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The effect of Psychological, Individual, Product Strategy, and Situational Factors on Customers' Impulse Purchase Behavior: the Case of Refah Stores in Tehran City

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CHRONICLE	Abstract
	This paper studies the effects of psychological, individual, product strategy, and situational factors on the impulse purchase behavior of customers in all Refah stores located in Tehran. The paper uses Betty and Ferrell Model to set forward and to test 4 hypothesis. All four hypothesis were confirmed. The results indicated that the selected factors had impact on the impulse behavior of the consumers. Based on the results corresponding recommendations were finally made for the store management to improve their customer satisfaction, market share and competitive position.

Introduction

In marketing studies on consumer behavior, impulse purchase is very important, because a considerable amount of buying decision is made because of an impulse (Pheng, 2014). Researches indicate that between 30 to 50 percent of the people regularly do impulse purchase and this rate rises up to 80 percent in developed countries and is yet increasing (Cobb-walgern, et al. 2015)

Impulse purchase is called "Momentum purchases" from psychological perspective (Grime, 2012). It is, in fact, a kind of psychological-mental state involving the majority of people once at least. Unfortunately, dissatisfaction is common after such buying, and most buyers are not content. It is believed that in impulse purchase is the purchase that is not normally done based on a logical decision and AIDA model (Chernatony, et al 2016), but only in response to amusement, fancy, excitement and emotional impulses. Most of the researches on such purchases are focused on the situational aspects affecting impulse purchase. Recently, some other factors, such as psychological, individual and product strategy are also recognized to be effective on customers' impulse purchase behavior (Chaudhuri and Holbrook, 2015).

Impulse purchase is an immediate, unintended, powerful, and constant desire to purchase a commodity. In general, it is a purchase without any planning and prior decision to buy (De hernatony, et al 2009)

. To put it in simple words, necessities of

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Table 1: Impulse purchase (Doyle, 2013)

Luxury Impulse purchase	
Requirements Physical Reliefs	Spiritual Gratification

life, such as food, clothing, and all things related to the home may be categorized as planned purchases, while, psychological pleasure product group includes such items as CDs, DVDs and fancy jewelry. In Figure (1), we see the movement on the axis from left to right representing the reduction of physical gratification and increase of mental pleasure. In other words, there is a movement from everyday needs to superfluous products (impulse) (Doyle, 2011).

Stern has referred to four types of impulse purchase in his study:

i. **Pure Impulse:** immediate and spontaneous desire to buy something that disrupts normal purchase plan (Davis, 2012).

ii. **Reminder Impulse:** the buyers see a product or advertisement of a product and recall that it is on the list of home needs (Evans and Berman, 2011).

iii. **Suggestion Impulse:** the customers have no prior experience about the product, but feel the need to buy it after seeing it (Farquhar, et al, 2015).

iv. **Planned Impulse:** the customer buys a commodity, because it is on sale or makes him feel striking a deal (Farquhar, 2015).

Literature Review and Hypothesis
As noted impulse purchase is an immediate, unintended, powerful and constant desire to purchase goods and is abruptly done without any prior plan (Brainstorm, 2015). Researches carried out around the world, including Betty Research, have indicated that psychological, individual, product and situational factors would affect customers behavior in impulse purchase (Tshrbh, 2015). In impulse purchase, psychological factors have a great effect on the decisions

to buy something. Elliot believes social self-esteem plays an important role in impulse purchase (Elliott, 1994). Emily Tremblay, in her study, refers to self-esteem in impulse purchase. Tremblay believes that self-controlling plays an important role in the decision-making process of impulse purchase. Self-controlling is the ability to cope with temptations particularly in relation to impulse purchase (Aaker, et al 2009).

Cowley and Burgess have also found in their study that women do impulse purchase significantly more than men do. However, Mai, in his research in Vietnam, did not find sufficient evidences on difference between men and women in impulse purchase.

One of the most important factors affecting the purchasing decisions of consumers is the factors related to the product. The findings of Jones and his colleagues, as reflected in their study, suggest that the tendency of a person to do impulse purchase is not a general tendency towards all commodities and the probability of engaging in impulse purchase for a person is different towards various types of products. Colitis and Violet, through interviewing 596 customers in supermarkets, found out that much frequently bought products (such as milk, bread, etc.) are more likely to be subject of impulse purchase.

Often, the context of buying will affect decision process e.g. available money or available time (Amparo et al, 2014).

In debates about consumers' behavior, impulse purchase is of high importance, because significant amount of annual sale of the goods and products are result of impulse purchase. More than 90 percent of people do impulse purchase and between 30 to 50 percent of all purchases are known as impulse purchase (Graham, et al 2013). Impulse purchase behavior of customers is a phenomenon highly recognized in United States of America. This kind of buying covers up to 80 percent of the product groups. Impulse

purchase is an important source of retail sale and between 30 to 50 percent of purchases (in non-internet retailing) can be classified as impulse purchase. That illustrates the importance of impulse purchase in consumer behavior and the economy of countries (Alba, et al 2014).

