

The Causes and Effects of Online Impulsive Consumption

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ABSTRACT

In the late 2019 and the beginning of 2020, a novel pandemic emerged from Wuhan, China and widely spread all over China and the whole world. Within this period of time, the factors such as advertisements from different sales person and the emergence of the live stream, the lack of sense of belonging and the feeling of isolation occurred. Therefore, the problem of impulsive consumption occurred from the beginning of 2020 to the present time. This research aims to give the introduction of the pandemic era, the dynamic effect of COVID-19 on impulsive buying behavior [1], the cause and effects of impulsive consumption, and potential solutions to diminish this problem. It used different reference books and data from Google Scholar, and the subject is all customers that bought products under this era. Specific implications of these findings are discussed. It can be concluded that there are three reasons for consumer impulsive consumption during the epidemic: marketing stimulus, emotional stimulus, and income increase.

Keywords: *online consumption, impulsive consumption, pandemic buying, effects, antecedents*

1. INTRODUCTION

Impulsive buying was referred to as making unplanned purchases in a sudden period [2]. Living in a fast paced society, online buying has become prevalent in current days. People have witnessed a huge drift from offline shopping to online shopping. According to one study, the number of online shoppers increased since 2015, it also reached 1.7 billion in 2018 and 1.92 billion in 2019. It is anticipated to sustain a trend upward in the future. [2] There are several benefits of online shopping such as convenience, the varieties, and the advantage of saving time. While providing the path of online shopping benefit a wide range of people, it will also cause problems like impulsive consumption. Particularly during the era of COVID-19 pandemic, impulsive buying at home has ascent exponentially across different fields, and consumers' intentions of shopping online continue to grow [2]. However, problems financially will occur in the behavior of impulsive consumption. Consumers are prone to be irrational. Furthermore, there are multitudes of reasons for people Of different ages to consume projects in an impulsive way. The current study was designed to investigate different reasons for online impulsive consumption. The effects of online impulsive consumption, and the solutions to transform this problem. In the research previously, impulsive purchases

online are 5% more likely to occur than offline [2]. The money spent for online impulsive consumption occupied 40% of the overall expenditure. [2].

Due to the fact of online impulsive consumption, a wide range of people made consumptions suddenly, which results in a financial burden. This leads to

different social problems, family problems, and tuition problems. This research aims to have an insight into the causes, the effects of online impulsive consumption, the solutions to change this circumstance, the possibility to change this situation, and also minimize the problems caused by impulsive consumption. This research is beneficial by allowing customers to be conscious of the problem and give several solutions to alter the existence of this circumstance.

2. THE CURRENT STATE OF ONLINE CONSUMPTION

At the beginning of 2020, a novel pandemic named COVID-19 emerged in Wuhan, China, and swiftly spread through different cities in China. Plus, it also became worldwide, and quickly spread through multitudes of countries such as The United States, The United Kingdom, Singapore, etc . With the increased number of the confirmed number about the pandemic,

regulations have been made by the government, such as stopping going outside, wearing a mask, and using disinfectant frequently whenever people get in touch with the outside environment. Therefore, Tens of thousands of people stopped commuting to their workplace and schools, isolated themselves at home, and began online classes. However, people still used the technology frequently everyday and the needs For consumption still exist. Therefore, Online buying has become a more prevailing thing from the start of 2020, and caused the problem of impulsive consumption.

In the research, from the analysis of the comparison between online shopping and offline shopping [1], the main differences between these two types of shopping

approaches are the information illustrated, the risks perceived, and customers' preference [1]. Plus, with the environment and platform of online buying, it indicates that online platform acts like a facilitating condition, such as the convenience to search and buy, which allows customers to make sudden decisions about buying products, and thus having the behavior of impulsive consumption [2]. Single's day, which is referred to as November 11th, became prevalent and has the same meaning as Black Friday. However, it is online. Alibaba, the largest e-commerce institution in China, start to offer huge discounts since 2009. Single's day in 2014 reached 57.1 million RMB and reached 372.3 million RMB in 2020 on the platform of Taobao, which demonstrates the exponential growth of online buying. (Figure 1).

