

**Factor Influencing Impulse Buying of Cosmetic Staffs:  
Evidence from North Cyprus Economy**

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Submitted to the  
Institute of Graduate Studies and Research  
in partial fulfillment of the requirements for the Degree of

Master of Science  
in  
Business Administration

Eastern Mediterranean University  
September 2012  
Gazimağusa, North Cyprus

Approval of the Institute of Graduate Studies and Research

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## ABSTRACT

This thesis empirically investigates the determinants of Impulse Buying on cosmetic sector using a sample of survey data collected manually. In particular, it attempts to establish an understanding of how impulse buying behaviour may affect the wealth of customers on cosmetic sector. Specifically, a questionnaire was distributed within the area of North Cyprus takes into account influence of window display, influence of the type of store, influence of floor on cosmetic staff and influence of promotional signage. The technique called Ordinary Least Square is conducted to test the validity of the model and the relative importance of the other factors which may have an influence on impulse buying factor. The empirical findings obtained show that influence of window display and influence of the type of store have an impact on impulse buying which is believed that this to stimulate the volume of sale. The influence of floor on cosmetic staff has no effect because it is found insignificant on impulse buying factor. The results also suggest that window display and type of store and the influence cosmetic staffs are so important factors. The result also advises that promotional offer, eye-catching window displays, store form displays are so crucial issues in deciding to buy cosmetic staffs. Finally, the help of cosmetic staff has no effect on impulse buying when the costumers buy the cosmetic products.

**Keywords:** Impulse buying, window display, type of store, floor on cosmetic staff, promotional signage, cosmetic sector, North Cyprus economy and OLS.

## ÖZ

Bu tez alma dürtüsü ve onun belirleyicilerini bir anket çerçevesinde kosmetik eşya piyasasında en küçük kareler yöntemi kullanılarak ölçmeyi hedeflemiştir. Özellikle, vitrin dekorasyon etkisi, satış noktalarındaki çeşitliliğin etkisi, mağza çalışanlarının etkisi, ve tanıtım ve fiyat etkisini alma dürtüsü üzerinde ölçmeye çalışır. En küçük kareler yöntemi kullanılarak regresyon modelinin geçerliliğini ölçülmüştür. Ampirik bulgular vitrin dekorasyon, satış noktalarındaki çeşitliliğin etkisi ve fiyat tanıtımı ve fiyat indirimi etkileri satın alma dürtüsü üzerinde önemli rol oynadığını gösteriyor. Mağza çalışanlarının etkisinin hiç olmadığı bu çalışmada kanıtlanıyor. Bu bulgular gösteriyor ki çalışanların daha iyi bir hizmet programından geçip kendi bilgi ve becerilerini geliştirmeleri gerekliliğidir. Ayrıca diğer faktörler bu çalışmada olumlu ölçülmesine rağmen, yinede kozmetik sektörü için çağın yeniliklerine uyması tavsiye edilmektedir.

**Anahtar Kelimeler:** Satın alma dürtüsü, vitrin dekorasyon etkisi, satış noktalarındaki çeşitliliğin etkisi, mağza çalışanlarının etkisi, tanıtım ve fiyat etkisini , Kuzey Kıbrıs Ekonomisi ve En küçük kareler yöntemi.

## **ACKNOWLEDGMENT**

I would like to express my deepest gratitude and appreciation to my supervisor Assoc. Prof. Dr. Sami Fethi, for his patient guidance and encouragement throughout this study. His experience and knowledge have been an important help for my work.

I am indeed thankful to my examining committee members- Assoc. Prof. Mustafa Tümer and Assoc. Prof. Salih Katırcıoğlu. In addition, a special thanks to the members of Business administration department who make me to feel at home.

It is an admiration for me to appreciate my family who made this thesis possible; they allowed me to travel all the way from Iran to Cyprus and supported me all throughout my studies. I would like to dedicate this study to them as an indication of their significance in this study as well as in my life.

It is my pleasure to offer my regards and gratitude to all who supported me in any way during the completion of this research.

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# Chapter 1

## INTRODUCTION

### 1.1 Introduction

Impulse purchasing is unplanned buying and it is the buying of an item that the consumer did not plan to get before entering the shop. Shop owners and retailers tend to take advantage of customers that buy things with no further planning to acquire them but seeing them attractive to take and pay for or obtain. Because shop retailers noticed this character in consumers, they display goods that can easily attract them to do impulse buying into the absence of prior planning. One example of such goods are the cosmetics that most women use. There are displays clearly at the check out of shopping malls and arranged attractively such that they attract women to obtain them impulsively. The [Abbrat and Goodey 1990] defined impulsive purchasing as a reason made in shopping malls to obtain goods outside prior scheme to obtain them but because the goods have been designed in a way in the mall to attract and appeal to customers, people end up buying them impulsively.

Presently women in Northern Cyprus have economic power unlike many years ago when they had little education and there was a lot of prejudicial treatment against them based on their gender. Today a lot of women have good jobs and as a result financial strength. This which makes women more vulnerable to impulse buying. Apart from the stores design of goods to attract customers, promotions also play a very important factor in impulse buying. When marketing goods and services or products vendors have special skills that they used to incite customers to acquire their products and this leads to impulse purchasing.

According to [Rock, 1987] impulse purchasing is activated when a customer sees the products and goes for them undeliberately. Impulse buying is a huge problem to many customers and research work on it indicates that solutions to this problem have been very difficult.

