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FACTORS INFLUENCING IMPULSE BUYING  
BEHAVIOR OF CUSTOMERS ON FOOD  
INDUSTRY IN MELAKA, MALAYSIA

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The thesis is submitted in partial fulfillment of the requirements for the award of  
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## DECLARATION

“I hereby declare that this project paper is the result of my own and independent work except the summary and experts that have been specifically acknowledgement.”

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## DEDICATION

Initially, I would like to dedicate my appreciation to my parents who are Lee Hock Seng and Soo Pei Fei who supported me spiritually and financially throughout the final year project process. They have taught me to cope with the challenges enthusiastically. Besides, I also dedicated my dissertation to my beloved supervisor and panel who guided me throughout the project. By not forgetting before end, I also would like to dedicate my hard-worked dissertation to my housemates, course mates and team mates who assisted and supported me throughout the research process.

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## ABSTRACT

The impulse buying behavior is an unplanned and sudden purchase which occurs when stimulate by a cue. It has been used as a marketing tool by marketers and retailers to boost the product sales volume. However, a research gap was identified where there is lack of localized research to analyze the impulse buying behavior of Malaysian customers. Therefore, this research paper was designed to study the relationships among store environment, marketing stimuli and time availability and impulse buying behavior of customers. The research also had determined the food product which purchased impulsively by the customers. This research used quantitative method and collected 196 complete self-administered questionnaires in Aeon Bandaraya Melaka and Tesco Melaka. The data collected was analyzed using Pearson's coefficient of correlation and multiple regression analysis. The result indicated that when the retailers enhanced the in-store atmosphere and creative marketing program, the customers' impulse buying behavior will be promoted gradually. The result also showed that time availability had significant effects in moderating the relationships among store environment, marketing stimuli and impulse buying behavior. The customers reacted more impulsively towards snack food as indicated from result. The research contributed to advance the knowledge of impulsive buying and helps retailers in developing marketing strategies. However, the research was limited by the external cues and the product type.

**Keywords:** Impulse buying behavior, Store environment, Marketing stimuli, Time availability, Food, Supermarket



## ABSTRAK

*Tabiat pembelian impulsif adalah sesuatu pembelian yang tidak dirancang dan berlaku secara tiba-tiba apabila didorong oleh perangsang. Ia telah digunakan sebagai alat pemasaran oleh pemasar dan peniaga untuk meningkatkan jumlah jualan produk. Walaubagaimanapun, terdapat kekurangan kajian tempatan yang menganalisis tabiat pembelian impulsif. Justeru, kajian ini bertujuan untuk mengenal pasti hubungan di antara persekitaran kedai, rangsangan pemasaran, ketersediaan masa dan tabiat pembelian impulsif. Kajian ini juga telah mengenal pasti produk makanan yang dibeli oleh pelanggan secara impulsif. Kajian ini menggunakan kaedah kuantitatif dan telah mengutip 196 borang soal selidik di Aeon Bandaraya Melaka dan Tesco Melaka. Data yang dikumpulkan telah dianalisis dengan menggunakan pekali korelasi Pearson dan analisis regresi. Keputusan menunjukkan bahawa apabila peniaga memperbaiki suasana di dalam stor dan program pemasaran yang kreatif, sifat pembelian impulsif di antara pelanggan akan dipertingkatkan. Keputusan juga menunjukkan ketersediaan masa mempunyai kesan yang ketara dalam moderat hubungan di antara persekitaran kedai, rangsangan pemasaran dan tabiat pembelian impulsif. Pelanggan bersifat lebih impulsif terhadap makanan ringan seperti yang dianalisis. Kajian ini menyumbang untuk menambahbaik pengetahuan tabiat pembelian impulsif dan membantu peniaga menghasilkan strategi pemasaran. Walaubagaimanapun, kajian ini telah dihadkan disebabkan oleh penganalisan perangsang luaran dan jenis produk sahaja.*

*Kata Kunci: Tabiat pembelian impulsif, Persekitaran kedai, Rangsangan pemasaran, Ketersediaan masa, Makanan, Stor*