Worldwide researches have shown that psychological, individual, product strategy and situational factors can affect customers' impulse purchase behavior (Grime, et al 2012). However, it is not clear whether these variables have similar effects on impulse purchase in Iran, and if yes, to what extent? Therefore, the main goal of this research, as the title suggests, is to study the effects of Psychological, Individual, Product Strategy, and Situational Factors on impulse purchase behavior of the customers. We will hence try to answer the following questions:

- Do psychological factors have a direct and significant impact on the impulse purchase behavior?
- Do the individual factors have a direct and significant impact on the impulse purchase behavior?
- Do product strategy factors have a direct and significant impact on the impulse purchase behavior?
- Do situational factors have a direct and significant impact on the impulse purchase behavior?

For this purpose, research Betty and Ferrell Model (2014) will be used in the research. This model evaluates the effect of independent variables, psychological, individual, product strategy, and situational factors, on impulse purchase behavior of the customers, dependent variable (Huang, et al 2009).
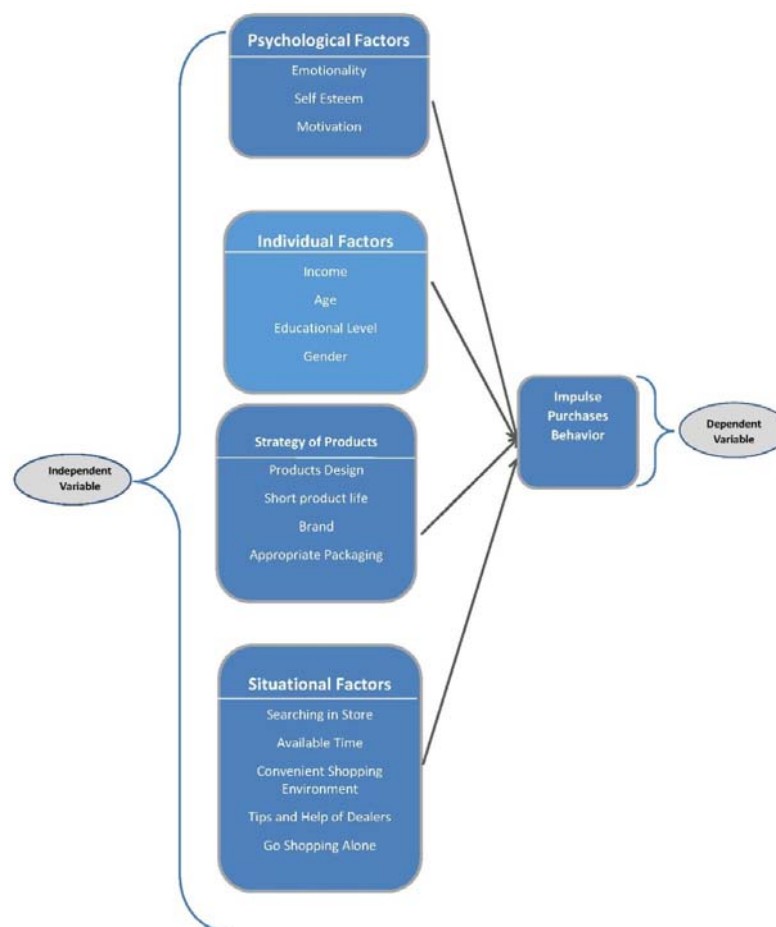
Figure 1. Effective Factors on Impulse Purchases based on Betty and Ferrell Model

Data Analysis and Results

All Refah stores in Tehran including north, south, east, west and central areas are randomly selected, as of 2016.

As observed earlier, the ratio $\frac{n}{N} < 0.05$ is established. Regardless of the distribution of population, according to central limit theorem, average distribution and total sample will have a normal distribution.

Depending on the research data being qualitative or quantitative, different methods are used to estimate sample size. According to the researcher and various scholars, Likert scale may also be considered qualitative (ordinal scale) and quantitative (scale interval). Therefore, in this study, based on the researcher, this spectrum is considered quantitative. Therefore, the following formula, will be used to estimate sample size. It should be noted that the following formula is true for unlimited communities or limited communities with placement:

$$n = \left(\frac{Z_{\alpha/2} \times \delta}{\varepsilon}\right)^2 = \left(\frac{1.96 \times 0.5}{.05}\right)^2 = 384$$

$z_{\alpha/2}$ is statistical value of Z by significance level of 95% (equal to 1.96).

δ_x standard deviation - according to reliable statistical sources, based on variation range of the answers, its value is estimated as follows:

ε the level of error (confidence limit) - in behavioral sciences, less than 8% is acceptable. In this study, for more confidence, the accuracy equal to 5% is considered.

