

# The Impact Of Credit Card, Shopping Discount, Promotion Approach, And Store Layout Towards Impulse Buying Behavior

Jhanghiz Syahrivar<sup>1</sup> & Randy Ardianto<sup>2</sup>  
<sup>1,2</sup>President University

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**Abstract:** *This research investigates the impact of Credit Card, Shopping Discount, Promotion Approach, and Store Layout toward Impulse Buying Behavior at one of the biggest department stores in Jakarta, Indonesia. Impulse buying is when a customer engages in an unplanned purchase towards products and/or services. The researchers employed SPSS and binomial logistic regression to analyze the data collected from questionnaires spread to 180 visitors of a department store in Jakarta. The result of this research shows that there is significant influence of Shopping Discount, Promotion Approach, and Store Layout toward Impulse Buying Behavior. The biggest influencer towards Impulse Buying Behavior is Promotion Approach.*

**Key Words:** *Credit Card, Shopping Discount, Promotion Approach, Store Layout, Impulse Buying Behavior.*

## 1. Introduction

Indonesia as the fourth's most populous countries in the world has become a lucrative target market by domestic and foreign retail business. According to the Association of Indonesia Retail Industry (APRINDO) on Frontier Consulting Group, the growth for Indonesia retail industry is increasing by 10 % - 15% every year leading to intense competitions among domestic and foreign retailers.

Based on the report issued by AT Kearney in 2015, from 30 developing countries around the world, Indonesia is at 12th place, reaching its highest Global Retail Development Index Ranking (GRDI) ranking ever. Even retail sales per capita was decreased in 2014, it has grown 14.5% in 2015. AT Kearney record that retail in Indonesia reaches \$362 billion or equal to IDR 4.306 trillion. A growing middle class coupled by consumer loyalty have become a good signal for Indonesia's retail development in the future.

Various marketing strategies, such as through the manipulation of shopping environment as well as the innovative design of the physical store has been

employed in order to heighten desire for shopping and to increase shopping excitement (Mehta & Chugan, 2013). This in part leads visitors of a department store towards impulse buying behavior.

Majumdar (2010) argues that impulse buying behavior is a hedonically complex purchase behavior; customers who engage in this behavior have multiple motivations such as, novelty, feeling surprise, and having fun. Marketing's campaign from company usually targeted the standard consumer buying that can be achieved by product placement, attractive packaging, discount and other things so that consumer makes impulse buying decision. Similarly, Muruganatham and Bhakat (2013) define impulse buying as hedonically complex, sudden and persuasive buying behavior in which the quickly of an impulse decision process that prevents thoughtful and deliberate consideration.

This research is focusing on one of the biggest department stores in Jakarta, Indonesia. The objective of this research is to determine the significant variables that influence impulse buying behavior among visitors of a department store.

## 2. Literature Review

**2.1 Credit Card:** According to Omar et al (2014) credit card is a mode of payment that is widely used by consumers to purchase goods and services on credit. Mohammed et al. (2011) define credit card as plastic card issued by a bank or finance organization, which enables its holder to obtain credit when making purchases.

**2.2 Shopping Discount:** According to Mahmud and Hadijah (2013) shopping discount is a discounted price or prices below the competitors. It has been regarded as one of the most important factors in the process of impulsive buying (Samarin & Morini, 2012). Shopping discounts make customers more satisfied with their own purchase. Such an experience of satisfaction makes them show less resistance against notices of discounts in other stores. In fact, it is a good strategy to make consumers have more initiatives to maintain their

loyalty or relationship to the product (Rizwan et al, 2014). Discount also can be offered as cash discount, which is defined as an incentives such as small percentage of price reduction or a set of money amount offered to the buyers by the seller in return for paying a bill owed before the due date of scheduled.

**2.3 Promotion Approach:** Promotion approach is an action-focused marketing event whose purpose is to have a direct impact on the behavior of the firm's consumers (Chaharsoughi & Yasory, 2011). Meanwhile, Williams et al (2012) defined sales promotion as a project to increase sales through consumer promotion including free sample, winning contest, different price packs, and sweep stake.

