IMPULSE BUYING AND CREDIT CARD: DO THEY WALK HAND IN HAND?

Agnes Gracia Quita  
Universitas Atma Jaya Yogyakarta  
Email : agnesgraciaquita@gmail.com

Mahestu N Krisjanti  
Universitas Atma Jaya Yogyakarta  
Email : mahestu.krisjanti@gmail.com

Abstract
The previous studies reported the habit of credit card usage in China related to the pride of particular social status. Furthermore, impulsive buying behavior is also considered as imperative in China, due to the significant increase of affordability. This research examined the contribution of credit card usage toward impulsive buying behavior among Chinese students in Australia. This research is very important due to the different atmosphere of financial on Chinese students when they are away from the parents as financial resource. The data was collected from this group with survey using the Likert scale to justify the answers. The regression was used to test the effect of the variable of credit card usage towards the impulsive buying behavior. The finding of the research shows that there is significant contribution of the usage of credit card to the impulsive buying behavior. The result indicates that Chinese students in Australia keep their habit to use the credit card. Moreover, they also tend to buying products impulsively. The finding leads to critical insights for theorists and practitioners who want better market intelligence about Chinese’s buying behavior in Australia, especially their credit card usage and impulsive buying behavior.

Keywords: Credit Card Usage, Impulse Buying Behavior, Young Adult Consumer

INTRODUCTION

To meet the popular lifestyle, young adult keep themselves along with the trend by increasing their standard of living with extra consumption such as fancy food, newest gadget, and branded apparel. This consumption orientation that seeking for pleasure and involves emotional experiences emerge from hedonic motivation. Hedonic motivation induce consumer shopping attitude, it will encourage shoppers to shop more and induce consumer impulsiveness (Yim et al., 2014). This condition became a very vulnerable issues to customer, especially the young adult immigrant that try to acculturate with their host countries. Else they want to escalate their daily standard of living or maintain their house expenses stable. Consumers with hedonic motivations are willing to pay more to acquire prestige (Singh, 2018), but of course for the resources to meet high consumption needs are very limited especially for young adult immigrant, therefore credit card became an pragmatic solution.
The credit card ownership became a very popular idea among young adult consumer. As it is shown that in the last several decades, credit card ownership has grown significantly and credit cards services had become one of the most profitable financial services (Kaynak and Harcar, 2001). Credit card as a very convenient payment tool play a vital role in modern societies, within a certain credit limit set by the credit card issuer (Omar et al., 2014), make it even more attractive especially to young consumer such as student, because it matched their payment management plan. Braun et al (2016) found that the usage of credit card among female college students from US and Brazil even build their self-confidence and influence their social comparison on financial well-being. It happened because the students have the opportunity to show others directly that they are always able to afford the stuff that they are interested too.

From a different point of view, it is not the hedonic motivation that brings out impulsive buying behavior, and it is not hedonic motivation that will indirectly increase the usage of credit card, but the ownership itself might be a trigger for this deviant behavior. Credit card ownership stimulates impulsive buying behavior by making consumers presupposes or overestimating their ability to repay card balances. These potential problems with credit card usage still become the main focus of the current studies (Lin, 2019). The credit card ownership with unplanned usage suspected as an instrumental reason of the emerging impulsive buying behavior. Credit Card provide consumers with the pleasure of material possessions and weakening of self-control, thus encouraging conspicuous consumption or impulse buying behavior (Pradhan, Israel and Jena, 2017). There is a tendency for people to perceive wealthier condition when they possess credit cards, regardless of their actual income, hence it might lead them to spend more using credit (Barboza, 2018; Paul et al., 2017). But Credit cards dig the black hole, this tool become one of the main sources of consumer credit and the main source of consumer debt in the country (Abrantes-Braga, 2019).

Contrary from the problem that arose from its issued, credit card actually offers functional benefit to consumers like availability of emergency funds, convenience during travel, and availability of cash for shopping (Khare, A., Khare, A., and Singh, S, 2012). Other than that, the credit card ownership has a social trap in it, credit card stimulates consumer over spending (Warwick and Mansfield, 2000). There”s a lot of pro and contra too toward credit card context to its social influence and issues. Credit card is a part of the consumer identity development (Cakarnis, J., and D’Alessandro, S. P, 2015). Cashless transaction is a very epic trend now, and the usage of credit cards is a boon for the current consumerist and materialistic society (Pradhan, Israel and Jena, 2018). However, the effect of credit card usage on financial trouble is still under-researched (Aw et al, 2018).

