



## IMPACT OF MODERN TRADE ON CONSUMER BUYING BEHAVIOR IN PAKISTAN

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**Abstract:** This document is about the consumer behavior in shopping malls, how the malls impact the decision making of the customer. The study was conducted to see when the consumer does planned purchases and when they make impulse purchases. The aim was to study the consumer purchase behavior.

Two hypotheses were formulated for the research, (1) People shopping at malls for fun are likely to have impulse purchases. (2) Shoppers buying with friends and family are likely to have planned purchases. To find the results correlation and regression analysis was done. One way Anova analysis was also done between the demographics and variables.

The result shows a significant relationship between people shopping at malls for fun and impulse purchases. The correlation was significant, so the first hypothesis was accepted. The relationship between shoppers buying with friend and family and planned purchases was significant, but negative, which means that people who buy with friends and family are less likely to have planned purchases. So hypothesis 2 was rejected.

**Keywords:** Consumer behavior, Impulse purchases, planned purchases, Pearson correlation

### I. Introduction

Most research studies about shopping behavior shows that shopping is a gendered activity. South and Spitze (1994) and Flam and Axelrod (1990) in their research stated that shopping is mainly a woman's job and they are responsible for monthly budgeted shopping. There are many types of shopping behaviors. The shoppers are divided into two types, which is on the basis of the characteristics they possess. They are Utilitarian shoppers and Hedonistic shoppers. First one considers shopping as a burden, for them shopping is a type of labor that needs to be carried out. Later, one take shopping as a fun, for them shopping is a way for relaxation and enjoyment; they feel happy when they are shopping (Babin et al, 1994; Batra and Ahtola, 1991).

The conventional consumer buying behavior starts with a need recognition, when the consumer recognizes his need, that he wants to buy some good or service. Once the need is identified, the information search about the good or service begins and then it evaluates about alternative for the product or service before he finally decides to purchase that good or service. He might go to different stores that provide that product or service, ask his friends and family, search from the internet or may ask store staff about it. Even after purchasing it, he will go through post purchase dissonance (Taylor and Cosenza, 2002).

Consumer buying behavior might be different in different countries. The reason for this changing consumer buying behavior is because of the different norms and cultures of the society (Millan and Howard, 2007). According to "Solomon (2002) and Stern (1962)" there are four types of consumer purchases; these are "planned, unplanned, impulse and compulsive buying behavior". Planned buying includes information search, evaluation of the alternatives and then the purchase decision.

Unplanned buying behavior does not involve any of the above activities. "It arises when the consumer is not familiar with the store or brand, and is short of time or remembers to purchase the product when he comes across it on the shelf of the store" (Shoham and Brencic, 2003; Hausman, 2000). Impulse buying behavior happens when a consumer sees a product on the shelf and is unable to stop it from buying it. Compulsive buying is for those products which are very dear to the customer and he cannot resist without using it.

Impulse buying behavior studies have gained the attention of researchers because there seems to be a contradiction between what people say and what they do. An in-depth thematic analysis of "32 interviews by Dittmar and Drury" found that impulse buying is more complex than what is measured from the researches. The increasing shopping trend at mall is the reason of conducting this research; the malls in Pakistan are providing a place where customers can buy everything they want in one place. Also, people see shopping malls as a fun place where they can go with friends and family for purchasing and fun. Shopping malls are also viewed as place of bulk buying, people who don't have time for shopping go to malls and do monthly shopping. Also, some small retailers also buy from malls and get discounts on bulk buying.

This document is about the study of consumers' impulse buying behavior in big shopping malls like Metro, Macro, and Hyper star in Pakistan. How the consumer preferences, attitudes, buying patterns, changes when

they shop in big malls as compared to small local stores in the near vicinity. This document shows that Why customers shops? How customers' shops? Where do the customer shops? And what the customer look for when they go to shopping malls?

