

Consumer Evaluation of Multiple Sales Promotion: The Moderating Role of Saving Orientation

Moon-Yong Kim

Prof., College of Business, Hankuk Univ. of Foreign Studies, Korea
moonyong@hufs.ac.kr

Abstract

Multiple sales promotions for one product can be simultaneously offered. For instance, marketers can offer a premium along with a price discount. In the present research, we primarily focus on offers containing both a bonus pack and a price discount. In particular, this research examines whether consumer evaluations of offers containing both a bonus pack and a price discount (i.e., BP + PD offers) vary according to consumers' saving orientation. Specifically, we predict that for consumers with strong (vs. weak) saving orientation, offers containing the high PD but low extra amount of BP will be more favorably evaluated than offers with a high extra amount of BP but low PD. A series of two experimental results show that consumers' saving orientation moderates their evaluations of BP and PD offers, which supports the prediction. The findings imply that marketers can evoke more positive consumer responses to BP and PD offers, considering individual differences such as saving orientation.

Keywords: *Multiple Sales Promotion, Bonus Pack, Price Discount, Saving Orientation, Evaluation*

1. INTRODUCTION

In the marketplace, multiple sales promotions for a product or service can be provided at the same time. For instance, marketers can offer a premium with a price discount. Among the various promotional tools, in particular, bonus packs and price discounts have been found to be the most effective and have thus attracted the most attention from researchers [1-3]. In this regard, the current research focuses on offers containing both a bonus pack and a price discount (i.e., BP + PD offers).

Of all the extant studies regarding the BP + PD offers, some previous research has shown that price discount dominance is expected to occur for BP + PD offers because of the higher complexity of BPs relative to PDs [4, 5]. However, if the BP and PD are both high or both are low, it would be difficult to show that one of the two promotion types is more influential. Thus, some useful situations for demonstrating price discount dominance in BP + PD offers are when there is inconsistency in the sizes of, and thus the favorability of the deal for, the BP and the PD [3, 6]. Hence, recent studies have shown that consumers evaluate an offer containing a low bonus amount and a high price discount more favorably than an offer containing a high bonus amount and a low price discount, despite both offers providing a similar underlying price per unit [1, 3].

Drawing on the prior studies, this research investigates whether consumer evaluations of BP and PD offers are different depending on their individual characteristics such as saving orientation. That is, this research examines whether consumers' saving orientation moderates their evaluations of BP and PD offers. Specifically,

it is predicted that for consumers with strong (vs. weak) saving orientation, offers containing the high PD but low extra amount of BP (LBP HPD) will be more positively evaluated than offers with a high extra amount of BP but low PD (HBP LPD).

2. THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

Prior research has found that consumers have different views on bonus packs and price discounts [7-9]. Moreover, previous studies concerning the preference for bonus packs over price discounts are mixed and appear to be contingent on several situational characteristics [2, 5, 10].

Previous research has shown that consumers can vary substantially in frugality, in terms of being “restrained in acquiring and in resourcefully using economic goods and services to achieve longer-term goals” [11]. Thus, consumers who care about saving money and minimizing their product acquisition cost should be more motivated to base their spending decision on a sizable relative savings percentage. Prior research in marketing and economics has shown that when people evaluate price discounts, they often base their spending decision on the savings percentage associated with a specific discount, which is the ratio of the monetary value of the discount to the original product price [9, 12, 13].

Building upon the earlier arguments, this research proposes the saving orientation component of being frugal in product acquisition as one of individual variables that may affect consumers’ processing of price discounts. Given that when consumers have stronger saving orientation, they should be more attracted by the greater savings percentage associated with choosing a low-priced option, therefore, it is predicted that for consumers with strong (vs. weak) saving orientation, offers containing the high PD but low extra amount of BP (LBP HPD) will be more positively evaluated than offers with a high extra amount of BP but low PD (HBP LPD).

3. STUDY 1

Study 1 aims to test the prediction that for consumers with strong (vs. weak) saving orientation, LBP HPD offers lead to higher evaluation than HBP LPD offers.