From consumer behavior perspective, credit card became a big temptation to young adult consumer, especially when they are far away from home, because there is no surveillance. For the student credit card ownership became more urgent to discuss. Financial literacy levels among student are lower than other groups (FINRA Investor Education Foundation, 2013) and most of these student do not have much knowledge about terms of credit cards and cash advance (Chan et al., 2012). Because of that, student financial control is more difficult (Modesto et al, 2014). Foreign students even face more issues because there is no control from parents and also desire to adapt with host lifestyle. The other explanation why dealing with credit card is a difficult task for college students because they are novice learners (Akben-Selcuk, 2015; Chane et al., 2012). Qualitative research by Modesto et al (2014) found that credit card gives student “feeling that you are never without money”. Even some of the student own more than one credit card. Credit card made them lose track of the debts and even end up with a big hole in their bank credit card account.
The cultural background had impact on the way society adapt the credit card usage. Previous research from Willis and Worthington (2006) found that credit cards communicate high “status and value” for Chinese. It is found from this research too, that for Chinese customer in mainland “status and value” is really important, and the ownership of international credit cards show a high status and value. They recommended that the multinational companies marketing credit cards in China should attempt to retain their international brand value, so as to symbolize status (Willis and Worthington, 2006). These Chinese principles will form the same perspective too for Chinese immigrant. According to Nielsen’s Asian American consumer report, Asian Americans have emerged as a powerful economic force according to Nielsen’s Asian American consumer report. Capturing this segment’s substantial purchasing power, however, requires a tailored (inline) approach; Asian American buying behaviors and viewing patterns are different and unique from the total population. It is assume that in Australia too, these Asian immigrant will have different buying behavior from the host society.

**Impulsive Buying Behavior**

Merzer (2014) found that around 75 per cent of purchases are not planned. The theory of impulsive buying behavior define that impulse buying is a complicated process, yet it’s (sometimes) still consistent with rational-choice models of traditional economics. Impulse buying behavior emerges as a major issue among consumer behavior researchers (Sharma, Sivakumaran, and Marshall, 2010). Until now researchers interest in impulsive buying behavior has not decreased (Amos et al., 2014; Xiao and Nicholson, 2011). Impulsive buying behavior still an important phenomenon in the context of marketing (Verplanken and Sato, 2011) and consumer behavior (Vojvodic and Matic, 2013; Hofmann, Strack, and Deutsch, 2008). Impulsive buyers agree that impulsive buying behavior involves a hedonistic or affective component (Park et al., 2006). Liao et al (2009) realized that young people such as student are more likely to buy on impulse when compared with older people, who have developed loyalty to certain products. Furthermore it will be examine in this research does this Student credit card ownership will support this deviant behavior.

**Self Actualization**

The ownership of credit card among college student is a part of their self-actualization complex. Maslow believes that in the highest level of needs are self-actualization needs, which refer to people’s aspirations to achieve self-fulfillment and realize their potential (Cao et al,2013). Credit card gives them a bias financial ability. Self-actualization in this context cannot be defined as an individual’s quest to be creative, to grow, to acquire knowledge, and to develop one’s abilities but as a phase where they enjoyed in its own right and offers intrinsic rewards; it is not pursued for relief as are other needs in the hierarchy (Ivtzan et al, 2013). Shopping make college student enjoy their quality time. Self-actualization, „the desire to become more and more what one is, to become everything that one is capable of becoming”(Goble, 1970), as stated in Abraham Maslow’s theory of basic needs, (Burleson, 2005). Shopping ability with credit card make college student perceive that they are in control of their life, for that it is assume that credit card ownership will triggers over-usage(over-shopping).