The first 30 minutes of Single's day 2020 reached the deal volumes of 370 billion RMB

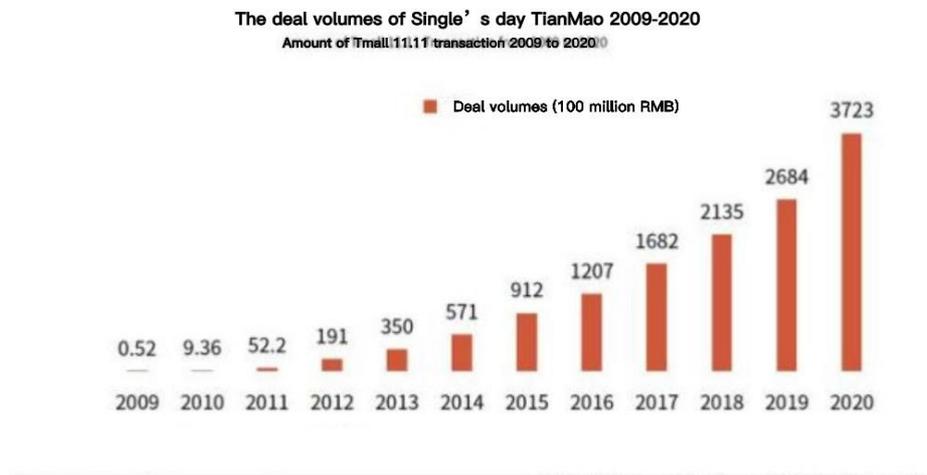


Figure 1 Sales statistics on Tmall Double Eleven in 2020

3.EXTERNAL STIMULUS THAT INFLUENCE AND URGED THE BEHAVIOR OF ONLINE IMPULSIVE CONSUMPTION

In several studies, from the external perspective, there are several stimulus that will influence or lead to customers' impulsive buying behavior. Customers are likely to consider the following aspects to begin the behavior of online impulsive buying: individualism, parochial promotion, product diversity, brand, color. [3] Plus, researchers propose that impulsiveness will be decided by the visual attention to the point of scale information.[4] However, This paper focuses on the following two aspects:market stimuli and affective stimuli. [1]

3.1 Marketing Stimuli

Marketing stimuli is proposed to allow the customers to get access message of scarcity. With the comparison to offline shopping, the scarcity message can be conveyed in a more visible and apparent way. In general, scarcity can always create urgency among consumers, probably having shorter searches and greater satisfaction when the consumers are told the products are no longer available. Online shopping can reveal the timely changes of decreasing the supply of the product to the customers by using technology, which can hardly be accomplished offline. [6]Therefore, stimulating consumer's psychological aspects and creating the behavior of impulsive consumption.

Brand Advertisement effect is the crucial factor that will engage customers' attraction and cause impulsive buying behavior. Many companies invest a considerable

amount of their marketing budget in paying celebrities for their engagement in advertising campaigns. Companies will utilize the influential ability of different celebrities since they usually occupied a wide range of customers that was appropriate for the product. By using the method of the endorsement of celebrity, fans that love this celebrity will be attracted to the product, and buy the product for the sake of supporting the celebrity. For example, during the summer of 2021, Roseanne Park in the girl group Blackpink began to be the spokesperson of OiOi, which is a clothes brand of Korea. The company also gave the customers who bought the clothes a photo cards of Roseannes Park. As a result, it attracted

multitudes of customers from all over the world, since fans are engaged in collecting different card of their idols. It increased the sales of the clothes, and also the revenue; Another example is the running athlete Bingtian Su from China. In the Olympic Games of 2021, Japan, he refreshed the Asian record of 100 meters run by using the score of 9.83 seconds. After the Olympic Games, he also advertised the electric brand Mi of China on August 10th. On that day, on the platform of Weibo about this endorsement, it reached the culmination of 230 million views, 47000 comments and 1113 original content release. (Figure 2 & figure 3).