3.1 Method

Study 1 adopted a 2 (multiple promotion: LBP HPD vs. HBP LPD) x 2 (saving orientation: weak vs. strong) two-factor between-subjects design, with saving orientation measured as an individual different variable. In exchange for course credit, 114 undergraduate students (male = 36, female = 78, $M_{age} = 21.38$ years) participated in the experiment. The type of multiple sales promotions was manipulated. Following the methodology established by prior work [1], in the HBP LPD condition ($n = 57$), a bonus pack for the carbonated soft drink (i.e., cider) containing a 50 percent extra amount was offered at a sale price of \$10.532. In the LBP HPD condition ($n = 57$), a bonus pack for the carbonated soft drink containing a 10 percent extra amount was offered at a sale price of \$7.605. In both conditions, the regular price of \$11.900 was provided.

Participants were subsequently instructed to respond to several measures. First, their evaluation of the offer was measured by two 7-point items (i.e., I think the offer is bad/good; unattractive/attractive) adapted from previous research [1-3]. Responses to these two items were averaged, as they were highly correlated ($r = 0.94$, $p < 0.001$). Saving orientation was measured by adopting five items relevant to saving money in product acquisition from the frugality scale [11, 14]. These items were averaged to form a saving orientation index (Cronbach’s $\alpha = 0.80$). A median split was used to separate participants into strong ($n = 64$) and weak ($n = 50$) saving orientation groups based on a summed measure ($M_{dn} = 4.40$). The level of saving orientation in the strong group is significantly higher than the level in the weak group ($M_{strong} = 5.24$, $M_{weak} = 3.45$; $F(1, 112) = 200.51$, $p = 0.000$). Following the measures from previous research [1], other 7-point items assessed the manipulations and/or specifications of the perceived size of the extra amount, price discount and the sale price. Finally, all the participants were asked to rate their preference for the carbonated soft drink on a 7-point scale (1 = *dislike very much*, 7 = *like very much*) [3, 15, 16].

3.2 Results

Analyses of the manipulation check items showed that sizes were perceived as intended. The extra amount was perceived to be larger in the HBP LPD condition than in the LBP HPD condition ($M_{\text{HBP LPD}} = 5.32$ vs. $M_{\text{LBP HPD}} = 4.56$; $F(1, 112) = 8.48, p = 0.004$). The price discount was viewed as higher in the LBP HPD condition than in the HBP LPD condition ($M_{\text{HBP LPD}} = 4.70$ vs. $M_{\text{LBP HPD}} = 5.53$; $F(1, 112) = 10.53, p = 0.002$). The sale prices were viewed to be comparable in both conditions ($M_{\text{HBP LPD}} = 3.11$ vs. $M_{\text{LBP HPD}} = 2.97$; $F(1, 112) = 0.42, p = 0.518$). In the LBP HPD (vs. HBP LPD) condition, the price information was found to be easier to evaluate than the extra product information ($M_{\text{HBP LPD}} = 4.39$ vs. $M_{\text{LBP HPD}} = 5.54$; $F(1, 112) = 14.98, p = 0.000$).

The ANOVA confirmed that the main effect of multiple sales promotion type on consumer evaluation was significant ($F(1, 110) = 4.54, p = 0.035$). However, the main effect of saving orientation was not significant ($F(1, 110) = 0.28, p = 0.600$). Further, two-way interaction of multiple sales promotion type versus saving orientation on consumer evaluation was significant ($F(1, 110) = 4.10, p = 0.045$). Additionally, two-way ANCOVA was also performed to test the effects of multiple sales promotion type and saving orientation on consumer evaluation while controlling for product preference. As might be expected, with product preference as a covariate, the results revealed the significant main effect of multiple sales promotion type on consumer evaluation ($F(1, 109) = 4.57, p = 0.035$). However, the main effect of saving orientation was not significant ($F(1, 109) = 0.29, p = 0.593$). The ANCOVA showed a significant interaction effect between multiple sales promotion type and saving orientation ($F(1, 109) = 4.17, p = 0.044$). Specifically, as shown in Figure 1, for the participants with strong saving orientation, LBP HPD offers ($M_{\text{LBP HPD}} = 5.26$) had higher consumer evaluation than HBP LPD offers ($M_{\text{HBP LPD}} = 4.27$; $F(1, 110) = 9.90, p = 0.002$), but the effect was not significant for the participants with weak saving orientation ($M_{\text{LBP HPD}} = 4.91$ vs. $M_{\text{HBP LPD}} = 4.88$; $F(1, 110) = 0.01, p = 0.944$). Thus, consistent with the prediction, the results confirmed the moderating role of consumers' saving orientation for the effect of multiple sales promotion type on consumer evaluation.

