

# The Effects of Price Discount, Bonus Pack, and In-Store Display on Impulse Buying at Supermarkets

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## ABSTRACT

The purpose of this research was to analyze the effects of price discounts, bonus pack, and in-store display on impulse buying at Supermarkets in Padang City. This study used quantitative method to investigate certain populations and samples. The sampling technique used in this study was accidental sampling; a sampling technique based on coincidence, such as anyone who accidentally meets the researcher can be used as a sample. The number of respondents in this study is 96 respondents. The results of this research was that price discount, bonus pack, and in-store display had positive and significant effect on impulse buying. Price discounts and in-store display partially had positive and significant effect on impulse buying, Bonus pack did not have significant effect on impulse buying. Based on the result of this research, Supermarkets in Padang City can improve impulse buying through price discounts given to the consumer and in-store display that will be able to stimulate the impulse buying of consumers so as to increase the profitability of the supermarkets.

**Keywords:** *Price Discount, Bonus Pack, In-Store Display and Impulse Buying*

## 1. INTRODUCTION

Shopping is a necessity for everyone and each person has a different need for life. People plan their expenses to fulfill their daily needs, due to what is needed and how much money will be spent. Shopping is not just fulfilling daily needs, but it is also a desire.

The phenomenon of shopping is carried out by everyone, which then develops into a lifestyle. Not just a lifestyle, nowadays shopping is also a trend among people. Then in this digital era, people have switched to non-cash transactions making it easier for them to conduct a payment. This form of transaction is better known as Digital Payment such as Mobile Banking and e-Money (Go-Pay, Dana, OVO, etc.). These conditions trigger the emergence of unplanned purchases or called impulse buying.

Impulse buying is a type of consumer behavior, which can be seen from unplanned consumer purchases specifically. Point of Purchase Advertising International (POP AI, 2012) reported that, around 75% of purchases in supermarkets were unplanned. Experts say that unplanned purchases have developed significantly in society. This is because consumers often make purchases based on their desires, moods, or emotions they feel at that time.

A study in Jakarta showed that impulse buying in modern retail reached 44% of the number of items that consumers bought on weekdays. On Saturdays and Sundays the number increased to 61% and it turns out that 85% of shoppers in modern retail Indonesia tended to shop for something that was not planned (Prihastama, 2014). Impulse buying occurs to consumers if the first product has low price, the second products have mass marketing, so when shopping consumers remember that the product was

once installed on billboards, banners and advertised on television. Third is products that are small in size and easy to store. Usually consumers take this product because it is considered cheap and does not overload the shopping basket. This can be seen from the survey that was known that averagely 64% of consumers used to buy something that was not planned before, while the number of consumers who spent in accordance with previous plan was only around 15% (Kenanga, Prihatini & Widayanto, 2013).

In addition, providing a bonus pack is also able to create impulse buying for consumers. Bonus pack is a quantity-based promotion strategy in which customers are offered more quantity of products at the same price.

In-store display can have several benefits such as helping to get the attention of consumers, moving consumers' reactions and emotions, and paying attention to consumers as to what is targeted in order to determine the positioning of a store. Stores require adequate interior design to create a supportive atmosphere, such as the initial design of a store, entrance, air circulation, and room arrangement, etc.

As leading retail business with national reputation, supermarkets have gained public trust. However, there are still often complaints from consumers about supermarkets' service such as the prices listed for different price reductions, consumer ignorance of goods that are given a discount because it has a certain time period, the availability of bonus packs for a limited period, limited stock of bonus pack, and product display that is unorganized.

Based on the business phenomena explained above and given the very tight competition among supermarkets, it is necessary to develop strategies to strengthen impulsive buyers, and this research is different from previous studies considering that this research discusses several variables, namely price discounts, bonus packages, and in-store

displays that have not been discussed together by other researchers thus it draws writers' attention to examine and re-identify "The Effect of Price Discounts, Bonus Packs and In-Store Display on Impulse Buying at Supermarkets in Padang City.

## 2. LITERATURE REVIEW

### 2.1 Impulse Buying

Impulse buying is an act of shopping that is carried out by buyers without a basic premise, or in other words, is spontaneous after getting a promotion offered by the seller (**Rofidi, 2017**). Impulse buying is a type of consumer behavior, which can be seen from unplanned consumer purchases specifically. Whether or not the purchase is planned by consumers has come to the attention of researchers and practitioners since the past twentieth century. Impulse buying is an unplanned purchase that is driven by the presence of stimulus and spontaneity factors as well as visual influence and strong desire to buy the item immediately, but can have negative impact on the buyer (consumer).

