

The Effects of Consumer Socialization and Personal Traits on Impulsive Buying
Behavior of College Students: A South Korean Example

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Introduction

Consumer behavior and knowledge regarding purchasing and/or financial management have received much attention recently due in part to the high level of indebtedness especially among college students. In addition, college students, due to their growing purchasing power, are known to be targeted by marketers (Lai, 2010).

Among the numerous types of purchasing behavior, impulsive buying is commonly characterized by its “unplanned” nature (Rook, 1987), while it has been defined in various ways (e.g., Engel, et al., 1968). More recently, a broad definition was suggested by Xiao and Nicholson (2013) – an unplanned and sudden buying act, in response to subjective or external stimuli, accompanied by powerful and persistent urge; after the purchase, the customer experiences emotional, cognitive and/or behavior reactions, which may become the new trigger of repeated impulsive buying, a reflection of impulsivity traits, socio-cultural values and buying beliefs; both a process and an outcome.

Patterned buying behavior such as impulsive buying can have significant impacts on adolescents’ financial situations (Wang & Xiao, 2009), with negative effects potentially persisting over time since buying habits are directly linked to spending; it can result in consumer bankruptcy and major life crises (LaRose & Eastin, 2002). Given the line connecting negative consequences and effects, impulse buying must be considered a problematic consumer behavior (Silvera, et al., 2008). Moreover, it is more likely that impulsive buying behavior develops into more severe chronic purchasing habits over time, such as compulsive and addictive purchases (LaRose & Eastin, 2002).

While the pervasiveness of impulsive buying has been well-documented (e.g., Cobb & Hoyer, 1986; Han et al., 1991), most studies have focused on adults (Lin & Chuang, 2005). Only a few studies have used a collegiate sample (e.g., Lai, 2010; LaRose & Eastin, 2002; Rook & Fisher, 1995), while other research compared college students with other age groups, reporting that the prevalence rate of compulsive buying behavior was higher for college students (e.g., Wood, 1998; Yurchisin & Johnson, 2004).

Although consumer behavior, which includes buying/purchasing behavior and habits, is learned and obtained through consumer socialization (Moschis & Churchill, 1978), the concept is grounded on social learning theory and social cognitive theory, while to date, the consumer socialization process in impulsive buying behavior has rarely been investigated. Instead, research has focused mainly on personal traits such as self-regulation and distress (e.g., Youn & Faber, 2000) and self-image (e.g., Hausman, 2002), to name a few. Recently, the concept of financial socialization was proposed as one aspect of consumer socialization. While the relationship with parents’ financial practices showed mixed results (e.g., Lai, 2010; Lin & Lin, 2005), neither a prepared budget nor a shopping list showed significant association with impulsive buying (Lai, 2010).

Meanwhile, the link between emotional distress and regulatory failure has been stressed (e.g., Tice, et al., 2001; Lin & Chuang, 2005). Emotional distress may shift priorities toward the immediate present (Tice, et al., 2001), while highly stress-reactive people are more likely to engage in impulse buying to escape from their distressed emotional status (Youn & Faber, 2000).

The purpose of the study was to examine the effects of consumer socialization on college students' impulsive buying behavior using two major agents of socialization: parents and school. Considering the nature of impulsive buying, we also included related personal traits/characteristics. In addition, variables reported to be associated with financial/consumer behavior in previous research, such as work experience and financial independence (e.g., Kim, et al., 2011), were included, while gender and household income were used as control variables. Gender (Lai, 2010; Lin & Lin, 2005; female with higher tendency) and age (Lai, 2010; Lin & Lin, 2005; Wood, 1998; the younger one's age, the higher the tendency of impulsive buying behavior) were found to be related to impulsive buying, while household income was not (Wood, 1998).

This study will contribute in three aspects. First, the effects of consumer education in school have seldom been evaluated, while the effectiveness of current school curricula can be verified. Second, investigating the effects of consumer socialization through parents/family will provide insight into the development of consumer education programs and policy for both parents and students. Third, results related to personal traits can shed light on intervention and/or prevention programs, and education for impulsive buying behavior.