## **II. Hypothesis Formulation**

### **A. Hypothesis 1:**

H0: People shopping at malls for fun are not likely to have impulse purchases.

H1: People shopping at malls for fun are likely to have impulse purchases.

### **B. Hypothesis 2:**

H0: Shoppers buying with friend and family are not likely to have planned purchases.

H2: Shoppers buying with friends and family are likely to have planned purchases.

## **III. Objectives of the study**

This research is a comparative study of consumers buying behavior in retail mall and local retail shops. The objectives of this research study are:

- To Determine Consumer buying behavior.
- To find the Impact of shopping malls and traditional retail on Consumer impulse buying behavior.
- To find the Impact of shopping malls and traditional retail on Consumer planned buying behavior.
- To find that whether the increase in brands and retail choice had made it difficult for consumers to make a better selection.

## **IV. Literature Review**

### **A. Consumer buying behavior**

Many researchers have discussed consumer buying behavior. Consumer buying behavior has three distinct features, which shows the relationship between the buying and place of buying, The first one says that consumer purchase multiple goods on a particular shopping trip, the second one says that consumer is generally unaware of the prices until he/she goes to the store for shopping, and third one states that shopping is a repetitive activity (David R. Bell \* James M. Lattin). There are two studies that point out buying behavior might play a role in determining store option. "Kahn and Schmittlein (1992)" says that placing coupon is one option, some stores place coupon in the stores to attract customers, customer may want to try their luck so this influence their behavior for store choice. "Bucklin and Lattin (1991)" states that buying decisions of consumer might be different to marketing promotional activities depending upon the fact that they have planned purchase or on the spot purchase in their mind. Riecken and Yavas (1988) found the indication that there are four distinct groups on the basis of shopping approach choice they are "Out shoppers, In-home shoppers, supplement shopper and Local shopper". Blakney and Sekely (1992a, 1992b, and 1993) added upon the Riecken and Yavas (1988) study. Using "multivariate analysis and empirically based definitions" of out shopping and in-home shopping activities, they discovered that these four shopping groups had different "household/ buyer characteristics and psychographic history". Jundong Hou, Lanying Du and Jianfeng Li studied some factors that may influence "a consumer's decision making to participate in cause-related marketing program in the Chinese society". The results show that the consumer evaluated these activities on the following basis, the amount of relation between a particular cause and brand, importance of that cause in the eyes of that customer, how the product is related with the cause, if the customer is closely related with the cause there are more chances of positive response of consumer to the cause and the intention of the customer to actually participate in the campaign, this gives an opportunity for the firms who operate on no profit basis to attract different profit oriented companies to associate their brand with the cause. Consumer buying behavior means the behavior of consumer before and after the purchase. It may include obtaining, consuming and decomposing. Obtaining means deciding how you buy the product, the other products that are available, place of the purchase and mode of payment. Consuming means utilization of the product, how it is stored, who utilize the product, how much is consumed and comparison with expectations. Decomposing means how you get rid of remaining product and if it is resold what's the medium. Some products can also be recycled. "Simonson and Winer (1992)" in there research stated that behavior of the consumer can be influenced by the shoppers by the interior of the malls/shops. Guijun Zhuang, Alex S.L. Tsang and J.A.F. Nicholls studied "the impact of the situational factors on consumer buying decision in shopping malls". They found that consumer decision making is greatly influenced if they are shopping with others, as compared to, when they are shopping alone. These factors have significant influence on consumer decisions in shopping malls although other important factors were also present. Dennis C E (2005) studied the Consumer decision-making styles and mall. The focus of the study was upon an aspect of non-purchase consumer behavior. Most of us at one time or another has visited a retail shop without any particular thing in his mind. Such browsing might be done for fun or to search new developments in a product, or maybe just to fill time while waiting (David J. Burns, Homer B. Warren, 1995). Browsing appears to be a product- or store-specific activity; a consumer might browse in record stores but hardly ever go into stores that are selling pianos and organs. Such activities might be the effect of two factors. The first is the customer's interest in the

goods carried in the store. The characteristics of the product might also influence browsing. Peter H. Bloch, 1, Nancy M. Ridgway<sup>2</sup>, Scott A. Dawson (2002) studied the shopping mall as consumer habitat; this research explores differences in mall habitat activity patterns and indicates mall related buying behavior that are useful in explaining these differences.

