

The Effect of Situational Factor, Visual Merchandising, and Electronic Word of Mouth on Impulsive Buying Behavior on Video on Demand Services Current The Covid-19 Pandemic Crisis

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ABSTRACT

The COVID-19 pandemic situation makes people tend to consume video on demand as an alternative for home entertainment. This makes video on demand service providers compete by taking advantage of this situation. Sometimes the existing stimulus can lead people to buy products impulsively. This study aims to examine the effect of situational factor, visual merchandising, and electronic word of mouth on impulse buying behavior. This study used non-probability sampling techniques and the method used was judgmental sampling. This study focuses on Netflix consumers aged 18-39 who bought Netflix products impulsively during the COVID-19 pandemic. 200 respondents collected using the online bilingual questionnaire in English and Indonesian and spread over 32 countries. Data were analyzed using a multiple linear regression method. The results showed that situational factor and electronic word of mouth significantly influence on impulsebuying behavior. Meanwhile, visual merchandising has no influence on impulse buying behavior. This can be used as a reference in increasing sales by maximizing consumer impulse buying behavior.

Keywords: Situational Factor, Visual Merchandising, Electronic Word of Mouth, Impulse Buying Behavior

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INTRODUCTION

World Health Organization (WHO) declared Corona Virus Disease 2019 (COVID-19) a global pandemic on Wednesday, March 11, 2020. This pandemic has a negative impact on almost all industries and sectors around the world. As a preventive measure, at least one third of the world's population is living under lockdown policies and is no longer free to travel due to the spread of COVID-19. Including the closure of areas that are considered as public entertainment such as tourist attractions, open parks, food courts, etc. (CNN Indonesia, 2020). This has led to changes in the trend of public entertainment consumption globally, some are decreasing and some are increasing.

According to Jones (2020) one of the people's entertainment products that has increased is home entertainment products. The more sophisticated technology makes people more entertained by the presence of home entertainment in the form of video on demand services. This service is an interactive system that provides full control for consumers to choose the video program they want to watch without having to follow the broadcast schedule. During the COVID- 19 pandemic, there was a significant increase in consumers of video on demand services and it is predicted that it will continue to increase in the next few years (Lindlahr, 2020).

When doing a purchase, consumers do not always behave plotting a decision to buy (Dyulgerova & Devreli, 2019). So that it is possible for consumers to buy something spontaneously, this is called impulse buying. According to Liao et al., (2016) hedonic products are products whose main consumption is characterized by affective experiences, sensual pleasures, fantasies, and pleasures. In contrast to utilitarian products that are difficult to make consumers buy products impulsively, hedonic products such as video on demand services do not have many obstacles, or in other words, they are quite easy to influence consumer impulse buying behavior.

Purchasing activities by consumers cannot be separated from situational factor, consumer environmental factors that are temporary and cause conditions in which consumer behavior appears at a certain time and place (Mamuaya & Tumiwa, 2017). According to (Hamermesh, 2020) the global COVID-19 pandemic situation has made people have more free time than usual. The rest, according to Kunst (2020) the COVID-19 pandemic situation in Germany, Britain and America, as many as 707 respondents all experienced a decrease in income.

In addition to situational factor, presenting products with attractive visuals can also provoke people's interest to buy impulsively. Visual merchandising is an effort to provide information needed by consumers and is indicated by signs, pictures or other media as a substitute for salespeople (Widyastuti, 2018). As a digital video on demand product, it is important to pay attention to visual appearance such as video quality, website display color, animation promotion, etc. So with the application of visual merchandising, companies have an alternative to convey information to consumers without having to have a salesperson.

With the advancement of internet technology and the rise of social media, without having to meet face to face, people can share their opinions with others. This is an advantage for companies by utilizing electronic word of mouth to create communities that actively exchange information. Electronic word of mouth is a dynamic and ongoing process of exchanging information between potential, actual, or former consumers about a product, service, brand or company, which is available to many individuals and institutions via the Internet (Ismagilova et al., 2020). This information exchange process can stimulate consumers to make impulsive purchases.

