

# Grey Area of Unplanned Purchase –Experimenting Rationality with Unplanned Purchase?



Sanjay Rizal

**Abstract:** We all involved in the purchase decision; we all know how to deal with it. However, how many of us understood the aspects involved in purchase decision making. The whole purchase decisions can be divided into two parts, i.e., planned purchase and unplanned purchase. Planned purchase is very well categorized and very specifically generalized, so there is hardly anything to explore in the planned category of purchase. However, the same is not in case of unplanned purchase; unplanned purchase has not yet explored the way it should be. In this study, the researcher developed a theoretical model to make it understand how individual all unplanned purchases do not fall under the horizon of an impulse purchase. The model was tested through the respondent from the state of Assam. Results showed that impulse is the one side which is very clear to all, but it is time to give our attention to the other side of Unplanned Purchase which is yet to be unveiled and according to the finding of the study, the researcher has given some useful suggestion to some specific category of audience.

**Keywords:** Unplanned, Rationality, Impulse Purchase, Decision Making.

## Statement of Intended Contribution

This research paper tries to explore the possibility of another type of unplanned purchase apart from an impulse purchase. In simple words, the categorization of the unplanned purchase. The research work will add something new to the existing theory of purchase decision making. This research work helps in many aspects to the people of different field.

**Academicians:** The academicians will get to know the possibility of further categorization of the unplanned purchase, which will help everyone to understand the purchase decisions more precisely. This study will be helpful to make another theory of unplanned purchase which can be added as a contribution to the existing marketing literature.

**Non-Academicians:** Apart from the academicians, the other profit and non-profit organizations will also get to know other ways to satisfy their customers.

Because if there is any possibility of another type of unplanned purchase, then this will be beneficial for the general masses as they will get those needed benefits. The marketers can plan to attract the customers in these unplanned situations, where the customer needs more support as compared to in Planned purchase. Understanding this type of purchase will help to develop product and services which can be delivered in these situations.

**General People:** We save the money to buy something, for our birthday parties, for marriage, and so many other things. However, understanding this paper will help the reader to realize that is this enough to save for the happy time or do we need to save for something uncertain and unexpected. If there is any possibility of categorization of unplanned purchase apart from the impulse purchase, then that will help the customer to make their decision much better and accurate in all situations.

## I. INTRODUCTION

In this modern era, customers are becoming more aware of the prevailing conditions of the market as compared to earlier. Moreover, day by day, marketing becomes more challenging and complicated for marketers. So along with satisfying the customers, suitably delighting them to keep them away from the competitor's offerings becomes the need of the hour. To satisfy the consumers or to delight them, we initially need to comprehend them, and with a specific end goal to comprehend them, it is critical to comprehend their needs and how they make their decisions. Customers take distinctive decisions keeping in mind the end goal, i.e., to make the final purchase, like "what to purchase, how to purchase, when to purchase, and the amount to be paid to purchase." The decision taken in a typical circumstance and the decision taken in an unforeseen circumstance for purchase of any item may vary, the procedure may contrast. It can be said that consumer behavior is the way of choosing what, when, how, where and from whom to purchase products or services. Consumer behavior is the study of how, why and what people do when they buy products or avail some services. The whole buying Purchase decision can be shown in the following way:

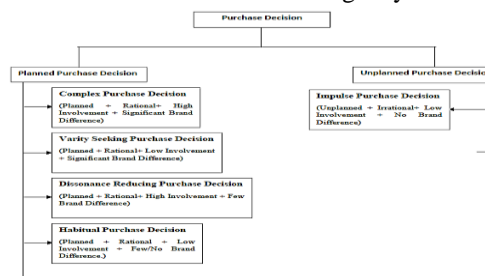


Figure 1: Categorization of Purchase Decision

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**Unplanned Purchase Behaviour/Impulse Purchase**

