IMPULSE BUYING: HOW DIGITAL MARKETING IS INFLUENCING THE MILLENNIAL GENERATION'S IMPULSIVE SPENDING

By

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Abstract

Impulse buying, in its most simplest form, is the process of making a purchase one had not intended to make (Cruze, 2020). Impulse buys can be small, they can also include larger items such as cars and computers. Millennials, currently aged between 26 and 41 and a population of 72.1 million, make up the largest segment of the American workforce (Pastore, 2020). Not only does this population make up a majority of the American workforce, they are also the highest spending generation and the generation that the media is most easily able to influence (Mullen, 2020). Among millennials, 82 percent buy a product they like the first time they see it, 70 percent admitted to often regretting purchases they made, and 64 percent reported they often make impulse buys (Mullen, 2020).

The purpose of this research is to analyze what forms of digital marketing are able to influence the millennial population the most. This research will also attempt to examine what demographics influence consumers to purchase an expensive or luxury product that they had not intended to buy. The demographics that will be included are age, race, gender, general income, and household type.

Information will be contributed to this research through surveys submitted anonymously from participants aged 25 to 40 years old. By analyzing the results from the surveys, there will be more insight on what forms of digital marketing are most successful in achieving an impulse purchase by millennials.

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Introduction

Impulse buying is a concept that has sparked marketer's interest for the past several years. Purchasing an item out of impulse can be characterized by the sudden, almost uncontrollable urge to purchase an item in a moment's notice (Rook, 1987). The process of impulse buying relies not only on marketing stimulants, but there are psychological factors as well (Blut, et al., 2019). The external stimuli such as advertisements, in-store kiosks, and social media, and the internal stimuli such as budget perception and self-control both factor into an impulse purchase (Blut, et al., 2019).

In 2019, the millennial generation, aged 25-40, made up a majority of the American workforce, with 64% of millennials working full-time jobs (GWI, 2021). It is a recurring trend that millennials are aimed for the here and now meaning they value instant gratification in most facets of their lives. According to the Global Web Index, 62% of millennials shop online, and 32% are willing to sacrifice spending money on other items in order to get a product as soon as possible (GWI, 2021). To further examine what makes millennials so willing to spend money, their demographics must be taken into account. Their race, gender, income level, and education level also factor their spending habits (GWI, 2021).

Overall, there are several factors, both internal and external, that should be taken into account when examining what makes a millennial so eager to impulsively spend money. By conducting a survey with the purpose to identify what types of demographics are more willing to spend money impulsively, it will allow marketers to tailor advertisements and promotions to them. The compilations of such research can help marketers determine and implement different strategies to appeal to different markets, thus stimulating revenue for the organization in which they work for (Blut, et al., 2019)

Literature Review

In recent years, companies have put their marketing efforts into appealing to the modern consumer, and today the modern consumer in the millennial (Mullen, 2020). The demographics of the millennial generation are very telling of their buying habits. According to the Pew Research Center, only three in ten millennials live in a traditional family unit consisting of two parents and one or more children (Barroso, et al., 2020). Only 44% of millennials are married, and those who are married are choosing to wed later in life, around the mean age of 28 for women and 30 for men (Barroso, et al., 2020). Out of this 44% of wed millennials, Black millennials are far less likely to wed compared to white, Hispanic, and Asian millennials (Barroso, et al., 2020). With the percentage of married millennials dropping, a contributing factor has been the gap in education, socio-economic status, and the fact that millennials are observed to be the most independent generation yet (Parker, Stapler, 2017). A survey conducted among 4,917 millennials in 2017 revealed that 41% of people who were surveyed simply did not want to get married or had not decided if they wanted to get married or not (Parker, Stapler, 2017). Demographics such as race, education level, and socio-economic status influence the financial habits of millennials (Parker, Stapler, 2017).

Research suggests that millennials, currently aged 25 to 40, focus their spending on instant gratification and buying goods and services that benefit them in the moment (5WPR, 2020). Four in five millennials, which translates to around 82%, admit they purchase an item the first time they see and do not think about the satisfaction of that item long-term (5WPR, 2020). There is a divide between instant gratification and delayed gratification. Delayed gratification is to prefer the gratification from a purchase at a later time as opposed to the gratification one would feel if they purchased a product the first time they saw it (Mullen, 2020). The 5W Consumer Relations Report shows that millennials prefer to splurge on products that provide an experiential factor, this includes traveling and dining out (5WPR, 2020). Another factor of millennial spending is the medium in which they are influenced (5WPR, 2020). With social media becoming the most used avenue for advertising, digital and online marketing is quickly becoming the most influencing medium of advertising (5WPR, 2020). Word of mouth advertising is still very popular amongst all generations, however, online ads, online customer reviews, social media, and blogs are climbing to the top of most used advertising channels (5WPR, 2020). Now it is more important than ever to know how to best influence the millennial consumer into purchasing an item that will give them optimal gratification.