People think that making a list at the end of the month to all the items they need is the best way to avoid impulse buying but this method has not helped so far. Others think using coupon is better because with coupons a customer is limited to what he can and what he cannot buy. The shop retailers have identified this quickly and many shops allow coupon buying of almost all goods and services so impulse purchasing has not been curbed. Some customers think people should learn to buy what they need instead of want. Buying a pair of shoes when you already have many shoes does not make any sense and it is a waste of money. It is therefore important for people to understand what they need from what they want. Knowing what you need is important but this does not really stop impulse buying. If you are hungry and you get to a grocery store in an empty stomach, you can be tempted to buy food stuff that you had not planned to buy. Most impulse buyers have some weakness when it comes to buying new cosmetics or clothing. The best method to avoid impulse buying is not to go to the shops at all, which is impossible. Children, wives and friends can cause people to impulse buy stuff. Imagine in a shop like Lemar where there are many customers with your kids and one of them picks up an item the parent had not planned to buy. You say no to this item but the kid wants it and he starts to cry and shout, you will have to pay for it to stop his crying in public. In the same way wives could see stuff and could be the impulse to buy or friends can impulse another friend to buy an item that he had not planned to have buy.

## **1.2 The Aim of This Study**

The objective of this thesis is to empirically investigate the relationship between impulse buying and its determinants by using survey data. Specifically, a questionnaire was distributed within the North Cyprus region takes into account Influence of window display, Influence of the type of store, Influence of floor on cosmetic staff and Influence of promotional signage.

The rest of the thesis structure is organized as follows: Chapter 1 is introductory part. Chapter 2 explains the literature review of Impulse Buying and Behavioral Finance. Chapter 3 gives an overview on the cosmetic sector in the North Cyprus economy. In Chapter 4, data and methodology are used. Chapter 5 presents empirical results. In Chapter 6, concluding remarks, recommendations and suggestions for further studies are presented.

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 Impulse Buying and Behavioral Finance on cosmetic sector**

##### **2.1.1 Brief information on impulse buying**

This review literature is focus on impulse buying of cosmetics stuff with related to evidence from retailers,markets or shopping malls in Northern Cyprus economy and factors that influence impulse buying. Impulse buying was described by [Rock & Fisher,1998] as the purchasing of goods,service or products a customer has no plan to obtain them [Beatty & Ferrel,1998] emphasised on the same issue of comprehension for impulse buying in retail markets.

He explains in his research that understanding why people do impulse buy was a good step to notice for research work.The significance of impulse buying is understood by the retail this contributed to the amount of goods sold across the world in different categories most especially in Northern Cyprus markets and stores.Previous research work indicated that there has been positive developments and contribution from impulse purchasing to a huge number of goods sold.This has largely contributed to Northern Cyprus economic growth in the middle east. Retailers are therefore looking up for a more growth from the impulse buying.An estimate amount generated each year from impulse buying in the US is about 5 billion dollars a year [Megelonsky,1998] while in Northern Cyprus the impulse acquiring amounts to 1.5 million dollars a year.Markets,stores and small shop owners noticed the importance of impulse purchasing many years ago. As a result , the retailers of Northern Cyprus use some psychological plans of actions or a design policy to achieve their operational objectives in the marketing industry by designing goods in a manner that can

influence impulse purchasing. Most of the stores put their products at the point of check out on shelves in a bundle product format to appeal to consumers.

In many grocery shops for instance, retailers in Lemar strategically set low price items such as cosmetics, candy and periodical publications containing articles and illustrations that cover a particular subject or a regular television program comprising a variety of news or entertainment items. The McDonald restaurants also took advantage of impulse purchasing for many decades. They trick you to impulse buy their stuff through the bundle product format [Rao,2010,Dholakia,2000,Han Morgan,Kotsiopoulos&Kang-park 1991]. After a customer makes an order for burger king then they ask you 'will you like an apple pie with that' and suddenly the customer will say yes and he gets an apple pie and pays for it together with the order. Apart from McDonalds, Pop and fries [hodge 2004] also benefited enormously from customers's impulse buying .

### **2.1.2 The Background Theory Of Impulse Buying**

According to [ Stern,1962] impulse purchases relies on several factors such as time, money mental and physical plan to make it work effectively. The mood of people is an influential factor to impulse buying. In some occasions individual people who feel excited may decide to make a gift of some thing to themselves and they want a kind of feeling that give them freedom to do the things like freely. [Baumeister,2002] explained that buying products by impulsiveness is a situation of losing one's self control over the purchasing of that product.

A research study conducted on individualism has noted that individual people make independent decisions on impulse buying. [Rock and Fisher,1995] stated that more studies and investigations on customers ,think that factors like unplanned gift for a friend or impulse buying of buy one and take two ideology by shop owners can drive customers vastly into impulse buying of goods and services. Since buying a product by impulse is an influence by motivations, there is a likelihood that the idea can obtain more positive evaluation. According

to Rock and Fisher there are distinctions between one being urged by impulse to obtain a product and an attitude that can lead to satisfaction that influence the urge to buy the product.

Research studies show that when a customer reacts on impulse it is normal and rational because consumers always want to have a greater impulsiveness to urge the buying. When some people are doing impulse buying, this can also influence other customers to also have the same impulse buying. This means that a common presence of many customers in a store can influence other consumers to also go there and may take part in the impulse buying. Customers some times take the buying behavior of other customers as an influence to buy goods and services from other shops.