Furthermore, the figure below represents the model of measuring LISREL to do factor analysis in standard estimation.
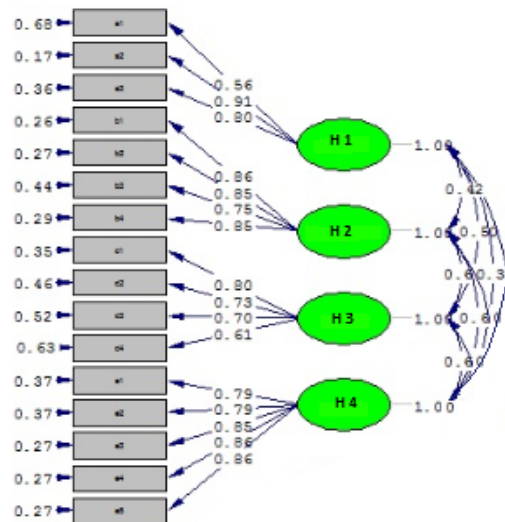
Chi-Square=232.57, df=160, P-value=0.00016, RMSEA=0.068

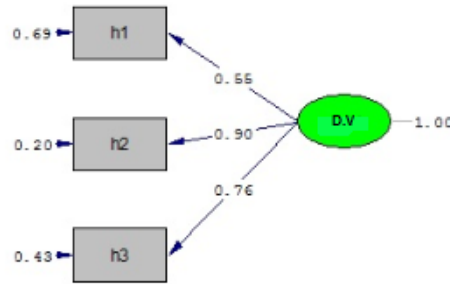**Figure 2**. Measurement of independent variables in a standard estimation
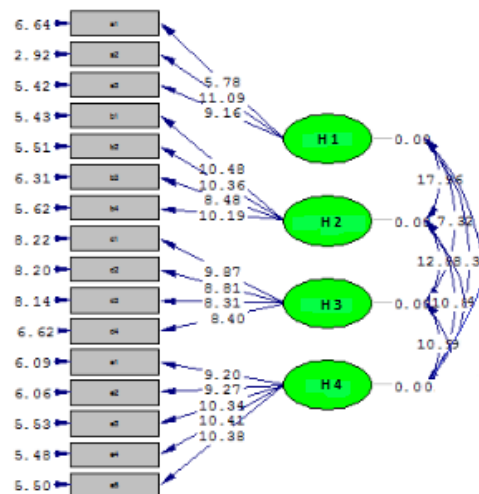
Figure 3. Measurement of dependent variables in a standard estimation

As it is considered, the amount of all factor loads are more than 0.5 and so the calculation of AVE indicates both have a convergence. AVE root of any structure in LISREL is more than the coefficient between structures representing the diagnostic validity of the model and the appropriateness of fitting indices in measurement model. In addition, the measurement model in estimating t Coefficients indicates the significance of the relations of all latent variables. The value of significance test more than 1.96 or less than +1.96 indicates that the relations are significant.

Chi-Square=232.57, df=160, P-value=0.00016, RMSEA=0.068
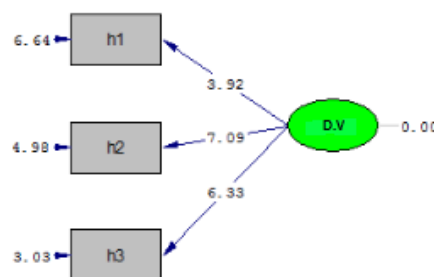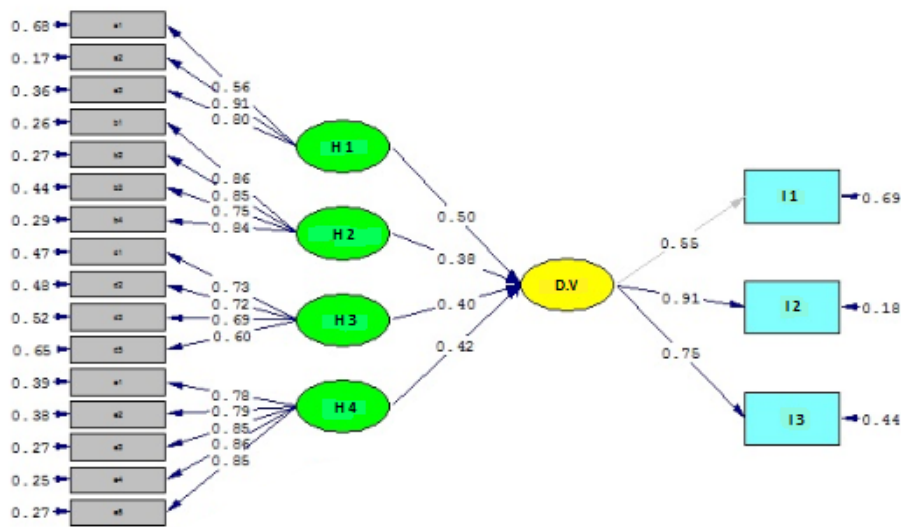
Figure4 .Measurement of independent variables in t-value