Purpose of Study

The purpose of this study is to gather and analyze what types of marketing influence impulse buying. Evaluating what mediums of marketing people respond most positively to can help organizations tailor their future marketing campaigns/promotions to make a successful product. Primarily, social media marketing will be talked about heavily in this study since it is the avenue in which most people get their information about a product or service. In addition, this study will examine if demographics such as race, education level, and income level affect impulse buying. By looking at different demographics, this study can help organizations discover their target market and who they need to aim their marketing promotions at. Research questions include, what forms of marketing are mostly like to entice consumers into impulsively buying? How can companies use this information to their benefit? What demographic characteristics are common among those who feel they impulse buy?

Hypothesis

It is hypothesized that the Millennial generation is more inclined to impulse buy based on a combination of an individual's demographics and external factors. External factors may include sales, methods of advertisements, ease of payment, and methods of shopping. The demographics that are hypothesized to have the greatest influence on an individual who impulse buys are age, income, and gender. Through the survey, I will gather and analyze the data of a wide range of participants to see if it supports or refutes the hypothesis.

Methodology

The primary research of this study was done through the distribution of a survey on the Qualtrics Survey platform. A sample of at least 100 participants will be collected and analyzed. While this study is targeted to research Millennial purchasing behavior, there are no demographic exemptions for the study aside from age. All participants must be 18 years of age or older. The survey will be kept anonymous and no identifying information will be collected. The questions in this survey will address various topics pertaining to buying decisions and behaviors. Questions in this survey include recent impulse purchase(s), where the participant made the purchase, what the purchase was, what made them purchase the item/service, and how they feel about the item/service now. Survey questions are a combination of multiple choice, free response, and Likert scales. Results from this survey will be collected and analyzed, conclusions of this study will be drawn based on the results.

Results

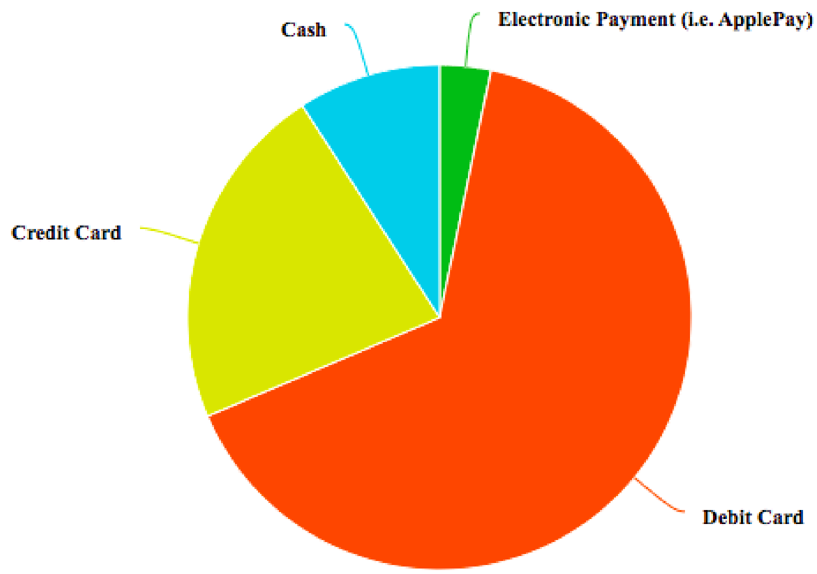
This survey was completed by a sample of 178 participants. At the beginning of the survey, participants were asked if they had made an impulse buy based on the definition of, "An unplanned decision by a consumer to buy a product or service, made just before a purchase." If respondents chose ‘No’ as their response to if they recently made an impulse buy, they were directed out of the survey. Out of 178 responses, 23 chose ‘No’ and were directed out of the survey. Moving forward, the statistics included are based on the 155 people who selected ‘Yes’ and have recently made an impulse buy, and completed the survey in its entirety.

As previously mentioned, respondents of all age ranges 18 years old and older were welcome to participate. Overall, 19.9% of participants were Male and 80.1% were Female. Participants' ages will be categorized by which generation they belong in. The generations in this study are The Silent Generation (aged 76-93), Baby Boomers (aged 57-75), Generation X (aged 41-56), Millennials (aged 25-40), and Generation Z (aged 24 and below) (GWI, 2021). The age/generation dispersion is as follows: 1.9% are in the Silent Generation, 7.8% are Baby Boomers, 25.3% are in Generation X, 31.1% are Millennials, and 29.2% are Generation Z, the remaining 4.7% chose not to disclose their age.