Those purchase decisions where nothing is fixed in advance, and it happens all of a sudden, can be termed as unplanned purchase. In most of the books and literature, the unplanned purchase behavior is shown at par with the impulse purchase. So it can be said that an **impulse purchase or impulse buying** is an unplanned decision to purchase any product or services, made just before purchase without a second thought, backed by emotions. While talking about rationality, impulse purchase is irrational and, therefore impossible to influence (Stern, 1962). An impulse purchase is prevalent and very frequent not only in the physical stores; rather, its presence is very positive in the purchase through the internet (Madhavan & Laverie, 2004). The following equation can describe impulse purchase:

$$\text{Impulse Purchase} = \text{Unplanned} + \text{Irrational} + \text{No involvement} + \text{No Brand Difference.}$$

Going through different books and works of literature based on impulse purchases. The Researcher can identify specific criteria for any purchase to be called Impulse purchase.

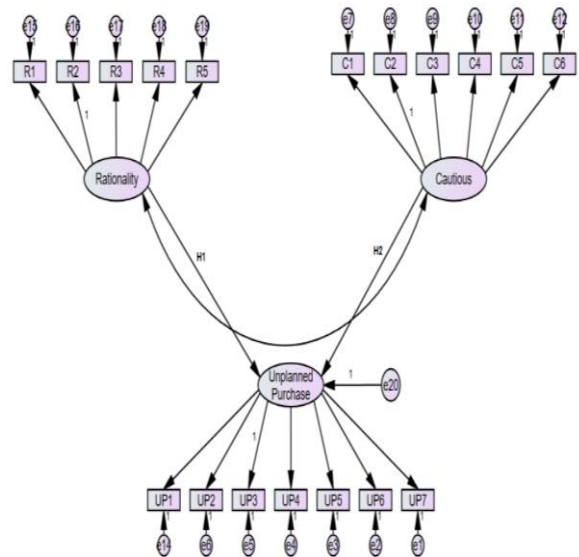
This research paper tries to investigate the presence of another segment in the unplanned purchase category as one is already there, i.e., Impulse Purchase. The main focus of the marketers is to satisfy the customers at the highest level, but if they do not get an idea about the type of purchases customers are involved in, marketers can never satisfy those specific unplanned needs of the customers. The following objectives have been taken into consideration or the present study:

- (i) To collect the evidence of further categories unplanned purchase
- (ii) To extract the possibilities of limiting the boundaries of an impulse purchase.

**II. THEORETICAL FRAMEWORK**

While constructing the framework for the study, the researcher has used the past results from impulse purchases. The proposed model shown in figure 1 tries to identify specific determinants that impact the unplanned section of the purchase. The researcher intentionally took the opposite determinants of an impulse purchase, which has been identified by earlier researchers to detect the presence of another category of unplanned purchase apart from an impulse purchase. While talking about the unplanned purchase, we often used to get confused with the impulse purchase (West, 1951), but all unplanned purchases are not impulse and to prove that the model has been proposed in figure 1. An impulse purchase is unintended purchase phenomenon and it is thought of as unreflective and illogical. Based on the above literature, the researcher tries to show the relationship between cautious (which is opposite of Unintended and Unreflective) and unplanned purchase through the following hypothesis:

**Hypothesis 1:** Cautious has a Strong Positive Association with Unplanned Purchase.



**Fig. 2: Theoretical Model**

The area of unplanned purchase/Impulse purchase is the center of attraction for the researchers and practitioners, and very wide determinants have been found throughout the exploration of Impulse Purchase. One of the most considered determinants in impulse purchase is not being rational while deciding on the purchase. It has been found that people tend to be very excited as their attitude towards the purchase is very different. An impulse purchase is very emotive in nature and usually related with emotional conflicts during purchase. Based on the above literature, the following hypothesis has been projected below:

**Hypothesis 2:** Rationality is positively correlated with unplanned buying behavior.

**III. METHODOLOGY OF THE STUDY**

The study was steered in the context of the decision to buy in an unplanned situation. Unplanned purchase is a very complicated and multifaceted phenomenon which is popular and proliferating as an area of research in the field of marketing, behavioral sciences, and other humanities and social science areas. Respondents were asked to consider an unplanned situation which they have experienced in their lives where they have to buy specific products for themselves. The data were gathered through a cross-sectional study led in the province of Assam, India. An identically structured survey in the English language with pretested measures was utilized to gather information in the chief administrative divisions of Assam, i.e., Lower Assam, Upper Assam, North Assam, Central Assam, and Hills, and Barak Valley. The survey method was generally used in related research (Alexandrov et al., 2013; Dodd et al., 2005; Goldsmith et al., 2012). The convenience sampling method was employed to solicit responses. Moreover, in the absence of a list of buyers who faced unplanned purchases, it was difficult to get access to target respondents using a random sampling method.



Therefore, convenience sampling was considered to be appropriate for this study. Only those respondents whose monthly income is above ₹20,000 were chosen to reduce any ambiguity in the affordability and rationality that may be evidenced while making contingent purchases across varying income stratum. However, attempts were made to embrace respondents with diverse demographics to reduce any bias. Therefore, a face-to-face paper-based survey was conducted in different administrative divisions of Assam, such as retail malls, university campuses, and corporate offices. The questionnaire encompassed a declaration that the responses obtained from this study will only be used for academic purposes, and participants can stop responding if they do not want to disclose any personal information. Voluntary participation has been considered in the survey, and no monetary incentives or gifts were offered to the respondents.

The researcher has collected data from 500 respondents (298 Male and 202 Female) and takes their opinions regarding the unplanned purchase. Among the collected data, 275 respondents were from 20-30 years of age, 179 respondents from the 30-40 years of age remaining 46 respondents are from 40 and above strata. No confinement was made based on age, sex, area, and religion. Only those respondents whose monthly income is above ₹20,000 were chosen to reduce any ambiguity in the affordability and rationality that may be evidenced while making contingent purchases across varying income stratum. The collected samples are analyzed in SPSS 20, and the proposed theoretical model is tested on AMOS 23. Likert scales are used to measure the Perception, Awareness, and ambition of final year male and female undergraduate students. For the analysis part, the five-point Likert Scale (strongly agree =1, Agree =2, Neutral =3, Disagree =4, and Strongly Disagree = 5) has been used to measure the variables which have been shown in Annexure I.

#### IV. DATA ANALYSIS

##### The Measurement Model and its Validity/Reliability:

Exploratory factor analysis (EFA) using Principal Component Method was conducted with a varimax rotation to assess the validity of our constructs. In this test, all latent variables were allowed to correlate with each other.

Table 1: Rotated Component Matrix

	Rotated Component Matrix		
	Component		
	1	2	3
C3	.975		
C2	.973		
C5	.973		
C4	.969		
C6	.966		
C1	.952		
UP6		.655	
UP4		.635	
UP5		.623	
UP3		.618	
UP1		.601	
UP7		.595	
UP2		.456	
R5			.701
R2			.693

R4			.677
R1			.654
R3			.602

The values showed that all items loaded on their respective construct as expected. Since all factor loadings were significant, this provided support for the convergent validity of the construct. Further assessment of the measurement model was performed to examine discriminant validity and internal consistency. The correlation coefficient between the two constructs was less than 0.80 which is suggesting good discriminant validity. The reliabilities of the measurement items, along with the composite reliability of each construct were examined. The Cronbach's alpha values for reliability of Cautious variables are 0.993, Rationality variables are .715 and of Unplanned Purchase are .739; these are greater than the recommended 0.7, indicating that all the scales were reliable.

##### Model Testing:

Our model involved a series of interrelated variables. We used SEM to test our hypotheses. Statistical tools used to analyze the data included SPSS and AMOS 18.