**2.4 Store Layout:** Store layout is arrangement of the store to facilitate or promote the product, and to serve the customers (Mehta & Chugan, 2015). Condition of the store that objectively organized to get customers shop longer and buy more by different sections and aisle of a store also can be defined as store layout (Hubrechts & Kokturk, 2012). According to Samarin and Morini (2012) found that internal decoration, coloring, light, odor, music, equipment, and goods arrangement, and their fitness can accelerate the behavior of impulsive buying. To conclude the definition of store layout the researcher believes that store layout is an environment of the store that arranged properly to create an attractive and comfort atmosphere for the customers.

**2.5 Impulse Buying Behavior:** According to Nooshabadi (2012) impulse buying is a purchased of goods or services by the customers those have no plan to obtain them. On the other hand, Bhatti and Latif (2014) state that impulse buying is a rapid convincing, hedonically compound purchase behavior in which the quickness of the impulse purchase decision precludes any thoughtful, intentional contemplation of alternatives. An impulse buying more emotional rather than rational thoughts e.g. pleasure, arousal, and dominance. Since impulse buying is unplanned, consumers will purchased by a spontaneous decision and a subjective bias in favor of immediate possession (Cho & Luong, 2014). Furthermore, he also said that if consumers make an impulse buying when they are make an action undertaken without previously having been consciously recognized or a buying intention formed prior to entering the store. So, it can be concluded that impulse buying refers to a sudden or immediate intention of consumers to purchase any goods or services without any plan previously. One of the reasons impulse buying occur is because of the store environment. There is a heightened desire for shopping excitement, which can in part be delivered

through innovative design of the physical environment of the store (Mehta & Chugan, 2013). Samarin and Morini (2012) found that internal decoration, coloring, light, odor, music, equipment, and goods arrangement, and their fitness can accelerate the behavior of impulsive buying. Based on the study they have done, it said that credit card, shopping discount, and promotion approach also can create spontaneous purchase.

Hubrechts and Kokturk (2012) divide the impulse buying into four categories which are pure impulsive buying, suggestion impulsive buying, reminder impulsive buying, and planned impulse buying. Pure impulsive buying reflects to a purchase that cannot be categorized in the planned purchasing at all. This purely spontaneous way to buy is strongly linked to emotional factors. Next, suggestion impulsive buying is a need triggered by the encountering of a new product for the first time that can only be fulfilled by getting it. Reminder impulsive buying is reflected by a purchase that was made when customers see something or a product in store, causing them to remember that they need to purchase that product. Last is planned impulsive buying. It occurs when a customer planned to buy a product with certain criteria in response of what the store can offer.

**2.6 Relationship of Credit Card towards Impulse Buying Behavior:** According to Crowe (2013) may be one of the advantage using credit card is the ability to purchase something without having cash or money in the bank. People that use credit card can buy almost anything (whether they need it immediately or not). The immediacy can lead someone to impulse buying. In Kaplan's opinion (as cited in Crowe, 2013) "The urge to buy something on impulse is motivated by mindset, rather than needs, and there is the tendency to think of credit card as 'free money.'" Impulse buying could be more difficult if someone do not have credit card with them. Credit card can make a people forget about the consequences of the impulse, because the impulse buys often happen when someone is emotionally affected and they see the price is "too good to be true," Durvasula says (Crowe, 2013).

**2.7 Relationship of Shopping Discount towards Impulse Buying Behavior:** According to Samarin and Morini (2012) attention to stores those provide any particular discount shopping and put it with some discount tag indicates as a factor that may make consumer lose control while facing that. So, it makes impulsive buying for kind of those goods is more probable.

**2.8 Relationship of Promotion Approach towards Impulse Buying Behavior:** Promotion

approach can happens when marketers want to boost the sales through the short-term incentives and they hope the consumer will repeat the purchase later without the incentives. Usually company do the sales promotion when they want to introduces new product and wants to lure consumer to try the product or when a company needs to increase the short-term sales of a product to induce impulsive buying (Burrow & Bosiljevac, 2011). Burrow and Bosiljevac (2011) explained that there are several types of sales promotion which are price promotions through sales, coupons, or rebates and product incentive such as limited-time models or free product features and option, free product samples, or free toys when purchase. The other type of sales promotion is special in-store or point-of-purchase displays provided by manufacturer to encourage create an impulsive in buying.

