behaviour (2014). Originally there were 9 statements which were used but in my study there were 6 statements which were chosen in order to identify the impulsive buyers. The statements being .I often buy things spontaneously, I often buy things spontaneously, "Just do it" describes the way I buy things, I often buy things without thinking, "I see it, I buy it" describes me, I buy things according to how I feel at the moment, Sometimes I am a bit reckless about what I buy.

Cronbach's Alpha a scale reliability, tool used to reasons like, the framing of the statement was improper or if the meaning of the statements were not clear. If the Cronbach's Alpha is lesser than 0.6 it shows that the questions were not satisfactory. For which the result being all were found to be above 0.6. Hence all the variables were reliable.

Further in order to understand the buying behaviours of these impulsive buyers the study was further done by categorising the variables-Price consciousness, Sale proneness, Price mavenism, Value consciousness, Prestige sensitivity, Price-quality schema. For which statements were adopted from Lichtenstein (1993) which were used to analyse the buying behaviour

Conceptual Model



Results

Using Wilks Lambda we understand that there is a stability in significance difference for impulsive buying and non-impulsive buying behavior as $[p = .00, F(6,152) = 7.145, \eta^2 = 0.220]$

According to the H1, teen impulsive buyers are less likely to be price conscious than teen non impulsive buyers, the test has rejected the null hypothesis (M teen impulsive buyers=3.11 M teen Non impulsive buyers=3.49 $[F(1,154) p=0.004]$)

We hypothesized in H2 that teen impulsive buyers are more likely to be sale prone than teen non-impulsive buyers. We reject the null hypothesis and accept the H2 as M teen impulsive buyers=3.61, M teen non impulsive buyers= 3.22 [F (1,154) = p=0.002]

In H3, we stated that teen impulsive buyers are less likely to be price maven than teen non impulsive buyers. However we now reject the H0 and accept the H3 as M teen impulsive buyers=3.27, M teen non impulsive buyers= 3.01[F (1,154) = p=0.054]

In H4 hypothesized that teen impulsive buyers are less likely to be value conscious than teen non-impulsive buyers. We reject the H0 and accept the H4 M teen impulsive buyers=3.44, M teen non impulsive buyers= 3.78[F (1,154) = p=0.028]

In the line with what we postulated in H5, teen impulsive buyers are more likely to be prestige sensitive than teen non-impulsive buyers. We reject the null hypothesis at 1% significance (M teen impulsive buyers=3.49, M teen non impulsive buyers= 2.84 [F (1,154) = p=0.000]).

Furthermore, as reported in H6, the inference of price quality schema based on the price is higher for teen impulsive buyers than for non-impulsive buyers now as Significance is lesser than 0.05, we reject the H0 and accept H6 (M teen impulsive buyers=3.62, M teen non impulsive buyers = 3.19 [F (1,154) = p=0.002]).

Finally according to H7 in males adolescents engage themselves less in impulsive buying than female adolescents. Our analysis fails to reject the null hypothesis. The study suggests that both the genders are equally impulsive buyers [F (6,150), P= 0.534]

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