

ANALYSIS OF FACTORS AFFECTING MILLENNIAL CONSUMER'S BUYING INTEREST IN IMPULSE BUYING IN ONLINE SALES

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Abstract

Impulse buying is an unplanned purchase made by consumers. The growth of the e-commerce market share in Indonesia continues to increase every year, triggered by the millennial segment who spends the most monthly income on online shopping. The purpose of this study is to assess what factors influence the buying interest of millennial consumers in impulse buying that can be increased by marketers. This study uses a qualitative research method with a descriptive approach to the technique of collecting literature studies from secondary data. The results of the study stated that internal and external factors had a significant influence on impulse buying.

Keywords: Impulse Buying; E-commerce; Millennials.

INTRODUCTION

The current rapid development of digital information and communication technology, which is marked by the increasing use of the internet in Indonesia in early 2021, has reached 202.6 million people, an increase of 15.5% or 27 million people when compared to January 2020 (Kominfo, 2021). The total population of Indonesia has reached 274.9 million, which means internet penetration in Indonesia in early 2021 will reach 73.7 percent. This also affects consumer behavior and the Indonesian economy, which is experiencing economic growth with a changing lifestyle from offline consumers to digital. This can also be seen from data from Bank Indonesia (2021) which projects that e-commerce transactions in Indonesia will reach Rp 337 trillion in 2021. This projection grows 33.2 percent compared to the previous year's realization of Rp. 253 trillion. The highest e-commerce growth in 2018 was 150.24 percent.

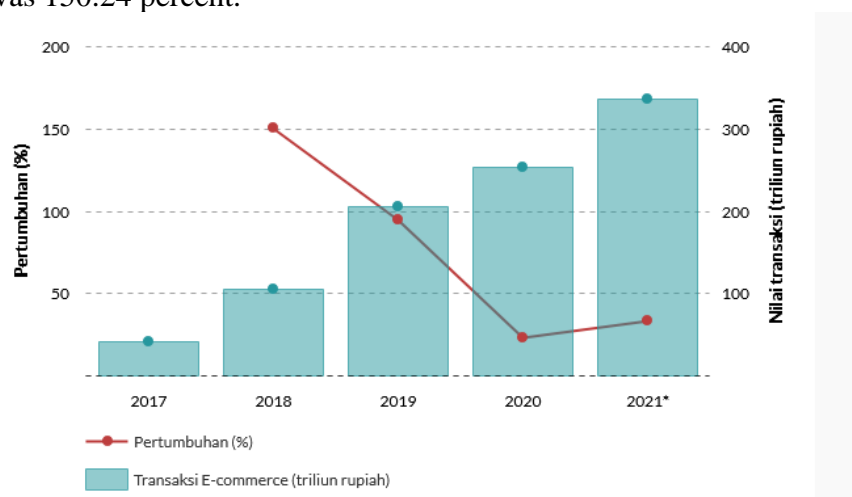


Figure I : E-commerce transactions in 2017-2021
(Source: Bank Indonesia, 2021)

In the era of the Covid-19 pandemic, there were significant changes in online activities which resulted in higher online consumption. One of the electronic technologies that utilize the internet as a business is online shopping or commonly called e-commerce. E-commerce (electronic commerce) can be interpreted as a business process using electronic technology that connects companies,

consumers and the public in the form of electronic transactions and the exchange/sale of goods, services, and information electronically (Munawar in Miranda, 2016).

According to a survey conducted by We Are Social in April 2021, Indonesia is the country with the highest use of e-commerce in the world. As many as 88.1% of internet users in Indonesia use e-commerce services. The growth of e-commerce market share will continue to increase along with the increasing number of smartphone users, increasing internet penetration, increasing debit and credit card users, and increasing consumer confidence in shopping online (Miranda, 2016). Another factor that drives the growth of e-commerce is the high interest in online shopping in Indonesia, triggered by the millennial segment with high creativity which continues to grow, most of the millennials also teach their parents to shop online (Putri et al., 2021) . This can be seen from the research results of KIC (Katadata Insight Center) with data from one million users who shop at the six largest marketplaces, which shows that millennial and generation Z salaries are mostly spent on e-commerce. People use about 3% to 5% of their monthly income for shopping on e-commerce. The younger, the higher the ratio of income spent on e-commerce.

