

IS IMPULSE BUYING COULD BE MANAGED: LESSON FROM ALFAMART INDONESIA?

Wawan Novianto¹⁾, Johannes²⁾, Syahmardi Yacob³⁾

¹⁾Lecturer of Faculty of Islamic Economics, IAIN Kerinci, Indonesia

^{2,3)}Lecturer of Postgraduate, Management Program, Unja, Indonesia

Correspondence email: simatupangsbr@yahoo.com

Abstract

Impulse buying is important to be managed particularly on retail competitive marketing practice. The research purpose is to analyze the influence of store atmosphere, sales promotion on impulse buying where positive emotion is treated as mediation factor. To establish that purpose, survey is conducted where the unit analysis is Alfamart's customer. Sample is chosen in quota way as many as 100 customers. The analytical method used is Partial Least Square (PLS). The results showed that store atmosphere has an effect on positive emotion, sales promotion influence positive emotion, and positive emotion influence impulse buying. Store atmosphere and sales promotion also indirectly affect impulse buying where the mediation factor is positive emotion. In practice, sales promotion is well conducted by the employee which created employee-customer relation and emotion as well. Hence, in order to sustain impulse buying practice, store atmosphere should be managed in an interesting way as well as sales promotion. Sales promotion however has important role, where the role of the employee is not only manage transaction, but encouraging consumer to buy more through their own emotion. In doing so, employee should be encouraged, pushed to manage sales promotion in order to sustain impulse buying. Hence future research relate with the role of technology and employee as the basis of retailer to build competitiveness over their competitors.

Keywords: Impulse Buying, Retail Marketing, Store Atmosphere, Emotion

Introduction

Modern retail has significant raise in retailing industries both for advance countries and developing countries. In modern retailing, customers are served in self-service principle where layout, lightning, technology equipped builds as store attributes. These attributes make modern retailer has more developed and updated that is rarely found on traditional retailer. Geetha&Naidu, G (2014) list some modern retail attributes i.e., highest utility, established brand, high quality, and normal packaging. Bayley and Nancarrow (1998) said it creates higher impulse buying frequencies on modern retailer.

One of the modern retailers that established in Indonesia is Alfamart. It is established range from province, region/city, and until to the district in Indonesia. Though a few regions policy did not allowed Afamart to be established its expansion is really massive. As domestic brand, its competitor raise due to local business improved environment. Marketing role at the store level that could be observed is store atmosphere and sales promotion. Kotler, P. & Keller, K., (2012) said store atmosphere as the way to influence customer emotion through pleasure and arousal. For food store, Sulek and Hensley (2004) identified store atmosphere has a role to identified store location. While Adam P. Vrechopoulos, (2010) emphasized that the most important thing on store atmosphere activities is customization. He further argued that store atmosphere should allow relation between the employee and customer. Wang, Chiu-Han&Ha, S, (2011) identified the relation as perceived relationship quality. Hence, store atmosphere is identified as marketing stimulus that could be varied due to the special context.

Sales promotion has many forms where its general purpose is to encourage transaction soon. Alvarez, B. Alvarez & Caselles, R., Vasquez (2004) emphasizing the role of sales promotion is effective on increasing sales through prices discount. Otherwise, McNeill (2013) emphasized sales promotion on "inherently suitable" is price-based that can be used globally. Furthermore, he said the difficulty is aligning sales promotion with tool that able to achieve results. Additionally, Peter and Olson (2014) add the function of sales promotion is part of social and store environment that provide to the customer. Sales promotion is not only purposed to increase sales, but to remind customers about several products and the practiced should consider the target conditions.

