

CHAPTER II

LITERATURE REVIEW

In this chapter, the theoretical background of this study will be described, including the explanation of impulsive buying behavior, sales promotion, hedonic shopping motivation, attitude toward the promotional program, and payment method. In addition, the research hypothesis and conceptual framework will be explained in this chapter as well.

2.1 Theoretical Background

2.1.1 Impulsive Buying Behavior

Unplanned purchase, commonly called impulse buying behavior, is the inclination of a customer to buy goods and services without any plan beforehand (Prawira & Sihombing, 2021). According to Astari & Nugroho (2017), this circumstance is usually triggered by emotions and feelings. In this regard, customers' emotions, feelings, and attitudes play a significant role in purchase decisions due to the product's visual and well-crafted promotional offer. (Kathiravan et al., 2019).

Iyer et al. (2020) indicate that this behavior could be caused by internal aspects such as personality, characteristics, and self-control correlated with individual factors. In addition, a previous study also discussed the external factors that also have a role in stimulating impulsive purchases. The external factors imply marketing activities where consumers are triggered by the marketing environment, including sales techniques and advertising activities (Prawira & Ssihombing, 2021).

The relationship between marketing promotion and impulsive buying behavior has been studied by some scholars, where it is reported that there is a positive impact on both variables (Mathur & Bhakar, 2019; Kempa et al., 2020, Omid, 2016). The limited duration of promotional offers caused consumers not to want to miss out on having the product even though the information provided is deficient (Parsons et al., 2014). Similar findings conducted in Asian nations also tested the dependency of flash sale events in e-commerce, resulting in a positive impact on e-commerce conversion rates (Vanissa et al., 2020).

The role of hedonic shopping motivation has also been studied in regard to impulsive buying behavior. Previous studies proposed that hedonic shopping motivation has caused the consumer to purchase impulsively (Dewi et al., 2017, Andani & Wahyono, 2018). Moreover, the convenience of payment is one of these factors. Akram et al. (2018) found that credit/ debit cards have a significant influence on impulsive buying behavior. After all, thus far, Cash on Delivery has become an alternative payment due to poor data security levels to date. However, up to now, there is no further study on the impact of impulsive buying behavior.

2.1.2 Sales Promotion

Sales promotion is the main part in a marketing campaign which includes short-term offers, intended to stimulate the purchase of a product or certain service faster (Kotler and Keller, 2016). Promotion is the main aspect, which plays an active role in presenting and informing the benefits of a product in order to encourage consumers to buy the promoted product. This promotional activity serves not only as a tool of communication between the marketers and consumers,

but also as a tool to encourage consumers in purchasing activities (Effendi et al., 2020). A previous study showed that promotional tools such as coupons, price reduction, and buy one get one offer had a valuable relationship on consumer purchase decision and brand switching behavior (Shamout, 2016).

The promotional program especially has an effect on customer emotion and behavior as it relates to the limitation of time, the number of quantities offered, and occasional price. As reported by Vanissa et al. (2020), these three elements, namely perceived perishability, perceived scarcity, and perceived low price, positively influence impulsive buying behavior.

2.1.2.1 Perceived Perishability

Perceived perishability is indicated as any good or service offered in a specific market only for a limited period (Gupta et al., 2003). The terms like “one day sale” and “Midnight sale” are often used by marketers as it is conceivable that time constraints or time-sensitive could increase the effectiveness of sales promotion. This theory is also presented by Aggarwal & Vaidyanathan (2003), stating that time limitation has drawn attention to flash sale promotions as it will reduce the possibility of consumers finding the replacement of the product.

2.1.2.2 Perceived Scarcity

According to Hamilton et al. (2019), scarcity is considered a risk to consumers' capability to attain their necessities and desires due to the lack of access to goods, services, or resources which ultimately may limit the options available to the consumers who shape the economy.

Perceived scarcity plays a significant role in improving the buying process. Buyers feel more pressure to buy products if there are limited opportunities to get certain products (Cook & Yurchisin, 2016). In this regard, businesses deliberately create a product scarcity of products through marketing and advertising (Kristofferson et al., 2017).