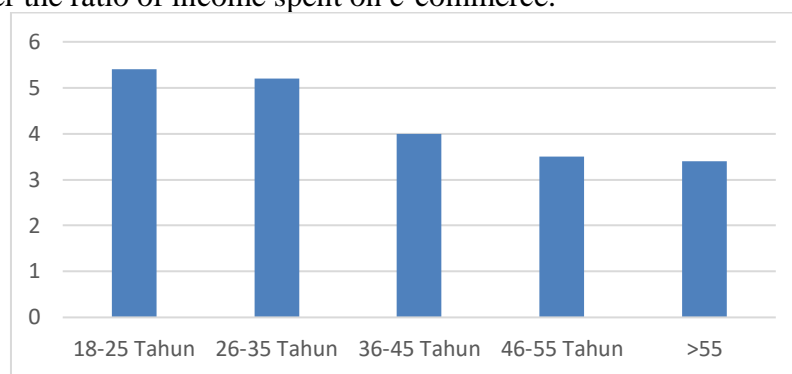


Figure II: E-commerce Transactions on Monthly Income
(Source: KataData Insight Center, 2020)

The graph above shows that people aged 18-25 years on average earn Rp. 4.6 million per month. The average transaction value in e-commerce was 5.4% of the month's revenue. The 26-35 year age group has a higher average income, which is Rp. 5.7 million per month. Of this amount, the income spent on e-commerce was 5.2%. Then, the age group of 36-45 years only spends 4% of their average income which reaches 7.4 million per month on e-commerce. People aged 46-55 spend 3.5% of their salary of Rp. 8.7 million per month in e-commerce. Meanwhile, people over the age of 55 have an average monthly income of Rp. 9.3 million transaction value ratio in e-commerce is 3.4% of its revenue.

Internet developments and changes in consumer behavior in Indonesia encourage the growth of marketplaces such as Shopee, Tokopedia, Lazada, and so on. Marketplace is an electronic product marketing platform that brings together many sellers and buyers to transact with each other (Apriadi, 2017). E-commerce changes people's shopping patterns from offline transactions to online with easier payment transactions using mobile banking, ATMs, Cash On Delivery (COD) to payments through fintech companies has made the online buying and selling business continue to grow (Anita, 2019) . The following are the most visited Marketplaces / e-commerce in the first quarter of 2021:

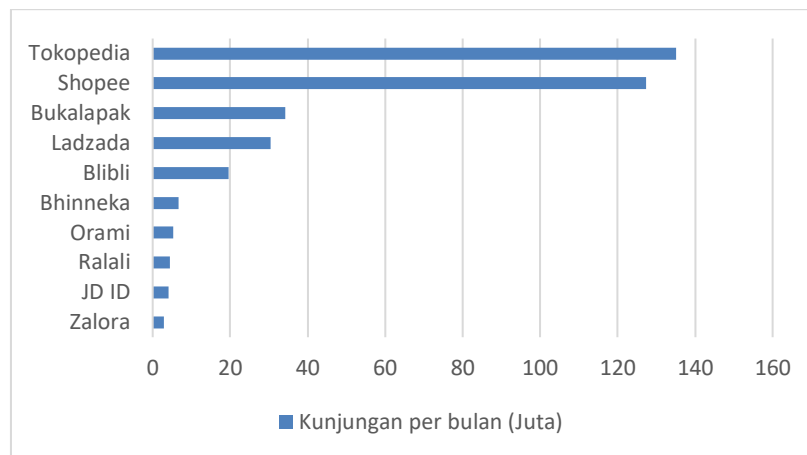


Figure III : Highest monthly e-commerce site visitors in the first quarter of 2021 (Source: iPrice, 2021)

