

Motivations of Impulse Buying of Luxury Goods

Mengyu Xing¹, Chunlin Liu^{2*}, Yuhan Che³, Kaiye Guo⁴, Mingcan Li⁵, Haopeng Li⁶

¹Beijing National Day School, Beijing, 100039, China

^{2*}Ulink college, Wuhan, 430000, China

³International Study Center, Chongqing Nankai Secondary School, Chongqing, 400030, China

⁴Queen Ethelburga's College, York, YO26 9SS, England

⁵The International Department of Shude High School, Chengdu, 610000, China

⁶Keystone Academy, Beijing, 101318, China

*Corresponding author email: tony61946@outlook.com

ABSTRACT

Man-made decisions could be framed and motivated. In this study, we decided to look into specific motivations that would impact choice making of a specific type of consumers, one of which among—impulsive, loyal, need-based, bargaining, wandering consumers. After evaluating potential motivations of consumers, we decided to focus on “impulsive consumers” eventually, presuming this specific type of consumer would be influenced by factors that is reasonably measurable. After deciding the type of consumer, we would have to specify the type of goods we will be focusing on, to limit our choice of goods associated with specific characteristics. This could make the research easier as the task is more specific. We decided to concentrate on “luxury goods”, due to their innate ability in such as, arising vanity in people. We utilised theories from previous studies of other scholars and have designed experiments to test the extent of the effect of such hypothesised phenomenon.

Keywords: *Luxury goods, Impulsive consumers, Motivations*

1. INTRODUCTION

In the paper we investigate the motivations impulsive consumers particularly when coming to the purchase of luxury items. Starting from what motivates all different types of consumers—impulsive, loyal, need-based, bargaining, wandering—with application of different models; we eventually decided to focus on only one type of consumer—Impulsive. The study assumes consumers that are loyal, need-based or bargaining or wandering has too little to be influenced by hence we decide to look into to impulsive consumers which there could be different motivations that caused her or him to be impulsive. Impulsive consumers behave irrationality mostly due to extrinsic and intrinsic factors which will be discussed later in the presentation. Our assumption suggests that Impulsive consumers are motivated mostly by their desire for pleasure, their lack of self-control, and their need to impress others.

In addition, types of consumer do not define any single person. One could alter between different forms of consumers when facing different scenarios. Thus, it would be probably, externally valid to assume the theory

we are proposing applies to everyone when they are behaving irrationally as an impulsive consumer when purchasing luxury products. The paper focuses on the cause of irrationality of impulsive consumers especially when purchasing luxury items. The analysis will be based on irrationality causing factors and characteristics of luxury items related to the utility of the buyer.

As the aim of the research, we would categorize motivations with regard to different aspects—intrinsic and extrinsic or even further divided and would correspondingly construct models with investigations to measure the effect of those motivations on our targets, the impulsive consumers.

2. LITERATURE REVIEW

Before the study of Rook [1], the description of impulse buying primarily focused on the products at the time of impulse purchase decision. Earlier studies did not consider consumers and their personal characteristics as factors influencing impulse buying. Rook's study [1] showed the definition of impulse buying and indicated that the difference between subjective experiences at the beginning of impulse buying, the ways consumers

respond to impulse buying, and the type of negative consequences they incur from impulse buying. Hoch and Loewenstein [2] explained how and why consumer demand for products suddenly increases through impulse buying. Luo's research [3] discovered that the presence of peers increases the impulse to buy, while the presence of family members decreases the impulse to buy. However, the differences are greater when groups are cohesive, and participants are vulnerable to social influence.

Park [4] found that fashion investment and positive emotion have positive influence on consumers' fashion-oriented impulse buying behavior, and fashion investment has the greatest influence. The hedonic consumption tendency is the important intermediary factor that determines the fashion-oriented impulse purchase. Its practical impact lies in enabling retailers to use environmental factors to encourage consumers' positive emotions. He indicated that focusing on entertainment, interest and excitement can be just as important as getting the right mix of goods and prices. Chen et al. [5] studied the popularity of Internet celebrities, identification, adoration, social distance, and the perceived fit that may contribute to promoting impulse buying.