There are two factors that influence impulse buying, namely internal and external factors. Internal factors consist of emotions, hedonic pleasure, cognitive and affective. Meanwhile, external factors consist of stimulus created in the store's environment, such as incentive promotion, prices, physical facilities such as: lighting, music, and aroma (**Karbasivar and Yarahmadi, 2011**). Internal factors occur, which one of them is positive emotions that will motivate consumers to make purchases, while negative emotions will actually hamper the buying process. Emotions are generally triggered by environmental events, according to Solomon explained by (**Adriyanto, 2016**). A person's mood or emotions or psychological condition at the time of purchase can have big impact on what he/ she buys or how he/ she values the purchase.

### 2.2 Price Discount

Price discount is a price-based sales promotion strategy in which customers are offered the same product but at reduced price (**Mishra and Mishra, 2011**). Price discounts can be offered as a reduction in terms of a percentage of the original price. Companies often use promotions including price discounts to increase trade and stimulate short-term purchases. Many companies adjust their price lists and provide discounts for various reasons, such as early payment of receivables, purchases in certain amounts, and end-of-season purchases (**Gunawan et. al, 2013**). Discounts given must have an important meaning for consumers.

Trade transactions always involve two parties, the buyer as the recipient of the goods and the seller as the party who delivers the goods. Before the transaction occurs, both

parties must reach an agreement on the price of the goods being traded along with other conditions, including the price discount. Price discount is a discount given by the seller to the buyer as a tribute to a particular activity of the buyer that is pleasing to the seller (**Tjiptono, 2011**). Consumers are interested in getting a fair price. Fair price means that the perceived value is reasonable at the time the transaction is made. Consumers assume that a product with expensive price means that it has good quality, whereas the one with cheap price has poor quality. Price discount must positively influence impulse buying. The indicators of price discount according to **Assauri (2014)** consist of triggering consumers to buy in large quantities, anticipating competitors' promotions, and supporting trade in large numbers.

### 2.3 Bonus Pack

Bonus pack is acknowledged when a number of additional items are placed in a special product package, according to **Clow and Baack (2012:339)**. Raya as quoted by **Awaliyah (2010)**, mentioned that bonus pack can have drawbacks when being viewed from warehousing, shipping, inventory and production preparation capabilities. This lack of bonus pack can cause companies to stop the promotion. So for consumers who make purchases based on bonus factor provided by the company will move to look for other products that offer bonus pack. One strategy in sales promotion is offering a product or service for free at reduced price to encourage the purchase of others. The indicators of the bonus pack according to **Ginting (2013)** consist of giving offers with extra payloads, which is a strategy of surviving the promotion of new products from competitors resulting in larger sales orders.

### 2.4 In-Store Display

**Alma (2013)** said that it is the desire to buy something, which is not driven by something or someone, but is driven by attraction, or vision or other feelings. According to (**Hartanto and Haryanto, 2016**), point of sale can be implemented by displaying products on counters, floors and windows that allow retailers to remind customers and at the same time stimulate patterns of unplanned shopping behavior. The indicators of the in-store display according to **Nitisusastro (2013)** consists of attracting the attention of people who pass by, stating good quality or low prices as the hallmark of the store, provoking attention to special goods sold by the store to cause impulse buying, in order to create an appeal to the overall atmosphere store.

## 2.5 Hypothesis Development

### 2.5.1 The Effects of Price Discount, Bonus Pack, and In-Store Display on Impulse Buying

A Study by **Desrayudi (2011)** concluded that price discount, bonus pack and in-store display together affect the impulse buying among supermarket's consumers in the city of Padang.

Ha1: Price discount, bonus pack, and in-store display simultaneously influence impulse buying.

### 2.5.2 The Effect of Price Discount on Impulse Buying

Price discount is a price-based sales promotion strategy in which customers are offered the same product at reduced price (**Mishra & Mishra, 2011**). Price discount can be offered as a reduction in terms of a percentage of the original price. Companies often use promotions including price discount to increase trade and stimulate short-term purchases. Many companies adjust their price lists and provide discounts for various reasons, such as early payment of receivables, purchases in certain amounts, and end-of-season purchases (**Gunawan et. al, 2013**). So, it can be concluded that price discount is a promotional activity that provides discount on products purchased by consumers. The study results from **Putri & Edwar (2014)** showed that variable price discount has an individual and significant effect on impulse buying.