The graph above shows that Tokopedia is the e-commerce site with the highest monthly website visitors in Indonesia in the first quarter of 2021. The number of Tokopedia visitors was recorded at 135.1 million in the first three months of this year. Meanwhile, the number of Shopee visitors was recorded at 127.4 million in the first quarter of 2021. Bukalapak has a total of 34.2 million visits. The number of visits to the Lazada and Blibli sites was 30.5 million and 19.6 million respectively in January-March 2021. Then, Bhinneka recorded 6.7 million visits and visits to the Orami site reached 5.3 million (iPrice, 2021).

Every year, visitors and marketplace transactions can continue to increase because sales that occur in the marketplace consist of planned purchases and unplanned or impulsive purchases made by consumers (Nugroho, 2018). Indonesian consumers have ten unique characteristics including: short-sighted thinking, unplanned, context-oriented, likes foreign brands. By looking at the existing characteristics, Indonesian consumers tend to make unplanned purchases. Currently, shopping habits have become a lifestyle to satisfy emotional needs and no longer to fulfill needs, thus causing behavioral changes from people who originally shopped with planned to shop unplanned even spontaneously (Wulan et al, 2019). According to the opinion of Rook and Fisher in Miranda (2016) which defines impulse buying as a consumer's tendency to buy spontaneously, reflexively, suddenly and automatically. There are 2 factors that encourage a consumer to do impulse buying, namely internal factors and external factors. Internal factors come from the person himself while external factors come from the attributes of the products sold and promotions carried out. Liao et al in Edy (2018) found research results that sales promotion strategies can affect impulse purchase reminders, with product attractiveness and consumer characteristics as moderating factors, but the effect is not significant. Mihic and Kursan in Edy (2018) show that situational factors only mostly influence impulse buying behavior in consumers of certain occupational status, and that the behavior is not significantly influenced by gender, age, education, income, or number of household members. .

Based on various phenomena that occur and previous research which states that internal factors, promotional factors, and situational factors have the potential for consumers to do impulsive buying. The problem that forms the basis of this research is the intense competition in online sales that makes millennial consumers selective and reduces their impulse purchases. The purpose of this study is to assess what factors influence the buying interest of millennial consumers in doing impulse buying and marketers can increase it to encourage millennial consumers to make impulse buying.

METHOD

The method used in this research is a qualitative research with a descriptive approach. The data collection technique used is literature study from secondary data.

LITERATURE REVIEW

Impulse Buying

According to Syastra & Wangdra (2018), someone who purchases a product impulsively, the decisions taken will be made without wise considerations and reasons so that they pay less attention to the consequences when buying a product. Impulsive buying is also a spontaneous purchase caused by the demonstration of a product and promotion at the point of sale. According to Sultan (2012) impulsive buying is a strong urge to buy something immediately that is more emotional than rational. According to Samuel in Anjani (2012), unplanned buying is an activity to spend money that is not controlled, mostly on items that are not needed. Goods that are purchased unplanned (impulse products), more on goods that are wanted to buy but are not needed and usually new products at low prices.

There are 2 main factors that can lead to impulse buying, namely internal and external factors. Internal factors come from within the individual himself, while external factors come from product attributes and product marketing methods (Miranda, 2016).

Internal factors that encourage consumers to make impulse purchases include one's cognitive state and affective state. Verplanken and Herabadi (In Puspayani 2015, and Arpan 2017) said that there are two important elements in impulse buying, namely:

- a. Cognitive, this element focuses on conflicts that occur in individual cognitive which include
 - 1) Not considering the price and usability of a product.
 - 2) Not evaluating a product purchase.
 - 3) Do not compare the product to be purchased with products that may be more useful.
- b. Affective, this element focuses on the emotional state of consumers which includes
 - 1) The emergence of a feeling of impetus to immediately make a purchase.
 - 2) Feeling happy and satisfied after making a purchase.
 - 3) Types of impulse buying.