Through a comprehensive review of literature and content analysis, it is found that there have been many studies on impulse buying so far, but few studies on impulse buying of luxury goods. Therefore, this paper will analyze various factors of impulsive luxury purchase from five aspects of "hedonism", "perfectionism", "Snob Effect", "Bandwagon Effect" and "Impression Management", aim to have a better understand of the impulsivity of consumers.

3. METHODOLOGY

3.1 Frame

3.1.1 Impulsiveness

Stern was the first to put forward the definition of "impulse consumption = unplanned consumption". A later article by Rook and Hoch's [6] focused on consumers' cognitive and emotional responses, and eventually constructed the five "crucial elements that distinguish impulsive from non-impulsive consumer behavior", that is, based on Stern [6] 's theory, the "stimulus response" and "hedonically complex" phenomenon were introduced. This theory was subsequently improved again by Francis Piron [7]. Piron pointed out that because of the "on-the-spot" definitional requirement: unplanned purchasing is not based on first encountering a stimulus and making a choice, so it is not

considered impulsive purchasing. In addition, impulse purchasing can be judged based on experienced or non-experienced emotional and cognitive responses. This paper adopts the latest definition of impulsive consumer, which includes the external characteristics of impulsive consumer such as unplanned, unthought-out shopping list holders, and strong emotional cognitive elements.

3.1.2 values and motivation

Consumer behavior is mainly dominated and influenced by external social and personal emotional factors. The relationship between the two sometimes compensates and balances each other, and sometimes it can also have the effect of promoting in the same direction. This paper argues that the driving forces driving impulsive consumers' heuristic and irrational choices are divided into external social motivation and internal personal motivation.

Value, Kamakura and Novak [8] fully exemplified the role of value system in consumers' decision-making process. Individual's value system and individual's decision-making are closely related and are the main driving force for purchasing luxury goods. This paper uses the List of Values system (LOV) from Spiggle [9] as the standard to measure the personal value system and the social value system.

motivation for luxury consumption, in Vigneron and Johnson [10], consumer value and consumption motivation are divided into five categories. Among them, hedonism and perfectionism are considered to be the manifestations of consumers' concern for the quality of goods. They believe that higher prices mean higher quality. Consumers with these two types of motives enjoy the pleasure and enjoyment of purchasing luxury goods, so they pay more attention to the spiritual satisfaction of the product than the price. We collectively refer to hedonism and perfectionism as personal motivation. Veblen (impression management), snob and bandwagon effects stem from consumers' emphasis on luxury prices, because higher prices can help consumers build higher social status and prestige. Therefore, consumers of these three motives value the price of a commodity above the quality of the commodity and show their income level and social authority to the outside world by owning these luxury goods. We call these three types of motivations that value the social effects and psychological feedback brought about by commodity prices as social motivations. Figure 1 [10] shows the motivations and characteristics that influence impulse consumers to purchase luxury goods. Among them, Veblen, snob and bandwagon consumers are influenced by social values, while hedonist and perfectionist are influenced by personal values.