Table 2: Measurement Model Results

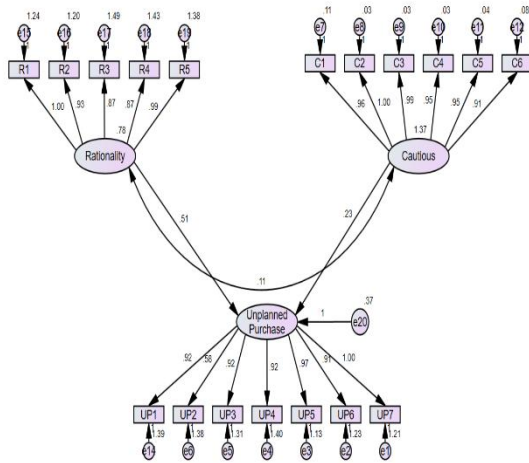
			Estimate
UP7	<---	Unplanned_Purchase	1.000
UP6	<---	Unplanned_Purchase	.907
UP5	<---	Unplanned_Purchase	.968
UP4	<---	Unplanned_Purchase	.919
UP3	<---	Unplanned_Purchase	.917
UP2	<---	Unplanned_Purchase	.581
UP1	<---	Unplanned_Purchase	.916
C2	<---	Cautious	1.000
C1	<---	Cautious	.956
C3	<---	Cautious	.993
C4	<---	Cautious	.950
C5	<---	Cautious	.953
C6	<---	Cautious	.910
R1	<---	Rationality	1.000
R2	<---	Rationality	.927
R3	<---	Rationality	.868
R4	<---	Rationality	.874
R5	<---	Rationality	.993

First, a basic analysis of the collected data, involved a test for item normality, means, standard deviations, and outliers; it was performed using SPSS. This test yielded acceptable results. Then the full structural model was tested by using AMOS.

##### Results from testing the structural model:

The structural equation model presented in Figure 3 was tested using AMOS to examine path significance levels. Table 2 summarizes the estimates of the structural model and the results are presented in Figure 3.

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**Figure 3: Estimates of Structural Equation Model**

Note: The estimated structural equation model. Note: Rationality → Unplanned Purchase \*\*\* $p < 0.0001$ ; Cautious → Unplanned Purchase \*\*\* $p < 0.0001$ . All path coefficients are significant and the model shows a good fit with Chi-square/df = 2.603, GFI = 0.931, CFI = 0.976, RMSEA = 0.057.

The overall measurement model provided an acceptable fit with Chi-square/degrees of freedom ratio of 2.603, which is recommended to be within the recommended range between 1 and 3. The goodness-of-fit as measured by GFI was 0.972. The measurement model also produced a comparative fit index (CFI) value of .976, which is within the acceptable range (greater than 0.9 for a well-fitting model). In present structured model, the normed fit index (NFI) was .961, and the Non-Normed Fit Index (NNFI) was .972 which is acceptable range. In general, a value between 0.90 and 0.95 is acceptable, and above 0.95 is good. The value of RMSEA was 0.057, which is less than 0.08 suggesting for a good model fit. Overall, all the relevant statistics suggested an acceptable model fit consistent with normal guidelines, providing support for satisfactory match between the data and the proposed measurement model.

### Result of Hypothesis testing:

All the hypotheses i.e., 1 and 2 were supported. Hypothesis 1 proposed that the cautiousness of a consumer is positively leads to Unplanned purchase. The path coefficient of 0.035 was accepted and supports this relationship at 0.0001 significance level. This indicated that the cautiousness of a customer leads positively toward Unplanned Purchase.

Hypothesis 2 states that the Rationality is positively related to Unplanned purchase. The path coefficient is 0.068 and the  $p$  value suggested that the hypothesized relationship was significant at the 0.0001 level. The results allowed the readers to conclude that the Rationality is positively active while and related to unplanned purchase.