2.1.2.3 Perceived Low Price

Kenesai & Todd (2013) stated that price is one of the key determinations for the shopper and, therefore, plays an important role in a customer's decision. This idea is supported by (Jin & Suh, 2005), stating that price becomes a significant determinant for consumers in purchase decisions. In essence, the price creates strong shopping value in the consumer's favour, which frequently benefits businesses (Cavusoglu et al., 2020).

Dickson and Sawyer in Diaz & Cataluna (2011) argued that people will be more likely to remember the price of the product they purchase. (Norazah, 2013) proposed that the price can have a different impact on each customer; 1) Economic impact, where product prices are closely related to the purchasing power of customers. The lower the price is, the more the product they can obtain. 2) psychological impact, where people have the thought that high prices reflect high product quality and low prices reflect low quality. This perception will influence how buyers perceive the value of products and thus affect the future preferability of the products.

2.1.3 Hedonic Shopping Motivation

Hedonic derives from the Greek word *hedone*, which means pleasure or enjoyment. The hedonic aspect is correlated with consumer emotions where it evokes feelings like happiness, hate, anger, or feeling that shopping is an adventure (Lestari & Oetomo, 2014). According to Christina (2014), hedonic motives create excitement, and this motivation is based on subjective or emotional consideration as it is influenced by the emotional response and five pleasure senses. In other words, Hedonic shopping motivation is the desire to shop that aims to find pleasure, ease pressure, change moods, and reduce boredom (Sari & Pidada, 2019).

When someone has positive emotions, they tend to buy a product without prior planning. This argument is strengthened by Azizi et al. (2021); when consumers feel motivated to shop hedonistically, the opportunity to make impulsive purchases will arise. Furthermore, Cavusoglu et al. (2020) reported factors triggered hedonic shopping motivation including novelty, fun, praise from others, escapism, and social interaction. Those five factors had a favorable impact on impulsive buying behavior. (Dey & Srivastava, 2017).

2.1.3.1 Novelty

Novelty is referred to as the contrast degree between present perception and past experience, resulting in the opposite of familiarity (Sugandini et al., 2018). Madahi et al. (2012) reported that novelty was strongly related to the purchasing decision of young consumers.

Novelty captures a very important idea of the associated risks to the product (Plotkina & Munzel, 2014). Phau and Lo (2004) argued that the term “impulsive”

is often linked with the psychology trait when it comes to new products. Additionally, when it comes to novel products, customers tend to purchase impulsively to fulfill their curiosity.

2.1.3.2 Fun

Yu and Bastin in Cavusoglu et al. (2020) stated that fun dimensions consist of consumers' happiness and delight experiences during shopping. It creates a unique experience for consumers when shopping. Park et al. (2012), in their journal found young people have the element of fun when shop online or browse Web.

Fun is considered to have a strong stimulus to drive impulse buying during shopping online. This is supported by Gultekin & Ozer (2012), who stated that fun is the basic reason behind impulsive buying behavior as it provides consumer hedonic satisfaction.

2.1.3.3 Escapism

In the escapism dimension, it is believed that shopping brings joy and excitement to diminish pain and self-pressure within consumers (Yu and Bastin in Cavusoglu et al., 2020). Accordingly, consumers feel more excited about taking risks when conducting shopping.

In this dimension, young consumers are often targeted by marketers (Karim et al., 2013). This is in line with Xu (2007) which reported the reason behind customer attitudes in online shopping are as a way to escape from negative emotions or boredom.

2.1.4 Attitude towards Flash Sale

Attitude towards flash sale according to Ndubisi and Moi (2015) is a promotional effort that is perceived as short-term inducement to stimulate a desired response from consumers is purposefully carried out in a limited time period to arouse consumer desire, stimulate interest, increase sales, or drive the market. Vanissa et al. (2020) reported three components that influence attitude, including emotion (emotional responses toward products), cognition (beliefs and product knowledge), and actions (consumer's buying intention to products). Limited product choices, time constraints of discounts, and an online shopping list create a unique buying environment where consumer behavior may differ from traditional shopping (Shi, S.W., 2015).