### **2.1.3 The Factors That Lead To Impulse Buying**

The buying of goods and services in the absence of planning in advance to buy them is the term impulse purchasing. When one plans to buy a good or a service, he makes a budget for it and buys it; but impulse buying on the other hand is buying spontaneously with no any plan. There are many reasons why consumers do impulse buying. One factor could be low prices and the other reasons such as promotions or set of goods at the end points of shopping center with cheap prices to attract customers to buy with impulse and disregards for the outcome in the near future. Most impulse acquiring are done emotionally and not in a rational form.

When a customer buys some items and not planned to be bought previously, it is defined as impulse shopping. [Baumister, 2002, Stern, 1962, Engel and Blackwell, 1982] all described acquire by impulse as sudden action taken to get an item with prior buying intentions for the item. [Phillips and Bradshaw] on the other hand put more of their attention at the point of attraction where the intention to buy is not set. They are of the view that impulse buying occurs when customers find themselves in certain situations where they have to buy products impulsively no matter what happens. These items could be new products, some product

samples that the customer knows or a well known product whose price unexpectedly went down.

#### **2.1.4 Retailers Methods Of Attracting Impulse Buying**

Turkish Republic of Northern Cyprus [TRNC] is a small Island with a huge student population. The consumers are therefore mostly students, teachers, the Turkish army and some company workers. Students are however the majority, and most of the markets in the country target students for the selling of their goods and service.

Students have enormous purchasing power in TRNC. Most workers and students have credit cards [North Cyprus Banks] that makes it easy to impulse buy goods and service. Due to the fact that students have economic power in the country, it is very important for the retailers to put the university student's consumption behavior to research work. For a long time now researchers have been working hard to find a better definition for impulse buying. Managers and practitioners were the first to work on this research studies. They based their research work on customers, buying factors when they enter into a store. Their work was therefore grouped into two parts. Products that can create an impulse in customers and those that can not. The items that do not influence impulse buying to customers are called Non impulse products and those that engineer impulse are called the impulse goods. Their aim was to make it easy for marketing strategy to be able to advertize point of buying and promotion items in the shops.

They wanted to find out the effects of un plan buying of items called buying by impulse. Their research inferred that the only problem with impulse buying is the plan ahead by an individual person who does the buying but forgets the product. They stated that impulse is a trait in humans that a psychologist noticed, then took the advantage of it by displaying goods that can lead to this impulse purchases. [Rook and Fisher,23] concluded that buying of items or goods and services by impulse is a way of acting that is called the consumer trait which leads to purchasing with no thinking, planning and pondering. The

minds just say hey man go and buy that item, it is good and cheap; and directly you are gone to buy it with no consideration of the later results. According to [Rook and Fisher,23] it is not a bad idea to buy by impulse and that it is not irrational and not risky.

They said people who have higher trait in impulse buying tend to buy more on impulse and they stand neutral at condemning impulse buying. According to them ,during the time interval between the impulse buy and the paying for the item,the customer has enough time to reflect and consider the options as if to buy the item or not , and to think if buying the item will affect him financially afterwards.Inview of these options they stand neural to impulse purchasing of goods and services.[Hausman,2000] explained in his research work that there are five motivational factors that cause impulse purchasing. He gave five names that enormously contribute to impulse buying. He said there were people who devoted their lives to pleasure (hedonism), some to human social requirements,people who have self esteem and/or self realization desires as the last factor.

A great deal of resources own by individuals provide the logic impulse purchasing attitude of people and their desire for pleasure in life. According to [Holbrook and Hirschman,1982] and Hieschman,1980] literature review on impulse obtaining of items or products as a quality of goods or products being different and new from the other products. Customers decision methods have been studied profoundly. The simple assumption to this method of broad learning knowledge is that consumers selections of goods and services can be viewed from a rational perspective, in that a consumer has to make a selection after a careful consideration of the distinction options from a lot of other alternatives [Tversky and Kahneman 1974]. In some cases however, customer violate these important needs that are rational.In situations of these nature selections are made without careful consideration of the alternatives available,but just with a little information about the product he is interested in, and with no earlier intention to buy the product [Tversky and Kahneman,1981]. A good example of such decisions is impulse buying.Impulse buying is a constantly encountered and

as a sole example part of consumers. Most retailers notice the significance of this remarkable situation, and through the layouts of shops, product the process of packaging a shop adverts ,and promotions.Retailers have used many to influence consumers to be impulsive in shopping Malls [Dholakia 2000]. For many years now impulse buying has been facilitated by numerous innovations, such as bank credit cards, ATM cards,telemarketing for shops at home networks, and a whole day retailing process by the use of Internet [Rook 1987].

As a result of this , buying by impulse amount to a large sum of product sales each year [Hausman 2000]. Because of the widespread of impulses purchases many researchers from different educational institutions and organizations such as the way consumer conduct themselves and the psychological effects, have exhibited an arouse curiosity and stimulus in studying impulse buying characteristics. Avast review of this type of knowledge shows that impulse buying has been for some time studied in a traditional huge field of commerce. For the past 10 years,fast developments in information technology has to a great extent amended all the visible features of consumer behavior.