## TABLE OF CONTENTS

CHAPTER	TITLE	PAGE
	DECLARATION	i
	DEDICATION	ii
	ACKNOWLEDGEMENT	iii
	ABSTRACT	iv
	<i>ABSTRAK</i>	v
	TABLE OF CONTENTS	vi
	LIST OF TABLES	xi
	LIST OF FIGURES	xii
	LIST OF ABBREVIATIONS	xiii
	LIST OF APPENDICES	xiv
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	<b>1</b>
	1.1 Introduction	1
	1.2 Research Background	1
	1.3 Problem Statement	3
	1.4 Research Objective	6
	1.5 Research Question	6
	1.6 Scope and Limitation of Research	6
	1.7 Summary	7
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	<b>9</b>
	2.1 Introduction	9
	2.2 Impulse Buying Behavior	9
	2.3 Factors Influencing Impulse	14

	Buying Behavior	
2.3.1	Store Environment	15
2.3.2	Marketing Stimuli	18
2.3.3	Time Availability	21
2.4	Food Industry	22
2.5	Summary	23
<b>CHAPTER 3</b>	<b>RESEARCH METHODOLOGY</b>	<b>24</b>
3.1	Introduction	24
3.2	Research Framework	24
3.2.1	Relationship between Store Environment and Impulse Buying Behavior	25
3.2.2	Relationship between Marketing Stimuli and Impulse Buying Behavior	26
3.2.3	Relationships among Store Environment, Marketing Stimuli, Time Availability and Impulse Buying Behavior	26
3.3	Research Design	27
3.4	Sampling	28
3.4.1	Target Population	28
3.4.2	Sampling Technique and Size	28
3.5	Research Location	29
3.6	Research Strategy	30
3.7	Data Collection Method	31
3.7.1	Survey Development	31
3.7.2	Questionnaire Design	32
3.7.3	Questionnaire Measures	32
3.7.4	Time Horizon	34
3.8	Pilot Test	34
3.9	Data Analysis Method	35

3.9.1	Descriptive Statistics Method	35
3.9.2	Reliability and Validity	35
3.9.2.1	Reliability	35
3.9.2.2	Validity	36
3.9.3	Inferential Statistics Method	36
3.9.3.1	Pearson's Coefficient of Correlation	36
3.9.3.2	Multiple Regression Analysis	37
3.10	Summary	37
<b>CHAPTER 4</b>	<b>DATA ANALYSIS AND FINDINGS</b>	<b>38</b>
4.1	Introduction	38
4.2	Reliability and Validity	38
4.3	Descriptive Statistics Analysis for Demographics	39
4.3.1	Respondents' Gender	40
4.3.2	Respondents' Age	41
4.3.3	Respondents' Marital Status	42
4.3.4	Respondents' Education Level	43
4.3.5	Respondents' Employment Status	44
4.3.6	Respondents' Household Income Level	45
4.4	Descriptive Statistics for Impulsive Food Product	46
4.4.1	The Food Product that Purchased Impulsively	46
4.5	Inferential Statistics Analysis for Variables	48
4.5.1	Pearson's Correlation Coefficient	49
4.5.1.1	The Relationship between Store Environment and Impulse Buying Behavior	50
4.5.1.2	The Relationship between	51

	Marketing Stimuli and Impulse Buying Behavior	
4.5.1.3	The Relationships among Store Environment, Marketing Stimuli, Time Availability and Impulse Buying Behavior	52
4.5.2	Multiple Linear Regression Analysis	54
4.5.2.1	Multiple Linear Regression Analysis between Demographics and Store Environment	54
4.5.2.2	Multiple Linear Regression Analysis between Demographics and Marketing Stimuli	56
4.6	Summary	57
<b>CHAPTER 5</b>	<b>DISCUSSION, RECOMMENDATION AND CONCLUSION</b>	<b>58</b>
5.1	Introduction	58
5.2	Discussion	58
5.2.1	Factors Influencing Impulse Buying Behavior	59
5.2.2	Relationships between Factors and Impulse Buying Behavior	60
5.2.2.1	Relationship between Store Environment and Impulse Buying Behavior	60
5.2.2.2	Relationship between Marketing Stimuli and Impulse Buying Behavior	63
5.2.2.3	Relationships among Time Availability, Store Environment, Marketing Stimuli and Impulse	66

