



Enticed by Group Buying Deals? Effects of Group Buying Websites on Impulsive Buying

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Introduction. Group buying websites such as Groupon, LivingSocial and Amazon Local have been fast growing. According to Foresee (2012), about 2 out of 3 Internet users registered group buying websites, and nearly 1 out of 3 internet users had purchased from Groupon. In 2014, the group buying industry had \$3 billion in revenues and over 300 websites in the U.S. (IBIS World, 2014). Group buying websites are characterized by their deep discounts, limited time availability and limited quantities, which create an urgency to buy. High discount prices lure shoppers into making purchases immediately. In addition, limited quantities available on group buying websites do not only send a message about scarcity, but also give pressure to act quickly (Dholakia, 2010). Because group buying online is still fairly a new retail format, research on group buying website is at its infancy. The purpose of the current study is to determine factors influencing consumer decision-making on group buying websites. Specifically, this study aims to examine how online marketing stimuli on group buying websites impact impulse buying in the context of group buying.

Conceptual Development. Researchers state that both internal and external stimuli shape impulse buying behavior (Dholakia, 2000). According to the integrated model of Consumption Impulse Formation and Enactment (CIFE), external factors are often associated with strategies developed by marketers to stimulate consumers into buying on impulse (Dholakia, 2000). On the other hand, internal factors related to the individual's state and traits, mean that some people have a higher tendency to act on impulse. These internal and external factors are postulated to create an irresistible urge to consume, forming consumption impulse and ultimately leading to impulsive buying. For example, consumers with high impulsive traits are more likely to engage in impulsive buying than those with low impulsivity. Following a preliminary content analysis, the current study identified two external marketing stimuli that could lead to impulse buying, namely discount percentage and quantity availability. Based on CIFE model and literature review, the following hypotheses were developed; H1. External marketing stimuli have an effect on consumption impulse (a: discount percent, b: quantity availability); H2. Consumption impulse is positively related to impulsive buying on group buying websites; H3. Internal stimuli (a: normative evaluation, b: impulse traits) are positively related to consumption impulse; and H4. Internal stimuli (a: normative evaluation, b: impulse traits) moderate the relationship between marketing stimuli and consumption impulse.

Method and Results. This study employed a 2 (discount percentage: high vs. low) x 2 (quantity availability: high vs. low) between-subjects experimental design. A web experiment was conducted using a mock group buying website based on a preliminary content analysis of 52 group buying webpages. All measures were adopted from previous studies with adequate reliabilities (all Cronbach's alphas >.78). College students from a US university were recruited for the study. After screening out responses from those who have no experience with group

buying websites, 104 usable responses were received from respondents who have shopped on group buying websites during the last 12 months. More than two-thirds of the respondents had purchased products or services from group buying websites at least once a month, and the most frequently purchased item was apparel (29.8%). ANOVA revealed that discount percentage had no significant effects on consumption impulse ($F(1, 100)=2.8, p=0.098$), whereas quantity availability had a significant effect on consumption impulse ($F(1, 100)=12.5, p<0.01$). Thus, H1 was partially supported. Regression analyses were conducted to test H2-H4. The results showed that consumption impulse was positively related to impulsive purchasing ($\beta=.26, t=2.75; p<0.01$), supporting H2. Subsequent regression analyses showed that normative evaluation is negatively related to consumption impulse ($\beta=-.211, t=-2.149; p<0.05$), whereas the individual's impulse traits were positively related to consumption impulse on group buying websites ($\beta=.44, t=4.3; p<0.001$). To examine moderating effects of normative evaluation between marketing stimuli and consumption impulse, hierarchical regression analyses were conducted, but no significant moderating effects were found. Thus H3 and H4 were not supported.

Conclusion and Discussion. The finding of the study shows that limited quantity as an external stimulus has a significant impact on impulse buying decisions. This strategy has been widely used in traditional advertising as a way to urge consumers to “order now” to receive some added value on their purchase. Limitation in quantity does not only send a message about scarcity, but also creates a sense of urgency, leading to impulse buying. Surprisingly, discount percentage had no impact on consumption impulse. It is possible that consumers who have frequently experienced deep discounts on group buying websites may have become less sensitive to discount percentage. Also the result revealed that internal stimuli, such as impulsive traits and normative evaluation, were related to consumption impulse, consistent with previous research (Dholakia, 2000). No moderating effects of internal stimuli on the relationship between external stimuli and consumption impulse were found. The findings offer useful information for group buying marketers to develop more effective websites for their profitability while providing consumers with information that helps to explain factors impacting their impulse buying behaviors.

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