Method

Data

This study used the Korean Education and Employment Panel Survey, which was begun in 2004. The survey is a longitudinal one conducted by the Korea Research Institute for Vocational Education and Training (KRIVET), which is affiliated with the National Research Council under the Prime Minister's Office. This survey extracts representative samples which have been traced for over 9 years.

The 6th wave dataset (2009), which included the supplement questionnaire "Economic consciousness," was used for this study. We used the middle school students' cohort, and accordingly, respondents were college students. The final sample included 1,415 individuals (male=417 and female=944) after screening. Unlike the earlier waves, gender was disproportionate as the majority of 21-year old boys are completing Korea's mandatory 2-year military service.

Measures

Impulsive buying behavior – Dependent variable

One item was chosen to measure impulsive buying behavior: "When I find a desired product in the store, I enjoy impulse buying." The response categories ranged from 1 (completely disagree) to 5 (completely agree).

Consumer socialization

The scale for consumer education in school was composed of two items and was regarding the effectiveness/helpfulness of the overall economic-related education which is part of the Common Social Studies curriculum. Responses ranged from 1 (not helpful) to 5 (helpful). Parents' financial practices/management was measured with one item regarding their saving/preparation for their children's college tuition. Responses were recoded to binary type (0=no saving/preparation). Another measure for parents' financial behavior was the existence of debt. Details are illustrated in Table 1.

Personal traits/characteristics

Based on Lin (2010)'s study, we included the respondent's major in college. The original item was recoded as 1 for business management/economics (including accounting) and mathematics/physics/cosmology/geology and 0 for other majors, as it was found that numeracy was related to financial behavior/capability (e.g., Kim et al., 2011). The scale for job/work experience during the past year was coded as 1 for "yes," and 0 for "no." As a scale for financial independence, self-covered proportion in total college tuition (%) was used.

For personal characteristics related to impulsivity or buying/purchasing habit, a measure whether shopping was the respondent's primary leisure time activity during weekdays/weekend was utilized. The measurement for the level of concern/stress consists of 9 items regarding the severity of the respondent's concern for career, family, friends, and self-image/characteristics (see Table 1). Responses ranged from 1 (none) to 4 (very serious). For control variables, gender and household income (log transformed) were included.

An ordered logistic regression analysis was conducted using STATA 12.0.

Preliminary Results

The mean score of impulsive buying behavior was 2.92 on a scale of 1 (lower tendency) to 5 (higher tendency), while over half of the respondents (64.57%) showed the tendency of impulsive buying. Girls (mean=3.04) showed a higher tendency of impulsive buying than boys (mean=2.66), which is in line with previous research. For more information, see Table 2. According to results from the ordered logit, school and parents-based consumer socialization were insignificant, while 'concern/stress level' and 'shopping as primary leisure activity' were significant among personal traits.

Discussion

It was revealed that consumer socialization through school was insignificant, which could be due to the ineffectiveness of the Common Social Studies curriculum or the quality of teaching. It is also likely that only basic concepts are included in Common Social Studies since students choose a specific course (e.g., Economics) in social studies later. Common Social Studies needs to encompass how contents contribute to a student's consumer/financial socialization. Content analysis of the current curriculum and comparison studies with other countries are necessary in order to review and revise the curriculum and its contents.

Parents' financial practices/behaviors may not have a strong effect on consumer socialization of their children, while more appropriate variables that can reflect parents' influence must be explored. Korea's cultural context must also be considered; parents and students focus heavily on academic achievement for the college entrance exam, while the task of building skills and knowledge in other areas (financial capability, socialization, etc.) is easily ignored or postponed for this singularly significant goal. Education programs for parents and children should be developed.

Among personal traits, variables related to consumer/financial behavior were insignificant while personal characteristics were significant, which could be due to the nature of impulsive buying. Previous research argued that financial knowledge is not necessarily related to purchasing behavior such as credit card use (e.g., Robb & Sharpe, 2009). Other personality-related and psychological variables such as self-image and/or materialism are under consideration for future analysis.