Apart from entering shops and seeing attractive goods that can cause impulse buying,watching and surfing the net can also in the same way cause people to buy stuff online impulsively. Because a lot of people are using internet these days , so many attractive products are sold online at cheap prices and as you know cheap prices attract customers,they can do impulse buying online by using their credit cards as well.This is very common in Northern Cyprus markets. The use of Internet has promoted buying opportunities by impulse to expand through an easy means of increasing access to products and services and make it more easy to get items by impulsive behavior.This internet mode of buying things has eliminated the most middle men of retailers and allows the customer to buy impulsively directly from the source. Shopping Malls has become something of a choice and as time goes by with intensive internet marketing , retailers can start putting their products online for sale

and at the same time attractively display them on the shelves for customers that come to the shop. Traditional shopping will continue to exist for many years despite the internet shopping which is catching much attention [Eroglu et al 2001]. Researchers noticed that consumers that shop on the internet can be more impulsive than those who do traditional shopping [Donthu and Garcia, 1999]. Current attestations prove that customers do impulse buying at random on the internet markets more than traditional shops where people walk in and pay for goods and services because of the promotions and the prices most internet shops offer [Greenfield 1999, Li et al, 2000]. The different features of an E-commerce is different from the traditional shops or commerce in the fact that Information Technology is profoundly used to intervene in the relationship between the retailer and the online customer base on the fact that the attitude widely spread in the online market than the normal shopping malls.

The present on going research is to find out how impulse buying online in TRNC can have an impact on consumers to buy goods and services by impulsivity and to compare the behavior of buying in a normal market and buying on the internet to come with the distinctions in behavior between these two environments in the impulse marketing industry. Buying from websites some time lead to trouble like fraud and other dishonest problems that can some times lead to lost but research could not deny the fact that though the issue of fraud can be experienced, online impulse purchasing customers still do impulse buying while in shop the fraud is at a very low rate. There is therefore a need to research on the outcomes in terms of fraud on the online markets as compared to our traditional shops.

### **2.1.5 Consumers That React With Emotion**

A customer can emotionally buy cosmetics, tea cups, motor bike, a house, or a holiday apartment in a beautiful area. Consumer's reaction to a service transaction can be emotional and these emotions can lead decisions to get a product. Base on reflections, a portion of the buying decision and emotions can sincerely play a big part in decision making to acquire a product by impulse. A customer's perception or sense of feelings and experience on interaction in making decision to buy a product by impulsivity was extensively researched by

[Holbrook,1982]. Customer's emotions and reactions to goods and services transactions are a very important driver to making a buying decision though the rational reflections may be the most significant part of that purchasing conclusion. If a consumer thinks carefully and feels it is reasonable or rational to decide on buying a product from available options at a low price, it is the customer's own decision and only he himself can make that financial commitment which can either be impulse or plan to buy. Research work on this topic stated that rational decisions need to be back up by utility approach to purchasing products though some researchers failed to condemned impulse buying as a bad character or habit ; but common sense declared that already having cosmetics at home that you have not finished using why buy another set. The common sense ideology on impulse buying sees that a waste of resources.

When customers deal with goods and services or products in any store or marketing environment, without pondering about the product effective functions, it commences the starting point of satisfaction for the consumer.

[Holbrook and Hirschman, 2000] explained that ignoring emotions at this point about variables such as consumer emotions is a serious mistake. According to him modernization is a positive influence of human social life and that talking about ages ago, where communication methods were very limited it was difficult to know up to 200 people in one's life but today thanks to modern technology one person can know more than a million people time by communicating through the modern communication technologies that make it easy to sell our products, goods and services. Technology has been very instrumental to online impulse purchases that researchers have taken note in the Northern Cyprus market environment. Some years back, people travel on donkeys,by walking and other poor methods of movement from one location to another but today travelling to a long distance can be done in a day and many markets environments can be explored and impulse buy can be experienced due to low prices. Travels from one country to another , visiting shopping

centres and seeing goods that are attractive can influence decisions to buy the products by impulsivity.

### **2.1.6 The Importance Of Customer Buying Behaviour**

The buying Behaviour of a customer depends on the decision and how people act in the buying process, the use of the product and the service it renders to consumers. The consumer's distinctive life style, cognitive structures and the reason behind buying the product may have an important impact on the customer's decision to obtain the product by buying it. Although individual persons does not act the same way at all situations but people tend to act similarly and as a reason, I classified five groups of customers according to their reaction or behaviour in buying process.

1. A customer's habit shows the type of group of brand he could be loyal to and the brand product consumers wish to obtain.
2. A price oriented group of customer who make their decision on products based on the prices or their economic situation.
3. Impulse group of customers buy products and services base on the appearance of the product and their insensitivity to the brand.
4. A category of customers that buy product just by their symbols and images influence their buying capabilities.
5. A category of new customers who are not stable psychologically and only make decisions impulsively when they see the goods.

### **2.1.7 The Brand Name**

According to a current research work on consumer behaviour related to brand names, an inference was reached that some customers are very loyal to brand name. Consumers are

committed to the brand and no matter the price they will pay for it just for the fact that it's the brand they want and it satisfies them. Being committed to a brand in this way brings about loyalty to that brand. These way consumers who are loyal to a brand feel affected about the product and have a deep brand love and managerial attitude for the brand [Chaudhuri & Holbrook, 2001, Fournier & Yao, 1997, Keller, 2003] ; however, there are still questions with no answers as to how the brand affect the attitude of customers loyalty.

