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Impulse Buying Behavior and Pricing Preferences of Shoppers in Davao City

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ABSTRACT

Impulse buying plays a critical role in boosting sales across various sectors and fulfills consumer desires. Pricing preference significantly influences impulse buying behavior. While the topic of impulse buying is well-discussed, there is a need for more research within the Philippine context. This study explores the correlation between impulse buying intentions and the pricing preferences of consumers in Davao City. It involved 100 randomly selected shoppers and utilized a modified, adapted questionnaire. A purposive sampling technique was employed to select participants, and the study was conducted using a descriptive-correlational method for data collection and analysis. The data were analyzed using mean and Spearman's rank order correlation coefficients. The results indicate a significant relationship between impulse buying behavior and the pricing preferences of shoppers. This insight can aid retailers in optimizing their pricing strategies to boost impulse purchases and add value for customers. However, it is important to note that other factors should also be considered

by business owners when developing their marketing strategies.

Keywords: consumer behavior, impulse buying behavior, pricing preferences, correlational research, Philippines

INTRODUCTION

The rapid evolution of e-commerce has led to the emergence of dual-channel supply chains, where businesses not only rely on traditional retail but also develop online sales channels to cater to a broader customer base (Jafari, Hezaji & Rasti-Barzoki, 2017). This shift in sales strategies has necessitated a deeper understanding of consumer preferences, particularly in how these preferences influence product pricing decisions (Meng et al., 2021). While prior research has explored the impact of reference prices on consumer preferences, there is a noticeable gap in studies examining how different types of benchmark prices influence consumers' willingness to pay (Wei, 2021). This gap highlights the need for further investigation into the role of pricing in shaping consumer behavior in an increasingly complex retail environment.

Price plays a critical role in consumer purchasing decisions, especially in markets with abundant product availability. A price increase may deter consumers from purchasing a product, while price reductions often lead to increased sales (Zhao et al., 2021). These dynamics underscore the importance of understanding the relationship between price and perceived product quality, as consumers tend to associate higher prices with better quality (Woodruff, 2019). However, this relationship is not always straightforward, as consumers may also seek out lower-priced products that still

meet a certain standard of quality (HB International, 2021). This nuanced interaction between price, quality, and consumer behavior calls for a more comprehensive examination of pricing strategies.

Sales promotions are another critical factor influencing consumer behavior, particularly among deal-prone consumers who are more likely to make purchases during sales events (Immanuel & Mustikarini, 2018). Research has shown that consumers who are sensitive to sales are often driven by the perception of getting a good deal, which can significantly impact their purchasing decisions (Aghara et al., 2018; Kumar & Pandey, 2019). This tendency to respond favorably to sales promotions highlights the importance of understanding consumer psychology in pricing strategies. The effectiveness of sales promotions in driving consumer behavior emphasizes the need for retailers to carefully design their pricing and promotional strategies to maximize sales and customer satisfaction.

In the context of impulse buying, pricing and other market stimuli play a significant role in influencing consumer decisions. Impulse buying is often characterized by a lack of planning and is driven by various stimuli, including marketing promotions and situational factors (Meena, 2018; Akram et al., 2018). The interplay between these factors and consumers' impulsive traits underscores the complexity of impulse buying behavior (Lee & Wu, 2017; Sahetapy, Kurnia & Anne, 2019). Understanding the factors that contribute to impulse buying, such as store atmosphere and marketing stimuli, can help retailers develop strategies to encourage spontaneous purchases (Gordon-Hecker et al., 2019; Verma & Singh, 2019).

Situational factors also play a crucial role in shaping consumer behavior, particularly in influencing the likelihood of impulse purchases. These factors, which include elements such

as store environment, time constraints, and personal financial situations, can significantly impact purchasing decisions (Nguyen et al., 2020; Sumarliah et al., 2021). The influence of situational factors on consumer behavior underscores the importance of considering the broader context in which purchasing decisions are made. In fact, several theoretical bases of impulse buying and preference reversals provide valuable insights into how consumers navigate their purchasing decisions in response to price preferences and external stimuli (Stern, 1962; Lichtenstein & Slovic, 1983; Irwin, 1994). This study, therefore, aims to explore the intricate relationships between these factors to better understand consumer behavior in the context of impulse buying and pricing strategies in the retail environment.

Several studies have sought to examine consumer post-purchase behavior and their intention to engage in impulse purchases (Deng et al., 2020; Li et al., 2020; Martinez-Ruiz et al., 2017). Impulse purchases are a less explored topic in the Philippine context (Borromeo, Cai & Etrata, 2022). The gap between impulse purchase intention and price preferences among customers of shop owners is coherent. There is a need to enhance the assessment and recognition of the connectivity of impulse purchase intention and price preferences. Relevant factors such as existing impulsivity traits, marketing stimuli, situational factors, price seeking, price aversion, and sale proneness are required to narrow the gap.

