

# Does the Novelty, Advertising Value, Relevance, and Privacy Concern Effect on the Online Impulse Buying Tendency?

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**Abstract:** Online impulse buying is a factor that can generate profit for online retailers and advertisers. Currently, buying and selling activities do not only occur face-to-face, but can be done through an e-commerce which offers many conveniences. Marketing methods are also increasingly developing through social media. This research is a quantitative study which aims to test the effect of novelty factors, advertising value, relevance, and privacy concern on the tendency to make impulsive online purchases. Respondents used were students majoring in Business Management at Batam State Polytechnic with a sample of 108 students with a sampling technique using purposive sampling. This study uses multiple linear regression analysis techniques. The results of this study indicate that the relevance and privacy concern have a significant effect on the tendency to make online impulse. Meanwhile, the novelty and advertising value variables did not have a significant effect on the online impulse buying tendency.

## 1 INTRODUCTION

Along with the increasingly rapid development of the era, marked by the development of increasingly advanced technology. One form of technological development is the digital economy. The digital economy can be interpreted as a market consisting of digital technology that facilitates trade in goods and services through electronic commerce (OECD, 2013). E-commerce is a form of digital economy. we can carry out buying and selling activities using the internet network or online without having to set up a shop (Kristiadi, 2017).

Indonesia was the country with the fastest e-commerce growth out of 10 other major countries with a growth of 78% in 2018 (Widowati, 2019). There are more than 50% of existing purchases originating from impulse buying which indicates the importance of impulse buying (Amos, Holmes, & Keneson, 2014). Other studies say that impulse buying accounts for about 40% of all online spending (Verhagen & Van Dolen, 2011).

Online shopping platforms are not the only factor that can influence impulsive online purchases. Another factor that can cause the tendency to make impulsive online purchases is a marketing strategy with advertising (Pratomo & Ermawati, 2019).

Advertising can be done through print media, television, browsers, etc. The latest phenomenon in marketing is the use of social media by sellers, especially their partnerships as influencers on social media to attract consumers' interest in goods and services to drive traffic to their online stores (Ryu & Park, 2020). Influencer advertising is a growing area that offers fast and targeted access to an engaged audience that is less expensive than traditional advertising (Siqueira Jr., Pena, Horst, & Molina, 2019). The value of advertising affects potential customers' intentions to buy the advertised product (Martins, Costa, Oliviera, Goncalves, & Branco, 2019). Social trust can be seen from the results of using social media platforms for shopping by users who do not have a personal relationship with each other (Alalwan, et al., 2019). This study will examine the effect of novelty, advertising value, relevance, and privacy concern on the tendency of impulsive online purchases.

The idea of this research from (Dodoo & Wu, 2019). This research is different from previous research. Previous research was conducted in the United States, while this study was conducted in Indonesia. Seeing the many online shopping platforms in Indonesia with all the new features that are interesting and easy at this time, will affect impulsive online purchases (Kristanto, Suharto, &

Aly, 2020). Therefore, researchers are interested in raising this topic for research. This study uses multiple linear regression as an analytical tool in this study, because the researcher follows the opinion of (Jogiyanto, 2012) that the Likert scale is grouped into interval data, therefore this study can use multiple linear regression. Previous research used a sample of students from a university in the United States, while this study used a sample of students majoring in Business Management at the Batam State Polytechnic. This study will use data collection techniques with surveys using questionnaires to students majoring in Business Management at the Batam State Polytechnic through online media. Based on the explanation of the background above, the research to be studied has the title The Effect of Novelty, Advertising Value, Relevance, and Privacy Concern of the Online Impulse Buying Tendency.