Sales promotion is expected to build positive emotion. According to Hawkins, Mothersbaugh& Best (2004) emotion is related with uncontrolled feeling that could influence someone's behavior or habits; it's raised when trigger is existed. Emotion is classified into three dimension i.e., pleasure, arousal and dominance. Hence, Suherman *et al.* (1997) showed that dominance has stronger influence to the customer. Emotion could be classified as positive and negative. N creating desire to make purchasing and otherwise is negative emotion. Additionally, Olsen, L. Earling&Svari, S., (2012) argues that negative emotion drive customer to complain

through social media instead of complain directly to the corporation. Salomom (2007) identified emotion as inner good circumstance to certain objects, drive customer to buy. Furthermore, he determines emotion consists of two condition, pleasures and arousal.

Furthermore, positive emotion will create impulse buying. Generally it is believed that buying process is the way to solve raised problems. Otherwise impulse buying, motive of purchasing is not solve problems but subjective. Mowen&Minor (2001) explained impulse buying as an action for not solve problem action, but tends to uncontrollable action. Purchasing process hence is formed after entering the store that immediately occurs when stimulus comes. Silvera, David, H., Lavack, A., M., &Kropp. F., (2008) found negative relation between impulse buying and customer wellbeing. In line with this finding, Mohan, G., Sivakumaran, B., &Sharma, P., (2013) found that impulse buying is drove by positive affection and store environment.

Several researches that related with Alfamart in Indonesia are conducted by Chriesmaya, I. Eka. (2012), he revealed the relation of life style on customer purchasing, Arbainah, S. (2010), identifying the role of Word of Mouth (WoM) on purchasing decision, while Junaidi, M (2006) identified factors that determined customer behavior on franchising. While, research relates with impulse buying and managing it as marketing tool is rarely found. Hence the research question here is how impulse buying is being managed as marketing tools at store level in the perspective of store atmosphere, sales promotion and positive emotion.

Results and Discussion

Results

Some general of Respondent characteristic is as follow. Sample ages modus is of 25-35 years, while education modus is Stratum 1. Respondent's income averagely every month is Rp. 3.5 – 4.5 billion. It is classified as medium income in Indonesia. Customer habit shopping at Alfamart is 5 times monthly. According to statistical procedure examination, there are 4 calculation steps is conducted, i.e., average variance extracted, convergent validity, discriminant validity, and composite reliability and Cornbach Alpha. Ghozali&Latan (2015) said that convergent validity of measurement model of reflective model is implied by score item of construct indicator. Indicator is reliable with correlation ≥ 0.60 . Based on measurement result it is found that one of indicator, store atmosphere < 0.6 , is indicator of SA 10. Meanwhile, sales promotion variable indicator that has less than 0.6 is P4 (0.461) and P6 (0.164). In addition, according to positive emotion, there is 1 factor that less than 0.6, i.e., E5 (0.261). Finally, impulse variable buying that has less than 0.6 IB4, IB5, IB7 where the score respectively is).576, 0.095, 0.103 and 0.121. So, those factors which has value less than 0.6 is not consider to be include in the model.

Based on AVE result, it is known that the four variable calculation is more than 0,5 which means that II variable is reliable to be considered to the model adpoted. The next steps are to calculate Composite Reliability and construct examination that could be revealing through Cornbach Alpha calculation. The result for all variable respectevily is Store Atmosphere (0,889), Sales Promotion (0,757), positive emotion (0,793), and positive emotion (0,782).

Due to the procedure explained above, some indicator are excluded. The Final result of the mode propose id depict in Figure 1.