The Effect of Situational Factor, Visual Merchandising, and Electronic Word of Mouth on Impulsive Buying Behavior on Video on Demand Services Current The Covid-19 Pandemic Crisis. <u>https://doi.org/10.21009/JOBBE.005.1.05</u> In the competition of entertainment industry for video on demand services, Netflix is a video on demand service provider that is the first point of reference for consumers. Followed by its competitors, namely Amazon Prime and Hulu (Evan et al., 2020). Netflix is an American company and already available in 190 countries. Netflix is predicted continue to increase in market share as the COVID-19 pandemic effect (Databoks, 2020; Digital TV Research, 2016; Forbes, 2020; Harvest Exchange Corp, 2018). Various marketing programs have been carried out by Netflix, including social media marketing. According to Socialblade (2021) Netflix manages all of its social media successfully with an A-score rating. This is better than its competitors where the best only gets a B + score. However, there is a fact that even though Netflix continues to dominate the market, in the 3rd quarter of 2020 Netflix's market share fell 7% compared to the 2nd quarter of 2020 to 25% (Santos, 2020).

This study aims to determine the effect of situational factor, visual merchandising, and electronic word of mouth on impulse buying behavior among consumers of Netflix products. Therefore, it is expected that this research is able to provide a reference to increase sales by maximizing consumer impulse buying.

LITERATURE REVIEW

Impulse Buying Behavior

Impulse buying is a sudden or strong desire to buy something quickly, triggers emotional conflict and tends to be done without considering the consequences (Mamuaya & Tumiwa, 2017). Meanwhile, according to Dyulgerova & Devreli (2019) impulse buying are unplanned purchases and as a result of exposure to stimuli, because decisions are often made at the place of purchase, including impulsive purchases, consumer cognitive and/or emotional reactions. From the various definitions of impulse buying according to these researchers, it can be concluded that impulsebuying is unplanned spontaneous buying behavior and tends to prioritize emotional without much prior consideration.

Situational Factor

According to Puspaningrum (2017) situational factor are temporary environments that form the context in consumer activities that occur at a certain place and time. Meanwhile, according to Mamuaya & Tumiwa (2017) factor situational is an external factor that comes from shopping environment when the buyer made contact with certain visual stimuli (products or promotions) that creates unplanned purchases. Based on some of these expert opinions, it can be concluded that situational factor are momentary conditions that arise spontaneously and do not come from an individual or a brand of an item, but there is a very strong stimulus to influence an individual to carry out consumption activities.

Visual Merchandising

Visual merchandising is an effort to combine effective merchandise selection with effective merchandise display (Le, 2018). Meanwhile, according to Widyastuti (2018) visual merchandising is an effort that companies can do as a substitute for salespeople whose aim is to provide information and provide direction needed by customers as shown by signs, images or other media. Based on some expert opinion, it

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can be concluded visual merchandising is the technique of delivering information merchandise by the company to the consumer with an effective visual.

Electronic Word of Mouth

Ismagilova et al. (2020) defines electronic word of mouth as a dynamic and ongoing process of exchanging information between potential, actual, or former consumers about products, services, brands, or companies, which are available to many individuals and institutions via the Internet. Meanwhile, according to Sugianto (2016) electronic word of mouth is defined as a positive or negative statement about a product or company made by potential, actual or company customers, which is available to many people via the internet. Based on some of these expert opinions, it can be concluded that electronic word of mouth is a response expressed by an individual to another individual in the form of positive and negative statements made online or online.

The Effect of Situational Factor (X1) on Impulse Buying Behavior (Y)

Research conducted by Puspaningrum (2017) states that there is a significant influence between situational factor on impulse buying behavior. Various stimulus is very strong and the temporary of the environment around the consumer to make a purchase can influence consumers to make purchases are impulsive. Similar results were conveyed by research from Khorrami et al. (2015); Mamuaya & Pandowo (2018); Mamuaya & Tumiwa (2017); Pangemanan & Longdong, (2015).

The Effect of Visual Merchandising (X2) on Impulse Buying Behavior (Y)

Research conducted by Le (2018) states that there is a significant influence between visual merchandising on impulsive buying behavior. The more beautiful the product looks, the easier and more comfortable it is to access the product, the more it makes consumers more likely to make impulsive purchases. Similar results were conveyed by research from Iberahim et al. (2020); Randhawa & Saluja (2017); Thomas et al. (2018); Widyastuti (2018).