	Buying Behavior	
5.2.3	The Food Product that Purchased Impulsively	68
5.2.4	Relationship among Demographics, Store Environment and Marketing Stimuli	69
5.3	Implication	71
5.4	Recommendation	73
5.5	Conclusion	73
5.6	Summary	74
	<b>REFERENCES</b>	<b>75</b>
	<b>APPENDICES</b>	<b>82</b>

## LIST OF TABLES

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
4.1	Reliability Statistics for All Variables	39
4.2	Respondents' Gender Group	40
4.3	Respondents' Age Group	41
4.4	Respondents' Marital Status	42
4.5	Respondents' Education Level	43
4.6	Respondents' Employment Status	44
4.7	Respondents' Household Income Level	45
4.8	Respondents' Impulsively Purchased Product	47
4.9	Strength of Correlation	49
4.10	Correlation Matrix of Sub Independent Variables, Independent Variables and Dependent Variable	50
4.11	Correlation Matrix of Independent Variables and Dependent Variable with Moderating Variable	52
4.12	ANOVA of Demographics and Store Environment	54
4.13	Multiple Linear Regression of Demographics and Store Environment	55
4.14	ANOVA of Demographics and Marketing Stimuli	56
4.15	Multiple Linear Regression of Demographics and Marketing Stimuli	56

**LIST OF FIGURES**

<b>FIGURE</b>	<b>TITLE</b>	<b>PAGE</b>
3.1	Proposed Research Framework for Impulse Buying Behavior	25
4.1	Respondents' Gender Group	40
4.2	Respondents' Age Group	41
4.3	Respondents' Marital Status	42
4.4	Respondents' Education Level	43
4.5	Respondents' Employment Status	44
4.6	Respondents' Household Income Level	45
4.7	Respondents' Impulsively Purchased Product	47



**LIST OF ABBREVIATIONS**

<b>ABBREVIATION</b>	<b>MEANING</b>
SPSS	Statistical Package for the Social Sciences
IBB	Impulse Buying Behavior
MS	Marketing Stimuli
SE	Store Environment
TE	Time Availability

**LIST OF APPENDICES**

<b>APPENDIX</b>	<b>TITLE</b>	<b>PAGE</b>
A	Gantt Chart for Final Year Project I	82
B	Gantt Chart for Final Year Project II	83
C	Empirical Support of Questionnaire	84
D	Sample of Survey Questionnaire	86
E	Multiple Linear Regression Analysis	92

## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

This research paper studied about the impulse buying behavior of customer who purchases food products impulsively in the supermarket and hypermarket in Melaka. Based on this purpose, this chapter discussed the research background, problem statement, research question, objective, scope and limitation of the research.

#### 1.2 Research Background

Purchase takes place on a daily basis where a product or service is selling. Purchase had been further studied and characterized as planned, unplanned and impulse purchase (Karbasivar and Yarahmadi, 2011). Unplanned and impulse purchases are different (Salman et al., 2014). Unplanned purchase is not necessarily to be impulsive while not all impulse purchases are unplanned purchase (Iyer, 1989 as cited in Muruganatham and Bhakat, 2013). Impulse purchase occurs when customer enters the store without planning what to buy and buy impulsively when encounter with a stimulus (Tirmizi et al., 2009). According to Tirmizi et al (2009), the customer is exposed to a stimulus or influence that might trigger them to involve in impulsive buying.