1.1 MI Company

From the records of MI, the advertisement of BingtianSu and the speech of JunLei brought a obvious peak report

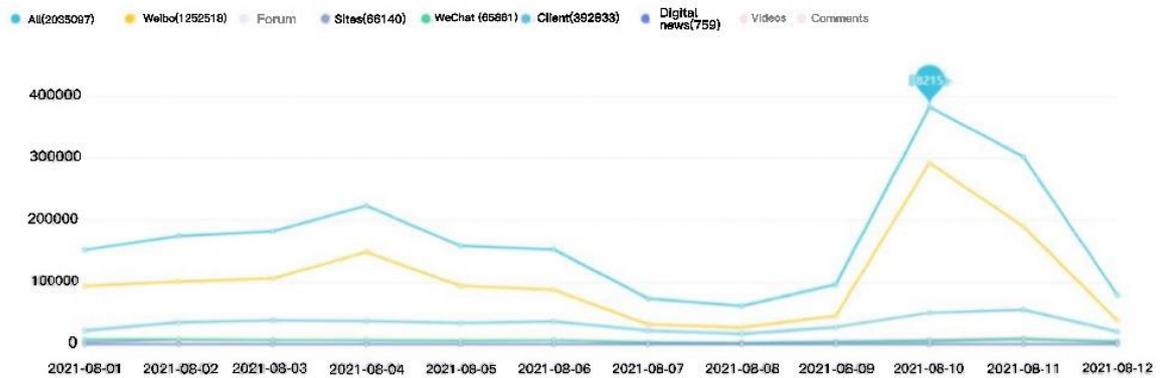


Figure 2. The records of the influences of the advertisement of BingtianSu for MI in 2021

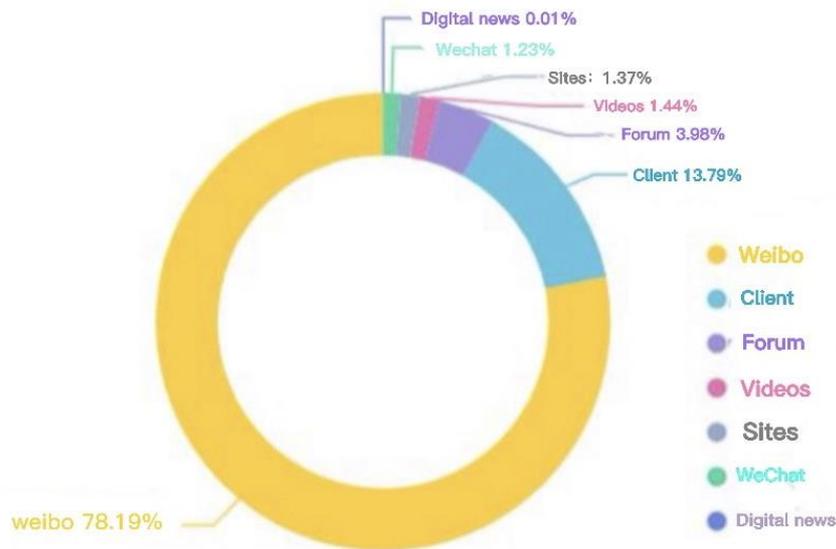


Figure 3 The percentage data from the response to the advertisement to MI of netizens

Additionally, some companies will devote most of their fund to either post the posture on various online platforms, or invite different bloggers to advertise the product in their videos. With the period of time that

customers see the advertisement frequently, they are likely to be attracted, converted from “I’m not interested in this product” to “ Is this product really that helpful”? For example, parents are likely to buy electric devices

which can make food at home. From this research and interviews to my parents, teachers, and relatives, they said they are not interested in the electric baking pan since it is expensive, and not useful. However, after seeing different advertisements from different bloggers, and the fascinating videos revealed on different platforms, they began to curve. As a result, almost all my relatives and teacher used the baking pan, and found that it was really helpful to their life