In essence, changes in consumer perspectives create a paradigm shift in online shopping behavior on flash sale programs. As a form of sales promotion effort, a flash sale is perceived as short-term inducement to stimulate the desired response from consumers. This tactic is purposefully carried out for a limited period to arouse consumer desire, stimulate interest, increase sales, or drive the market (Ndubisi and Moi, 2015). In short, a promotional program such as flash sale can determine consumers' behavior and thereby encourage impulsive buying behavior.

2.1.5 Payment Method

To date, e-commerce offers various payment methods to ease consumers. E-wallets, credit cards, e-banking, and e-check are some payment methods that are often used by consumers. However, due to trust, security, and privacy issues, consumers, especially in developing countries, feel more convenient paying in cash

after receiving a product (Halaweh, 2017). This argument is also presented in Yulianto et al. (2021), stating that in today's e-commerce industry, Cash on Delivery (hereafter COD) is a popular payment method. It could also understand from a study by Putri et al. (2019) that COD is favored over four different payment methods, namely prepaid, virtual accounts, and credit cards.

Cited to Databoks, The Central Statistics Agency (BPS) reported that 78.72% of e-commerce in almost all business fields use the COD payment method. COD is a payment method in cash to the courier when the goods have been delivered. It can also be interpreted as a service for consumers to make payments on the spot after receiving goods which includes convenience, effectiveness, and minimizing fraud (Tussafinah in Hajati, 2022).

2.2 Previous Studies

Table 2. 1 Previous Study

No.	Title	Variable	Method	Findings
1.	The Stimulus of Impulse Buying Behavior on E-commerce Shopping Festival: A Moderated-Mediated Analysis (Yulianto, Alexander Sisko, Evelyn Hendriana, 2021)	1. Sales promo (Perceived Perishability, Perceived Scarcity, Perceived Low Price) 2. Hedonic Shopping Motivation (Fun, Escapism, Novelty) 3. Attitude Toward Sales Promo 4. Impulse Buying Behavior 5. Cash on Delivery	Partial Least Square Structural Equation Modelling (PLS-SEM)	The finding of this study found that there is an accelerating effect of hedonic shopping motivation and sales promotion (only partially) on attitude toward sales promotion and impulse buying behavior. However, it also showed that COD has no significant effect on impulse buying behavior, but it is confirmed that COD moderated the beneficial effect of hedonic shopping motivation on impulse buying behavior.
2.	The Effect of Flash Sale Program on Shopping Enjoyment and Impulse Buying on Flash Sale on C2C E-Commerce (Diska Vannisa, Also Fansuri, Irdan M. Ambon, 2020)	1. Perceived Perishability 2. Perceived Scarcity 3. Attitude towards on Flash Sale 4. Online Shopping Enjoyment 5. Online Impulse Buying on Flash Sale	Structural Equation Model (SEM) technique with PLS	The result of this study confirmed that perceived perishability and perceived scarcity have a correlation effect on attitude toward flash sale. Thus, the attitude toward flash sale also has a significant positive effect on online shopping enjoyment and online impulse buying.

No.	Title	Variable	Method	Findings
3.	Factors Influencing Online Impulsive Buying Behavior in Indonesia (Ario B. Wibisono, Ira Fachira, 2021)	1. Promotion 2. Psychological Distance 3. Positive Emotion 4. Hedonic Browsing 5. Utilitarian Browsing 6. Online Impulsive Buying	Structural Equation Modelling using SPSS and AMOS	This study manifests that among three variables, namely promotions, positive emotion, and psychological distance, only psychological distance that was not directly affecting online impulse buying behavior. It is also found that hedonic browsing behavior is more effective in influencing impulsive buying behavior.
4.	Effects of Price Discounts and Bonus Packs on Online Impulse Buying (Yin Xu, 2014)	1. Sales Promotion (Price discounts, Bonus pack) 2. Produce Base Price (Expensive, inexpensive) 3. Product Type (Hedonic, Utilitarian) 4. Online Impulse	Three-way Analysis of variance (ANOVA)	Compared to bonus pack, price discounts is reported to be more effective in influencing impulsive buying behavior, especially for inexpensive product.
5.	Online Impulse Buying Amongst Undergraduate Students in Tianjin the People's Republic of China (Tingting Zou, 2018)	1. Website Quality (Security, Navigability, Visual Appeal) 2. Hedonic Value (Novelty, Escapism, Fun) Product Knowledge (Word of Mouth and Social Norms)	Pearson Correlation Coefficient using SPSS	The result has shown that all variables, namely, website quality, hedonic value, and product knowledge have a positive relationship with online impulse buying behavior. However, social norms are not so important as online shopping is more private, and they just want to have fun