Ha2 : Price discount has positive effect on impulse buying.

### 2.5.3 The Effect of Bonus Pack on Impulse Buying

Bonus pack is an offer given to consumers in form of extra charge from a product at normal price (**Belch and Michael, 2009**). So, it can be concluded that bonus pack is one of the strategies in sales promotion in order to offer a product or service for free at reduced price to encourage the purchase of others. The study results from **Putri and Edwar (2014)** showed that variable bonus pack has an individual and significant effect on impulse buying.

Ha3 : Bonus pack has positive effect on impulse buying.

### 2.5.4 The Effect of In-Store Display on Impulse Buying

**Alma (2011, 189)** mentioned that the desire to buy something, which is not driven by something or someone, but is driven by attraction, or vision or other feelings. According to **Hartanto and Octavian (2012:265)**, point of sale can be implemented by displaying products on counters, floors and windows that allow retailers to remind customers and at the same time stimulate unplanned shopping behavior patterns.

So, it can be concluded that in-store display is a product arrangement in such a way as to determine who will be targeted, such as the arrangement of candy products. All kinds of sweets are put on the same rack with the aim of attracting children's attention. The study results from **I'sana (2013)** showed that the in-store display variable has an individual and significant influence on impulse buying.

Ha4 : In-store display has positive effect on impulse buying.

## 3. RESEARCH METHODS

This study used quantitative methods. According to **Sugiyono (2016:8)**, quantitative method is a method based on the positivism philosophy used to research certain populations and samples, in which sampling techniques are generally carried out randomly, data collection uses research instruments, and data analysis is quantitative / statistical in order to test the hypotheses that have been set. This research used primary data type obtained from consumers who had shopped at supermarkets including male and female residents in Padang City in a range of ages between 20-40 years. The sampling technique used in this study was accidental sampling, which is a sampling technique based on chance, that is, anyone who accidentally meets a researcher can be used as sample, when the person is considered to be suitable as a source of data. The samples in this study consisted of 96 respondents.

This research instrument was in the form of questionnaire submitted to consumers with the aim to get responses by selecting one among the answers provided in each question. The data analysis used in this study was descriptive statistical analysis, which is a type of statistics used to describe the data that has been collected without the intention to make generally accepted conclusions or generalizations (**Sugiyono, 2016:147**). The descriptive method in this study was in the form of problem descriptions related to price discounts, bonus packs, and in-store display.

### Multiple Linear Regression Analysis

The multiple linear regression model in this study can be formulated as follow:

$$IB = a + b_1PD + b_2BP + b_3ID + e \quad (1)$$

Note:

IB = Impulse Buying

a = constant, the value of Y when all independent variables are 0

$b_1$  = slope of the regression, which states the regression coefficient of variable PD

$b_2$  = slope of the regression, which states the regression coefficient of variable BP

$b_3$  = slope of the regression, which states the regression coefficient of variable ID

PD = Price Discount

BP = Bonus Pack

ID = In-Store Display

e = Error Terms

#### 4. RESULTS AND DISCUSSION

Generally, this study aimed to obtain empirical evidence of the effects of price discount, bonus pack, and in-store

display on impulse buying at Supermarkets in Padang City. Below is the results of multiple linear regression analysis.

**Table 1.** Analysis of Multiple Regression: Th Effects of Price Discount (PD), Bonus Pack (BP),and In-Store Display (ID) on Impulse Buying (IB)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	36.311	11.306		3.212	.002
PD_X1	.441	.163	.280	2.707	.008
BP_X2	-.278	.203	-.144	-1.370	.174
ID_X1	.484	.209	.231	2.316	.023

a Dependent Variable: Impulse\_Buying\_Y

$$IB = 36.311 + 0.441 PD - 0.278 BP + 0.484 ID + e \quad (1)$$

Interpretations based on the equation can be done as follows:

1. The constant value of 36.311 means that if there is no price discount, bonus pack, and in-store display, the impulse buying will be constant at 36.311.
2. Positive regression coefficient of 0.441 means that if the price discount is increased by one unit, assuming the bonus pack and in-store display are constant, this will result in an increase in impulse buying of 0.441.
3. Negative regression coefficient of -0.278 means that if the bonus pack is increased by one unit, assuming the price discounts and in-store displays are constant, this will result in a decrease in impulse buying of 0.278.
4. Positive regression coefficient of 0.484 means that if in-store display is increased by one unit, assuming the price discounts and bonus packs are constant, this will result in an increase in impulse buying of 0.484.