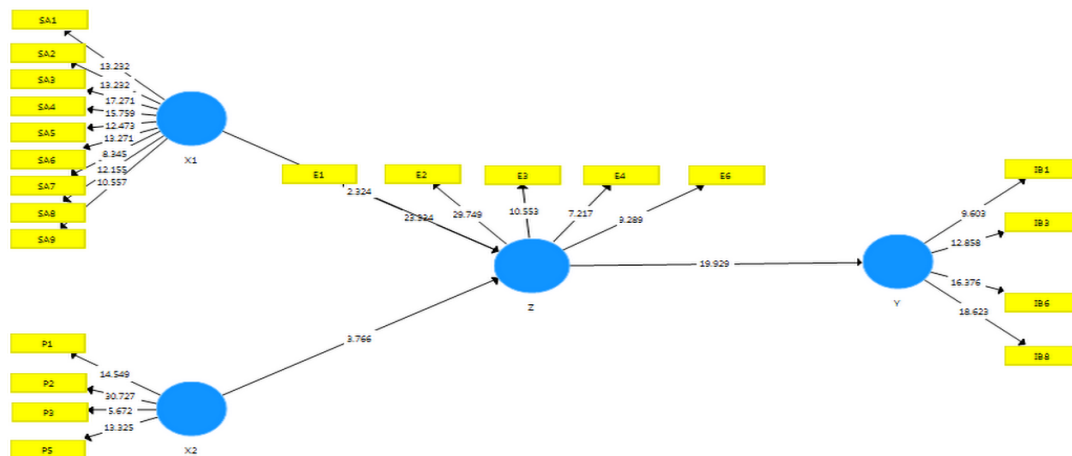


Figure. 1. The Affect of Store Atmosphere, Sales Promotion on Impulse Buying where Positive Emotion as Mediator

Figure 1 could be extended with hypothesis examination as it shown in this Tabel 1.

Tabel. 1. Path Coefficient

	Original Sample	Sample Mean	Standard Error	t Statistic	P Value
<i>Store Atmosphere</i> → <i>Positive Emotion</i>	0,325	0,317	0,140	2,324	0,021*
<i>Sales Promotion</i> → <i>Positive Emotion</i>	0,488	0,504	0,130	3,766	0,000**
<i>Positive Emotion</i> → <i>Impulse Buying</i>	0,775	0,784	0,039	19,929	0,000**
<i>Store Atmosphere</i> → <i>Impulse Buying</i>	0,252	0,248	0,109	2,310	0,021*
<i>Sales Promotion</i> → <i>Impulse Buying</i>	0,378	0,396	0,107	3,527	0,000**

Hyphotesis Examination

H₁: *Store Atmosphere affect on customer positive emotion is confirmed*

P_{value} for H₁, statistically is significant. Store atmosphere is easier to be managed due to technology, space availability and lightning. Kurniawan *et al.* (2014) describes store atmosphere as moment of truth where customer find himself to seek independently and it caused experience when they are shopping. Mar'uf, H. (2005) said favorable store atmosphere is a chance to win customer's heart. Haqul (2012) adds that neutral smell in-store atmosphere.

H₂: *Sales promotion effect on customer positive emotion is confirmed*

P_{value} is 0,000 H₂ is highly significant. Sales promotion, based on economic motives encourage customer to purchase more products offering. In retail context, sales promotion is creatively implemented. Cummins Mullin (2004) noticed the purpose of sales promotion is creating intension, arousal, enthusiasm and it has connection with positive emotion. In order to encourage emotion, the role of employee is strongly functioned to remind customer about products offering and the benefit received.

H₃: *Positive emotion affects on impulse buying is confirmed*

P_{value} for H₃ is 0,000; it's belonging to highly significant. Nayeبزadeh, S., & Jalaly (2014) identified this kind of relation as respond to culminating purchasing. Emotion is the process that comes as respond stimulus. Additionally, Adiputra (2015) said it as the energy which drive customer, and identified it as liberty or self-esteem category. Hence positive emotion is rather subjective emotion than rational consideration.

H₄: *The effect of store atmosphere on impulse buying is confirmed*

P_{value} for H₄ is 0,021 (*significant*). Store atmosphere could help customer to find something that is not unplanned buy before. Aini, *et al.* (2016) found that middle income at Giant Hypermarket, tends to buy something when products have been promoted. Furthermore, he differentiate the behavior when they were entering to accessories store, lightning is the situation that more powerful influence the customer.