**Credit Card Ownership toward Impulse Buying Behavior**

For student credit cards are a convenient way to pay for products and services for college student. They might use credit card unwisely, carry high unbalances. They frequently pay only the minimum amount on each card they hold (Joireman, J., Kees, J., and Sprott, D. (2010) and it might lead into impulsive buying behavior. Wang and Xiao (2009) report
similar findings that students in compulsiveness are because they are likely to use credit cards for shopping. Owning a credit card, influences young adult consumers’ propensity to overspend (Khare, 2013). Credit card misuse; further, credit card misuse has been shown to be significantly related to buying behavior (Palan et al, 2011). Therefore, based on several elaborations between the underlying theories and previous research, the following research hypotheses is:

**The ownership of credit card among Chinese college student in Australia influence their hedonic impulsive buying behavior.**

**METHOD**

The object of this research is Chinese student in Australia. This study uses a quantitative approach with survey methods. This study categorized a cross sectional study. The total number of questions is 16 items and measured by a Likert Scale. The sampling technique of this study was nonprobability with a purposive judgment. Surveys are conducted offline. This research used linear regression in SPSS. This research also tested the instrument validity. The first stage of testing is conducting face and content validity which ensures that the size is sufficient by including a number of representative items in compiling a concept. To test the hypothesis, the analysis is seen from the significance of the t test on linear regression in the model and the beta value (positive / negative). The level of significance or alpha (α) is the probability to reject the null hypothesis (Hair et al, 2010). The researcher determines error limits or error rates in statistical testing with a significance level. This study uses a significance level of 5% meaning that the confidence level is 95%.

**RESULT**

From the summary model Table 1, we can see the result of assessment for Adjusted R Square. In this value the R Square value that has been more adjusted and is usually the most accurate. It can be seen that the Adjusted R Square value is 0.031 or 3.1% the effect of the independent variable on the dependent variable. In the Table 2, ANOVA the value of sig. stated at 0.000, it is concluded that the variables of Credit Card usage influence the impulse buying behavior. This is by following the level of sig. 0.05 as the cut-off value of the significance value.

**Table 1. Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.188&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.035</td>
<td>.031</td>
<td>.60427</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CC

**Table 2. ANOVA<sup>b</sup>**

| Model       | Sum of Squares | df | Mean Square | F      | Sig.  
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.818</td>
<td>1</td>
<td>2.8187.719</td>
<td>.006&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>76.679</td>
<td>210</td>
<td>.365</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>79.497</td>
<td>211</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CC
b. Dependent Variable: Impulsive
Table 3. Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.411</td>
</tr>
<tr>
<td>CC</td>
<td>.093</td>
<td>.033</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Impulsive

Based on the statistical results conducted in Table 3, the hypothesis in this study was accepted, namely the ownership of credit cards among Chinese college students in Australia influencing their hedonic impulsive buying behavior.

DISCUSSION

The ownership of credit card among Chinese college student in Australia positively influence their impulsive buying behavior

Chinese students in Australia who own credit card tend to do impulsive buying behavior. Beside of the unique context in this research that examined within the model (research conducted among student and from Chinese society), this result actually supported by some of previous studies. The latest one is Karbasivar and Yarahmadi (2011) argued about the credit card usage will be built up by impulsive purchasing exercises, while first studies emerge on 90”s found that the increase of impulsiveness to spend has been found lead by misuse of credit cards (D”Astous, 1990). In addition, through this research we can prove that students as young adult have the same tendency as the general consumer, that they are indeed difficult to control themselves when having a credit card. Impulsive buying behavior might turn worse under the influence of credit card's provision of payment (easiness) opportunity in the future. The attributes of credit cards such as low monthly payment, easy to carry, and attractive promotion by card issuers definitely make the consumers more comfort to use the credit payment service, in hence will also bring out the impulsive buying behavior.

“Chinese Immigrant” Perspective about “Spending Money”

The trend for status-motivated consumption is on the rise in emerging economies (Patsiaouras and Fitchett, 2012). Consumers in emerging markets buy goods and services for enhancing their self-identity and social status yet the culture also contribute in the process of building consumption patterns and market behavior (Byun and Sternquist, 2010). Understanding of class is central to comprehending the workings of the markets and consumption across the world (Kravets, O., and Sandikci, O, 2014). In the cultural context, it is proved that the Chinese Ethnic have their own character and behavior. Chinese middle-class recently arose as consumers that equipped with sizeable disposable incomes, and they becoming extremely status conscious.