It is vital to build an accurate image of the significant relationship of impulse purchase intention towards price preferences to effectively address strategic ideas in pricing impulse products. The more shop owners know the impulse purchase intention of customers, the better they will implement effective pricing strategies in their shops (Arya & Telagawathi, 2021). Despite the large number of studies on impulsive buying,

little is known about how consumers behave when they continue to make impulse purchases (Koch et al., 2020; Loxton et al., 2020). This study seeks to understand the relationship of impulse purchase intention towards price preferences among shoppers in Davao City.

The main objective of this study is to determine the significant relationship of impulse buying behavior and pricing preferences among customers of selected shops in Davao City. Specifically, it seeks to discover impulse buying behavior among shoppers in Davao City in terms of impulsivity traits, marketing stimuli, and situational factors. Also, the study seeks to assess the pricing preferences among shoppers in terms of price seeking, price aversion, and sale proneness. In this way, the study can shed light as to which pricing preferences strongly associate with shoppers' impulsive buying to understand their behaviors better.

METHOD

Research Respondents. This study's participants comprised 100 customers from various shops in Davao City, specifically selected to represent a diverse demographic of local consumers. The primary method for data collection involved a customized survey questionnaire tailored to the unique characteristics of the study environment. Adaptation of the survey items was meticulously undertaken to ensure cultural relevance and clarity, adjusting content, format, response scales, and visual presentation to better meet the specific needs of the study population (Harkness et al., 2010). A purposive sampling strategy, often referred to as judgment sampling, was employed, selecting individuals deemed most representative and informative for the research objectives (McCombes, 2022).

The inclusion criteria focused on adults aged eighteen and above, presumed capable of making significant purchasing decisions. Participants were also selected based on their availability to engage with the survey thoughtfully, excluding those who appeared rushed.

Research Instrument. Two scales were used: the first to explore impulse purchase intentions with respect to impulsivity traits, marketing stimuli, and situational factors; the second to assess price preferences concerning price seeking, price aversion, and sale proneness. The research instruments utilized in this study were adapted from two sources: Johansson and Persson (2019) and Lichtenstein, Ridgway, and Netemeyer (1993). The adaptation involved modifying the original survey instruments to align with the study's focus on impulse buying behavior and price perceptions among different consumer demographics.

The response scale used in the questionnaires ranged from 1 (Poor) to 5 (Very High), facilitating nuanced interpretation of participant responses as outlined in the table below:

Scale	Range	Description/Interpretation
5	4.21 – 5.00	Very High
4	3.50 – 4.20	High
3	2.61 – 3.49	Moderate
2	1.81 – 2.60	Fair
1	1.00 – 1.80	Poor

Research Design and Procedures. Employing a quantitative non-experimental design, this study utilized descriptive-correlational methods to explore the relationships

between impulse purchase intentions and price preferences among the surveyed customers. This approach allows for the systematic description of the variables and the natural correlations that emerge between them (Driessnack, Mendes, & Sousa, 2007).

The research process began with obtaining the necessary permissions followed by the development and validation of the survey instrument. After approval from academic advisors and research panelists, the questionnaires were distributed via Google Forms. Participants were instructed to respond based on their perceptions and experiences. The collected data were meticulously analyzed to ensure accuracy and reliability. In the analysis of the data, weighted mean and Spearman's Rho statistical methods were applied to describe the variables and determine the strength and significance of the relationships between studied variables, respectively. The final analysis aimed to provide insights into how impulse purchase behavior and pricing preferences could be effectively addressed by retailers in Davao City.

RESULTS AND DISCUSSION

Impulse Purchase Intention among Customers. Table 1 illustrates the level of impulse purchase intention among customers with an overall mean score of 3.62, indicating a high level of agreement on impulse buying tendencies across different indicators. Marketing stimuli had the highest mean score at 3.71, suggesting that promotional activities significantly impact customers' buying decisions. Impulsivity trait followed closely with a mean of 3.62, demonstrating a strong inclination towards impulsive behavior. Situational factors recorded the lowest mean of 3.54 but still indicated a

substantial influence on purchasing decisions. These findings suggest that a high-quality product display and effective marketing strategies, as discussed by Zhu, Yan, and Ding (2020) and Wang, Lu, and Wang (2020), play crucial roles in enhancing impulse purchase intentions among customers. Emotional triggers and social contexts, such as shopping with friends, significantly modulate these impulsive behaviors.

Table 1. *Level of Impulse Buying Behavior among Shoppers*

Indicators	Mean	Descriptive Equivalent
Impulsivity Trait	3.62	High
Marketing Stimuli	3.71	High
Situational Factors	3.54	High
Overall Mean	3.62	High

Price Preferences among Customers. Table 2 details the customers' price preferences, with an overall mean of 3.64, reflecting a high level of agreement. The highest mean at 4.14 was noted for price aversion, indicating a strong preference for the least expensive products, aligning with the desire to minimize costs. Price proneness, with a mean of 3.85, showed that discounts and sales effectively attract customers. Price seeking had the lowest mean at 2.92, reflecting moderate acknowledgment of the relationship between price and product quality. This supports findings by Taleizadeh, Haghighi and Niaki (2019) and Li et al. (2019), who noted that consumers often evaluate products in-store but make purchases online to take advantage of lower prices.

