

CHAPTER I

INTRODUCTION

1.1 Research Background

A blank t-shirt that costs around \$10 is rational enough for customers. So does a blank t-shirt that cost around \$30 but with one small additional, an Adidas logo on the right chest. How it works? Why also customers perceive Equil and Aqua, mineral water brands differently while both of them offer the same product? Why would they buy it impulsively, without any prior planning to do so?

Hedonic Consumption is defined as “those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one's experience with products” (Hirschman and Holbrook, 1982: 92). While Rook (1987: 191) defined “Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately. The impulse to buy is hedonically complex and may stimulate emotional conflict.” As both behaviour involve emotional aspect, it was suggested if impulse buying was related to hedonic consumption (Rook and Hoch, 1985).

The rapid development from developing country like Indonesia had a direct effect to the grow of middle upper class income. About 5 million new consuming class generated every year in Indonesia (Razdan et al., 2013). New shopping centres are constructed every year and online shopping websites are launched as the response from this consuming class' demand. A lot of hedonic products are available on those shopping centres while marketers are also become more aware with the potential to gain benefit from impulse purchases. Some online shopping

websites usually utilise the voucher code discount for a new customer with minimum purchase made term apply. By only giving a promising number of discount when a customer made a certain amount of purchases, that usually high, they can push the customer to buy something without his/her prior plan before in order to satisfy the minimum purchases made. Therefore, to answer why customers are willing to buy hedonic products or make an impulse purchase, it is not only because the economic development stimulates such behaviour, but it is also in how marketers have had understand the situation to maximise the opportunity arises.

The study of consumer behaviour, especially impulse buying and hedonic consumption in large potential market like Indonesia would be a great contribution for everyone involves in Indonesia's market. Especially this study would discover the ethnicity role in hedonic consumption and impulse buying. Previous studies had discovered the role of ethnicity on impulse buying (Kacen and Lee, 2002) and hedonic consumption (Hirschman, 1982). It was suggested too, ethnicity would affect consumer behaviour attitude, like in how they prefer traditional or ethnic based goods rather than convenience goods (Laroche et al., 1998), and the positive relation between ethnic identity and culture-specific consumption behaviour (Xu et al., 2004).

This research will help marketers to understand how customers are willing to buy hedonic products and also make impulse purchases in the perspective of three different ethnicities, Balinese, Chinese and Javanese as three of it considered as top 15 largest ethnic groups in Indonesia (Suryadinata et al., 2003). This research would base on respondents' demographic factors, such gender, age and income to

explain its relations to impulse buying and hedonic consumption. Would Javanese male have higher impulse buying tendency compare female? Or would the pattern from impulse buying and hedonic consumption will be identical from the comparison with Balinese female and male? Those type of questions had aroused author's intention to write this research.

1.2 Problem Identification

Base on the research background, there are several research problems can be formulated:

1. How consumers' demographic factors matter in impulse buying?
2. How consumers' demographic factors matter in hedonic consumption?
3. Will different ethnicity create different impulse buying or hedonic consumption behaviour pattern?
4. Is impulse buying associate to hedonic consumption?

1.3 Research Limitations

The author would like to avoid the things that is not suitable for the research by limiting several purposes that will only matter in this research:

1. Respondents gathered from two cities, Yogyakarta and Denpasar.
2. Only three ethnicities would be accepted: Balinese, Chinese and Javanese. Questionnaires come from other ethnicity are still collected but would not be considered as the part of analysis.
3. The questionnaires were distributed for two months, between March and May 2016.

1.4 Research Objectives

The purposes of this research are:

1. To investigate whether gender, age, and income are associated to impulse buying or not.
2. To investigate whether gender, age, and income are associated to hedonic consumption or not.
3. To analyse whether different consumers' ethnicity would deliver different impulse buying or hedonic consumption behaviour pattern.
4. To investigate whether impulse buying is associated to hedonic consumption or not.

1.5 Research Benefits

The author hopes this research would be beneficial to several related parties:

1. For Marketers

This research will help marketers to better understand Indonesian consumers' behaviour toward impulse buying and hedonic consumption. Hopefully marketers could formulate better strategy to their marketing strategy base on our findings.

2. For Author

This research will improve author's knowledge and experience to research study and marketing management which had been studied by author in Atma Jaya University.

3. For Other Parties

Other parties could harness this research to extend their knowledge or as reference for suitable purposes.

1.6 Writing Structure

This thesis divided into 5 chapters:

CHAPTER I: INTRODUCTION

This chapter describes the background of the research, problem identification, research limitations, research objectives, and research benefits.

CHAPTER II: LITERATURE REVIEW

This chapter elaborates the theoretical background and previous studies which are relevant to the research.

CHAPTER III: RESEARCH METHODOLOGY

This chapter described the sample of the research, and the methods that author utilised to analyse data collected.

CHAPTER IV: DATA ANALYSIS

This chapter reveals the data analysis result and the interpretation of it with chosen analytical tools.

CHAPTER V: CONCLUSION AND MANAGERIAL IMPLICATIONS

This chapter covers conclusion, research limitations, managerial implications, and future research.