#### Hypotheses Testing

The hypotheses tests used in this study were partial hypothesis test (t-test) and simultaneous hypothesis test (F-test). Based on Table 1, the result of the first hypothesis test using the variable of Price Discount (PD) to affect Impulse Buying (IB), had the significance level smaller than alpha ( $0.008 < 0.05$ ). So, it can be concluded that  $H_0$  is rejected meaning that Price Discount has positive and significant effect on Impulse Buying. If the price discount increases, the impulse buying of consumers will increase as well. So, the greater the discount given by the Supermarket, the more amount the consumers will shop. This result is in line with the study conducted by **Prihastama (2016)** concluding that there is positive and

significant influence of price discount on impulse buying. On contrast, the result of this study is in the opposite of the study conducted by **Anggraeni (2016)** mentioning that price discount has no significant effect on impulse buying. The result of the second hypothesis test using the variable of Bonus Pack to affect Impulse Buying (IB), had the significance level greater than alpha ( $0.174 > 0.05$ ). So, it can be concluded that  $H_0$  is not rejected meaning that Bonus Pack has no significant effect on Impulse Buying. This result expressed that the impulsive buying behavior of consumers was not based on bonus pack. The result of this study is in line with the study conducted by **Leba (2015)** concluding that there is no significant effect of Bonus Pack on Impulse Buying (IB). It also explains that IB arises due to individual factors, not because it is directly influenced by other factors, but however, IB can be increased if other factors supporting the IB also increase. So, bonus pack will also have positive impact on the impulsive buying of consumers.

The result of the third hypothesis test using the variable of In-Store Display to affect Impulse Buying (IB), had the significance level smaller than alpha ( $0.023 < 0.05$ ). So, it can be concluded that  $H_0$  is rejected meaning that In-Store Display has positive and significant effect on Impulse Buying. If the In-Store Display increases, the IB of consumers will also increase. So, the more attractive the in-store displays in a Supermarket, the higher the impulsive buying of consumers will be. This result is in line with the research conducted by **Pradipta & Rastini (2014)** concluding that there is positive and significant effect of In-Store Display variables on Impulse Buying (IB). At Supermarket in Padang City, the well-organized in-store display must be applied in order to affect consumer's behavior both in terms of thought patterns, feelings and emotions through unplanned purchases.

**Table 2.** Simultaneous Test (F-Test)

Anova (b)					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	535,78	3	178,526	4,060	,009 (a)
Residual	4045,829	92	43,976		
Total	4581,406	95			

a Predictors: (Constant), In\_Store\_Display\_X3, Price\_Discount\_X1, Bonus\_Pack\_X2

b Dependent Variable: Impulse\_Buying\_Y

From Table 2 above, it can be seen that the F-value is 4.060 with a significance level of 0.009 (smaller than 5%). So, it can be concluded that  $H_0$  is rejected, which means that there was simultaneous influence of Price Discount, Bonus Pack, and In-Store Display on Impulse Buying (IB).

**Table 3** Determination Test Results

Model	R	R-Square	Adjusted R-Square	Std. Error of Estimate
1	,886(a)	,785	,776	1,475

a Predictors: (Constant), In\_store\_Display\_X3, Price\_Discount\_X1, Bonus\_Pack\_X2

Based on Table 3 above, the Adjusted R-Square figure of 0.776 showed that the contribution of Price Discount, Bonus Pack, and In-Store Display to IB were as much as 0.776 or 77.6%, while the remaining 22.4% of IB were influenced by other variables.

## 5. CONCLUSIONS

The results of this research showed that the variables of Price Discount and In-Store Display had positive and significant effect on Impulse Buying, while Bonus Pack had negative and significant effect on Impulse Buying. Simultaneously, there is significant effect of Price Discount, Bonus Pack, and In-Store Display on Impulse Buying.

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