### **B. Impulse buying behavior**

Impulse buying occurs when a customer experiences a sudden urge to buy something on the spot. The desire to buy is hedonically complex and may give rise to emotional conflict. Also, impulse buying is prone to happen without regards of its consequences (Rook, 1987). Impulse buying is unplanned purchases without any intention of purchase. In a study by Abratt and Goodey (1990), higher income is assumed as one of factors that can account for impulse buying in the United States compared with other countries. A study by Mogelonsky (1994) suggests that impulse buying is related to those consumers who can afford to pay for it. Impulse purchases are more likely to happen with personal use products than with collective use products (Nguyen Thi Tuyet Mai, Kwon Jung, Garold Lantz, Sandra G. Loeb, 2003). Impulse purchases (Hodge, 2004) are unplanned, decided “on the spot”, stem from reaction to a stimulus and involve a cognitive reaction or an emotional reaction, or both. Ben Paul B. Gutierrez in his research said that although the brand purchase were planned, a consumer might compare brands when there is a new product in market, a new packaging or a new promotion of a rival brand. This implies that brand switchers are susceptible to marketing promotions and other point-of-sale actions. As proposed by Hausman (2000), there are five factors which are considered too important to induce impulse buying. They are hedonistic desires, social needs, esteem and self-actualization needs, perception of decision efforts and perception of decision making accuracy. Bettman *et al.* (1991) found out that consumers may start to feel annoyed in trying to handle with amount of complex information they experience. The situation which termed as information processing overload raises worry and offensiveness among consumers related to decision making (Baron, 1994; Herbig and Kramer, 1994). Bettman *et al.* (1991); Herbig and Kramer (1994), and Kahneman (1973), stated that combined effects of decision making difficulty and information processing overload may largely fade quality judgment and precision. Compulsive buying has been defined as a “chronic, repetitive purchasing that becomes a primary response to negative events or feelings” (O’ Guinn and Faber 1991). There are other factors that may affect the purchase decision. A person is likely to be inclined in his decision making if he is accompanied by someone, while going for shopping. A study by Nicholls *et al.* (1994) also found that a person is likely to buy more and spend extra when he is going out with someone else.

The findings for internet only retailers suggest positive and direct relationship between shopping enjoyment and recreation in addition to brand loyalty. Many online shoppers can be viewed as those who enjoy purchasing and like to purchase brands that have been comfortable after some time. These findings, when taken together, would indicate that internet only retail stores should focus on giving a pleasant online shopping experience and to recognize popular brands that common male customers are looking for.

## **V. Methodology**

In this research study the target population was the shoppers from Lahore, Pakistan aging above 18. Sample size of 200 shoppers was studied in this research study. Convenience sampling was used as the sampling technique for this study. I have used questionnaire as my research tool. For measuring the impact of modern trade on consumer buying behavior I have modified the tool (Questionnaire) used in previous research (motivations in impulse buying behavior, Chuah Boon Kai). I have selected 5-point Likert scale ranging from strongly agrees to strongly disagree and the results were evaluated by using SPSS. Unit of analysis were Pakistani consumers.

## **VI. Results and Analysis**

### **A. Attitude of customers towards shopping at malls for fun and Attitude of customers towards impulse purchases**

It tells about the relationship between people shop at malls for fun and people with impulse purchases the correlation is .413 it shows that the relationship is significant. Correlation is significant with a common value of .000 at 0.01 level (2-tailed) so the hypothesis is accepted with 99.9% confidence interval, it show that people who shop at malls for fun are likely to have impulse purchases. So we accept our hypothesis H1 and reject null hypothesis H0.