[Fazio and Zanna (1978, 1981)] elucidated in their research that having a direct experience effects on customer attitude toward a desire for particular brand. They discovered evaluations that were depended on direct experience that were easy to get access to from the memory than the ones that were directly based on indirect experience.

This was prominently based on customer satisfaction issues. The research came out with the result that taking all things equal, the satisfaction of a customer must on one way or the other affect a brand royalty more clearly than a brand behavior. They there stated that price also plays an important role in impulse buying of a brand in promotional market environment , for example in the advertising and corporate image environment [Berger and Mitchell, 1989]. Noticed indirect experience such as adverts to be as significant as direct experience in amending the attitudes of customers , showing how much motivational influence take place in the attitudes of customers. [Priester, Nayakankuppam, Flemming, & Godek, 2004] they finally inferred that direct side effects of customers satisfaction on brand loyalty is much more demanding and powerful than when the items engagement is very low as compare to indirect side effects involvement of a brand customer behaviour when the product associated is of high quality. Finally they conclude that the direct effects of consumer satisfaction on brand loyalty are stronger when product participation is low, on the other hand its indirect effects, due to its involvement on brand attitudes, are stronger when brand product association is high.

### **2.1.8 How Impulsive Tendency Works**

The most influential impulse purchasing is the difference internally where the act of impulse behaviour is concern. Impulsiveness as a personal trait or feature has been researched on for a while now by group of researchers from the psychological department in the universities worldwide and come up with conclusions in impulse purchasing attitude. Rock and Fisher described customer's impulsive attitude as tendency of consumer attribute and conceptualization of buying goods, products and service by means of impulse reflections and occurrence without premeditation or external stimulations. It is just a by heart decision that has no early plan, no careful planning and thinking to find out if it is right or not to have a product bought. Customers who have high tendency of impulse buying mechanism in them turn to buy a lot on impulse.

They also argue that purchasing items on impulse is not irrational or risky because there is a period between the impulse to pay for a product and actually paying for the product and during this period if the customer notice that he buys the item on impulse he can refrain from paying for it. According to them the factors that influence impulse buy is manageable and controllable and if a consumer choose to buy an item on impulse it should not be irrational or risky.

### **2.9 PRICE SENSING CONSUMER**

Product price sensitive behaviour is very important to be noted in consumers because the price sensitive customers tend to oppose impulse buying at promotions if the prices are high. They only buy products when the prices are low. Let's take for instance when a product is well known for its quality and the demand for it is very high and many organizations pay attention to it in the market environment then the cost of such a product cost won't matter. However, if a product is common in the market environment because the product has competitors who produce similar products with better qualities than the product that is already in existence in the market environment then the value of such a product will reduce

and the organizations won't be worried about if the customers will become high cost sensitive. Companies are always working hard to make sure their customers have the minimum prices offered on products. If prices of products go high customers will decrease the demand for the products and reduce buying them .

Companies therefore have to learn to find out how prices can affect customer demand to some goods and service. High prices lead to cost sensitivity among customers and reduce sales as a result ; on the other hand when prices are reduced the demand for the products will be high and sales will increase. For example if you reduce the price of tooth paste by one Turkish Lira, that particular type of tooth paste can have high demand for it and as a result sales on the item will be increased; therefore, it is very important for organization to make certain awareness on the fact that changes of prices are noticed by customers. However you should take note that if I had reduced a car's prices as the example above there won't have been difference and the demand for that car would not have gone high by any method. It is possible to impulse buy cars but at a minimal level since the prices for cars are always very high and it is not any all people who will have money equivalent to a car price to price impulse purchases on such items.

## **Chapter 3**

### **THE COSMETICS SECTOR IN TRNC ECONOMY**

#### **3.1 TRNC Cosmetic Market**

The Turkish Republic of Northern Cyprus is also known as Kuzey Kıbrıs Türk Cumhuriyeti (TRNC). The popular name for TRNC is Northern Cyprus and it is an independent state living side by side in peace with the South Cyprus which is widely accepted as a country. The economy depends heavily on Turkey. Turkey is the only country that recognized Northern Cyprus and most of the products such as the cosmetics come from Turkey.

Apart from trade, tourism is a major source of revenue in the country. Though this country is small, it has about seven universities. Foreign students from different countries study here and contribute enormously to the economy of the country. Cosmetics evidence in Northern Cyprus markets today originated from a man called David H. McConnell who was just a book seller in New York. He used to give perfume samples as a gift to women who come to buy his books as a gift and when he noticed that he attracted a lot of customers with the product he introduced it into the Northern Cyprus economy as AVON which is a very important cosmetic. The company was brought to Northern Cyprus by a group known as Basman. Today this product is very popular and has created jobs for many women across the globe including Northern Cyprus.

The company has a vision that best understand and meet the product needs, services and expectations of all women in the world. The product is the sixth largest beauty Company in the world. The Company has the highest female workers in the world. The sale

representatives' are about 9 million in five continents and the company does business in one hundred and fifty.

### **3.2 Avon In Northern Cyprus**

The AVON cosmetics was brought to Northern Cyprus by Basman group in 1985. The provided the best service for TRNC for the past twenty five years that they have been in existence. The Northern Cyprus AVON Company has huge sales since from 1999 under the control of Pinar Basman. As at 2010, the branch of the Company had 1000 sales representatives. They have a policy of trust, respect, belief, modesty and honesty as their principles of service to the nation.