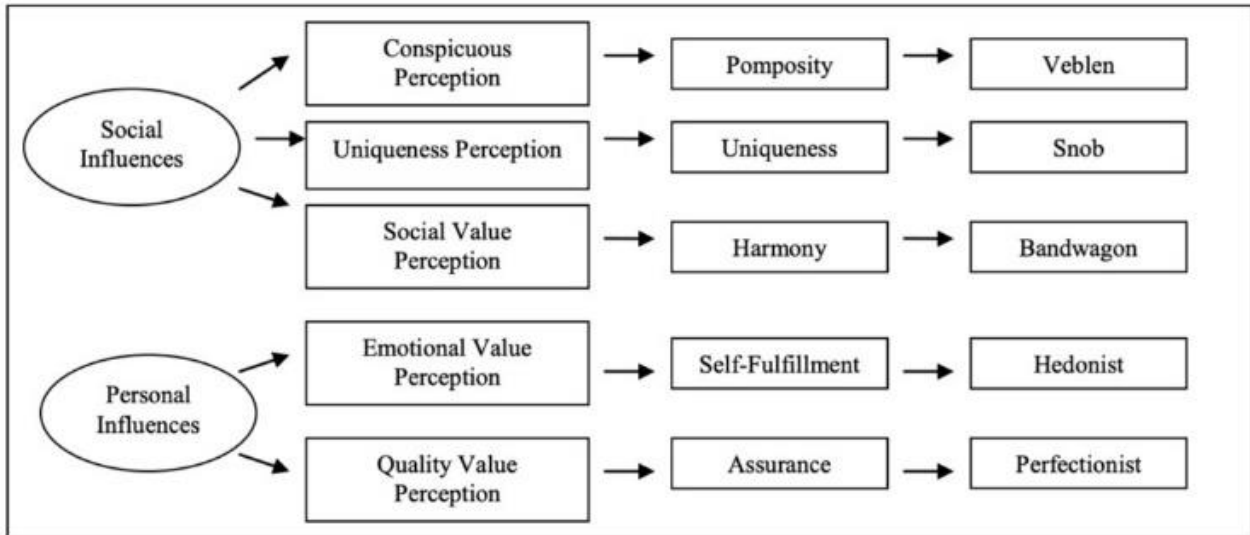


Figure 1: Social and personal influences in luxury consumption (Vigneron and Johnson, 1999:8)

3.2 Hypothesis Development

General Hypothesis: Extrinsic and Intrinsic motivation from both social and personal will increase the likelihood of impulse buying.

Hypothesis 1: Consumers who carried with hedonism mindset is hypothesized to be “living in the present”, or overly optimistic about the future. Thus, they are likely to make irrational purchase on luxury goods.

Hypothesis 2: Consumers who carried with perfectionism mindset is hypothesized to purchase for necessities and plan for each expense. Thus, they are unlikely to make irrational purchase on luxury goods.

Hypothesis 3: According to” Snob Effect”, the demand of a certain good in the market for high-income consumers is inversely related to the demand for low-income consumers. Therefore, it is hypothesized that as the wealth gap between within a society increases, the wealthier ones tend to purchase more luxury goods that cannot be afford by poor people as a mean to distinguish their identity.

Hypothesis 4: According to “Bandwagon Effect”, consumers make purchase based on majority’s decision. Therefore, it is hypothesized that consumers are likely to make purchase on luxury goods as a mean to committed to group identification when the demand of the luxury goods among the majorities are high, even though it might be beyond his/her own ability to afford.

Hypothesis 5: According to the theory of “Impression Management”, consumers are active manager of their figure in front of the public, and consumers tend to adjust their action corresponding to different audience. Therefore, it is hypothesized that, when making purchase is the desirable action in front of the given audience, then people are likely to make the purchase, vice versa.

4. RESEARCH DESIGN

The motivation behind behavior of purchasing luxury goods have been divided into two categories: social and personal; thus, the methodology for each is different.

4.1 Social

To delve into the social motivation, experiment will be carried out. Basically, stratified simple random sample will be commenced: approximately 60 respondents from high-consuming group (who are able and willing to buy luxury goods), 80 respondents from middle-consuming group (who are able but reluctant to buy luxury goods) and 60 respondents from low-consuming group (who are unable to buy luxury goods) will be randomly selected. In each stratification, they will be randomly assigned to control group and experiment group. It is worth mentioning that all respondents we will select state themselves as impulse consumers. The independent variable in this setting is the temptation of purchasing luxury goods from high-consuming group.

