

Factors Influencing Gen-Y in Malaysia to Purchase Impulsively: A Mediating Effect of Perceived Enjoyment

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The prevalence of online, impulse purchasing has raised significant interest among academic scholars and practitioners, regarding the factors that influence this phenomenon. The main purpose of this study is to determine the relationship between online store environments, online promotions, perceived enjoyment, and online impulse purchasing. This study utilised the survey research method. A total of 407 respondents took part in this study. Partial least square structural equation modelling (PLS-SEM) applied, to fit the data into the hypothesised model. The results show that online store environment, online promotions, and perceived enjoyment affect online impulse purchase behaviour. The study is useful to both researchers and online retail operators, to understand the importance of online store environments, online promotions, and perceived enjoyment for consumers.

Key words: *Online Impulse Purchase, Online Store Environment, Online Promotions, Perceived Enjoyment, e-Retailing.*

Introduction

In today's era of advanced technology, online shopping is now considered one of the main activities in daily life. Following the drastic growth of consumers who purchase online impulsively (Park, Kim, Funches, & Foxx, 2012), scholars and retail industry players started to discover online impulse purchasing as an important research topic. Impulse purchasing is always initiated on the spot, and closely related to strong desire as well as to feelings of

pleasure and excitement (Wu, Chen, & Chiu, 2016). Online impulse purchasing, however, is unplanned purchasing behaviour during shopping at an online retail store.

Shopping at an online retail store is more conducive to shopping, compared to a physical store. Shopping online frees consumers from a variety of constraints (e.g. inconvenient physical store locations, limited operating hours, and social pressure from other consumers and staff) that people might experience during physical shopping activities (Eroglu, Machleit, & Davis, 2001). For this reason, scholars as well as online retail industry players have started to acquire a better understanding of online impulse purchasing, in the hope that they can gain better knowledge about this phenomenon and at the same time discover any opportunities to grab, so that they can attract more customers and retain them.

This study aims to develop and validate a model relating online store environments, online promotions, and perceived enjoyment, to online impulse purchasing. The key construct in this research model is online store environments, which refers to the entire online shopping environment cues that are visible and audible to online shoppers (Eroglu, Machleit, & Davis, 2001). Next is the construct of online promotion, which refers to direct inducement that offers extra value to the buyer, with the main objective of creating immediate sales online (Belch & Belch, 2003). Another construct is perceived enjoyment, which refers to the degree of enjoyment an individual gains from an activity which is personally enjoyable in its own right (Davis, Bagozzi, & Warshaw, 1992).

This article is organized as follows. It starts with an extensive review of literature on online store environments, online promotions, perceived enjoyment, and online impulse purchasing. That review laid the foundation of the research model and study hypothesis. Then, this article presents detailed methodology including research design, sampling, and data collection and analysis. The data analysis in this study applied partial least square structural equation modelling (PLS-SEM), by utilising SmartPLS 3. This article concludes with discussion, conclusion, implications, and limitations of the study.

Literature Review

Retailers define an impulse purchase as any sort of unplanned purchasing (Clover, 1950; Stern, 1962; Abratt & Goodney, 1990). However, academic literatures understand impulse purchases more in terms of consumers' points of view, and focus on impulse purchasing experience. Piron (1991) for example defined an impulse purchase as a sudden and immediate purchase with no pre-shopping intentions. Amos et al. (2014), on the other hand, concluded that the logic behind these different understandings lies in the fact that an unplanned purchase may occur because consumers have a need for the product but failed to place the item on their shopping list. There are a few more definitions concluded by scholars

(i.e.; Kacen & Lee, 2002; Vohs & Faber, 2007; Xiao & Nicholson, 2013). Since there is no universally accepted definition of impulse buying, a study should establish a proper definition of impulse buying, to clarify the target type of consumer buying behaviour.

Impulse purchasing occurs because manipulation of the shopping environment occurs through atmospherics (Kotler, 1974). Previous studies have examined specific environmental cues at traditional retail stores, and their effects on consumers' responses. For example Mattila & Wirtz (2001) and Zhou & Wong (2004) found that atmospheric cues play a significant role in determining shopper responses and behaviours, within the traditional retail shopping environment. In fact, physical environment in traditional retail stores impacts various psychological and behavioural shopping outcomes, including impulsive purchasing among consumers (Eroglu, Machleit, & Davis, 2001; Zhou & Wong, 2004). For online store context however, Eroglu, Machleit, & Davis (2001) concluded that the entire store environment is reduced to a computer screen, and the environment for online shopping is still based on the same dimensions as proposed by Bitner (1992), as long as all the cues are visible and audible to the online shopper. To sum up, this study focuses on information availability, loading time, and product picture as dimensions for the online store environment.