According to Youn and Faber (in Ilamana 2012, and Arpan 2017) define an external factor for impulse buying as a stimulus controlled by marketers in an effort to attract consumers to make a purchase. External factors not only aim to attract new consumers to make purchases on related sites, but also increase the consumption of purchases by existing consumers.

Several studies on impulse buying show that product characteristics, marketing characteristics and consumer characteristics have an influence on the emergence of impulse buying (Loundon & Bitta in Septila, 2017). In addition to these three characteristics, Hawkins in Septila (2017) also adds situational characteristics as an influential factor.

Consumer Buying Interest

Buying interest is something related to consumer plans to buy certain products within a certain time. Real purchases occur when consumers have an interest in buying a product. Real purchases are the final target of consumers where buying interest is a consumer mental statement that reflects planning to buy a number of products with certain brands, knowledge of the product to be purchased is needed by consumers (Duriyanto in Rifanto, 2019). According to Rizky and Yasin (2014) the interest that arises in buyers is often contrary to their financial condition. Consumer buying interest is a hidden desire in the minds of consumers. Consumer buying interest is always hidden in each individual, where no one can know what consumers want and expect.

Millennial Generation

The millennial generation is a generation born in the early 1980s to 2000. This generation is often referred to as Gen-Y, Net Generation, Generation WE, Peterpan Generation, Boomerang Generation and others. The millennial generation is the generation born between 1989-2000 when there was rapid technological progress. When viewed from the age group, the millennial generation is the generation currently aged between 15-34 years. They depend on the internet with the smartphones they use to search for various information including collecting information before making a decision to buy a desired product (Hidayatullah et al., 2018). This makes them prefer to buy goods through online stores (Kharis, 2019).

RESULTS AND DISCUSSION

Interest in online shopping in Indonesia, which is quite high and continues to increase every year, is triggered by millennials who like to shop at e-commerce, most of them from millennials also teach their parents to shop online. This is supported by research results from the Katadata Insight Center (2021) showing that 56.6% of young people in Indonesia stated that they had shopped at e-commerce in the last three months. This percentage is higher than transactions in other digital services such as food delivery transactions of 35.9% and 23% buying groceries and daily necessities. Katadata Insight Center (2021) also shows that millennials and Generation Z spend a lot of their salaries on e-commerce shopping. The younger you are, the higher the ratio of income spent on e-commerce.

Every year visitors and e-commerce transactions can continue to grow because what happens in online sales consists of planned purchases and unplanned purchases. Online sales increase the opportunities for consumers to make impulse buying. Judging from the total e-commerce transactions that continue to increase every year. In 2020, Bank Indonesia projects that Indonesia's total e-commerce transactions will reach Rp 253 trillion and in 2021 it is projected to reach Rp 337 trillion.

There are 2 main factors that influence consumers to make impulse buying, namely internal and external factors. For this reason, the author wants to review the 2 main factors of impulse buying, in accordance with the application of Miranda (2016) which states that internal factors come from within an individual itself which includes mood factors at that time, gender, age, and the nature of hedonism. External factors come from product attributes and product marketing methods. Product characteristics include price, size, packaging, and ease of use. Meanwhile, the characteristics of product marketing include product displays, advertisements and promotions. These factors can cause consumers to consciously and not make impulse purchases.

The growth of technology and information makes it easier for consumers to shop online. There are many online shopping sites that can make it easier for consumers to shop anytime and anywhere without the need to visit a store and of course it can also save consumers time. E-commerce has a greater influence on impulse buying compared to offline stores. This is because e-commerce can make it easier for consumers to shop and have a wider variety of products to choose from. Impulse buying behavior does not just appear, but there are several things that can cause someone to have this behavior. Impulse buying can occur based on internal factors and external factors. The following will describe what are the internal and external factors that cause impulse buying behavior in online sales based on previous research.