The Effect of Electronic Word of Mouth (X3) on Impulse Buying Behavior (Y)

Research conducted by Husnain et al. (2016) stated that there is a significant influence between electronic word of mouth on impulse buying behavior. The use of social media as an effective media for electronic word of mouth makes it easier for consumers to make impulsive purchases. The same opinion was also conveyed by research from Bagheri & Mokhtaran (2018) dan Sugianto (2016)

Hypothesis

- H1: Situational factor has a significant effect on impulse buying behavior.
- H2: Visual merchandising has a significant effect on impulse buying behavior.
- H3: Electronic word of mouth has a significant effect on impulse buying behavior.

Based on the established hypotheses, a conceptual framework is obtained which can be seen in Figure 1 as follows.

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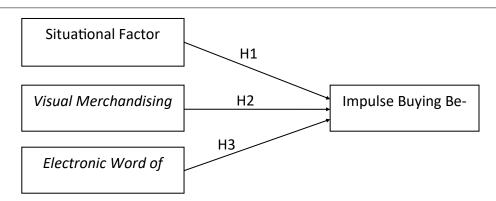


Figure 1. CONCEPTUAL FRAMEWORK Source: Data processed (2021

RESEARCH METHODS

This research is a type of quantitative research. Types and sources of data are categorized into primary data and secondary data. The population is infinite, which means that the number of populations studied is unknown with the characteristics of respondents aged between 18-39 years and have bought products impulsively from Netflix at least once during the COVID-19 pandemic. Using a non-probability sampling technique with this type of judgmental sampling. The data analysis technique used multiple linear regression. This research is included in a research study that aims to test the market. Therefore, according to Malhotra & Dash (2016) the minimum number of respondents is 200 respondents. Primary data collection used bilingual questionnaire media in English and Indonesian. The questionnaire is distributed online through the Netflix international community on Facebook, Instagram, and TikTok in both public and personal forums. Respondents who meet the characteristics required in this study can fill out the questionnaire voluntarily.

A total of 200 respondents spread across 32 countries were collected and measured using a Likert scale. The questionnaire statement items in this study adopted the previous research with consideration of the adjustment of the object under study (video on demand products). Measurement of situational factor variables was developed from research by Mamuaya & Pandowo (2018); Mamuaya & Tumiwa (2017); Puspaningrum (2017) which consists of 4 indicators, namely: (1) recommendations from friends and family, (2) mood, (3) time availability, and (4) availability of money. Measuring visual merchandising variables was developed from the research of Le (2018) dan Widyastuti (2018) which consisted of 4 indicators, namely: (1) the website makes it comfortable to shop, (2) the appearance of attractive products, (3) neatly arranged information layout, and (4) attractive promotional display. Measuring the variable electronic word of mouth was developed from the research of Sugianto (2016) and Ananda et al. (2019) which consists of 5 indicators, namely: (1) lots of reviews by social media users, (2) lots of comments by social media users, (3) lots of recommendations by social media users, (4) lots of information about the company, and (5) get information from reliable sources. Measuring the variable impulsive buying behavior was developed from research by Dyulgerova & Devreli (2019) and Puspaningrum (2017) which consists of 4 indicators, namely: (1) buying spontaneously without planning in advance, (2) buying quickly without much consideration, (3) buying regardless

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of negative consequences, and (4) feeling excited and having difficulty controlling oneself. The measurement items of the variables in this study can be seen in table 1.