**Correlations**

|                                |                     | People shop at malls for fun. | People with impulse purchases. |
|--------------------------------|---------------------|-------------------------------|--------------------------------|
| People shop at malls for fun.  | Pearson Correlation | 1                             | .413**                         |
|                                | Sig. (2-tailed)     |                               | .000                           |
|                                | N                   | 200                           | 200                            |
| People with impulse purchases. | Pearson Correlation | .413**                        | 1                              |
|                                | Sig. (2-tailed)     | .000                          |                                |
|                                | N                   | 200                           | 200                            |

**Correlations**

|                                |                     | People shop at malls for fun. | People with impulse purchases. |
|--------------------------------|---------------------|-------------------------------|--------------------------------|
| People shop at malls for fun.  | Pearson Correlation | 1                             | .413**                         |
|                                | Sig. (2-tailed)     |                               | .000                           |
|                                | N                   | 200                           | 200                            |
| People with impulse purchases. | Pearson Correlation | .413**                        | 1                              |
|                                | Sig. (2-tailed)     | .000                          |                                |
|                                | N                   | 200                           | 200                            |

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

### **B. Attitude of customers towards socialization with friends family and Attitude of customers towards planned purchases**

It tells about the relationship between people who shop with friends and people with planned purchases the correlation is .183. The value of the correlation is significant with the common value of .009 at 0.01 level (2-tailed) but relationship is inverse. The relationship is strong but inverse. This means that when one variable increases the other decreases. This shows that shoppers buying for/with members of the household are less likely to have planned purchases. More they buy with friends and family less their purchases are planned. So we accept our null hypothesis H0 and reject hypothesis H2.

**Correlations**

|                                                   |                     | People shop with friends and family to socialize. | People with planned purchases. |
|---------------------------------------------------|---------------------|---------------------------------------------------|--------------------------------|
| People shop with friends and family to socialize. | Pearson Correlation | 1                                                 | -.183**                        |
|                                                   | Sig. (2-tailed)     |                                                   | .009                           |
|                                                   | N                   | 200                                               | 200                            |
| People with planned purchases.                    | Pearson Correlation | -.183**                                           | 1                              |
|                                                   | Sig. (2-tailed)     | .009                                              |                                |
|                                                   | N                   | 200                                               | 200                            |

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

### **C. Hypothesis Analysis**

| HYPOTHESIS   | ANALYSIS          |                  | RESULT   |
|--------------|-------------------|------------------|----------|
| Hypothesis 1 | Shopping for Fun  | → Impulse Buying | Accepted |
| Hypothesis 2 | Shop to Socialize | → Planned Buying | Rejected |

## **VII. Conclusion**

This study determined the amount of planned and impulse purchases among people of Lahore. It shows a positive relationship between people who shop for fun and impulse buying. Correlation of .413 shows relation to be significant. The correlation is significant at the 0.01 level (2-tailed). It shows that people who shop for the sake of fun are the one who are likely to have impulse purchases. So we accept hypothesis H1.

Results also show a negative relationship between people who shop with friends and family to socialize and planned purchases. Correlation of -.183 shows that relation to be significant but reverse. The correlation is significant at the 0.01 level (2-tailed). Result show that people with aim of socializing have less planned purchases. So we accept hypothesis H0.

## **VIII. Recommendations and Limitations**

Future research can explain further the relationship between shopping malls impact on impulse and planned buying behavior. It can also determine whether the results are valid for other settings or not. Using other study methods and taking into account different other factors, measuring impulse and planned buying behavior can be informative.

The data collection during the research was only carried out by distributing questionnaires to sample population. Therefore, the reliability of the research depended on the respondents' sincerity, willingness, attentiveness and honesty to answer the questions. Therefore, the data collection of future research is advised to have small interview before filling questionnaire to help respondents to understand the contents of the research. Mall intercept is another way to conduct such interviews.

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