When asked whether they are more likely to make an impulse buy in store versus online, 47.4% of respondents said they were most likely to impulse buy in store while 42.9% said online, 3.9% chose ‘other’ and responded with both in store and online, and one respondent chose other but did not specify where they are most likely to impulse buy.

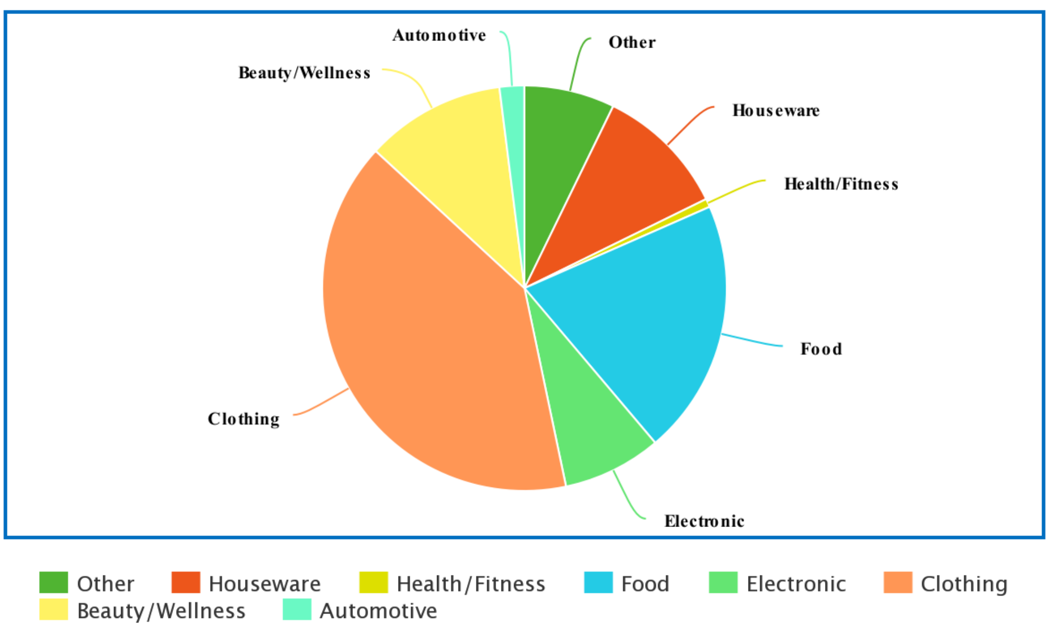
When asked how much they are likely to spend on an impulse buy, 14.4% said they would spend less than $10, 15.6% said between $10-$20, 25.3% said between $20-$30, 8.6% said between $30-$40, 15.3% said between $40-$50, and 20.8% said they are likely to spend over $50 on an impulse buy.

The chart below represents the method of payment participants felt they were most inclined to use when making an impulse buy. The choices were cash, debit card, credit card, or electronic payment (ex. ApplePay).



The following chart displays what category participants' most recent impulse purchase falls under. As shown, 1.9% chose automotive, 36.7% chose clothing, 7.8% chose electronic, 20.1% chose food, 0.6% chose health/fitness, 10.4% chose houseware, and 7.1% chose other.

Category of Recent Impulse Buy



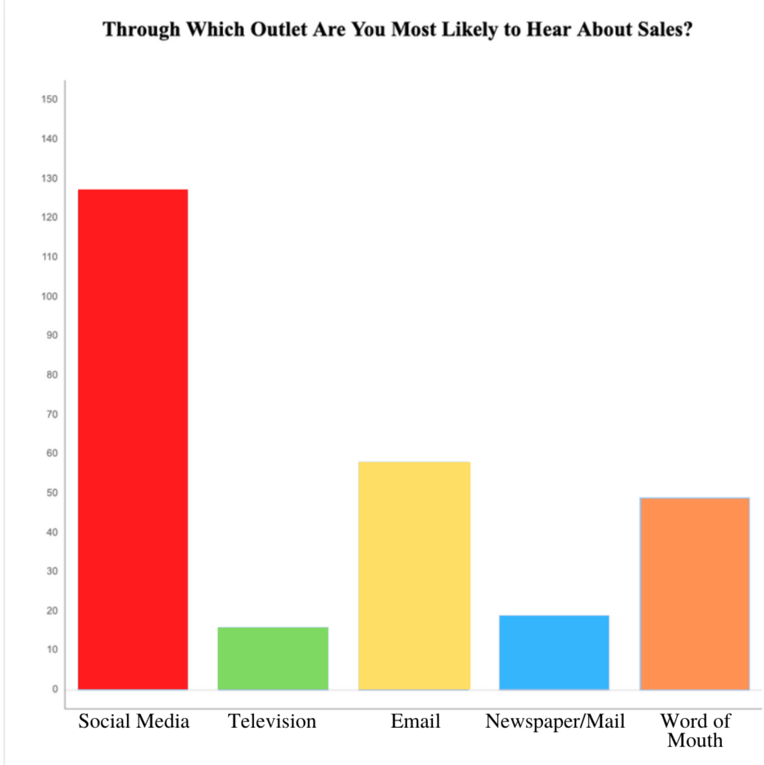
Participants were asked to state their feelings/emotions with their most recent impulse buy. Some responses are given below.