**Table 3: Hypothesis testing Results**

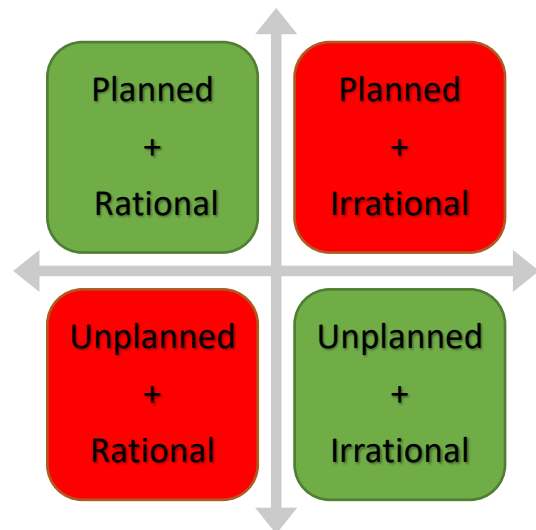
Hypot hesis Number	Model Path	Stand ar d Path Coeffi cient	Criti cal Rati o	P. Valu e	Hypot hesis Status
H1	Cautious → Unplanned Purchase	.035	6.614	<0.001	Accept ed

H2	Rationality → Unplanned Purchase	.068	7.428	<0.001	Accept ed
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## V. CONCLUSION

The whole decision making can be classified into two types i.e. planned decision making and unplanned decision making. The focus of the paper is on the unplanned purchase decisions and it has been observed from the different reviewed literature and the personal observation of the researcher that unplanned purchase is hardly categorized further and all the decisions which are unplanned are concluded as impulse purchase. But analyzing and observing the previous anecdotes and going through different literatures on impulse purchase, we can see the evidence which is indicating that there is something more than impulse purchase which has to be explored. The exploration of further categorization is important for the academicians as well as the marketers otherwise unplanned purchase will be taken at par with impulse purchase which is actually not.

Let us take the two most essential components to explain the planned and unplanned purchase more transparent with the help of a matrix grid.



**Figure 4: Planned-Unplanned Matrix**

**In the above matrix the green boxes:**

- (i) **Planned + Rational** = Those purchase decisions where people plan properly and act rationally while deciding on purchase, falls under this category. These purchase decisions are generally:
  - (a) **Complex Purchase:** In this kind of purchase behavior customers go for a new product, and they are not clear about what criteria to consider for purchasing. Here consumers tend to gather; however, much data as could reasonably be expected as the decision is unique and extremely complex in itself. This sort of decision is the most complex type.

For example, you may wind up inspired by obtaining another Laptop to supplant the current one. You may have known about the different brand names like Samsung, Lenovo, Apple, Acer, Asus and so on however need clear brand ideas. You do not realize what item highlights or credits to consider while picking a decent Laptop. So here the purchase is complex and extensive problem-solving. We can characterize complex purchase by the accompanying formulae: -

Complex Purchase = Planned + Rational + High Involvement + Significant Brand Difference.

(b) **Dissonance Reducing:** In this purchasing behavior, the consumer knows about the product, and different brands accessible, Consumer get involved in purchase; however, have no settled brand preferences. The consumer might want to accumulate extra data about the brands to touch base at his brand decision. For example, housewife purchases refined vegetable oils for her cooking, and she might be comfortable with the idea of vegetable oil, vanaspati, and ghee. She may likewise realize that Dhara, Dalda, and Sundrop are a portion of the main brands accessible. Be that as it may, to set up her decision of brand, she might want to check with her companions and regular store about the properties of each. This buying behavior is depicted as limited problem-solving because the purchasers are in a circumstance where they are completely aware of the product class; however, not comfortable with every one of the brands and their highlights. We can characterize this purchase by the accompanying formulae: -

Disharmony Reducing = Planned + Rational + High Involvement + Few Brand Difference

(c) **Variety Seeking Purchase:** In this kind of consumer purchasing behavior the purchaser is not included completely in the purchase, yet the brand contrasts are extremely noteworthy. In variety seeking, the cost of switching starting with one product then onto the next is low, and this is the motivation behind why a considerable lot of the occasions out of fatigue, boredom, attempting to analyze something new and just to try something different, buyers tend to change their brands. This is regularly found on account of sweets, breakfast oats, and soft drinks.