Internal factors, which include mood factors, gender, age, and hedonism nature. Mood is a form of positive emotion that encourages consumers to make purchases without prior planning. Shuv and Fedorikhin in Fahd (2015) state that positive emotions felt by consumers will encourage consumers to acquire a product immediately without any prior planning and vice versa negative emotions can encourage consumers not to make impulse buying. Consumers are involved in emotions such as pleasure, emotional satisfaction and management of online shopping or e-commerce sites that are made as attractive as possible such as product aspects, attractive product displays, use of models and various promotions so that consumer emotions become positive and produce a passionate mood effect for consumers. shop. This is one of the consumer factors in making purchasing decisions.

Impulse buying often occurs in everyday life which is carried out unconsciously by both men and women. Henrietta (in Septila, 2017) which states that in general women have a higher tendency than men to make impulse purchases. Agree with Mulyono (in Septila, 2017) which states that women tend to be perpetrators of impulse buying because women are more easily influenced by feelings than men.

According to research conducted by Anin, Rasinin & Atamimi (in Septila, 2017) it was found that the group of adolescents aged 18-21 years is an age group that has a high tendency to make impulse buying compared to other age groups. In addition, hedonic factors can also cause consumers to make impulse buying based on research from Lumintang (2013) which states that the higher consumers shop with hedonism motivation, the impulse buying rate will also be higher this is because when someone shopping hedonic then he will not consider a benefits of the product.

External factors include product attributes and product marketing methods. In product characteristics, price and quality factors influence someone to make impulse buying.

In previous research conducted by Dawson and Kim in Wiguna (2014) stated that product quality has a positive and significant effect on impulse buying. The higher the quality of the product, the more impulse buying decisions will be made. Aprilianti's previous research (2019) stated that the price did not partially have a significant effect on impulse buying. Low prices without considering other aspects can make consumers to make unplanned purchases. However, if the price is already high and is not supported by other factors such as good and attractive promotions, it will not cause and increase the impulse buying effect.

Product marketing characteristics include product displays, advertisements, and promotions. Product displays or product photos must be arranged clearly and attractively so that consumers are interested in buying them. Such as taking product pictures to using models will determine consumer interest in shopping so that impulse buying decisions will occur. In Arpan's research (2017) which states that online promotion is a short-term intensive activity to encourage the purchase or sale of products or services online. Promotions in the context of online stores can be in the form of buy one get one promotions, free gifts, or free shipping so that they can cause impulse buying behavior.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of research and discussion, it can be concluded that internal and external factors have a positive and significant effect on impulse buying for millennial consumers in online sales.

Internal factors have a significant effect on impulse buying including mood factors in the form of positive emotions such as pleasure, emotional satisfaction and management of online shopping sites that are made as attractive as possible which encourage consumers to make impulse buying, in gender women have a higher tendency to do impulse buying, 18-21 year olds have a higher tendency to do impulse buying than other age groups, and also hedonism motivation makes someone shop without considering the benefits, causing impulse buying behavior.

External factors also have a positive effect on impulse buying. Includes product attribute characteristics with increasing product quality, low prices, and high prices supported by promotions that increase the impulse buying effect on someone. In product marketing characteristics seen from product displays that are made as attractive as possible, taking pictures and using models will increase impulse buying, and promotions such as buy one get one, free gifts, and free shipping lead to a person's tendency to impulse buying.

Recommendations

Sellers need to pay attention to the information aspect of the product. Product information and display must also match the original product. So that consumers do not feel sorry for buying it. The seller must promote well, if the seller does not provide promotions in the form of discounts or buy one get one then the seller can provide promotions in the form of free shipping to further encourage consumers to make impulse buying. Sellers also need to maintain product quality because product quality helps consumers to decide whether the product is worth buying or not.

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