**2.9 Relationship of Store Layout towards Impulse Buying Behavior:** Visnu and Raheem (2013) defined that store layout as a store environment provided including arrangement display, promotion and pricing strategy, cleanliness, music, and broad space plays as significant role in impulsive buying. Layout of the store can accelerate the behavior of impulsive buying from the consumer such as internal decoration, music, light, odor, color, goods arrangement etc, supporting by Samarini and Morini (2010) that found those attribute make consumer more probable to impulsive in buying.

### 3. Research Methodology

#### 3.1 Research Objectives

1. The research objective is to measure the impact of Credit Card, Shopping Discount, Promotion Approach, and Store Layout toward Impulse Buying Behavior.
2. To identify the variable with the most impact towards Impulse Buying Behavior.

#### 3.2. Theoretical Framework

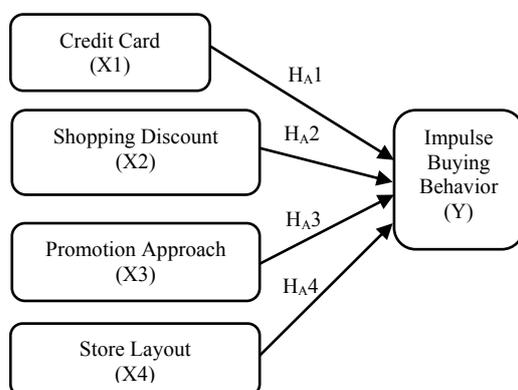


Figure 1: Theoretical Framework

#### 3.3 Hypothesis

1. H<sub>0</sub>1: There is no significant impact of Credit Card towards Impulse Buying Behavior  
 H<sub>A</sub>1: There is significant impact of Credit Card towards Purchasing Decision
2. H<sub>0</sub>2: There is no significant impact of Shopping Discount towards Impulse Buying Behavior  
 H<sub>A</sub>2: There is significant impact of Shopping Discount towards Impulse Buying Behavior
3. H<sub>0</sub>3: There is no significant impact of Promotion Approach towards Impulse Buying Behavior  
 H<sub>A</sub>3: There is significant impact of Promotion Approach towards Impulse Buying Behavior
4. H<sub>0</sub>4: There is significant impact of Store Layout towards Impulse Buying Behavior  
 H<sub>A</sub>4: There is no significant impact of Store Layout towards Impulse Buying Behavior

#### 3.4 Binary Logistic Regression

Steingrímsson et al (2010) described that binary logistic regression is the method of choice used when the dependent variable is binary and when a researcher would like to explore the relative influence of continues and/or categorical independent variables on the dependent variable, and to access interaction effects between the independent variables. Binary logistic regression is used when the data is assumed to be ordinal-categorical data, such as Likert-type scale response, typically from “Strongly Disagree” to “Strongly Agree”.

The formula for binary logistic regression for multivariate is as follows:

$$P(Y) = \frac{e^{b_0+b_1x_1+b_2x_2+\dots+b_nX_n}}{1+e^{b_0+b_1x_1+b_2x_2+\dots+b_nX_n}}$$

Where P is probability of Y occurring, e is natural algorithm base, b<sub>0</sub> is interception at y-axis, b<sub>1</sub> is line gradient, bn is regression of coefficient of X<sub>n</sub>, X<sub>1</sub> is predictor variable.

However, according to Grimbeek et al (2005) Likert-scale response categories not only provide a positive opportunity for a smoother distribution of responses (i.e., a normal spread of choices across categories) but also allow "negative" opportunities for participants to misjudge the intensity of what is inherently a qualitative response. That is, the range of available response categories can obscure rather than clarify the intent of the respondent. A strategy for minimizing respondent ambiguity is to collapse across response categories.