Dholakia (2000) in her study findings categorises online store environments as one of the stimuli of impulse purchase. Later study by Dimoka, Hong, & Pavlou (2012) and Chen, Su, & Widjaja (2016) reported that effective, visible, clear, and credible product information in the form of textual product descriptions could help consumers reduce their uncertainties regarding the product, and facilitate their decision-making, thus possibly leading to impulse purchases. Recent study by Vonkeman, Verhagen, & Dolen (2017) also prove that product presentation on the online store webpage influences consumers' emotional states, which resulted in higher levels of online impulse purchasing. However, both researches were taken in Europe with non-Gen Y as the specific study population. Thus, the hypothesis tested in this study is that the online store environment has a positive relationship with perceived enjoyment.

Promotion is "a direct inducement that offers an extra value or incentive for the product the final consumer with the primary objective of creating an immediate sale" (Haugh, 1983; Belch & Belch, 2003). Wierenga & Soethoudt (2010) emphasise that promotion is a way for a company to increase sales for a particular brand of product in a short period. There are two group of promotions defined by D'Astous & Landreville (2003) and Alvarez & Casielles (2005); i.e. monetary promotions (e.g. discount) and non-monetary promotions (e.g. free gifts). The most common promotion efforts practised by online retailers are price discounts, bonus packs, and coupons (Dawson & Kim, 2009; Chen et al., 2012; Chiang-Kuo et al., 2017). For these reasons, it is believed that sales promotion positively influences consumer

buying behaviour. Thus, the hypothesis for this study to test is that online promotion has a positive relationship with online impulse purchasing.

Previous studies found that perceived enjoyment mediates online impulse purchasing (Kim, Fiore, & Lee, 2007; Parboteeah, Valacich, & Wells, 2009; Floh & Madlberger, 2013; Saad & Metawie, 2015). For instance, a study by Fiore & Kelly (2007) found that graphical information present in the online retail store website has a positive relationship with perceived enjoyment and online impulse purchasing. In summary, findings from the empirical studies by various scholars suggested that perceived enjoyment is a common mediating factor between the determinants and online impulse purchasing. However, these studies were mainly being tested in Europe and the Middle East. The authors suggested exploring the mediating effect of perceived enjoyment, towards online impulse purchasing, in a different setting and with different respondents, to strengthen the theory as well as inputting additional academic knowledge. For these reasons, perceived enjoyment is still a topic to be continually explored in a different approach. Thus, the hypothesis for this study to test is perceived enjoyment has a mediating effect between online store environment, online promotions, and online impulse purchase.

Methodology

The study respondents comprised Generation Y (Gen-Y) people in Malaysia who have experienced purchasing products via an online retail store. Gen-Y in Malaysia became the choice of this study, because this segment accounts for 40% of Malaysia's population (Muda et al., 2016). It is also the largest segment of the Internet population in Malaysia based on age (MCMC, 2018). In fact, MCMC (2018) also reported that the number of Gen-Y people in Malaysia, to be specific, who use the internet has grown significantly compared to older generations. This would justify the importance of considering the contribution of the young generation in online retail business. For data collection purposes, a total of 407 complete questionnaires were collected. Thus, there were 407 respondents providing valid responses for this study. Certain demographic profiles were gathered from the samples. Table 1 presents their details.

Table 1: Demographic of the Samples

Variable	Categories	N	Percentage (%)
Gender	Male	172	42.3
	Female	235	57.7
Age	19-30	407	100.0
Monthly Income	Below 1,000 MYR	407	100.0
Online Shopping Experience	Yes	407	100.0
Online Impulse Purchase Experience	Yes	407	100.0

Data Analysis

Data analysis in this study used SmartPLS 3 software. As per Partial Least Square (PLS) - Structural Equation Modelling requirements, two main assessments are required; the measurement model and bootstrapping (Hair et al., 2017).

Measurement model assessment summary: The main purpose of measurement model assessment is to test the reliability and validity of the items in the constructs. All constructs which are Online Shopping Environment (OSE), Online Promotion (OP) and Perceived Enjoyment (PE), were developed based on a reflective model. Hair et al., (2017) highlighted that there are three requisite steps in assessing the measurement model, which are Internal Consistency, Convergent Validity and Discriminant validity. Based on PLS-Algorithm, the results show that the Composite Reliability (CR) for all constructs above 0.6, and Cronbach Alpha above 0.7. The Convergent Validity results show that Indicator reliability above 0.7 and the AVE exceeded 0.5. Table 2 summarizes the readings.