## 2 LITERATURE STUDY

### 2.1 Theoretical Review

#### 2.1.1 Social Influence Theory

Social influence theory distinguishes between different types and levels of social commitment: compliance, identification, and internalization. Theory (Kelman, 1958) explains how various commitment mechanisms change attitudes toward target behavior. For example, obedience occurs when a person accepts influence because he or she expects to get a positive reaction from another person or group with a normative commitment. Identification occurs when system users adopt behaviors to create satisfying and self-determining relationships with other people or groups with affective commitment. Internalization occurs when system users adopt behaviors due to content, which they find conform to their own values with internal motivation.

#### 2.1.2 Theory of Economic Growth

Growth theory is generally associated with models, mechanisms, interpretations, and predictive frameworks that describe the economic drivers of a country's growth. The basis of growth theory is that there are external technologies that are sustainable and advanced. Advances are linked in the form of new elements, new Markets, and new operations. In e-commerce itself there is a trade called Business to Consumer (B2C). The growth of a country's B2C e-commerce is driven by external factors from

developed or leading countries (Ho, Kauffman, & Liang, 2007).

### 2.1.3 Online Impulse Buying Tendency

Impulsive online buying tendencies are the extent to which individuals tend to make unwanted, immediate and non-reflective purchases (Weun, Jones, & Beatty, 1998). According to the theory (Beatty & Ferrell, 1998) sudden and direct purchases without any intention before shopping either to buy certain products or to perform certain buying tasks.

### 2.1.4 Novelty Categorization Theory

Novelty Categorization Theory or NCT proposes the independence of a bond. NCT shows that in general, people are curious and will approach new events based on the motivation to know (Kagan, 1972). New events can be interesting and arouse curiosity (Berlyne, 1960). Novelty can also be threatening with the possibility of carrying some risks (Bornstein, 1989). According to (Zajonc, 1998), there is a close relationship between repeated exposure and positive influence so that one does not conclude that novelty is inherently a bad thing.

### 2.1.5 Social Media Advertising

According to (Joseph, 2011) there are 3 activities that can be done in social media, namely: 1) Media Maintenance: Taking care of social media by posting regularly on social media such as Twitter, Instagram, Facebook, and others. 2) Social Media Endorsement: Looking for public figures who have a lot of time to support a company's social media in order to increase interest in the products sold by the company. 3) Social Media Activation: Create unique activities to enhance Word of Mouth (WoM). WoM will significantly increase interest in the company's products. (Ducoffe, 1995) also said that entertainment has a positive effect on advertising value, pleasure for the advertisements displayed also has an effect on customer ratings.

## 2.2 Empirical Review

According to (Dodoo & Wu, 2019) research, the perceived personalization of social media advertising positively affects the perception of novelty, perceived relevance and advertising value. According to research of (Sofi & Nika, 2017), intrinsic factors influence impulse buying decisions. Consumers who have high cognitive dissonance will make higher impulsive purchases. According to the research of

(Evans, Phua, Lim, & Jun, 2017), the language of disclosure in paid advertising positively affects ad recognition, which then interacts with the memory of the audience who saw the ad.

According to research (Sohn & Kim, 2020); 1) 81% of respondents have used social commerce services; 2) 52% of respondents access social commerce services whenever they want; 3) 56.9% of respondents are satisfied using social commerce services, this shows that the potential for repurchase and overall social commerce growth is quite high. The research of (Hermanda, Sumarwan, & Tinaprilla, 2019) has shown that social media influencers have a significant positive effect on the brand image of local cosmetic products and consumer self-concepts. Another conclusion is that brand image has a significant positive effect on consumer buying interest, in contrast to the effect of self-concept. In addition, the results of the study state that influencers do not have a significant effect on consumer buying interest, but produce a significant positive influence indirectly through the brand image variable.

The research of (Sreejesh, Justin, Crolyn, & Jose, 2020) says that the clarity of the message conveyed redirects the user's attention to the ad, and develops better advertising effectiveness. According to research (Jonathan & Mulyadi, 2019), security is a key variable that affects a customer's purchase decision. Privacy, security and trust simultaneously have an influence on customer decisions in making purchases. How online stores can provide convenience to users affects customer decisions in making purchases.