Furthermore, in the pandemic era, more and more companies started to use the method of having a live stream. Salesperson will use their fabulous skills of introduction such as saying the usefulness of the product that can be confirmed by the customers. It will be a stimulus, and act as a catalyst on the process of buying. Therefore, irrational behavior will occur, and lead to the behavior of impulsive consumption. Take Jiaqi Li as an example, due to the fact of he is the most influenced anchor of Taobao, in China, he made the live stream everyday, and had break a varies of records in different projects. On October 20th, 2021, for the presell of single's day, he had advertised different products like cosmetics, clothes, foods, etc. On that night, he has had a sale of over 10 billion RMB.

Besides the market stages mentioned above, preferential treatment refers to the method that the sales person utilizes and the mental effects that customers realize. VIP, which is known as the Very Important Person, is a common strategy that companies will use and therefore stimulate customers to have their impulsive consumption behavior. (1) The tactic of giving customers presents that they are likely to use. Companies will always hold promotion activities such as giving a bag when customers spend 299 RMB per time. If customers have had already handled the products that weigh 200 RMB, the sales person would definitely tell customers the promotion activity, which not only stimulates the spending behavior of customers, but also increased the profit of the company. (2) Companies will also have activities such as "having a 20% off when customers buy 2 cloths" or give customers coupon. When customers got the message of having a discount price, they will be more likely to buy the described quantity for the sake of spending less money. Plus, coupons can also stimulate buying behavior next time. Therefore, allowing customers to have impulsive buying behavior.

3.2. Affective Stimuli

Affective stimuli is demonstrated as the state or the condition the consumer is in, which is likely to influence the behavior of impulsive consumption [2] Affective stimulation can be categorized in three aspects: pleasantness, arousal, and dominance [2] Pleasantness is often referred as a positive emotion, which indicated that people are more likely to have impulsive buying behavior while having the emotion of excitement,

happiness, and other positive emotions. [7].In the online context, perceived enjoyment will have a positive effect on the urge behavior to buy. Arousal is the neurophysiological basis of different states, ranging from sleep to excitement [2]. In the research of Donovan and Rossiter [4], arousal-nonarousal taps to the level of the alertness, excitement, stimulation or active in the situation. Excited arousal and competitive arousal are known as the two types of arousal effects [6] Excited arousal is the emotion of joy and pleasure, combined with several environmental factors. The latter one is an adrenaline-laden emotional state that can arise during competitive interactions [6], which is based on the pressure from peers, time, and audience effects. For example in two situations, if a person has had accomplished the task in a fabulous way and they have had a positive emotion (excitement), they would likely to use money to celebrate their delight; on the other hand, if the person has had failed the task or broke up a relationship, they would also prone to use the money to buy products, especially the expensive ones, to release their bad emotions. Psychological factors were also being viewed as an indispensable factor that stimulate customers' impulsive buying behavior. Conformity, which is a type of social influence involving a change in belief or behavior in order to fit the group, is always utilized by people in the current society. The essential aspect of human's psychological feeling are to feel a sense of belonging. People always conform to avoid rejection and to gain social approval, and thus people are sensitive to the social norms. Human beings are likely to follow others' steps and behavior, instead of following their own heart. If the person have had been asocial in a group and did not gain approval, the person would be depressed. As a result, revealing the behavior of conformity and thus making impulsive consumptions. Namely, in the research of impulsive consumption, people are likely to buy the products for the aim of getting the sense of belonging. From most research and data according to the relationship of conformity and impulsive consumption, In most circumstances, people are not likely to buy products for their needs. Instead, people are likely to buy products for vanity, arrogance, which is involved in the psychology of conformity.