Table 2: Summary of CR and IT Result

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Online Impulse Purchase (OIP)	0.840	0.851	0.878	0.508
Online Promotion (OP)	0.783	0.790	0.852	0.537
Online Store Environment (OSE)	0.708	0.707	0.821	0.537
Perceived Enjoyment (PE)	0.899	0.903	0.922	0.664

Besides that, the Discriminant Validity result met the Fornell & Larcker's criteria, because the square root of AVE for each Latent Variable (LV) was greater than the correlation among

the LVs. The Cross Loading result also showed that the outer loading value was greater than its loading with all other remaining constructs. Table 3 shows Fornell & Larcker's result.

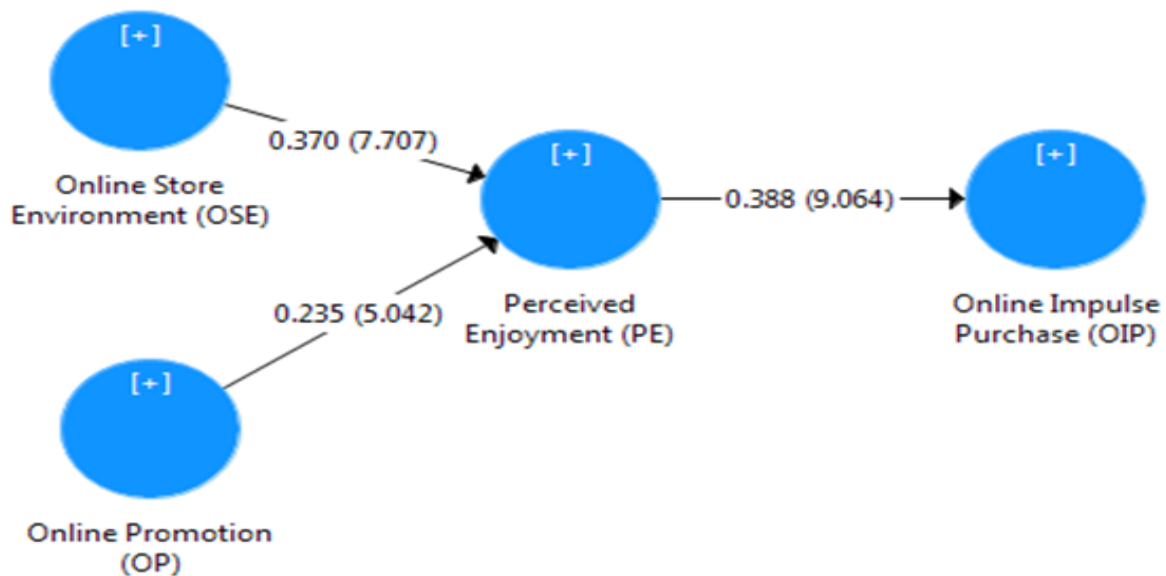
Table 3: Fornell and Larcker's Table

	Online Impulse Purchase (OIP)	Online Promotion (OP)	Online Store Environment (OSE)	Perceived Enjoyment (PE)
Online Impulse Purchase (OIP)	0.713			
Online Promotion (OP)	0.289	0.733		
Online Store Environment (OSE)	0.312	0.336	0.733	
Perceived Enjoyment (PE)	0.388	0.359	0.449	0.815

Structural Model Assessment Summary

The purpose of structural model assessment is to examine the predictive capabilities and relationships between the constructs. Figure 1 shows the structural model of this study.

Figure 1: PLS-SEM Structural Model



Through bootstrapping steps, the result of path coefficient, T-Value and P-Value is obtained. Table 4, hypothesis testing, summarizes the reading.

Table 4: Hypothesis Test for Structural Model

Hypothesis		Path Coefficient	T-Value (>1.96)	P-Value (<0.05)	Supported (Yes/No)
H ₁	Online Store Environment (OSE) → Perceived Enjoyment (PE)	0.370	7.707	0.00	Yes
H ₂	Online Promotion (OP) → Perceived Enjoyment (PE)	0.235	5.042	0.00	Yes
H ₃	Perceived Enjoyment (PE) → Online Impulse Purchase (OIP).	0.388	9.064	0.00	Yes

Based on Table 4, it was found that the T and P values are significant. Thus, it is showed that online store environment has a significant and direct effect towards perceived enjoyment. Online promotion also has a significant and direct effect on perceived enjoyment. In addition, the result also shows that perceived enjoyment has a direct effect and significant influence on online impulse purchasing. Based on these findings, it is concluded that all hypotheses are supported.