Table 2. *Level of Pricing Preferences among Shoppers*

Indicators	Mean	Descriptive Equivalent
price seeking	2.92	moderate
price aversion	4.14	high
sales proneness	3.85	high
Overall Mean	3.64	high

Relationship Between Impulse Purchase Intention and Price Preferences. Table 3 explores the significant relationships between impulse purchase intention and various price-related factors using Spearman's correlation analysis. The analysis revealed a modest correlation (rho = 0.12, $p < 0.05$), suggesting a meaningful but not strong relationship between the constructs. Significant correlations were noted between impulsivity trait and price seeking (rho = 0.249, $p < 0.05$), price aversion (rho = 0.241, $p < 0.05$), and sale proneness (rho = 0.354, $p < 0.05$).

Table 3. *Significant relationship of impulse buying behavior and pricing preferences*

Impulse Buying Behavior	Pricing Preferences	Spearman's ρ	p-value
Impulsivity Trait	Price Seeking	.249	0.013*
	Price Aversion	.241	0.016*
	Sale Proneness	.354	0.000**
Marketing	Price Seeking	.314	0.001**
Stimuli	Price Aversion	.116	0.250^{ns}
	Sale Proneness	.394	0.000**
Situational	Price Seeking	.287	0.004**
Factors	Price Aversion	.369	0.000**
	Sale Proneness	.422	0.000**

On the other hand, no significant correlation was found between marketing stimuli and price aversion (rho = 0.116, $p > 0.05$), while a robust relationship was observed with sale proneness (rho = 0.394, $p < 0.05$). These findings indicate that impulsive buying tendencies are influenced by price sensitivity and promotional activities, which align with the literature indicating that external marketing stimuli significantly shape consumer behavior (Parsad, Prashar & Vijay, 2019; Khan, Tanveer & Zubair, 2019).

CONCLUSION AND RECOMMENDATION

Conclusions

The results of this study clearly highlight the complex interplay between consumer impulsivity and price preferences, revealing significant insights into purchasing behavior. The findings indicate a high level of impulsivity among consumers, significantly influenced by mood improvements associated with receiving products. Marketing stimuli, particularly discount coupons, substantially drive consumers to purchase more than initially planned, underscoring the effectiveness of sales promotions in influencing consumer behavior.

In terms of price preferences, there was a clear predilection for price aversion, with consumers showing a strong inclination towards purchasing less expensive products, perceiving these purchases as great bargains. Sales proneness was also notable, with consumers frequently opting for products on sale, reflecting a strategic approach to purchasing based on available discounts. Conversely, price seeking, which involves actively searching for the lowest prices, was less pronounced among the study's participants, indicating a lesser tendency to exert effort in price comparison.

The statistical analysis using Spearman's Rho revealed significant correlations between impulse purchase intention and various aspects of price preferences, leading to the rejection of the initial hypothesis. The results align with the Preference Reversals theory proposed by Lichtenstein and Slovic (1983), which suggests that consumers are often faced with a choice between higher-priced and lower-priced products and may switch preferences based on contextual factors. Furthermore, the study confirmed significant associations between impulsivity traits, marketing stimuli, and situational factors with different facets of price preferences, supporting Stern's (1962) theory of impulse buying, which posits that such purchases are influenced by a multitude of factors.

The relationship between marketing stimuli and price aversion was an exception, as it did not show a significant correlation, leading to the acceptance of this specific hypothesis. This indicates that while marketing efforts significantly impact impulse buying and sales proneness, they do not necessarily influence consumer decisions driven by price aversion.

Recommendations

Given that situational factors influence customer impulse purchase intentions the least, it is imperative for owners to refine the physical and online shopping environments. For brick-and-mortar stores, enhancing retail atmospherics is recommended. This can include optimizing store layout, strategic placement of products and checkout counters, controlling ambient factors such as temperature, scents, and background music, and ensuring brand-aligned decorations. In contrast, for e-commerce platforms, improving website design and navigation is crucial to enhance user

experience, making it intuitive for customers to find products swiftly and effortlessly. Enhancing customer service channels to provide timely and effective support is also vital. These modifications aim to create a compelling shopping experience that attracts and retains customers by continuously adapting to their evolving preferences.

The study suggests a cautious approach to pricing strategies, given the low impact of price-seeking behavior on customer preferences. High-quality products are often expected to be more expensive, and significant discounts may negatively impact perceived quality. Aspiring entrepreneurs should consider adopting a premium pricing strategy. This approach involves setting prices higher than competitors to signal superior quality and differentiate from other market offerings. By carefully balancing price and perceived product quality, new business owners can avoid the pitfalls of underpricing, which might inadvertently suggest lower quality.

Despite achieving its objectives, this study was limited by factors such as geographical constraints, small sample size, and limited resources. Future research should aim to expand the scope of investigation to include a broader array of stores across more extensive areas, ensuring more comprehensive data collection. Adequate funding and time allocation are crucial to the success of such studies. Additionally, future researchers are encouraged to utilize the findings of this study as a secondary data source to further explore its implications on the retail industry in Davao City. Secondary research can offer valuable insights by building upon the analyzed data and conclusions drawn from previous studies.

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