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Chang, Shing-Wan ORCID logoORCID: <https://orcid.org/0000-0002-1587-9076>, Loukides, Grigorios and Ahmed, Safia (2016) Assessing the drivers of online impulse buying. Proceedings of 4th International Conference on Contemporary Marketing Issues (ICCMi 2016). In: 4th International Conference on Contemporary Marketing Issues (ICCMi 2016), 22-24 June 2016, Heraklion, Greece. . [Conference or Workshop Item]

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# Assessing the drivers of online impulse buying

## Abstract

*Given the rapidly growing popularity of online impulse buying using digital and social media platforms, it has raised important interests about the antecedents of such consumer behaviour. Data analysis was conducted using confirmatory factor analysis and structural equation modeling. The results from a survey of 310 online buyers suggest that trust holds the strongest correlation with the experiential value. This study provides new insights for marketing literature and online retailers.*

*Keywords: online impulse buying, experiential value, convenience, trust, brand image, online retailer*

## 1. INTRODUCTION

Consumers gradually use numerous internet-enabled devices or wireless communications applications and tools to do online shopping (Mosteller, Donthu & Eroglu 2014). They tend to behave impulsively with making online decisions, caused by straightforward entry, simple buying, and fast distribution efforts. Despite that a few studies examined online impulse buying behavior, very limited attention has been paid to identify the interrelationships among motivations, experiential values and impulse purchase in the online shopping context. Thus, this study was designed to address this knowledge gap and deepen the understanding of the psychological drives of online impulse buying. Our findings contribute to the further theoretical understanding of consumers' online impulse purchases. Further, the results will enable online retailers to develop efficient experiential marketing strategies to increase in-store traffic, and create pleasant shopping experiences to online shoppers.

## 2. THEORETICAL FRAMEWORK

Impulse buying has been referred as an unexpected and persuasive complicated buying behavior that lacks thoughts of all obtainable information (Parboteeah et al., 2009; Rook 1987). Experiential values delivered by online retailers, are among the main substantial indications that consumers use to build their opinions about the online retailers website personality. Experiential value plays a significant role in online impulse buying as when shopping online, the consumer is unable to touch and smell the item, hence the online retailer website needs to be perceived visually appealing (Liu, Li & Hu 2013). Therefore, we posited that:

***H1: Experiential value has a positive impact on online impulse buying.***

Shopping for convenience is one of the main motivations for consumers to do online shopping because customers dedicate less time to shopping and more time to other activities. Nonetheless, very few prior studies analytically investigated the outstanding magnitudes of online shopping convenience in a thorough and logical approach. Convenience shopping allows customers to have more pleasant experience of making purchase impulsively, therefore it has a positive impact on experiential value. Most consumers' view online shopping as a simple procedure and easy to

complete a purchase. As most people tend to have busy lifestyles, online shopping allows consumers to make purchases whenever they want, and shop in the privacy of their own home (Mohamed et al., 2014). Therefore, we hypothesised that:

**H2:** *Convenience has a positive impact on experiential value.*

**H3:** *Convenience has a positive impact on online impulse buying.*

Trust exists when one party is confident of an exchange partner's reliability and integrity" (Morgan & Hunt, 1994, p.23). When consumers trust the website it helps handle their suspicions about risk and security of their personal information. Online trust stimulates online shoppers to buy from particular online retailers. We proposed the following hypotheses:

**H4:** *Online trust has a positive impact on experiential value.*

**H5:** *Online trust has a positive impact on online impulse buying.*

In the e-commerce setting, reputable businesses and brand names are implemented by consumers as replacements for product knowledge when they decide to do online shopping (Ward & Lee 2000). A good brand name for the product or online retailers can help customers lower their purchase risk as they are unable to physically touch or feel the products. Consumers tend to shop online for products or services with well-known brand names (Lee & Tan 2003). A good brand image will help attract the customer to visit the website and make an impulse purchase. Thus, the following hypotheses were formulated:

**H6:** *Brand image has a positive impact on experiential value.*

**H7:** *Brand image has a positive impact on online impulse buying.*

The mediating role of experiential value is under-explored within the context of online impulse buying. Convenience needs influence the degree of online impulse buying through the subjective judgement of experiential value towards the online retailers. We posited that convenience shopping may enhance experiential value, which in turn may positively impact the likelihood of online impulse buying. Based on this rationale, the following hypothesis was proposed:

**H8:** *Experiential value mediates the relationship between convenience and online impulse buying.*

An individual customer who trust an online retailer might have a positive experiential value to that retailer which in turn leads to the online impulse behaviour. Customers who make online impulse purchases are largely motivated by the desire to obtain a favourable shopping experience through the trustworthy online retailers. Based on the above reasoning, the following hypothesis was proposed:

**H9:** *Experiential value mediates the relationship between online trust and online impulse buying.*

The greater the influence of brand image on online impulse buying, the more likely that the customer has a favorable attitude toward the brand, which results in a higher level of experiential value with a specific online retailer. In mediation concepts, we assumed that the brand image of an online retailer is a critical factor influencing experiential value, which in turn is likely to result in online impulse behavior. We therefore hypothesised that:

**H10:** *Experiential value mediates the relationship between brand image and online impulse behavior.*

### 3. METHOD

Participants are those who made an online impulse purchase in the past six months. Reliable measurement items of survey instrument were chosen through a comprehensive review of the literature and were reformulated to fit the current online shopping context. Convenience questions were developed from Karayanni (2003) and Swinyard & Smith (2003). Experiential value items were adapted from Souitaris & Balabanis (2007). Online trust items were obtained from Liao, Liu & Chen (2011) and Martín, Camarero & José (2011). Online impulse buying items were operationalised from Youn & Faber (2000) and Rook & Hoch (1985). Brand image items were developed from Yoo et al. (2000). All measurement items were measured on a 7-point Likert scale anchored from “strongly disagree” (1) to “strongly agree” (7). 30 valid subjects were pretested via self-administered questionnaire to examine measurement efficacy. Cronbach's  $\alpha$  of each construct achieved the threshold of 0.7 ( $0.743 \leq \alpha \leq 0.911$ ), indicating a good internal consistency across measures (Nunnally & Berstein, 1994). The survey data were collected through convenience sampling and 310 valid questionnaires were retained. Females comprised 59 % of the total samples and males 41%, which is in accordance with Tifferet & Herstein (2012) that women have a higher level of impulse buying. The majority of respondents were between 18 and 25 years old (61.9%), followed by the age bracket of 25-30 years (20.6%). 63.9 % held a bachelor's degree followed by 28.4% graduated with a master's degree. Given that the data were obtained from a single face to face survey, common method bias was assessed using Harman's one-factor test (Podsakoff et al. 2003). All constructs were entered into an unrotated principal component analysis. Five factors showed with eigenvalues greater than one. No single factor was dominant hence common method bias was not a problem to the study.

### 4. RESULTS & DISCUSSION

Following Anderson & Gerbing (1988) procedure, confirmatory factor analysis (CFA) was initially conducted to evaluate the validity of each construct in the research model and structural equation modeling (SEM) was employed to examine the causality among each constructs (Hypotheses testing) in the proposed model. The model fit indices of measurement model were satisfactory (CMIN/DF=1.473, GFI=.960, AGFI=.923, NFI=.963, RFI=.938, IFI=.988, TLI=.979, CFI=.988, RMSEA=.039). Indicator loadings range from .654 to .876, meeting the recommended threshold between 0.5 to 0.95 (Bagozzi & Yi, 1988). Given that CR (composite reliability) and AVE (average variance extracted) of each construct both achieved the acceptance value of 0.7 and 0.5 respectively, all constructs were revealed as highly reliable and indicated a high portion of variance in items explained by the construct (Bagozzi & Yi, 1988). Moreover, each construct's CR exceeded its AVE (Hair et al., 1998; Fornell & Larcker, 1981). Convergent validity of the measurement model was therefore confirmed. Furthermore, results indicated that each square root of AVEs is larger than its correlations with the other constructs, thereby discriminant validity was confirmed (Fornell & Larcker, 1981). The results of structural model analysis were adequate (CMIN/DF=1.467, GFI=.962, AGFI=.927, NFI=.963, RFI=.938, IFI=.988, TLI=.979, CFI=.988, RMSEA=.039).

Results showed that 8 of 10 hypotheses were supported, while H8 and H10 were rejected. The link between experiential value and online impulse buying was significant positive ( $\beta=0.291$ ,  $p=0.001$ ), supporting H1. The path between convenience and experiential value was positive and significant ( $\beta=0.292$ ,  $p<0.001$ ), supporting H2. The relationship between convenience and online impulse buying was significantly positive ( $\beta=0.228$ ,  $p<0.001$ ), supporting

H3. The significantly positive relationship between online trust and experiential value was found ( $\beta=0.511$ ,  $p<0.001$ ), hence H4 was supported. The path between online trust and online impulse buying was significantly positive ( $\beta=0.28$ ,  $p<0.001$ ), supporting H5. A significant and positive relationship between brand image and experiential value was found ( $\beta=0.201$ ,  $p=0.04$ ), supporting H6. H7 was supported ( $\beta=0.249$ ,  $p<0.001$ ), indicating that brand image influences online impulse buying positively. The results from Sobel's z-statistic test (Sobel, 1982) only confirmed the mediating effect of experiential value on the relationship between online trust and online impulse buying ( $Z=2.945$ ,  $p=0.003$ ), supporting H9 but rejecting H8 & H10. 65.7% of the variance was explained by online impulse buying, followed by experiential value that explained 57.1% of the variance.

This study assessed and incorporated a theoretical model of antecedents of online impulse buying. The findings support the research model and give support to most of the hypotheses along with conforming to the relevant literature. Consistent with Chen & Lee, (2008), customers who have trust in online retailers are most likely to make an online transaction. Online trust appears to be a strong predictor of experiential value in the online shopping and experiential value was found to mediate the influence of trust on the online impulse purchase. In line with Liu, Li & Hu, (2013), the needs for convenience result in online impulse buying. Individuals that find online shopping compatible with their lifestyles may consider convenience as important advantage to manage their busy schedules. Similar to Shobeiri, Mazaheri & Laroche, (2014), a strong brand image attracts the consumer to visit the online retailer's website and reduce the risk associated with an online impulse purchase.

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