The Basman cosmetic group presents mouth watering suggestions to their customers all the time throughout each Year. The Company has expanded its products range by putting in more pages and price list on each item in their catalogues. They set up a special sum of money each year for publication and adverts on their products in TRNC. The purpose of this partnership is to create brand impression to their consumers by allowing the celebrities advertise the products to the public.

AVON is committed to helping women from all backgrounds of life to look beautiful by selling their products to them and to also encourage women to be financially strong, believe in themselves and leave healthy lives. The AVON group is growing each day at a very fast rate. It has set up a special budget and a good structural support mechanism to fight against breast cancer and gynecological illness among women in TRNC. They have a fund that was founded in 2002 till today. [Dr. Burhan, Nalhantoglu, Hospital, 2004] stated that since the foundation was formed in 2002 they had donations up to 50,000 TL from 2004 to 2010. The AVON cosmetic organization has the largest market share in the cosmetic markets in Northern Cyprus and each day the company is growing at a very enormous faster rate. The

Northern Cyprus AVON sells more nails enamel, make up for eyes and face, fragrance and skincare more than any brand in TRNC. According to previous research work, one in every three woman in TRNC is an AVON customer. The country has more than one thousand women that sell cosmetic products from AVON and see the AVON brochures. The representatives in TRNC orders are processed at the AVON Distribution Centre in Lefkosa. The company products have strict quality control process that meets the reliable market standards in the country.

## **Chapter 4**

### **DATA AND METHODOLOGY**

#### **4.1 Survey Design**

This questionnaire is modified by the influences of the various studies (Wan and Hui, 2005; Wong and Kwong, 2004; Heung and Chu, 2000; Persia and Gitelson, 1993 Youn & Faber, 2000 ; Han, 1987; Rook & Hoch, 1985; Weun, Jones, & Betty, 1997; Youn & Faber, 2000 (4); Beatty & Ferrel, 1998; Youn, 2000), and subsequently were adapted and revised according to the case of impulse buying issue in the North Cyprus cosmetic sector. Thus, some survey questions were also taken from those studies (Gerrard and Cunningham, 2001; Kennington et al., 1996; Holstius and Kaynak, 1995; Boyd et al., 1994; Anderson et al., 1976) and were revised accordingly. The instrument has two parts: Demographic profile (7 questions) and impulse buying Factors (20 questions). A five-point Likert Scale ranging from 1 “Not Important at all = 1” to Very Important = 5” was used to measure 20 items of impulse factors in the questionnaire form.

#### **4.2 Data Collection**

The data for the study were collected through distributing questionnaires in the different areas in North Cyprus. The questionnaire forms were distributed to between 150 and 250 dwellers living at the different areas during the spring 2011-12 academic terms. Questionnaires were used to provide a spread information from different ages and classes. Some manipulation and bias must be introduced in order to gain a fair representation of the population. A cross-section data was conducted to see if there was a significant effect of impulse buying on Influence of window display, Influence of the type of store, Influence of floor on cosmetic staff and Influence of promotional signage.

### **4.3 Methodology**

Some basic statistics measurements were conducted such as descriptive statistics and correlation matrix. The Ordinary Least Squares (OLS) method was also used to estimate the relationship between the role of Influence of window display, Influence of the type of store, Influence of floor on cosmetic staff and Influence of promotional signage. Under the framework of multiple regression models, We wanted to find out the influence of the relevant factors on the impulse buying.

First I used descriptive statistics to see the most important factors by estimating mean scores. Second, I conducted correlation matrix to see the relationship between the relevant variables for high or low correlation. Finally, the OLS criteria of T-test and F-test are conducted to see individual significance and over significance of our variables respectively.

## Chapter 5

### EMPIRICAL RESULTS

#### 5.1 Descriptive Statistics

Table 1 demonstrates minimum, maximum, mean scores and standard deviations of impulse buying factors that are sorted in descending order by mean scores for the customers in North Cyprus from different income levels that live in the area.

The most important impulse buying factors are 'If I see an interesting promotional offer (reduced price, sales promotion, and etc.) on in-store signs, I tend to buy.' (mean score =3.64) and 'I tend to enter a store when I am attracted by an eye-catching window display' (mean score=3.59) whereas 'I get an idea of what I want to buy after looking through in-store form displays' (mean score=2.75) is the least important one for the customers.

Table1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IB1	211	1	5	3.15	1.344
IB2	207	1	5	3.22	1.065
IB3	209	1	5	2.97	1.098
IB4	208	1	5	3.20	1.283
IB5	210	1	5	3.42	1.209
IWD1	211	1	5	3.59	1.157
IWD2	210	1	5	3.34	1.066
IWD3	212	1	5	3.35	1.156
ITS1	212	1	5	3.24	1.076
ITS2	209	1	5	2.75	1.184
ITS3	210	1	5	3.05	1.140
ITS4	211	1	5	2.95	1.131

IFCS1	211	1	5	2.81	1.180
IFCS2	211	1	5	3.11	1.103
IFCS3	210	1	5	3.19	1.169
IPS1	211	1	5	3.64	1.208
IPS2	210	1	5	3.42	1.110
IPS3	211	1	5	3.50	1.156
IPS4	210	1	5	3.26	1.171
Valid N (listwise)	194				

## 5.2 Correlation matrix

In Table 2, IB (Impulse buying) is dependent variable and the others are IWD ( Influence of window display), ITS ( Influence of the type of store), IFCS ( Influence of floor on cosmetic staff) and IPS( Influence of promotional signage). It is obvious that independent variables have high correlation with dependent variable and low correlation with each other. The correlation matrix also illustrates that the independent variables have high explanatory power on the dependent variable and advocate that these variables adequately explain the behaviour of impulse buying. It is also observed that the data used for this thesis seemed to fit the model and are consistent with predicted behaviour.