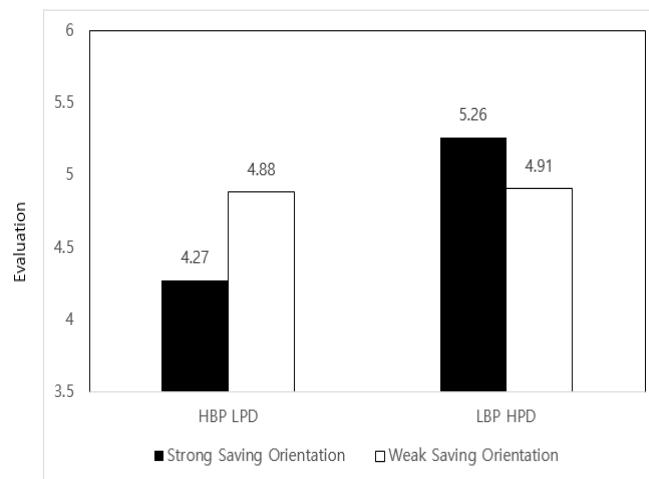


Figure 1. Results of study 1

4. STUDY 2

Study 2 replicates the findings of Study 1 using another product category. That is, the goal of Study 2 is to test the moderating effect of consumers' saving orientation.

4.1 Method

The design of Study 2 was a 2 (multiple promotion: LBP HPD vs. HBP LPD) x 2 (saving orientation: weak vs. strong) two-factor between-subjects randomized factorial, with saving orientation measured as an individual different variable. In exchange for course credit, 112 undergraduate students (male = 32, female = 80, $M_{\text{age}} = 21.17$ years) participated in the experiment. As in Study 1, in the HBP LPD condition ($n = 56$), a

bonus pack for the herbal tea (i.e., corn silk) containing a 50 percent extra amount was offered at a sale price of \$10.532. In the LBP HPD condition ($n = 56$), a bonus pack for the herbal tea containing a 10 percent extra amount was offered at a sale price of \$7.605. In both conditions, the regular price of \$11.900 was provided.

As in Study 1, participants' evaluation of the offer was measured by two 7-point items ($r = 0.75, p < 0.001$), while saving orientation was measured with five items (Cronbach's $\alpha = 0.83$). A median split was used to separate participants into strong ($n = 53$) and weak ($n = 59$) saving orientation groups based on a summed measure ($M_{dn} = 4.40$). The level of saving orientation in the strong group is significantly higher than the level in the weak group ($M_{strong} = 5.53, M_{weak} = 3.57; F(1, 110) = 220.88, p = 0.000$). Following the measures used in Study 1, other 7-point items assessed the manipulations and/or specifications of the perceived size of the extra amount, price discount, the sale price, and participants' preference for the herbal tea.

4.2 Results

Analyses of the manipulation check items showed that sizes were perceived as intended. The extra amount was perceived to be larger in the HBP LPD condition than in the LBP HPD condition ($M_{HBP LPD} = 4.96$ vs. $M_{LBP HPD} = 4.34; F(1, 110) = 5.31, p = 0.023$). The price discount was viewed as higher in the LBP HPD condition than in the HBP LPD condition ($M_{HBP LPD} = 4.61$ vs. $M_{LBP HPD} = 5.32; F(1, 110) = 7.29, p = 0.008$). The sale prices were viewed to be comparable in both conditions ($M_{HBP LPD} = 3.36$ vs. $M_{LBP HPD} = 2.89; F(1, 110) = 3.90, p > 0.05$). In the LBP HPD (vs. HBP LPD) condition, the price information was found to be easier to evaluate than the extra product information ($M_{HBP LPD} = 4.45$ vs. $M_{LBP HPD} = 5.23; F(1, 110) = 5.34, p = 0.023$).