The implication of the above-mentioned strategy on attitude scale data is the reduction of

the normal 5-point response categories (Strongly Disagree, Disagree, Undecided/neutral, Agree, and Strongly Agree) into dichotomous categories representing the respondent's inherently dichotomous choices: Agree (collapsing across Agree and Strongly Agree) or Disagree (collapsing across Strongly Disagree, Disagree, and Neutral). Through the use of SPSS statistical tool the value of each variable is then collapsed or recoded: 1-3 into "0" or "Disagree", and 3.01-5 into "1" or "Agree". Finally, through binary logistic regression, the researchers aim to predict whether a person tends to be loyal or disloyal after assessing each variable.

### 3.5 Questionnaire Design

In this research, primary data was used and questionnaires of 28 items with 5-point likert scale (Strongly Disagree to Strongly Agree) were distributed to 180 visitors of a department store and were analyzed through SPSS software.

### 3.6 Population and sample

The population for this research was unknown. The researchers employed the non-probability sampling by judgment sampling and selected 180 visitors as the respondents of this research. The respondents had to own credit cards to be eligible for this research.

## 4. Results & Discussions

### 4.1 Descriptive analysis

All of the respondents who filled out the questionnaires were credit card users. The demographic profiles of 180 respondents were based on gender, age, education, monthly income, and visit frequency to the department store.

Based on gender, 68 respondents were male and 112 respondents were female.

Based on age, 4 respondents were below 20 years old, 59 respondents were of 20-30 years old, 74 respondents were of 30-40 years old, 30 respondents of 40-50 years old and lastly, 3 respondents were above 50 years old.

Based on education background, 5 respondents were of high school level or lower, 53 respondents were of associate degree level, 77 respondents were of undergraduate level, 37 respondents were of graduate level and 8 respondents were of postgraduate level.

Based on monthly income, 5 respondents had monthly income less than Rp. 3.000.000, 22

respondents had monthly income between Rp. 3.000.000 – Rp. 5.000.000, 66 respondents had monthly income between Rp. 5.000.001 – Rp. 7.500.000, 42 respondents had monthly income between Rp. 7.500.001 – Rp. 10.000.000, 27 respondents had monthly income between Rp. 10.000.001 – Rp. 15.000.000 and 18 respondents had monthly income above Rp.15.000.000.

Based on visit frequency, 60 respondents visited the department store once a month, 33 respondents visited twice a month, 47 respondents visited trice a month, and 40 respondents visited more than three times a month.

From the above respondent profiles, it can be concluded that most of the respondents were female of 30 – 40 years old whose education background was on undergraduate level and with income between Rp. 5,000,001 – 7,500,000 and they visited the department store once a month.

### 4.2 Correlation

Table 1: Spearman's Rank Order Correlation

		Correlations					
		CCV	SDV	PAV	SLV	IBV	
Spearman's rho	CCV	Correlation Coefficient	1.000	.717**	.636**	.652**	.686**
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	180	180	180	180	180
SDV		Correlation Coefficient	.717**	1.000	.637**	.692**	.703**
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	180	180	180	180	180
PAV		Correlation Coefficient	.636**	.637**	1.000	.693**	.757**
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	180	180	180	180	180
SLV		Correlation Coefficient	.652**	.692**	.693**	1.000	.640**
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	180	180	180	180	180
IBV		Correlation Coefficient	.686**	.703**	.757**	.640**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.000
		N	180	180	180	180	180

\*\* .Correlation is significant at the 0.01 level (2-tailed).

1. The correlation between credit card and impulse buying behavior is significant; the correlation is 0.686 indicates as strong. The nature of correlation is positive, which means when the credit card increase, impulse buying behavior variable will also increase. Otherwise. When the credit card decreases, impulse buying variable will also decrease.
2. The correlation between shopping discount and impulse buying behavior is significant; the correlation is 0.703 indicates as strong. The nature of correlation is positive, which means when the shopping discount increase, impulse buying behavior variable will also increase. Otherwise. When the shopping discount decreases, impulse buying behavior variable will also decrease.
3. The correlation between promotion approach and impulse buying behavior is significant; the correlation is 0.757 indicates as strong. The nature of correlation is positive, which means when the promotion approach increase, impulse buying behavior variable will also increase.

Otherwise. When the promotion approach decreases, impulse buying behavior variable will also decrease.