Table 2: Correlations

	IB	IWD	ITS	IFCS	IPS	
	Pearson Correlation	1	.362**	.331**	.291**	.399**
IB	Sig. (2-tailed)		.000	.000	.000	.000
	N	200	199	197	198	199
	Pearson Correlation	.362**	1	.265**	.254**	.452**
IWD	Sig. (2-tailed)	.000		.000	.000	.000
	N	199	210	206	208	209
	Pearson Correlation	.331**	.265**	1	.387**	.343**
ITS	Sig. (2-tailed)	.000	.000		.000	.000
	N	197	206	207	205	206
	Pearson Correlation	.291**	.254**	.387**	1	.459**
IFCS	Sig. (2-tailed)	.000	.000	.000		.000
	N	198	208	205	209	209

	Pearson Correlation	.399**	.452**	.343**	.459**	1
IPS	Sig. (2-tailed)	.000	.000	.000	.000	
	N	199	209	206	209	210

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### 5.3 Results of $R^2$ , F-statistics and t-statistics

In Table 3,  $R^2$  indicates the proportion of the total variation in the dependent variable explained by the variation in explanatory variables within a regression model. The estimated  $R^2$  is 0.24 which is reasonable score. This means that the estimated regression for impulse buying case can only explain 24% of the total variation in the dependent variable. As a cross sectional study, 0.24 is reasonable score, however still 76% total variation in the dependent variable is not explained by the variation in independent variables. This means that some other factors can be more explanatory for the case of impulse buying.

Table 3: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.495a	.245	.229	.58122	1.922

a. Predictors: (Constant), IPS, ITS, IWD, IFCS

b. Dependent Variable: IB

In Table 4, the most commonly used test statistics F-test results are displayed. This is used to see overall significance for the estimated equation. Since calculated F-value is bigger than tabulated F-value, we reject the null hypothesis and accept the alternative hypothesis which

means that our equation holds overall significance for the case of North Cyprus based on the relationship between impulse buying and its determinants.

Table 4: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	20.670	4	5.167	15.297	.000b
Residual	63.848	189	.338		
Total	84.518	193			

a. Dependent Variable: IB

b. Predictors: (Constant), IPS, ITS, IWD, IFCS

In Table 5, For each unit increase in windows display related with impulse buying factor, the estimated average amount is increased by 0.17 percent holding the others constant. An increase in type of store, the estimated average amount of impulse buying is increased by almost 18 percent holding the others constant. An increase in cosmetic staff by 1 percentage point causes increasing impulse buying factor by almost 0.09 percentage point. An increase in promotional signage by 1 percentage point causes an increase in impulse buying factor by almost 0.16 percentage point. It is worth mentioned that the estimated short-run elasticities have the more or less same magnitude and correct signs with the corresponding long-run elasticities.

By conducting t-distribution, it can be decided whether individual calculated or estimated t-values of the existing variables are significant or not according to the tabulated t-values as appears on table 5 below. When both calculated and tabular values are compared to each other, t-statistics of each variable as can be seen on the table are statistically significant. However, Influence of floor on cosmetic staff factor is statistically insignificant among the others. In other words, Influence of floor on cosmetic staff factor has no impact on impulse buying factor.

Table 5: Coefficients and t-statistics

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.301	.248		5.252	.000
1 IWD	.170	.057	.210	2.987	.003
ITS	.172	.064	.188	2.701	.008
IFCS	.082	.059	.101	1.383	.168
IPS	.158	.064	.193	2.476	.014

a. Dependent Variable: IB

## **Chapter 6**

# **CONCLUSION, RECOMMENDATIONS AND POLICY IMPLICATIONS**

### **6.1 Conclusion**

In this study, I used a questionnaire and analysed the relationship between impulse buying and its determinants in the North Cyprus cosmetic sector. In order to see the effects of different aspects of impulse buying on the influence of window display, the influence of the type of store, the influence of floor on cosmetic staff and the influence of promotional signage were estimated in a regression model.

As a cross sectional study, 0.24 is reasonable score, however still 76% total variation in the dependent variable is not explained by the variation in independent variables. This means that some other factors can be more explanatory for the case of impulse buying.

The empirical findings indicate that the influence of window display, the influence of the type of store, and influence of promotional signage have an impact on which stimulate sales in the cosmetic sector for the North Cyprus economy. However, Influence of floor on cosmetic staff has no effect on impulse buying. This result advocates that window display, type of store and the influence of cosmetic staffs are so important factors. The result also advises that promotional offer, eye-catching window displays, store form displays are so crucial issues in deciding to buy cosmetic staffs. Finally, the help of cosmetic staff has no effect on impulse buying when the costumers buy the cosmetic products.