## 2.3 Hypothesis Development

### 2.3.1 Perceived Novelty

Impulse buying is also a response to novelty (Larose, 2001). This statement is supported by empirical evidence from research (Yu & Bastin, 2010) which finds that novelty is the most critical factor influencing consumer impulse buying. Research (Hausman, A., 2000) also found that there is a positive relationship between novelty as an indicator of impulsive buying tendencies. The results of previous studies are also in accordance with the theory (Kagan, 1972) which says that humans have a tendency to know new things. Based on the description above, the hypothesis is proposed:

**H1: Novelty perceived by customers has a positive effect on the online impulse buying tendency.**

### 2.3.2 Advertising Value

There are two important engines in advertising value, namely: Informativeness and Irritation. Informativeness refers to the extent to which advertising can provide information to viewers (Ducoffe, 1995). Irritation occurs when the advertising message conveyed can disturb the viewer (Ducoffe, 1995). Customer perceptions of advertising value can also influence the tendency of impulsive online purchases. Impulse buying can be triggered by heuristic processes such as whether a product gives rise to the urge to buy or not (Verplanken & Sato, 2011). Based on the description above, the hypothesis is proposed:

**H2: Advertising value has a positive effect on the online impulse buying tendency.**

### 2.3.3 Perceived Relevance

Social media ads created by studying the online activity of customers and tailoring the advertising content to the needs and interests of the customers based on their browsing history. This results in customers feeling that the ads displayed are personalized and relevant to what customers think. This statement is also in accordance with the results of previous research (Dodoo & Wu, 2019), namely, perceived relevance explains the impact of personalization on the online impulse buying tendency. Perceived relevance affects attitude changes and affects the tendency of irregular customer behavior (Dodoo & Wu, 2019). Based on the description above, the hypothesis is proposed:

**H3: Relevance perceived by customers has a positive effect on the online impulse buying tendency.**

### 2.3.4 Privacy Concern

There are two types of routine internet activity, namely: Consumption of online information and opening e-mails from unknown sources (Chen, Beaudoin, & Hong, 2017). The consumption of information referred to refers to viewing news, health information, product descriptions, and reading e-mail and financial account information (Coiro & Dobler, 2007). The vulnerability of the occurrence of privacy problems causes many users to be reluctant to buy products online. Research (Dodoo & Wu, 2019) says that privacy problems tend to arise from the use of individual information, whereas impulse buying consists of spontaneous purchases without careful consideration, this makes it difficult to establish a relationship between privacy concerns and the

tendency to buy impulsively online. Security is also a key variable that can influence customer decisions in making purchases (Jonathan & Mulyadi, 2019). Based on the statement and the results of previous research, the researcher argues that privacy concern has no influence on the tendency of impulsive online purchases. Based on the description above, the hypothesis is proposed:

**H4: Privacy concern has a negative effect on the online impulse buying tendency.**

Based on the description of the theoretical study, literature review, and hypothesis development that have been described previously, the research model can be seen in Figure 1:

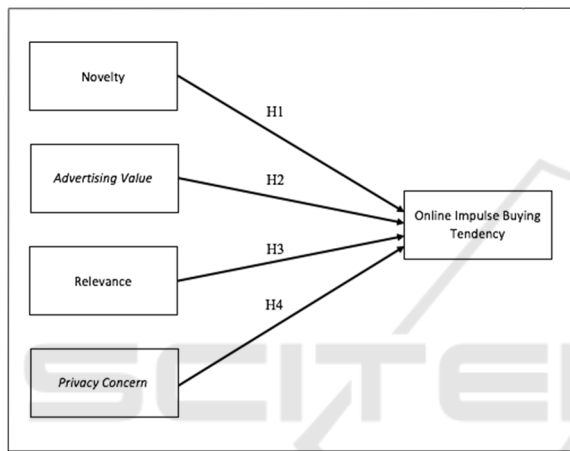


Figure 1: Research Model.