No.	Variable	Item
1		The COVID-19 pandemic situation made a friend recommend me to buy a Netflix product
2	Situational Factor	The COVID-19 pandemic situation led my family to recom- mend me to buy a Netflix product
3	Mamuaya & Pandowo (2018); Mamuaya &	The COVID-19 pandemic situation made me sad and I ended up buying a Netflix product to cheer myself up
4	Tumiwa (2017); Puspan- ingrum (2017)	The COVID-19 pandemic situation made me buy Netflix products to get rid of boredom
5		The COVID-19 pandemic situation has left me with more free time
6		The COVID-19 pandemic situation has made me provide money to buy Netflix products
7		The dominant red, black, and white color of the Netflix web- site makes it convenient for shopping
8		The presentation of Netflix information with a moving image media make me comfortable while shopping
9	Visual merchandising	I got a lot of information I need from the Netflix website
10	Le (2018); Widyastuti	The image quality is clear (not blurry) makes me interested in Netflix
11	(2018)	I am interested in a preview of the use of Netflix products
12		The layout of the information on the Netflix website is neat
13		The layout of the information on the Netflix website helps me when shopping independently without having to bother asking customer service
14		I was intrigued when I saw the promotional visuals from Net- flix
15		Many people share their experiences using Netflix products on social media
16	Electronic word of mouth	Many people provide criticism and suggestions about Netflix on social media
17	Sugianto (2016); Anan-	Many people recommend Netflix products on social media
18	da et al. (2019)	Lots of information about the Netflix company circulating on social media
19		I got information about Netflix from a reliable source
20		I bought Netflix products spontaneously without my planning ahead
21	Impulse buying behav- ior	I buy Netflix products on the fly without much consideration
22	Dyulgerova & Devreli (2019); Puspaningrum (2017)	I don't really care about the negative impact of buying a Net- flix product
23	()	I found it difficult to control myself buying a Netflix product and wanted to watch a movie immediately

Table 1 MEASUREMENT OF RESEARCH VARIABLES

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RESULTS AND DISCUSSION

Validity and Reliability Test Results

Based on the data processing of the validity test results, it can be concluded that all statements in the questionnaire are declared valid because the statistical count r > r table. With r table = 0.361. Then there is a reliability test and found all variables have a Cronbach's Alpha value greater than the critical value of 0.70. With this, all statements in the questionnaire are reliable and can be used as a research instrument to measure the influence of situational factor, visual merchandising, and electronic word of mouth on impulse buying behavior among consumers of Netflix products.

Respondent Characteristics

The total number of respondents in this study was 200 respondents. Respondents were predominantly with male sex, age 18-25 years, residing in the Philippines, taking the latest education in high school (or equivalent), single marital status, a student with an income of less than USD 70 per month. To be clearer, the characteristics of the respondents can be seen in table 2 below.

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Res	pondent Characteristics	Amount	Percentage
Gender	-		58,5%
	Women	83	41,5%
Age	18-25 years	157	78,5%
	26-32 years	24	12%
	33-39 years	19	9,5%
Country	Algeria	4	2%
	Andorra	1	0,5%
	Bangladesh	2	1%
	Belgium	1	0,5%
	Brazil	1	0,5%
	Bulgaria	1	0,5%
	Burma	2	1%
	Colombia	1	0,5%
	Czech Republic	1	0,5%
	Egypt	3	1,5%
	Greece	1	0,5%
	Hong Kong	1	0,5%
	Hungary	2	1%
	India	1	0,5%
	Indonesia	45	22,5%
	Iraq	1	0,5%
	Israel	1	0,5%
	Kenya	2	1%
	Lebanon	1	0,5%
	Malaysia	3	1,5%
	Mexico	1	0,5%
	Morocco	4	2%
	Nepal	3	1,5%
	Pakistan	1	0,5%
	Peru	1	0,5%
	Philippines	92	46%
	Poland	2	1%
	Romania	2	1%
	South Africa	1	0,5%
	Great Britain	1	0,5%
	United States of America	6	3%
	Vietnamese	11	5,5%

Table 2RESPONDENT CHARACTERISTICS

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Last education	Kindergarten (or equivalent)	6	3%
	Elementary School (or equiva- lent)	1	0,5%
	Junior High School (or equiva- lent)	21	10,5%
	Senior High school (or equiva- lent)	90	45%
	Associate degree (or equivalent)	5	2,5%
	Bachelor degree (or equivalent)	67	33,5%
	Master's degree (or equivalent)	7	3,5%
	Doctorate (or equivalent)	3	1,5%
Marital status	Single	177	88,5%
	Married	20	10%
	Divorced	2	1%
	Widower	1	0,5%
Profession	Government employees	11	5,5%
	Private employees	29	14,5%
	Entrepreneur	26	13%
	Student	126	63%
	Unemployment	8	4%
Income per month	< USD 70	142	71%
monui	USD 105 – USD 180	13	6,5%
	USD 210 – USD 315	27	13,5%
	> USD 315	19	9%