H₅: *The effect of sales promotion on impulse buying is confirmed*

The P_{value} for H₅ : 0,000 (highly significant). Based on the observations, sales promotions are creatively practiced by Alfamart. There is a routine sales promotion; allowance is prepared for special products. This is inline with Kotler, P.&Keller, K (2012) who classified sales promotion as consumer promotion (such as samples, coupons, and premiums) and trade promotion (such as advertising and display allowance). Additionally, Leba (2015) confirms that the better sales promotion practiced, the higher will be the possibility to purchase.

Mediator variables: Positive emotion

In the case of the role of store atmosphere effect where positive emotion functioned as mediator is confirmed. Dharma (2013) said that store environment has important role to influence consumer heart, make them to be comfort. Kurniawan *et al.* (2013) further said that the combination out and inner atmosphere will empower the effect of positive where customer feel comfort as they enter the store. Based on statistical examination, mediator variable role has powerful effect on sales promotion to impulses buying that mediating by positive emotion is confirmed too. Total effect of sales promotion without positive emotion is 3,766 while the existing of positive emotion increase the value be 19,929. Sales promotion at the store level actually is

practiced by employee. This is what Wang, Chiu-Han&Ha, S, (2011) said that store attributes influencing the relationship between employee and customer relationship. It emphasized the important of employee of Alfamart strategy.

Discussion

Alfamart is modern store that manages impulse buying through store environment and sales promotion program. Sales promotion is effectively managed due to the role of employees. They provide comfort store environment which directed by employee, promoting and reminding customer in everyday transaction. Store environments are continually improved; public internet is provided to make customers spend more time after purchasing, it also provided corners for customer who want to spend more time at the store outside. The function of employees is also revealed by Simatupang, J&Budy, H. (2018) in insurance business, They introduce varied services to the customers and direct them match customer different needs.

Technology is implemented to be the service core, both between Alfamart and its network to the customer. Based on Alfamart network technology make supply chain be easy to be implemented and to the customer make technology avoided service fault because of employee service. So, what Z. Zhu *et al.*, (2012) reveal about service fault an information prepare could be hindered at Alfamart's technology scheme. Furthermore, according to Adam P. Vrechopoulos (2010) technology makes addition service which accustomed to customer. In this case, Alfamart connect to several online services such as electricity online service, cellular phone and some ticketing. Hence, the more service will be established due to technology performance installed at Alfamart.

Employees had important role to create impulse buying and positive emotion at Alfamart. Cheng-Yu Lin Jiun-Sheng Chris Lin, (2017) identified their role is not only selling products, but making relationship to customer where relation makes positive emotion. Employees are trained to make them internalize sales promotion program every day. They remind every customers about certain products which set up as sales promotion. In line with this, customer is reminded about the rule. Customers who do not offered, due to employee mistaken will received reward. This rule makes employee and customer to established positive emotion.

Alfamart's membership card has strong impact due to its coverage usage that could be used to every Alfamart in Indonesia. Employee asks every customer about the card and entering the number that get points. It seemed routine work but it creates relationship. Impulse buying is powerful where employee could create positive emotion through daily sales promotion practiced. Further important research to enlarge this topic is related with the role on technology as the basis of Alfamart Competitiveness building.

Conclusion

- 1) Store atmosphere and sales promotion are the two main marketing instruments at the retail level. These two things together can be managed as well as possible through the preparation of talented employees. This positively drives impulse buying in the direction of repeat purchases.
- 2) Positive emotion is created from customer experience in a certain period of time, therefore employees must always provide premium services so that emotional relationships are built throughout the ages.