- The correlation between store layout and impulse buying behavior is significant; the correlation is 0.640 indicates as strong. The nature of correlation is positive, which means when the store layout increase, impulse buying behavior variable will also increase. Otherwise. When the store layout decreases, impulse buying behavior variable will also decrease.

### 4.3 Binomial Logistic Regression

This research is analyzed using Binomial Logistic regression in order to predict or guess the outcome of some categorical variable with only two outcomes, impulse of not impulse.

#### 4.3.1 Pesudo R Square

**Table 2: Pesudo R Square**

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	70.086 <sup>a</sup>	.440	.709

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Cox & Snell R Square shows 0.440 Nagelkerke R Square shows 0.709 which indicates the ability of independent variable in explaining the dependent variable is suggesting between 44 % and 70.9%. Meaning the contribution of all variable in the model is in the range between 44% and 70.9%.

#### 4.3.2 Omnibus Test

**Table 3: Omnibus Test**  
**Omnibus Tests of Model Coefficients**

		Chi-square	df	Sig.
Step 1	Step	104.373	4	.000
	Block	104.373	4	.000
	Model	104.373	4	.000

In Omnibus table, the Chi-square shows 104.373 on 4 degree of freedom. This Chi-square, 104.373 > Chi-square distribution table on 4 degree of freedom (9.488) or with a significance of 0.00 (< 0.05) to reject H<sub>05</sub>. It indicates that the addition of independent variable could impact significantly to dependent variable. Therefore there is simultaneous significant impact of credit card, shopping discount, promotion approach, and store layout on impulse buying behavior.

#### 4.3.3 Variables in the Equation

**Table 4: Partial Impact**

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	CCV	.572	.703	.662	1	.416	1.773
	SDV	2.796	.678	17.031	1	.000	16.380
	PAV	2.333	.685	11.580	1	.001	10.305
	SLV	1.489	.717	4.308	1	.038	4.431
	Constant	-2.160	.542	15.891	1	.000	.115

a. Variable(s) entered on step 1: CCV, SDV, PAV, SLV.

The table above shows that the Independent variables have partial impact towards dependent variable:

- Since the significant value of credit card is 0.416 above 0.05, shows that credit card does not has partial significant impact toward purchasing decision. Therefore it can conclude to accept Null Hypothesis (H<sub>01</sub>) and reject the Alternate Hypothesis (H<sub>A1</sub>) which states there is no significant impact of credit card towards impulse buying behavior.
- Since the significant value of shopping discount is 0.000 below 0.05, shows that shopping discount has partial significant impact toward purchasing decision. Therefore it can conclude to reject Null Hypothesis (H<sub>02</sub>) and accept the Alternate Hypothesis (H<sub>A2</sub>) which states there is significant impact of shopping discount towards impulse buying behavior.
- Since the significant value of promotion approach is 0.001 below 0.05, shows that promotion approach has partial significant impact toward purchasing decision. Therefore it can conclude to reject Null Hypothesis (H<sub>03</sub>) and accept the Alternate Hypothesis (H<sub>A3</sub>) which states there is significant impact of promotion approach towards impulse buying behavior.
- Since the significant value of store layout is 0.038 below 0.05, shows that store layout has partial significant impact toward purchasing decision. Therefore it can conclude to reject Null Hypothesis (H<sub>04</sub>) and accept the Alternate Hypothesis (H<sub>A4</sub>) which states there is significant impact of store layout towards impulse buying behavior.

## 5. Conclusions

Based on Table 4, Credit Card does not have a significant impact toward impulse buying behavior which is 0.416.

Shopping Discount has a significant impact toward impulse buying behavior which is 0.000. Every agreement of respondent in shopping discount will increase the probability of the respondent to be impulsive in buying by approximately 16 times.

Promotion Approach has a significant impact toward purchasing decision which is 0.001. Every agreement of respondent in promotion approach will increase the probability of the respondent to be impulsive in buying by approximately 10 times

Store Layout has a significant impact toward impulse buying behavior which is 0.038. Every agreement of respondent in store layout will increase the probability of the respondent to be impulsive in buying by approximately 4 times.

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