Source: Data processed (2021)

Classical Assumption Test Results

This study has fulfilled the assumption of normality because the significance value of the Kolmogorov-Smirnov test is correct. Sig. (2-tailed) exceeds 0,05, which is 0,055. Then this research has also fulfilled the multicollinearity assumption because the tolerance value on all variables that have a value of more than 0,1 and the VIF value on all variables is less than 10. Finally, this study has fulfilled the assumption of heteroscedasticity because the scatterplot graph does not have a certain pattern and spreads. above or below the zeros on the y-axis.

Hypothesis testing

Because this study examines the relationship between one dependent variable and more than one independent variable, the statistical method used is multiple linear

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regression. Multiple linear regression analysis model is used with the equation Y = a + b1 X1 + b2 X2 + b3 X3 + ... + bn Xn + e. The results of the multiple linear regression test can be seen in table 3.

	Regression Coefficient	t Statistics	Significance
(Constant)	789	480	.632
Situational Factor (X1)	.274	4.297	.000
Visual Merchandising (X2)	.044	.738	.461
Electronic Word of Mouth (X3)	.341	3.568	.000

Table 3MULTIPLE LINIER REGRESSION TEST RESULTS

Source: Data processed (2021)

From the results of multiple linear regression tests, the equation Y = -0.789 + 0.274 X1 + 0.044 X2 + 0.341 X3 + e is obtained. It is known that the constant value of the multiple linear regression equation is -0.789. The negative meaning of the constant value indicates that impulse buying behavior on Netflix products will not occur when consumers are not stimulated by situational factors, visual merchandising, and electronic word of mouth. The positive meaning of the regression coefficient shows that all independent variables with impulse buying behavior have a unidirectional relationship, so the better stimulus of the situational factor, visual merchandising, and electronic word of mouth, will increase impulse buying behavior for Netflix customers.

It can be concluded that the variables of situational factor and electronic word of mouth have a significant effect on the variable impulse buying behavior. This is based on a significance value of 0.00 which is smaller than 0.05. So that hypothesis 1 (H1) and hypothesis 3 (H3) are accepted. Meanwhile, the visual merchandising variable has no influence on impulse buying behavior because the significance value is 0.461 which is greater than 0.05. So that hypothesis 2 (H2) is rejected.

The results of the contribution of the independent variable situational factor (X1), visual merchandising (X2), and electronic word of mouth (X3) to the dependent variable, namely impulse buying behavior (Y), it is found that the adjusted R square value is 0.314 = 31.4%. This figure shows that the independent variable in this study affects the impulse buying behavior of Netflix consumers by 31.4%. While the remaining 0.589 = 58.9% is influenced by other variables outside the variables used in this study.

Discussion

The results showed that situational factor had a significant effect on impulse buying behavior. This result is in line with previous research by Khorrami et al. (2015); Mamuaya & Pandowo (2018); Mamuaya & Tumiwa (2017); Pangemanan & Longdong (2015); Puspaningrum (2017). With the average characteristics of respondents being single young people who are currently studying, this makes customers not busy enough so they tend to feel bored and need entertainment in the COVID-19 pandemic situation. Then with the majority of income per month less than USD 70 does not rule out consumers to buy Netflix products impulsively. This is because there is a sense of passion to buy Netflix products immediately because they can't wait to watch movies on Netflix. So that respondents tend to set aside some of their money to buy

The Effect of Situational Factor, Visual Merchandising, and Electronic Word of Mouth on Impulsive Buying Behavior on Video on Demand Services Current The Covid-19 Pandemic Crisis. https://doi.org/10.21009/JOBBE.005.1.05 Netflix products. Furthermore, in this study at least 32 different countries felt the COVID-19 pandemic situation. And all countries where respondents live have roughly the same response, namely the COVID-19 pandemic situation prompting customers to purchase Netflix products impulsively. Of all the statements given by respondents, the COVID-19 pandemic situation made customers have more free time, was the respondent's statement with the highest level of approval. Followed by statements related to moods such as the COVID-19 pandemic situation which is boring. This can be explained because as a preventive measure, at least one third of the world's population is living under a lockdown policy and is no longer free to travel due to the increasingly spreading COVID-19. Including the closure of areas that are considered as public entertainment such as tourist attractions, open parks, food courts, etc. So that people tend to want to buy Netflix products as an alternative to entertainment without being planned in advance and without much consideration because they want to immediately overcome boredom in their spare time.