Mediating Test

Mediating analysis is tested through the Smart PLS protocol as guided by Hair et al. (2017). Mediating was conducted to address the following research hypothesis:

H4: Perceived Enjoyment (PE) mediates the relationship between Online Store Environment (OSE) and Online Impulse Purchase (OIP).

H5: Perceived Enjoyment (PE) mediates the relationship between Online Promotion and Online Impulse Purchase (OIP).

In conducting the mediating test, the researcher should rather follow Hayes and Preacher's (2014) approach, and bootstrap the sampling distribution of indirect effect, which is suitable for simple and multiple mediators. The mediating test for PE is started with bootstrapping. Sub-samples 5000, basic bootstrapping, bias-corrected and accelerated (BCa), bootstrap two tailed test was selected prior to running the bootstrapping process. The result of a mediating test is as per Table 5 below.

Table 5: Hypothesis Result on Mediation

	Hypothesis	Std Beta	Std Error	T- Value (>1.96)	P-Value (0.05)	Decision
H ₄	Online Promotion (OP) → Perceived Enjoyment (PE) → Online Impulse Purchase (OIP)	0.061	0.018	3.474	0.001	Significant , Supported
H ₅	Online Store Environment (OSE) → Perceived Enjoyment (PE) → Online Impulse Purchase (OIP)	0.096	0.025	3.845	0.000	Significant , Supported

Based on Table 5, it was found that the indirect effect is significant in both H₄ and H₅. Thus, based on Hair et al. (2017), there is a mediation of Perceived Enjoyment. This scenario also supports the conclusion that the mediation type is complementary (partial mediation).

Discussion

This study has found significant, direct relationships between online store environment, online promotion and online impulse purchasing. This study also found the significance of the mediating effect of perceived enjoyment (indirect effect), between the determinants and online impulse purchase. This study shows that online store environment and online promotion explain a medium percent of the variation in online impulse purchase. Online store environment has a medium explanatory power to predict online impulse purchase, which explains 63.7% of the variance.

This positive relationship exists between online store environment and online promotion, towards online impulse purchasing. It means that when consumers have a positive influence in an online store environment (in terms of information availability, loading time, and product picture), they have the potential to purchase impulsively at the online retail stores. This behaviour also occurs when consumers are triggered by online promotion. They will purchase impulsively. When the consumers have positive perceptions of the shopping environment and online promotion, there is a high possibility of them refraining from looking to other online retail stores. A similar result was also found in a Dutch online retail store study by Verhagen & Van Dolen (2011), which revealed that shopping environment was positively and significantly related to online impulse purchasing.



Conclusions and Future Research

A positive relationship exists between the nature of online store environments, and online impulse purchasing. It means that consumers have the intention to purchase impulsively if provided with a good online store environment. Apart from that, consumers also might involve themselves with online impulsive purchasing if they feel confident and comfortable with the online shopping environment. Higher confidence levels will reduce uncertainty which then increase the potential of impulse purchases. Online promotion also positively influences online impulse purchases. In other words, consumers are impacted by the online promotion which lead them to purchase impulsively via online. Perceived enjoyment was found to be partially mediated between online store environment and online promotion, towards online impulse purchasing. Therefore, both direct and indirect relationships are significant with perceived enjoyment as mediator. All hypotheses in this study are accepted. To summarise, Malaysian consumers are sensitive to the shopping environment in the online store, as well as to online promotion and perceived enjoyment provided by online retailers.

The findings of this study are limited to a Malaysian setting as it was conducted in the capital city of Malaysia. There may be differences in terms of research findings between Malaysia and other nations. Future studies may consider using a national sample which more accurately reflects the population of current and potential online shoppers. Online impulse purchase behaviour and perceptions of online shoppers, in terms of online store environment, online promotion, and perceived enjoyment, may vary between student and other user groups such as working adults, housewives, and pensioners. Apart from that, future studies should focus on a few other variables; for instance considering some situational variables like time and money, which were found to have an influence on impulse purchasing (Mohan, Sivakumaran, & Sharma, 2013).

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