Therefore, this research paper focused on studying the influence of external factors on the customers' impulse buying behavior. From previous researches, the impulse buying is also affected by internal factors which is based on the individual characteristics such as gender, age, household income level, educational level, mood, shopping enjoyment, impulse buying tendency, personal affective and cognitive state, and self-control (Bhuvanewari and Krishnan, 2016; Tinne, 2010; Dawson and Kim, 2009) whereas the external factors of impulse buying are referred to marketing stimuli such as promotion, product with extra value, membership discount, discounted price, advertisement, buy-two-free-one and buy-three-free-two, and store characteristics such as ambient, design and social factors (Duarte et al., 2013; Dawson and Kim, 2009; Muruganantham and Bhakat, 2013). The situational factors, at sometimes also referred as internal factors to investigate impulsive behavior of customers such as time availability, money availability and task definition (Chang et al., 2014).

Impulsive buying always defines as one of the central ideas in which marketers, analysts and researchers spend time to study about (Muruganantham and Bhakat, 2013; Pawar et al., 2016). They mentioned that impulsive buying has long been an interest and challenge for marketers and retailers in shaping their commercialization program such as advertisement and promotion. This implied that impulse buying behavior of customer is always used as marketing tool to increase the sales volume. Gaille (2014) also reported that 20% of grocery purchase was made on impulse. Therefore, the impulsive buying of customers is important contributor to sustain the economy growth by achieving 5% of growth in retailing sales projected by the Retail Group Malaysia after Malaysian retail industry reported a lower rate of 3% of retailing sales growth in the quarter three of 2016 (Yong, 2016; Gaille, 2014). Hence, there were a pool of researches and studies regarding the impulsive buying behavior of customers and various influences that trigger impulsive purchase (Tirmizi et al., 2009; Karbasivar and Yarahmadi, 2011; Duarte et al., 2013; Muruganantham and Bhakat, 2013; Salman et al., 2014; Pawar et al., 2016). However, these researches still have some limitations.

This paper aimed to add new information and knowledge to the existing knowledge available about the impulsive buying behavior of customers. The impulse

buying behavior of customers was less examined in Asia context especially in Malaysia. Moreover, there was lack of researches and studies that investigate the marketing stimuli and store environment in a paper. The literatures of previous researches were also lack of investigating about internal stimuli of customers such as the effect of time available for a shopping trip or the time when customers go for shopping on affecting impulsive buying behavior. Time concern was less examined by researchers as moderating variable regarding its effect on the impulse buying behavior of customers. The previous literature also less examined on the integrated relationship between moderating variables and independent variables on triggering the impulsive buying among customers.

Hence, this research paper studied about the independent relationship of independent variables, including store environment and marketing mix with impulse buying behavior. The influence of time availability is studied as moderating variable in this study. Later, the correlation between moderating and independent variables among customer will be studied on the impulse buying behavior occurs in food purchase. The behavior will be investigated in the hypermarket and supermarket in the area of Melaka, Malaysia.

### **1.3 Problem Statement**

The multi-cultures in Malaysia have created a diverse food industry with cultural food of Malay, Chinese and Indian. However, the diverse food industry and market become more complex due to the supply of local and imported food products (DEinternational, 2011) besides the effect of increasing disposable incomes, changing lifestyle and increasingly assertive consumers (Pawar et al., 2016). The customers are willing to purchase quality but expensive product when they have stable and higher income that means they have cash on hand to purchase the products.

According to the DEinternational (2011), the food processing industry had contributed about 10% of the Malaysian manufacturing output and therefore, the food industry had been defined as an important component of agro-based industry in

accordance with the government policies of agriculture. DEinternational (2011) analyzed the packaged food (such as fisheries product, livestock product and cocoa-based product), as important aspect in contributing the production and sales volume of food industry. From the figures of packaged food, the sales of impulse and indulgence products had increased to RM 3688.60 million in 2010 instead of RM 3592.30 million in 2009 with a growth of 2.68%. This implies that the impulse and indulgence products are also important to increase the sales volume of Malaysian food industry.