In addition, the results also show that there is no influence between visual merchandising on impulse buying behavior. This means that if visual merchandising changes, it will not affect impulse buying behavior. The results of this study are not in accordance with previous research by Iberahim et al. (2020); Le (2018); Randhawa & Saluja (2017); Thomas et al. (2018); Widyastuti (2018) which states that visual merchandising has a significant effect on impulse buying behavior. On average, respondents agree that Netflix has a high aesthetic value in presenting its products and is easy and comfortable to consume. But that doesn't mean that visual merchandising makes respondents behave in making purchases on Netflix products impulsively. Visual appearance is something that can only be consumed by the eye as a sense of sight. In contrast to food products that require a sense of smell and taste to consume them. Effective visual merchandising on food products will make consumers experience more by utilizing the sense of sight as an added value. This can make consumers more likely to buy impulsively. Meanwhile, video on demand services are digital products that really need a sense of sight to consume them. So that visual quality is something that is really considered in order to get the maximum product consumption experience. With regard to visuals, people cannot just ignore the visual quality of Netflix products and tend to buy in a utilitarian manner where consumers will make rational considerations before buying. Bad visuals will make consumers benefit from the experience of consuming bad products and vice versa. This explains why good visual merchandising on Netflix products does not influence consumers to make impulsive purchases, but tends to buy utilitarian behavior.

Then the results show that electronic word of mouth has a significant effect on impulse buying behavior. This result is in line with previous research by Bagheri & Mokhtaran (2018); Husnain et al. (2016); Sugianto (2016). Compared to visual merchandising variables and situational factors, the electronic word of mouth variable is the most influential variable to influence consumers to make purchases on Netflix products impulsively. With the characteristics of the respondents on average being single young people who are currently studying, this makes them more likely to be technology literate and consume more and more use of social media. So that it is easier to get electronic word of mouth stimulus through social media. Furthermore, at least in this study there were 32 different countries that without having to meet face to face, were still able to exchange information online. The widespread use of this technology can encourage respondents to impulsively purchase Netflix products. Of all the statements given by respondents, many people recommending Netflix products on social media are the respondents' statements with the highest level of approval. Followed by a

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statement related to sharing his experience using Netflix on social media. This can be explained because the more widespread use of social media is, the easier it is for users to share their experiences using Netflix. Furthermore, content about Netflix on social media is content with a high level of interest because it is in accordance with the purpose of using social media, namely to socialize and seek entertainment. It is not surprising that respondents easily make impulsive purchases of Netflix products because of the stimulus from electronic word of mouth.

CONCLUSION

The results showed that situational factor and electronic word of mouth significantly influence impulse buying behavior. Meanwhile, visual merchandising has no influence on impulse buying behavior. Although respondents agree that Netflix has a high aesthetic value in presenting its products as well as being easy and comfortable to consume. But that doesn't mean that visual merchandising makes respondents behave in making purchases on Netflix products impulsively.

When compared with others, the electronic word of mouth variable is the most influential variable than visual merchandising and situational factors. This means that electronic word of mouth marketing can be a marketing technique that is very intensified considering its large impact on impulse purchases of Netflix products. Meanwhile, there are quite a lot of situational factor affecting impulse buying behavior. So it helps Netflix to take advantage of the existing circumstances to increase impulse buying. Such as situations of religious holidays, seasonal holidays, regional quarantine, etc.

The limitation in this study is that there are still many countries affected by the COVID-19 pandemic and cannot be reached by researchers so that respondents do not get respondents from that country, for the next researchers are expected to be able to reach all countries to support research. Then the next research is also expected to use independent variables other than those used in this study, considering that there are still 58.9% other variables that can influence impulse buying behavior. As well as he-donic shopping motivation variables, website quality, sales promotion, etc.

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