2.3 Hypotheses Development

It is believed that consumers are more likely to buy the products in a lower price within a limited time and a limited number of products offered (Yulianto et al., 2021). A prior study conveyed that the time constraint of promotional offers is more effective than unlimited time promotion as it creates a sense of urgency that can drive hesitant customers to make a purchase (Kempa et al., 2020). This tactic tends to positively impact sales because they may feel that the respective product is about to be sold out and, therefore, often act impulsively without further thought.

The number of product offerings has an accelerating effect on consumer attitudes where it becomes more attractive if the product is scarce rather than a product in large quantities. Vanissa et al. (2020), on their findings, have shown that scarcity created positive purchase intentions and attitudes in consumers. Furthermore, Song et al. (2015) study stated that scarcity plays an important role in stimulating shopping enjoyment and even directly urging impulse buying.

As a critical factor in marketing aspects, price has been examined by several researchers to investigate impulse buying behavior (Sari & Pidada, 2020). Price reductions are offered to create consumers' sudden urge to buy, which can be an antecedent factor in buying behavior (Yue & Razak, 2018). In essence, when prices are lowered, consumers feel more optimistic about taking the opportunity, leading to factors that contribute to their impulse buying behavior. Therefore, the lower price is the key to creating impulse buying (Lim & Yazdanifard, 2015). Thus, the following hypothesis is proposed:

H1: Perceived perishability has a significant effect on attitude toward flash sale

H2: Perceived scarcity has a significant effect on attitude toward flash sale

H3: Perceived low price has a significant effect on attitude toward flash sale

Cook and Yurchisin (2016) found that perceived perishability and perceived scarcity has an accelerate effect on attitudes toward sales promotion and impulse buying behavior. This finding also align with Primanto & Rahmawati (2021) which argued that customers are more involved in purchasing items with limited stock. Significant results were also found during the flash sale program (Vanissa et al., 2020). The reduced price has a positive effect on consumer behavior (Diaz & Cataluna, 2011). Therefore, the author posits that:

H4: Perceived perishability has a significant effect on impulse buying behavior

H5: Perceived scarcity has a significant effect on impulse buying behavior

H6: Perceived low price has a significant effect on impulse buying behavior

The individual tends to satisfy their needs by shopping. When shopping, positive emotions will arise, likewise the urge to buy products without prior planning, or known as impulse buying (Kotler & Keller, 2016) (Andryansyah & Arifin, 2018). The previous finding conducted at retail malls in India confirmed that the attitude toward sales promotion is influenced by hedonic shopping motivation (Khare et al., 2014). This finding is also supported by Song et al. (2018), stating that hedonic shopping values plays a significant role in social commerce. Marketing strategies such as promotion and discounted prices create excitement in consumers'

perspectives (Vanissa et al., 2020). Based on the elaboration above, the hypothesis is:

H7: Hedonic shopping motivation has a significant effect on attitude towards flash sale

The shopping value for impulsive buyers is driven by both hedonic and social motives. Yu and Bastin's (2010) study investigated the relationship between hedonic shopping motivation and impulsive buying behavior. Specifically, Yulianto et al. (2021) found that there is a strong influence of hedonic shopping motivation on impulsive buying behavior. By using five dimensions, three of them, namely fun, novelty, and escapism, have a direct relationship in the context of online shopping (Cavusoglu et al., 2020). Hedonic motives will influence consumers' perspectives where they often see it as an opportunity to fulfill their wishes, thus will drive to impulse behavior. The following hypothesis is formulated based on the discussion above:

H8: Hedonic shopping motivation has a significant effect on impulsive buying behavior

Flash sale can be a great opportunity for e-commerce as it encourages impulse buying during the flash sale program (Vanissa et al., 2020). According to Zhou & Gu (2015), price reduction based on the amount of money can increase the desire to purchase. Flash sale offers something extremely cheap for a limited amount of time which could provide consumers a unique and fun experience (Upadhyay, 2015). Previous research done by (Xu & Huang, 2014) implied a relationship between impulse buying and discounts, which dominates the flash

program. Following the same line of reasoning, it can be expected that buyers who have a positive attitude toward flash sale are likely to be more impulsive in their shopping. Therefore, based on the description above, it can be hypothesized that:

H9: Attitude toward flash sales promotion has a significant effect on impulsive buying behavior.

As people become more concerned about privacy issues, COD has become the main payment method in the context of online shopping (Wu et al., 2019; Halaweh, 2017). The greater the amount of orders, the higher risks faced by consumers; thus, the more they need to prevent the potential losses in shopping online (Perry in Wu et al., 2019). This also will affect impulse buying in online sales. This is in line with the study carried out by Mathur & Bhakar (2019), stating that COD is perceived as more secure than any other payment channel as customers pay after they get the goods, affecting impulse buying behavior. Hence, the following hypothesis can be stated:

H10: COD has a significant effect on impulsive buying behavior

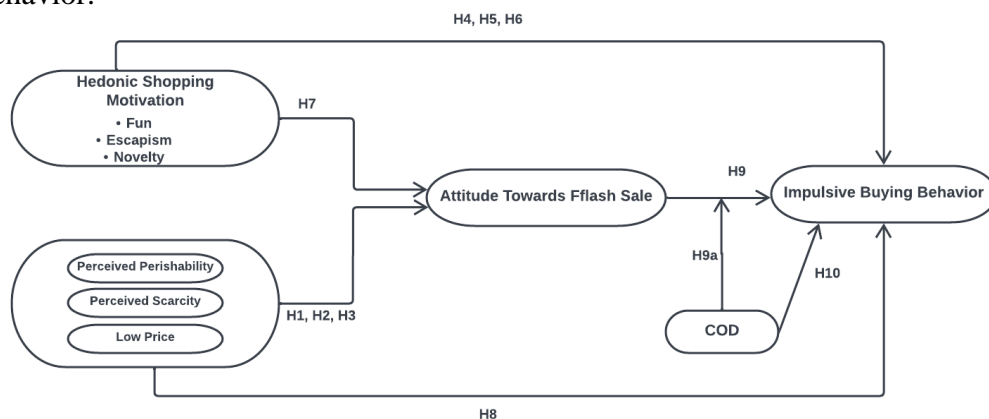
According to previous studies, COD can minimize risk when shopping online. Flash sale program give a favorable benefit to buyers, which leads to impulsively buying goods in bulk. As a greater amount of orders will lead to a higher risk, previous studies revealed that people would prevent to reduce the risk of online shopping by choosing a safer payment method, namely COD (Perry in Wu et al., 2019; Mathur & Bhakar, 2019). Those who are more concerned about security and privacy issues will pay more when using the COD as the payment method (Wu et al., 2019). Moreover, Yulianto et al. (2021) highlighted that the

availability of COD option helps customers who are interested with the flash sale event but did not have credit cards to buy products. Based on the discussion, the following hypothesis is:

H9a: COD moderates the correlation between attitude toward the flash sale and impulsive buying behavior.

2.4 Conceptual Framework

The conceptual framework below consists of seven variables: perceived perishability, perceived scarcity, low price, hedonic shopping motivation as the independent variables, attitude toward flash sale as the intervening or mediating variables, and cash on delivery as the moderating variables. Finally, impulsive buying behavior acts as a dependent variable in this study. This framework is adopted from Yulianto et al. (2021) study, which shows the effect of attitude toward shopping festivals and cash-on-delivery payment methods in the relationship between sales promotion, hedonic shopping motivation, and impulsive buying behavior.



Source: Yulianto et al. (2021)

Figure 2.1 Research Model