**Figure 5**. The measurement of dependent variables in t-valu

Chi-Square=317.68, df=215, P-value=0.00001, RMSEA=0.070

Figure 6. Structural Equations in Standard Estimation

It is well known that path analysis (structural model) is a technique representing the relationships between research variables (independent, intermediate, and dependent) simultaneously. The purpose of path analysis is to identify the causality or impact between the variables in conceptual model. Structural equations model is presented in a standard estimation below

The next outcome, that is, the following figure shows the model when the coefficients and parameters obtained are significant. Because the values of significance test are greater than 1.96 or less than -1.96, all relationships are considered significant.
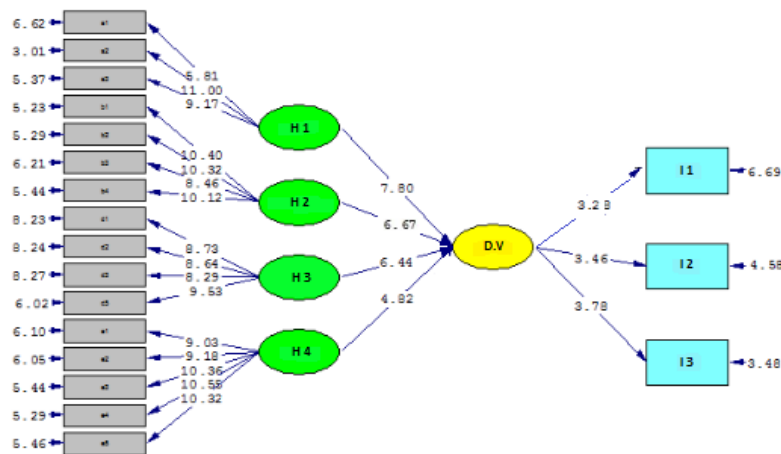
Chi-Square=317.68, df=215, P-value=0.00001, RMSEA=0.070

Figure 7. Structural Equation in the Case of Significant

Table 2. Indices of the Fitness of the Model

Index Name	The Value Obtained	Allowable Limit
X^2/df	1.47	Less than 3
GFI	0.91	Higher than 0.9
AGFI	0.94	Higher than 0.9
CFI	0.94	Higher than 0.9
NFI	0.93	higher than 0.9
NNFI	0.90	higher than 0.9
RMSEA	0.90	Less than 0.1

According to LISREL output, the value of X is equal to 31 7.68. Dividing it by the value of 215 degrees of freedom, the value will be less than 3. Furthermore RMSEA= 0.070 indicates the suitability of the fitted structural model. In other words, the data observed are based on the conceptual model of the research. The value of NNFI, RFI, IFI, NFI and CFI are higher than 90% indicating the high fitness of the model. Fitness indices and the results compared with allowable values are in table below:

Based on the criteria developed in the above table, it can be said that the research model has suitable fitness.

Conclusion

In the current research, collected statistical data was analyzed to propose a the increase of impulse purchases in Refah store throughout Tehran. According to the results *"psychological factors"* have a direct and significant effect on impulse purchase. This study and previous researches have shown that emotionality variables, self-esteem, and motivation will influence impulse purchase of the customers. This demonstrates that psychological hypothesis is confirmed. Therefore, it is suggested for the managers of Refah and other stores to design appropriate marketing plans targeting customers' emotions, self-esteem, and motivations in order to increase customer satisfaction, market share and to get better

status in the minds of customers than other stores.

According to the results of data analysis. *individual factors"* have a direct positive and significant impact on impulse purchase. Based on this study and similar researches, it is obvious that the level of income, age, education, and gender will affect customers' impulse purchases and thus the hypothesis of individual factors is confirmed. Therefore, it is suggested for the managers of Refah and other stores to design appropriate marketing plans considering different levels of income, age, education and gender of the customers. According to the results of the data analysis, *"product strategy"* factors have a direct, positive and significant effect on impulse purchase. This research and other similar researches have demonstrated that the variables like product design, short life of products, brand, and suitable packaging of the product have effects on impulse purchase and subsequently hypothesis of production strategy factors is approved. Therefore, the managers of Refah and other stores should have appropriate marketing plans focusing on design, life, brand and packaging of the product.

Finally, the study resits indicate that *"Situational Factors"* have a direct, positive and significant effect on Impulse Purchase. Thus, the managers of Refah and other stores should have appropriate marketing plans considering the ease of finding products, consumers' time and customer support.

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