The report also stated that the purchasing trend of Malaysian consumer is changing. The Malaysian customers are more intends to purchase healthy food with higher nutrition value and food fortification (DEinternational, 2011; Duarte et al., 2013). This is supported by the finding of Duarte et al (2013) which segmented a group of health and nutrition-conscientious customers who seeking for high nutrition food products and potentially to purchase the healthy product impulsively. This trend suggests a market window for retailers to grab and gain market share in food market.

However, the implication of goods and service tax (GST) has driven up the product price and down the sales volume (Yong, 2016). The implication of GST and the inflation due to the continual rising of product prices had slowed down the growth of economy and the condition is continual especially in categories of food and beverages, transportation, medical and others (Yong, 2016). One of the main contributors of inflation is foods as reported in Eleventh Malaysian Plan (Economic Planning Unit, 2015). The GST and inflation have reduced the purchasing power of customer and caused them to change their purchasing pattern in order to control the living cost (DEinternational, 2011; Yong, 2016).

This situation is crucial to the economy as Taylor (2015b) had stated that about 30% to 50% of offline purchases are impulsive purchase and it emphasized a big opportunities to the business and companies. Therefore, Hershey was trying to understand the impulse buying of customer and eager to develop strategy to lure customer attention to improve their sales (Taylor, 2015a). According to Gandhi et al (2014), the products and selling items are increasingly being purchase by customer impulsively. Hence, there is a must for retailers and marketers to realize and

understand the importance and contribution of impulse buying behavior to the business and market. They should practice well in controlling impulsive purchase of customer to increase sales turnover (Muruganantham and Bhakat, 2013). Retailers should work hard in designing the product related and marketing programs to develop customers' interest to purchase impulsively (DEinternational, 2011).

After reviewing the previous research and literature, this research paper was designed to study about the independent relationship of variables such as store environment and marketing stimuli and moderating effect of time availability with the customer's impulse buying behavior on food industry. The research derived problems from literatures to study about the research topic: How the external factors influence the impulse buying behavior among customers? What is the food category customers purchased impulsively?

The most recently research had studied on the influence of variables in sports merchandise including of shopping enjoyment, marketing effort, money availability and fan identification in stimulating the impulse buying behavior among consumer (Salman et al., 2014). Similarly, the research of Duarte et al (2013) had identified the effect of marketer-controlled external drivers on impulse buying behavior of young students. The research had identified 64 variables and later grouped into eight factor groups such as orientation of brand, communication, product, consumption environment, price, package, sales interaction and health and nutrition conscientious.

This research paper also identified and studied the probability of the existence of correlation among the independent and moderating variables. For example, the time available will influence the customer to be more willing to shopping and spends more time in the store. This study was supported by the research of Foroughi et al (2012) where the indirect significant relationship exists between time availability and impulse buying behavior of customer. Lastly the research identified the influence of correlation between independent and moderating variables in attracting the customers to involve in impulse buying behavior on food industry.

#### **1.4 Research Objective**

The purpose of this study was to investigate how the characteristics of store environment, marketing stimuli and the moderate effect of time affect the customers' impulse buying behavior. The study attempts to better understanding the direct effects of store environment and marketing stimuli available in store. On the other hand, the moderate effect of time availability of customer will also further study in this paper. This study was carrying out in line with the objectives as shown below:

1. To identify the factors affecting the impulse buying behavior of customer.
2. To investigate the relationships among store environment, marketing stimuli, time availability and impulse buying behavior.
3. To identify the food product purchased impulsively by customer.

#### **1.5 Research Question**

Questions were raised from the problems relating to the topic and the factors influencing the impulse buying behavior of customer. This study was carrying out to investigate and answer the research questions as shown below:

1. What are the factors that affect the impulse buying behavior of customer?
2. How are the relationships among store environment, marketing stimuli, time availability and impulse buying behavior?
3. What is the food product that customer purchased impulsively?

#### **1.6 Scope and Limitation of Research**

This paper aimed to study relationship between store environment and impulse buying behavior; relationship between marketing stimuli and impulse buying behavior; and the effect of relationship among store environment, marketing stimuli