### 3 RESEARCH METHOD

This research is a type of quantitative research. The source of data used in this research is primary data. The instrument used in this research is a questionnaire. The questionnaire consists of 2 parts, the first part is the content and the second part is the respondent's data. The research questionnaire used a 5-point Likert scale. The sample used in this study amounted to 108 respondents. The sampling technique used is non-probability sampling, with the type of purposive sampling. Samples were taken in accordance with the criteria used in this study. This research was conducted at the Batam State Polytechnic. The object of this research is the active students of Batam State Polytechnic with an age range of 18-24 years.

The data analysis technique used multiple regression analysis using SPSS 25 software. Descriptive statistical analysis will be used in this study. The classical assumption test that used in this

study are multicollinearity and heteroscedasticity test. Test the hypothesis using a partial significant test (t test). The regression equation in this study is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \epsilon \quad (1)$$

## 4 RESULTS

The population data used in this study are the active students of Politeknik Negeri Batam. The criteria is students with an age range of 18-24 years as many as 108 students or respondents.

### 4.1 Theoretical Review

Below is a descriptive statistical analysis table:

Table 1: Descriptive statistical analysis novelty.

No.	Questions	SS	S	KS	TS	STS	Total
1	The novelty of advertising features on social media is an innovative thing	49	58	1	0	0	108
2	The novelty I feel in social media advertising increases my tendency to shop online	38	55	10	4	1	108
3	I want to follow or have anything new or trending	16	35	38	14	5	108

Table 2: Descriptive statistical analysis, advertising value.

No.	Questions	SS	S	KS	TS	STS	Total
1	Good advertising content can attract me to make an impulse purchase	21	64	17	6	0	108
2	I am suddenly interested in buying the advertised product	15	59	31	2	1	108
3	Social media advertising is an important thing in determining my decision to buy a product	21	61	20	6	0	108
4	Social media advertising is very useful in finding the product I want	34	64	9	1	0	108

Table 3: Descriptive statistical analysis, relevance.

No.	Questions	SS	S	KS	TS	STS	Total
1	Social media ad content often brings up something that fits my mind	26	59	22	1	0	108
2	The content displayed in social media ads is very influential for me	13	51	37	6	1	108
3	Social media ad content is often what I want	15	57	32	4	0	108

Table 4: Descriptive statistical analysis, privacy concern.

No.	Pertanyaan	SS	S	KS	TS	STS	Total
1	I'm worried about my privacy when I see personalized social media ads	34	55	16	3	0	108
2	I'm sensitive about giving my information to websites I don't recognize	57	45	5	1	0	108
3	I'm worried about the information collected when I view social media ads iklan	42	58	7	1	0	108
4	I worry about providing non-identifiable information to websites when I see social media ads iklan	48	54	5	1	0	108
5	I worry about providing identifiable information to websites when I see social media ads	61	43	3	1	0	108

## 4.2 Multiple Regression Analysis

Previously, this study had tested the classical assumptions test. Normality test, heteroscedasticity test, and multicollinearity test. The results of these tests are normal or free from problems. Testing research hypotheses using multiple regression analysis that is processed through the application of statistics SPSS 25. The author has done testing with SPSS that are attached on the following table:

Table 5: Multiple Regression Analysis.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.333	2.695		0.495	0.622
X1	0.298	0.186	0.165	1.597	0.113
X2	0.235	0.182	0.154	1.292	0.199
X3	0.754	0.189	0.417	3.985	0
X4	0.262	0.106	0.213	2.463	0.015
R <sup>2</sup>	0.581				
R	0.338				
F	13.138				

Based on the above table, the regression equation for this study is:

$$Y = 1.333 + 0,298KB + 0,235AV + 0,754RE + 0,26PC \quad (2)$$

Adjusted R2 value shows a value of 0.581. It means that the dependent variable of online impulse buying tendency is influenced by the independent variables (Novelty, Advertising Value, Relevance, and Privacy Concern) by 58% (0.581) and the rest is explained by other factors outside the research model.