I really didn't need. I have plenty.	Becuase it was on sale and something that I could use.
serving its intended use, not upset that i bought it	I shouldn't have spent the money.
I didn't really need them	I know i already bought it and will get its use
I know I will enjoy it. Love comfy clothing.	did not need it
Can't wait to wear it	Didn't need item and could have saved money.
I enjoy the product	I didn't really need it and it's not as great as I hoped

Participants were also asked how many impulse buys they made on average in one month. Among the options, 17.4% indicated they are likely to make 5+ impulse buys per month, 31.6% indicated they are likely to make 3-4 impulse buys per month, and 49.7% indicated they make 1-2 impulse buys per month.

When asked whether they were more inclined to impulse purchase if there is a sale, 81.3% said yes. Just over 11% of participants said they might impulse buy if there is a sale, and 6% said they were not more inclined to impulse buy if there is a sale. Based on this information, participants were asked to indicate which sale is most appealing to them. Among the options, 26.5% of participants said 10%-30% off items would be the most appealing sale option, 29.7% chose free shipping, 7.8% chose a free item with purchase, and 34.9% chose buy one get one as the most appealing sale.

The chart below indicates how participants feel they are most likely to hear about a sale. Participants were asked to check all outlets they feel they are most inclined to learn about sales from. 82% chose social media, 37.4% chose email, 31.6% chose word of mouth, and 12.2% chose newspaper/mail, 10.3% chose television.



Discussion

Upon the analysis of the results and data from this survey, a few notable observations were made. With an overwhelming majority of participants stating they are prone to impulse buy if there is a sale, it can be inferred that price and discount are large external motivators for impulse buying. Additional external stimuli that is observed to have a large effect on impulse buying is the method in which sales are distributed to consumers. With social media and email blasts being the two main outlets for sale advertisements, consumers can impulse buy without ever leaving their homes. Coupling these factors with the Millennial generation's inclination to delay child rearing and live in double income households, there is more disposable income for this generation to impulsively spend. A majority of this survey was completed by women, almost all with a similar consensus that they have a tendency to impulse buy at least once a month. Just over half, 56.3%, of participants indicated they have an annual salary greater than $41,000 per year. Of that percentage of participants, 7% were male. This indicates that a majority of participants were women who make greater than $41,000 per year. Thus, showing an inclination for women to impulse buy who have a larger disposable income. This information can prove useful to organizations with a target market similar to the majority participants in this survey.

There are several factors that go into a successful marketing campaign that leads to a high customer conversion rate. Based on these observations, companies can trust that social media and digital marketing will be the frontier of advertising. Generations are getting increasingly tech-savvy and organizations will need to keep up with the ever-changing world of social media and technology in order to stay relevant.

Conclusion

The main purpose of this study was to observe the different external stimuli that are involved in impulse buying and how large of an effect they can have. It can be assumed that it is neverones intention to impulsively buy a product or service. However, external stimuli such as the presence of a sale or an email/social media post advertising a new product can have a great effect on consumers. Internal stimuli can also have a large effect. Budget perception and the ability to exercise self-control also factor into most impulse buys. As the world becomes increasingly dependent on social media and technology to communicate, it is important for organizations to tailor their marketing strategy to use this to their advantage. The interest in this research stemmed from my own instances of impulse buying and noticing acquaintances following a similar pattern of being presented with an unknown need, or want, and acting on it impulsively.

Limitations

The responses in this survey may be limited to the demographic statistics of the survey participants. The majority of respondents, 80.1%, are female. This survey was distributed through email and the social media platform, Facebook. The majority of respondents, 80.6%, responded through Facebook. Participants may have been more willing to participate through Facebook as opposed to receiving the survey through email. The results of this survey are based on responses received from a majority population of Millennials and Generation Z, this information may not accurately reflect the responses if another generation were to fall in the majority.

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