The ANOVA confirmed that the main effect of multiple sales promotion type on consumer evaluation was significant ($F(1, 108) = 5.73, p = 0.018$). However, the main effect of saving orientation was not significant ($F(1, 108) = 0.29, p = 0.593$). Further, two-way interaction of multiple sales promotion type versus saving orientation on consumer evaluation was marginally significant ($F(1, 108) = 3.11, p = 0.081$). Additionally, two-way ANCOVA was also performed to test the effects of multiple sales promotion type and saving orientation on consumer evaluation while controlling for product preference. As might be expected, with product preference as a covariate, the results revealed the significant main effect of multiple sales promotion type on consumer evaluation ($F(1, 107) = 5.75, p = 0.018$). However, the main effect of saving orientation was not significant ($F(1, 107) = 0.29, p = 0.591$). The ANCOVA showed a marginally significant interaction effect between multiple sales promotion type and saving orientation ($F(1, 107) = 2.93, p = 0.090$). Specifically, as shown in Figure 2, for the participants with strong saving orientation, LBP HPD offers ($M_{LBP HPD} = 5.10$) had higher consumer evaluation than HBP LPD offers ($M_{HBP LPD} = 4.15; F(1, 108) = 8.20, p = 0.005$), but the effect was not significant for the participants with weak saving orientation ($M_{LBP HPD} = 4.82$ vs. $M_{HBP LPD} = 4.67; F(1, 108) = 0.21, p = 0.647$). Thus, we found the expected direction, though the effect was marginally significant.

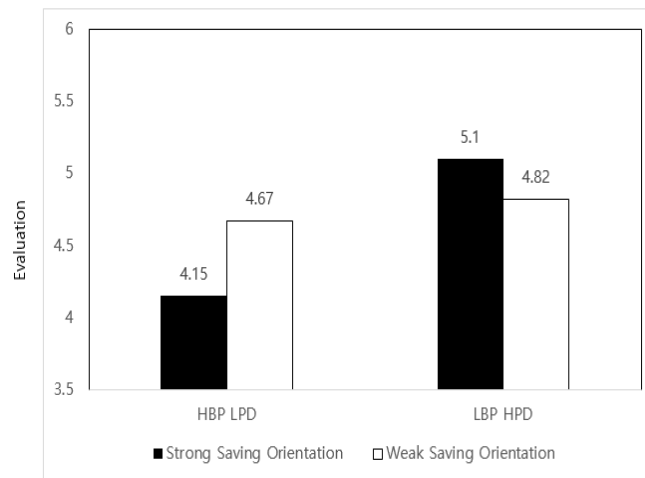


Figure 2. Results of study 2

5. CONCLUSION

The current research examines whether consumers' saving orientation influences their evaluations of BP and PD offers. Specifically, we propose that for consumers with strong (vs. weak) saving orientation, offers containing the high PD but low extra amount of BP (LBP HPD) will be more favorably evaluated than offers containing a high extra amount of BP but low PD (HBP LPD). A series of two experiments were conducted and the results provided support for the prediction. In support of the prediction, the experimental findings indicate that consumers' saving orientation moderates their evaluations of BP and PD offers. Specifically, for the participants with strong saving orientation, LBP HPD offers were found to have higher evaluation than HBP LPD offers, but the effect was not significant for the participants with weak saving orientation. Both theoretical and practical implications can be drawn. In a theoretical perspective, this research extends previous findings by demonstrating the moderating role of consumers' saving orientation. In a practical perspective, this research provides practical insights that may lead to the development of more effective multiple sales promotions. The results imply that marketers can evoke more positive consumer responses to BP and PD offers, considering individual differences. For example, before taking any decisions concerning the promotional strategy, managers should know about their target consumer segment's level of saving orientation. There is also room for additional studies that overcome the limitations of this research. First, future studies should examine other types of multiple sales promotions and analyze the generalization of our results. Second, instead of student samples, a more representative sample could enhance the generalizability of the findings. Third, it would be good for future research to examine if the findings are applicable to other product or service categories. Finally, future studies should consider other potential factors that can impact consumers' evaluation of multiple sales promotions.

ACKNOWLEDGEMENT

This research was supported by Hankuk University of Foreign Studies Research Fund of 2021.