## 4.3 Data Analysis

The following is a summary table of test results from this study:

Table 6: Data Analysis.

	Hypothesis	Sig.	Result
H1	Novelty perceived by customers has a positive effect on the online impulse buying tendency	0.113	Not Supported
H2	Advertising value has a positive effect on the online impulse buying tendency	0.199	Not Supported
H3	Relevance perceived by customers has a positive effect on the online impulse buying tendency	0	Supported
H4	Privacy concern has a negative effect on the online impulse buying tendency	0.015	Supported

### 4.3.1 Novelty Perceived by Customer Has a Positive Effect on the Online Impulse Buying Tendency

Based on the results of the hypothesis in table 6 shows that H1 is not supported, that is, novelty does not have a significant effect on the tendency to make impulsive online purchases. This is because novelty does not encourage people to make impulse purchases online. The results of this study are in accordance with previous research (Dodoo & Wu, 2019) which states that perceived novelty cannot predict the impulse to make impulse purchases. Novelty is enough to be an attitude or change, but not enough to encourage purchase. This is also supported by the theory (Kagan, 1972) which states that humans have a curiosity about new things

### 4.3.2 Advertising Value Has a Positive Effect on the Online Impulse Buying Tendency

Based on the results of hypothesis testing which can be seen in table 6, it shows that H2 is not supported.

These results can be interpreted that advertising value has no significant effect on the online impulse buying tendency. The results of this test are in line with previous research (Dodoo & Wu, 2019) which states that advertising value cannot be ascertained as a determinant of the online impulse buying tendency. Customers need to process the ads they see in order to provide an assessment. The evaluation made of the advertisement inhibits the urge to make an impulsive decision.

#### **4.3.3 Relevance Perceived by Customer Has a Positive Effect on the Online Impulse Buying Tendency**

The results of the hypothesis test generated in this study indicate that H3 is supported, which means the relevance or suitability of the perceived customer for advertisements, products, and perceptions have a significant positive effect on the online impulse buying tendency. The test results for the third hypothesis are in line with previous research (Dodoo & Wu, 2019) which states that perceived relevance has a positive influence on the online impulse buying tendency. This result is also reinforced by the theory (Kelman, 1958) which says that internalization occurs when system users adopt behavior due to content, which they find appropriate or relevant to their own values

#### **4.3.4 Privacy Concern Has a Negative Effect on the Online Impulse Buying Tendency**

Based on the results of the hypothesis testing that has been carried out, it shows that H4 is supported. According to (Coiro & Dobler, 2007) this privacy security problem can occur when performing activities such as viewing news, health information, product descriptions, and reading e-mail and financial account information from unknown sources. The existence of these problems makes customers to make purchases online. The results of this study are strengthened by previous research (Jonathan & Mulyadi, 2019) which says that security is also a key variable that can influence customer decisions in making purchases. Customers will consider before making a purchase, so that impulsive purchases do not occur.

## **5 CONCLUSIONS**

Based on the test results that have been described previously, conclusions can be drawn, namely: (1) Novelty does not significantly affect on the online impulse buying tendency; (2) Advertising value has a positive effect on the online impulse buying tendency; (3) Relevance perceived by customers has a positive effect on the online impulse buying tendency; (4) Privacy concern has a negative effect on the online impulse buying tendency.

This research still has limitations that need to be addressed for the development of similar research in the future. First, the sample used in this study was only students majoring in Business Management at the Batam State Polytechnic. Second, this study only focuses on impulse buying. Third, the collection of questionnaires is quite time consuming due to the long-time feedback from respondents.

Based on the limitations of this study that have been described previously, the following suggestions can be considered for further research. First, further research is expected to use a wider and more general sample. Second, further research is expected to add independent variables that are assumed to affect the tendency to make impulsive online purchases.

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