In general the use of credit cards is not only related to lifestyle and purchasing decisions, but for social status. The relationship between credit card and the impulsive buying usage exists and influenced by social status motivation. It can also be explored through an economic class perspective. Consumers can easily make a purchase with credit cards due to
lack of financial problems during shopping and provision of payment opportunity in the future, but this apparent payment ability will lead to false confidence too.

CONCLUSION AND RECOMMENDATION

Devils Circle: Impulse Buying Behavior toward Usage of Credit Card

Impulsive purchase is a unique lifestyle and constantly carried out by individuals (Saad and Metawie, 2015). Impulsive buying behavior is done by everyone, although by young or adult. Impulsive purchases are emerge as a result from the effort to increased life styles, which is mean consumer create additional longing outside their necessity (Dananjaya, Yasa, Giantari, 2018). Credit card payments are painless compared to the cash equivalent, easier and more flexible to fulfill this desire. Therefore, it is also weaken impulse control, thus leading to impulsive buying behavior (Thomas et al., 2011). It is also supported by previous research from Bernthal et al (2005), they found in this study, the people who possess credit cards are more likely to purchase impulsively. 

To be concluded it is shown that credit card ownership lead to unconscious behavior of shopaholic. We need to continue consider about these attitudes towards money and credit on consumers” shopping behavior, borrowing and card payment methods, along with card holders” awareness of their outstanding card debt (Lachance, 2012; Norvilitis et al., 2006).

On the other hand, like a devil circle, after impulse buying behavior came up, it will emanate the usage of credit card (Roberts and Jones, 2001), because consumer need to buy more, and “help tools” for payment and transaction. Impulsive buying behavior may be trigger of the credit card use, there is an urgencies to investigate how this relationship between impulse buying behavior and credit card use (Karbasivar and Hasti Yarahmadi, 2011) correlate on to another, and to examine how strong these two conditions attract each other. The stage where impulsive buying behavior becomes an adaptive habit it will changes into more severe deviant behavior, such as compulsive behavior. Roberts and Jones (2001) found a strong relationship between credit card use and compulsive buying behavior among American college students. It is identified that compulsive buyers had more credit cards than non-compulsive buyers (Park and Burn, 2005). The act of spending through credit cards frees the spender of psychological implications of spending, as the card involved acts as a temporary shield. Further the incidence of gifting and self-gifts gets a further propulsion through credit cards (Kalla and Arora, 2011)

Managerial Implication

College Student is a part of the generation that have been exposed to online business, and get used to depend on online transaction or cashless transaction. This generation belief the easiness of online access is a necessity, include banking instruments like credit cards. Their needs ranging from tertiary such as buying online games, buying online books, clothes, sports equipment and to primary needs such as rent payments and others are greatly need to be support and facilitate by credit card program. This is a great opportunity for banking companies to take advantage of this phenomenon.
For Chinese student Credit Card is a helpful tool of payment to escalate their standard of living. In instance we believe that even though Chinese student have similar pattern of shopping behavior to general consumer, they different perspective towards the ownership of credit card. Chinese student belief of the way they used the credit card show the social class. To be concluded, immigrant student life now is deeply engaged with the ownership of Credit card. Retailers and Credit Card providers can create specific program for college student to attend to their shopping values. For example, program with certain limit based on student basic expenses, and with consultation system, it will be beneficial for both providers and consumers.

Limitation and Future Research

This research does not examined purchasing power or financial ability as a part of analysis point. Credit card usage has two reason or perspective in order to explain why the consumer choose or decide to use credit card than cash. First reason is because to help the financial situation, second reason is because of the willingness to have a cashless transaction (credit card is increasingly accepted as a means of payment for day-to-day purchases, Lin et al, 2019).

To be concluded in the next research, authors recommend the future studies to explore what are the factors that will improve the behavior of credit card usage, in the context of student or young adult consumer. This research does not give a further explanation about student credit card miss-use and customer level of financial literacy. For next research, authors recommend to examine how credit card brings out some consumer (student) remorse, how consumer (student) manage and miss-manage their credit card transaction, and do student really ready to use credit card as a financing tools. In addition, adding another context like how compulsive behavior and retailer promotion, and analyze how their relate to credit card usage will be really interesting. It will also become one of the needs in the future, to see how the exploration of marketing strategies strength then consumer credit cards usage and consumer loyalty to credit card issuer / bank.

REFERENCES