Limitations and suggestions for future research are as follows: First, this study used cross-sectional data; examining with longitudinal data can provide more abundant information. Furthermore, other types of parents' financial practices/behavior need to be explored to test parental effects more thoroughly. Lastly, we used data from South Korea, and thus results may not reflect the situation elsewhere. More recent and multi-national data would give more insight.

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Table 1. Details for Measurements

Independent variables	Consumer socialization: School	Consumer socialization: Parents	Personal traits: Concern/stress level	Personal traits: Shopping as primary leisure activity
Statements	Regarding the effectiveness/helpfulness of the overall economic-related education as Common Social Studies curriculum: (a) "Do you think that your economic education in middle or high school helps with your daily life as a rational consumer?" (b) "Do you think that your economic education in middle or high school helps you to establish your own value of economy/finance?"	Regarding parent's financial practices/behavior: (a) "How are you preparing to cover the student's education expenses/college tuition?" (b) Whether there exists Household debt	Regarding the severity of respondent's concern for: (a) academic performance, (b) career issue, (c) economic circumstances/household difficulties, (d) discord with parents, (e) relationship with boyfriend/girlfriend, (f) relationship with friends, (g) personal characteristics (personality), and (h) problems related to appearance and body	Whether respondent's primary leisure time activity during weekdays and/or weekend is shopping
Responses	5-point Likert type scale ranged from 1 (completely disagree; not helpful) to 5 (completely agree; helpful)	Saving for tuition: 1=currently saving money, or already saved enough; 0=no saving/preparation Debt: 1=yes, 0=no debt	Ranged from 1=no stress, 2=not too serious, 3=serious, 4=very serious	1=shopping, 0 = other activities
Alpha coefficient	0.788	-	0.824	-

Table 2. Descriptive Statistics and Estimates from Ordered Logit

Descriptive Statistics	Mean	S.D.	Min – Max	t/z
Impulsive buying behavior	2.918	.946	1–5	7.257***
<u>Socialization effects</u>				
Helpfulness of economic education as Common Social Studies in High/middle school	5.838	1.606	2 – 10	-0.740
Parents' saving for future tuition (yes=1)	0.850	0.357	0 – 1	2.232*
Household (parents') debt (yes=1)	0.368	0.483	0 – 1	-1.693
<u>Personal traits/characteristics</u>				
Major in college (Math-related=1)	0.168	0.374	0 – 1	2.100*
Work experience (yes=1)	0.290	0.454	0 – 1	3.417***
Self-covered tuition (%)	24.089	37.418	0 – 100	-5.903***
Shopping as primary leisure time activity (yes=1)	0.126	0.332	0 – 1	7.360***
Concern/stress level	16.322	4.402	9 – 36	2.322*
	377.923	272.142		
Household income (Korean Won: ₩)	(app. 4,000 US \$)	(app. 3,000 US \$)	0 – 5,000	-1.239
Gender (boy=1)	0.333	0.471	0 – 1	5.023***
N	1,415			
Ordered Logit	Coefficient	Odds Ratio	Std. Err.	p
Helpfulness of economic education	-0.001	0.999	0.039	0.995
Parents' saving for future tuition (yes=1)	0.017	1.018	0.180	0.923
Household debt (yes=1)	0.055	1.057	0.129	0.668
Major in college (Math/finance-related=1)	0.168	1.183	0.163	0.302
Work experience (yes=1)	0.097	1.101	0.136	0.478
Self-covered tuition (%)	-0.002	0.998	0.002	0.338
Shopping as primary leisure time activity (yes=1)	0.508	1.662	0.182**	0.005
Concern/stress level	0.029	1.029	0.015*	0.049
Household income (log)	0.049	1.050	0.109	0.656
Gender (boy=1)	-0.723	0.485	0.143***	0.000
N	917			
Chi square	54.34***			
Pseudo R ²	0.022			

*p<.05; **p<.01; ***p<.001