It is clear that impulsive buying is an emotional related behavior. From the CAPS framework, affect is an imperative antecedent of the behavior of impulsive consumption. Positive emotion, negative emotion, and pleasure were know as the affective stimulus. Some research agrees on the positive effect of positive affect on impulsive buying [2]. From different research data, people have concluded that impulsive behavior Is likely to emerge when people are having a negative emotion, by using the function of money, with the accompany of irrational emotions. Plus, due to the fact of being isolated at home for at least three months, people can only connect with their friends and relatives through social

media, instead of having real time experience and talking to each other face to face. There's also research representing positive emotions positively associated with impulsive buying with the elements of self esteem and self realization.[4] Therefore, some psychological problems such as lack of a sense of belonging, depression occur.[2] As a result, people are likely to use the money to comfort themselves, and cause the behavior of impulsive Consumption. [2]

3.3. Income and Economic Development

Economic development level is always having a positive proportion to the consumption level. Specifically, people who live in a country that has a higher economic development or Gross Domestic Product (GDP) indicate a high rate of impulsive consumption behavior. Plus, higher income in every family can also generate a high rate of undecided buying behavior [2], which indicates the impulsive buying behavior is more likely to occur in the family that has a higher disposable income. [6] Statistically, data of PayPal has demonstrated that 56% of customers in The United States shop online out of the price advantage as compared to 68% in India and 83% in China . Furthermore, if the country have had a higher development, it would also be the factor that stimulate customer's impulsive buying behavior. Developed countries are prone to offer the residents a more advanced environment, both physically and mentally. Therefore, online shopping has been accepted rapidly in these countries and the government will also provide a better environment for technical products. Developed countries are likely to have a better delivery in express. As a result, people are likely to make more purchases in developed countries than in developing countries. Research has informed that the rate of impulsive consumption was also much higher in the developed countries like the United States and The United Kingdom than Russia and Thailand, etc. As a result, the increase in income gave customers the basic opportunity to have impulsive buying behavior.

4. POTENTIAL EFFECTS

With the emergence of online impulsive buying behavior, effects and influences also emerged in the same period of time. Namely known as one aspect.

4.1. Financial Aspect

Due to the fact of the behavior is in an impulsive way, it indicates that customers are hesitating while making purchases. However, after the introduction from their internal feelings and external factors, customers make purchases in a sudden period of time. As a result, impulsive consumption is usually having a positive relationship with a high expenditure during the behavior.

From most circumstances, people are likely to make unplanned purchases when they are being affected by the external environment, or when they are encountering complicated emotions. Therefore, encouraging and letting them make the purchases. High expenditure is always related to the fact of outnumbering the total budget. Therefore, it may cause severe consequences on customers' life.

4.2. Waste of Goods

While making unplanned purchases, the amount of the product is always in a large amount of quantity. If people have had bought the product for the sake of stockpile, in most circumstances, they would have created the situation of waste. A rich array of products that customers buy will be left idled at their residence, which also wastes the materials that made this product, and thus create environmental problems.

5.CONCLUSION

This paper aims to illustrate the causes and effects of online impulsive consumption. Under the circumstance of the COVID-19 pandemic era, nearly all people are being isolated at home. The only method for them the contact with the outer world is by using technology. Simultaneously, people also need to buy things for their basic needs. With the continuing time of staying at home, psychological situations occurred. Therefore, the problem of impulsive consumption emerged among different kinds of people. Drawing on the online impulsive purchase behavior , we proposed several related factors that influence the unplanned behavior and the potential effects, which is the result. Factors that influence online impulsive behavior are known as website stimuli, which are the perspective from the sales person, the advertisement from the companies, and the environment; the affective stimuli, which is psychological factors, emotions, and conformity. The effects of online impulsive consumption will be regarded as 2 aspects: First, the financial aspect, such as creating financial burden; Second, the usage, such as creating wastes, and was not environmentally friendly. Limitations are listed, such as there is not enough data to support the argument. There are also objectives to be made in the future, such as exploring other causes of online impulsive consumption, and the solutions to diminish this problem.

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