REFERENCES

- [1] J. P. Carlson, "Consumer Evaluations of Bonus Packs Offered with Price Discounts," *Journal of Consumer Marketing*, Vol. 35, No. 1, pp. 22-31, January 2018. DOI: <https://doi.org/10.1108/jcm-09-2015-1555>.
- [2] H. Chen, H. Marmostein, M. Tsiros, and A. R. Rao, "When More is Less: The Impact of Base Value Neglect on Consumer Preferences for Bonus Packs over Price Discounts," *Journal of Marketing*, Vol. 76, No. 4, pp. 64-77, July 2012. DOI: <https://doi.org/10.1509/jm.10.0443>.
- [3] M. -Y. Kim and C. Lee, "Evaluation of Bonus Packs Offered with Price Discounts: The Moderating Effect of Product Type and Price Consciousness," *Turkish Journal of Computer and Mathematics Education*, Vol. 12, No. 13, pp. 6050-6057, June 2021.
- [4] L. Campbell and W. D. Diamond, "Framing and Sales Promotions: The Characteristics of a 'Good Deal'," *Journal of Consumer Marketing*, Vol. 7, No. 4, pp. 25-31, April 1990. DOI: <https://doi.org/10.1108/eum00-00000002586>.
- [5] D. M. Hardesty and W. O. Bearden, "Consumer Evaluations of Different Promotion Types and Price Presentations: The Moderating Role of Promotional Benefit Level," *Journal of Retailing*, Vol. 79, No. 1, pp. 17-25, March 2003. DOI: [https://doi.org/10.1016/s0022-4359\(03\)00004-6](https://doi.org/10.1016/s0022-4359(03)00004-6).
- [6] J. J. Inman, A. C. Peter, and P. Raghubir, "Framing the Deal: The Role of Restrictions in Accentuating Deal Value," *Journal of Consumer Research*, Vol. 24, No. 1, pp. 68-79, June 1997. DOI: <https://doi.org/10.1086/209494>.
- [7] W. D. Diamond, "Just What Is a 'Dollar's Worth'? Consumer Reactions to Price Discounts vs. Extra Product Promotions," *Journal of Retailing*, Vol. 68, No. 3, pp. 254-270, Fall 1992.
- [8] D. Kahneman and A. Tversky, "Choices, Values, and Frames," *American Psychologist*, Vol. 39, No. 4, pp. 341-350, 1984. DOI: <https://doi.org/10.1037/0003-066x.39.4.341>.
- [9] J. C. Nunes and C. W. Park, "Incommensurate Resource: Not Just More of the Same," *Journal of*

- Marketing Research*, Vol. 40, No. 1, pp. 26-38, February 2003. DOI: <https://doi.org/10.1509/jmkr.40.1.26.19131>.
- [10] A. P. -I. Yu, S. -C. Chuang, Y. -H. Cheng, and Y. -C. Wu, "The Influence of Sharing versus Self-Use on the Preference for Different Types of Promotional Offers," *Journal of Retailing and Consumer Services*, Vol. 54, No. 102026, pp. 1-10, May 2020. DOI: <https://doi.org/10.1016/j.jretconser.2019.102026>.
- [11] J. L. Lastovicka, L. A. Bettencourt, R. S. Hughner, and R. J. Kuntze, "Lifestyle of the Tight and Frugal: Theory and Measurement," *Journal of Consumer Research*, Vol. 26, No. 1, pp. 85-98, June 1999. DOI: <https://doi.org/10.1086/209552>.
- [12] R. Saini, R. S. Rao, and A. Monga, "Is That Deal Worth My Time? The Interactive Effect of Relative and Referent Thinking on Willingness to Seek a Bargain," *Journal of Marketing*, Vol. 74, No. 1, pp. 34-48, January 2010. DOI: <https://doi.org/10.1509/jmkg.74.1.34>.
- [13] R. Saini and S. C. Thota, "The Psychological Underpinnings of Relative Thinking in Price Comparisons," *Journal of Consumer Psychology*, Vol. 20, No. 2, pp. 185-192, April 2010. DOI: <https://doi.org/10.1016/j.jcps.2010.02.003>.
- [14] H. (M.) Jia, S. Yang, X. Lu, and C. W. Park, "Do Consumers Always Spend More When Coupon Face Value is Larger? The Inverted U-Shaped Effect of Coupon Face Value on Consumer Spending Level," *Journal of Marketing*, Vol. 82, No. 4, pp. 70-85, July 2018. DOI: <https://doi.org/10.2139/ssrn.3206291>.
- [15] M. -Y. Kim, "Ethical Behavior in the Context of Green Credit Card Services: The Role of Individuals' Regulatory Focus," *International Journal of Advanced Culture Technology(IJACT)*, Vol. 8, No. 1, pp. 107-112, March 2020. DOI: <https://doi.org/10.17703/IJACT.2020.8.1.107>.
- [16] M. -Y. Kim and H. Cho, "The Influence of Regulatory Focus on Consumer Responses to Smart Home Services for Energy Management," *International Journal of Advanced Smart Convergence(IJASC)*, Vol. 9, No. 3, pp. 221-226, September 2020. DOI: <https://doi.org/10.7236/IJASC.2020.9.3.221>.