Setting 1: in experiment group, some high-consuming group members will be asked to show off their luxury goods in front of middle-consuming group, while no such behavior will be shown in control group. The purchasing behavior will be observed that middle-consuming group in experiment group that are exposed to parade make more purchasing behavior than those in control group who are away from parade. Such discrepancy could be categorized as Snob Effect: exposing to the showoff action of high-consuming group, middle-consuming group may feel jealous and want to obtain such superior feelings as well.

Setting 2: in experiment group, some middle-consuming group will be asked to purchase luxury goods in front of the rest of middle-consuming group, while no

such request is commenced for middle-consuming group in control group. Similarly, the difference between behaviors of middle-consuming group will be observed. We expect to see that there will be some followers in experiment group, which means the middle-consuming group members follow those who are asked to buy luxury goods. Such will be a measurement of Bandwagon Effect.

Along with the experiment, questionnaire will be used to discover social motivation as well. After the experiment, all middle-consuming group will be required to fulfill questionnaires that aims to check whether the respondents are aware of such effects or not. For example, one question will be "Do you think your purchasing behavior is motivated by the others' action?". In this way, we could reduce the influence of respondents' awareness of independent variable.

4.2 Personal

Since personal motivation is hard to measure through group experiment, we would rather choose survey to reveal motivations. Similarly, we will select respondents through Stratified Simple Random Sample: approximately 60 respondents from high-consuming group (who are able and willing to buy luxury goods), 80 respondents from middle-consuming group (who are able but reluctant to buy luxury goods) and 60 respondents from low-consuming group (who are unable to buy luxury goods) will be randomly selected; those respondents categorize themselves as impulse consumers. They will be asked several questions based on context.

Question 1: "Do you buy luxury goods for your own high requirement for quality of objects?". This aims to test whether Perfectionism motivate their purchases or not.

Question 2: "Do you buy luxury goods to reach your own satisfaction of owning superior goods". This wants to measure the influence of Hedonism.

All questions will be based upon context, instead of based on terminology definition; such will reduce the variance caused by discrepancy of definition understanding in different people.

4.3 expected results

Setting 1: those in experiment group who are exposed to parade behaviour show more purchasing behaviour than those in control group away from parade; Snob Effect is tested to be one of the motivations of buying luxury goods

Setting 2: the following up behaviour demonstrated in experiment group illustrated the role of Bandwagon Effect in motivating purchasing luxury goods.

Questionnaire: For middle-consuming group, their ranking of motivations basically prioritize the Snob Effect.

Question 1: the proportion of high-consuming group who claim that perfectionism motivates themselves to buy luxury goods is far larger than that in middle-consuming group.

Question 2: the proportion of high-consuming group who claim that hedonism motivates themselves is subtly less than that in middle-consuming group.

5. DISCUSSION AND POLICY IMPLICATION

5.1 Results discussion

The motivations of impulsive consumers to purchase luxury goods comprise several different complex factors, which could be intrinsic and extrinsic, incentive and disincentive, or even financial or non-financial factors. It's decision-making that the action with consideration of various motivations in that situation of reality. Impulse buying behavior represents a long-standing puzzle for consumer and marketing researchers, and many efforts to conceptualize and measure it has been thwarted [9].

In the study, the expected result will explicitly illustrate the decision-making when sorts of complicated emotions are mixed up. We discovered the influences of temptation and normative evaluation; the experiment group receives temptations from the high-consuming group, it could be a kind of motivation such as vanity, they will be affected by other members of the middle-consuming group, like bandwagon effect, and they would also incept demotivation by low-income group, which may enhance our sense of normal evaluation. Although in expectation, we observe a general tendency for impulse consumers to engage in more impulsive purchasing behaviors; however, when more impulsive buyers view this consumption as unworthy, they are more likely to feel varying degrees of ambivalence. These individuals feel almost simultaneously an arousing and spontaneous impetus to buy and a solid normative warning against acting on impulse. In some situations, individuals may feel deserving and frustrated, yet resist the urge to buy. In other instances, the buying impulse may "win out" when consumers ignore or rationalize exceptions to normative considerations [11].