Reference

- Adam P. Vrechopoulos, (2010), Who controls store atmosphere customization in electronic retailing?, *International Journal of Retail & Distribution Management*, Vol. 38 Iss 7 pp. 518 – 537.
- Alvarez, B. Alvarez & Caselles, R., Vasquez (2004), Consumer evaluations of sales promotion: the effect on brand choice, *European Journal of Marketing*, Vol. 39 Iss 1/2 pp. 54 – 70.
- Arifianti, R. (2011). *The influence of sales promotion on impulse buying*, Unpublished, Thesis Padjadjaran University.
- Cheng-Yu Lin Jiun-Sheng Chris Lin , (2017), The influence of service employees' nonverbal communication on customer employee rapport in the service encounter , *Journal of Service Management*, Vol. 28 Iss 1 pp. -28
- Chriesmaya, I. Eka. (2012). The influence of life style on consumer decision to choose Minimarket Alfamart in Malang, *Student Academic Journal*, University of Brawijaya, Malang.
- D'Astous A., & Landreville V., (2006) . An experimental investigation of factors affecting consumers' perceptions of sales promotions, *European Journal of Marketing*, Vol. 37 No. 11/12, pp. 1746-1761
- Ghozali, I.& Hengky, L.. (2012). *Partial Least Square, Concept, Technique, and Application*, *SmartPLS2.0.M3*, Semarang, University of Diponegoro.
- Koshkaki, E., Rahmanian (2014). The role of product and brand emotion in purchase behavior, a study in Iranian home appliance context , *Journal of Asia Business Studies*, Vol. 8 Iss 3 pp. 233 – 248
- Kotler, P.,&Keller,K., (2012), *Marketing Management*, PrenticeHall, Singapore

- M., Geetha&Naidu, G (2014). Attributes and retail format preference for branded pulses, *South Asian Journal of Global Business Research*, Vol. 3 No. 2, 2014 pp. 190-208
- Ma'ruf, H., (2005). *Retail Marketing*, Jakarta : PT Gramedia Pustaka Utama, Jakarta.
- McNeil, L. 2013. Sales promotion in Asia: successful strategies for Singapore and Malaysia, *Asia Pacific Journal of Marketing and Logistics*, Vol. 25 No. 1, 2013 pp. 48-69
- Mohan, G., Sivakumaran, B.,&Sharma, P., (2013). *Impact of store environment on impulse buying behavior*, *European Journal of Marketing*, Vol. 47 No. 10, 2013, pp. 1711-1732
- Muratore, I (2016). Teen's impulsive buyers: what is the role of price ? , *International Journal of Retail & Distribution Management*, Vol. 44 Iss 11 pp. 202-216
- Olsen, L. Earling&Svari, S., (2012) . The role of emotions in customer complaint behaviors, *International Journal of Quality and Service Sciences*, Vol. 4 No. 3, 2012 pp. 270-282
- Park, E.Joo&Kim,E.Yound&Forney,J., Cardona (2006). A structural model of fashion-oriented impulse buying behavior, *Journal of Fashion Marketing and Management* ,Vol. 10. No 4, pp.433-446
- Simatupang, J&Budy, H. (2018). The Effects of Car Insurance Customer Perception Toward Public Relation And Customer Loyalty , <https://www.online-journal.unja.ac.id/jbsmr/article/view/5351>, pp. 56-60
- Setiawan Y., Budhi (2007). *Indonesian Customer is Reckless*, Jakarta.
- Silvera, David, H., Lavack, A., M., &Kropp. F., (2008). Impulse buying: the role of affect, social influence, and subjective wellbeing, *Journal of Consumer Marketing*, 25/1 (2008) 23-33
- Tan, Rediono., E. (2011). The affect of price factor, prmotion, and services on customer purchasing decision on Alfamart, *Thesis*, University of Airlangga.
- Wang, Chiu-Han&Ha, S, (2011). Store attributes influencing relationship marekting: a study of depatment store, *Journal of Fashion Marketing and Management*, Vol. 15 No. 3, 2011 pp. 326-344
- Z. Zhu *et al.*, (2012) Leave It? Customer Recovery from Self-service Technology Failures, *Journal of Retailing*, 89 Vol 1. pp. 15-29