Variety Seeking = Planned + Rational + Low involvement + Significant Brand Difference.

(ii) **Unplanned + Irrational** = Those purchase decisions where people generally do not plan, and they act irrationally while taking the decision falls under this category. These purchases are generally called impulse purchases. Those purchase decisions where nothing is fixed in advance and it happens all of a sudden can be termed as unplanned purchases. In most of the books and literature, the unplanned purchase behavior is shown at par with the impulse purchase. So it can be said that an **impulse purchase** or **impulse** buying is an unplanned decision to **buy** a product or service, made just before **purchase** without a second thought backed by emotions. The following equation can describe impulse purchase:

Impulse Purchase = Unplanned + Irrational + No involvement + No Brand Difference.

**In the above matrix, the Red boxes:**

- (i) **Planned + Irrational** = The present study does not focus on those purchase decisions where there is proper planning, but people generally tend to be irrational at the time of purchase. Nevertheless, there is a strong possibility of these types of purchase decisions in general, so there is a scope to verify the existence of these kinds of purchases.
- (ii) **Unplanned + Rational** = The present study focuses on these types of purchase decisions where people generally do not plan but act very rationally while being the purchase situations. This type of decisions are efficient and the present study also focuses on these type of purchases (The anecdotes given in page number 8 are the perfect example of this type of purchases)

The present study focuses only on the unplanned section of the decision making, so from the above study, it has been concluded that there is a strong possibility of a new decision making an unplanned purchase, which will be different from the impulse purchase. Moreover, this theory will also help the academicians to categorize the unplanned purchase more precisely and restrict the limit of an impulse purchase.

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### Annexure I: Summary of measures for variables in this study:

The researcher has created the variables with the knowledge and the expert advice of some of the academicians in the field of marketing. The different variables related to the constructs are shown herebelow:

- a. Variables Related to Cautious:
  - (i) C1-While being in an unplanned purchase, I become very careful regarding any purchase.
  - (ii) C2- I try to avoid any problems which may arise after the unplanned purchase.
  - (iii) C3- I consider the budget very carefully before any unplanned purchase.
  - (iv) C4- I evaluate the options available to be more perfect in my unplanned purchase decision.
  - (v) C5-I find unplanned purchase very risky as it can nudge me to make errors.
  - (vi) C6- I try to fit the unplanned purchase in my budget.
- b. Variables Related to Rationality:
  - (i) R1- I always consider money as my first priority in an unplanned purchase.
  - (ii) R2- I always try to go for alternatives, so that I can choose more economical and reliable product.
  - (iii) R3- I try to control the unplanned purchase at my best.
  - (iv) R4- I try to separate money in the name of unplanned expenses in every month.
  - (v) R5- I think unplanned purchase is not affecting my budget but in a very meagre way.
- c. Variables Related to Unplanned Purchase:

- (i) UP1- I act very rationally during an unplanned purchase .
- (ii) UP2- I try to take very active part in unplanned purchase.
- (iii) UP3- I don't find unplanned purchase ineffective.
- (iv) UP4- I found myself in an unplanned purchase situation very frequently.
- (v) UP5- I try to control unplanned Purchase at my best.
- (vi) UP6- I feel satisfied at the end of an unplanned purchase.
- (vii) UP7- I prefer to go for different alternatives if available in case of unplanned purchase.

### AUTHORS PROFILE:



**Sanjay Rizal**, is an assistant Professor in Management in the Department of Commerce, Don Bosco College, Golaghat, Assam. He has a master's degree in Commerce and has completed M.Phil from Dibrugarh University, Dibrugarh. His area of interest is in Human Resource Management and Marketing Management along with Business Management. He has written original research articles in various international journals and he is interested in academics and research.