## **6.2 Policy Implications**

The evidence estimated in cosmetic sector indicates that impulsive buying tendency and involvement with cosmetic products positively associated with the influence of window display, the influence of the type of store, and influence of promotional signage. However, the help of cosmetic staff has no effect on impulse buying. This means that special training or programme should be designed for improving their skills. The other factors are found quite good based on questionnaire response, but they can be developed for catching up new technical innovation in the relevant sector.

## **6.3 Recommendation**

Some techniques such as factor analysis techniques, can be used on the same topic for further studies in order to get more constructive results. The model designed in this study can be improved using the concept of impulse buying. However, due to availability of the relevant data set and the time limitation, I have been confined to do more solid research on the relevant topic. Based on the score of  $R^2$ , some other factors can be more explanatory for the case of impulse buying such as tv commercials, traditional store shopping, internet facilities, newspaper advertisements, a suggestion by a close friend etc. I suggest that those master students who really want to analyse this topic to take those points mentioned above into account.

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## **APPENDIX**

## QUESTIONNAIRE

### Dear Participant

I ask you to participate in our survey that is designed for cosmetic sector (i.e., perfume, skin care cream, **eau de toilette** on market) in North Cyprus to investigate determinants of impulse buying behaviors on cosmetic market. Within this survey, I want examine influence of window display, type of store, floor merchandising, and promotional signage whether these factors have impacts on the determinants of impulse buying in the perfumery market.

Please answer the questions correctly and as accurately as possible. The survey will take you at most 15 or 20 minutes. Questionnaire form, have a five-point Likert Scale ranging from 1 to 5, are conducted for overall evaluation. Your correct and full responses will help us to understand the topic abovementioned. No information about yourself is released.

I would like to thank you for your time spent.

**Assoc. Prof. Sami Fethi and Farnaz Nooshabadi**

**I. STAGE** Please answer the following questions by marking the best response.

- (1) Strongly disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly agree

#### Impulse buying

1	I go shopping to change my mood.	1	2	3	4	5
2	I feel a sense of excitement when I make an impulse purchase.	1	2	3	4	5
3	After I make an impulse purchase I feel regret	1	2	3	4	5
4	I have difficulty controlling my urge to buy when I see a good offer.	1	2	3	4	5
5	When I see a good deal, I tend to buy more than that I intended to buy.	1	2	3	4	5

**II. STAGE** Please answer the following questions by marking the best response.

- (1) Strongly disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly agree

Influence of window display

7	I tend to enter a store when I am attracted by an eye-catching window display.	1	2	3	4	5
8	I feel compelled to enter the store when I see an interesting window display.	1	2	3	4	5
9	I tend to choose which store to shop in depending on eye-catching window displays.	1	2	3	4	5

**III. STAGE** Please answer the following questions by marking the best response.

- (1) Strongly disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly agree

Influence of the type of store

10	I get an idea of what I want to buy after looking through in-store form displays.	1	2	3	4	5
11	When I see cosmetic (i.e. skincare cream) staffs featuring a new style or design on display, I tend to buy it.	1	2	3	4	5
12	When I see cosmetic staffs (i.e. perfume) that I like on in-store form display, I tend to buy it.	1	2	3	4	5
13	I tend to rely on store displays when I make a decision to buy cosmetic staffs (i.e. After shave)	1	2	3	4	5

**IV. STAGE** Please answers the following questions by marking the best response.

- (1) Strongly disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly agree

Influence of floor on cosmetic staff (merchandising)

14	When I see cosmetic staffs that catches my eye I tend to try it on without looking through the whole section.	1	2	3	4	5
15	When I walk along the isle, I tend to look through the Cosmetic staffs close to me.	1	2	3	4	5
16	I tend to try on cosmetic (i.e. <b>eau de toilette</b> ) that catches my eye when I pass by.	1	2	3	4	5

**V. STAGE** Please answers the following questions by marking the best response.

- (1) Strongly disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly agree

Influence of promotional signage

17	If I see an interesting promotional offer (reduced price, sales promotion, and etc.) on in-store signs, I tend to buy.	1	2	3	4	5
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18	Sale/clearance signs entice me to look through the cosmetic.	1	2	3	4	5
19	When I see a special promotion sign, I go to look at that cosmetic.	1	2	3	4	5
20	I am more likely to make an unintended purchase if the cosmetic has a sale or clearance sign	1	2	3	4	5

**Ages**

- 18-27 ( )
- 28-37 ( )
- 38-47 ( )
- 48-57 ( )
- 58 and upper ( )

**Education Level**

- Primary School( )
- Secondary/high School( )
- 2 year technical school ( )
- University ( )
- Post graduate. ( )

**Gender**

- Female ( )
- Male( )

**Residential Position**

- Apartment ( )
- House ( )
- Rent ( )
- No ( )

**Job status**

- Full-time ( )
- Part-time ( )
- Unemployed ( )

**Work Experience**

- 1 - 4 years ( )
- 4 - 7 years ( )
- 7 - 10 years ( )
- more than 10 years ( )

**How much is your disposable income after paying your bills?**

- \$1000 per month ( )
- \$1001-\$3000 per month ( )
- over \$3001 per month ( )

Source: This questionnaire is modified by the influences of Youn & Faber, 2000 ; Han, 1987; Rook & Hoch, 1985; Weun, Jones, & Betty, 1997; Youn & Faber, 2000 (4); Beatty & Ferrel, 1998; Youn, 2000