5.2 Implications

For policymaking, the consumption of impulsiveness will lower the disposable income than expected, and this reduces the total consumption in an economy that the government is trying to avoid.

The simplest way is to increase the tax on luxury goods. This may stop the people with less budget from

buying or buying less. One another policy, which is very popular now, is 'you can return the good you bought some days later without any reason as long as the luxury good is intact. This provides them a second chance if they regret it. People always tend to be calm after they own this good. They would see some flaws that they wouldn't notice, which they ignore when buying this.

6. CONCLUSION

To conclude, 2 sets of experiments on the topics of social and personal influences on impulsive consumption have been designed and analyzed through this paper, and those experiments indeed revealed some causal results. However, further improvements should be established to increase credibility. To enhance external validity, we take every single motivation that is expected to be observed into the function, and weights are attached to each of them, this is based on their proportions that contribute to the final decision. Temptations stand for the positive coefficient in the equation, and demotivation shows negative. As a result, we would be able to predict the specific conditions under which the trait of buying impulsiveness would translate into the actual consumption of luxury goods. When normative effects have reached a certain threshold, even the consumers will refuse to purchase. That is, if the summation is less than the price of luxury goods, impulsive consumers will choose to reject it. That only happens when normative evaluation plays a role; of course, we can say the average consumer's consumption coefficient will be lower than the impulse consumer, as impulsiveness magnifies the effects of motivations, so inevitably, the coefficient is larger. But there may be data collection issues, which will be expected to be addressed in future studies.

ACKNOWLEDGMENT

Chunlin Liu, Haopeng Li, Kaiye Guo, Mingcan Li, Mengyu Xing, Yuhan Che. These authors contributed equally to this work and should be considered co-first authors.

REFERENCES

- [1] Rook, D. W. (1987). The Buying Impulse. *Journal of Consumer Research*, 14(2), 189-197.
- [2] Hoch, S. J., & Loewenstein, G. F. (1991). Time-inconsistent preferences and consumer self-control. *Journal of Consumer Research*, 17(4), 492-507.
- [3] Luo, X. (2005). How does shopping with others influence impulsive purchasing? *Journal of Consumer Psychology*, 15(4), 288-294.
- [4] Park, E. J., Kim, E. Y., & Forney, J. C. (2006). A structural model of fashion-oriented impulse buying behavior. *Journal of Fashion Marketing and Management*, 10(4), 433-446.
- [5] Chen, M., Xie, Z., Zhang, J., & Li, Y. (2021). Internet Celebrities' Impact on Luxury Fashion Impulse Buying. *Journal of Theoretical and Applied Electronic Commerce Research*.
- [6] Stern, Hawkins (1962), "The Significance of Impulse Buying Today," *Journal of Marketing*, 26 (April), 59-62.
- [7] Piron, Francis (1989), "A Definition and Empirical Investigation of Impulse Purchasing," Unpublished Dissertation, The University of South Carolina.
- [8] Kamakura, W.A., Novak, T.P., 1992. Value Segmentation: Exploring the Meaning of LOV. *Journal of Consumer Research* 19, 119-132.
- [9] Spiggle, S., 1986. Measuring social values: a content analysis of Sunday comics and underground commix. *J. Consum. Res.* 13, 100-112.
- [10] Vigneron, F. & Johnson, L. (1999). A review and a conceptual framework of prestige-seeking consumer behavior. *Academy Of Marketing Science* Review, www.Amsreview.Org/Articles/Vigneron01-1999.Pdf (09.10.2010).
- [11] Rook, D. W. (1995). 'Normative influences on impulsive buying behavior', pages 305-313