

The Joint Effect of Multi-Promotion Offers and Consumer Mindset in Fostering Product Purchase Intention

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Abstract

The current research aims to examine the moderating effect of consumers' mindset on their product purchase intention in the multi-promotion offers containing both a bonus pack and a price discount (i.e., BP + PD offers). That is, this research investigates whether consumers' product purchase intention in the BP + PD offers varies depending on their mindset (growth mindset vs. fixed mindset). Specifically, it is predicted that consumers with a fixed mindset will have higher product purchase intention in the offers containing the high PD but low extra amount of BP (LBP HPD) than in the offers with a high extra amount of BP but low PD (HBP LPD), whereas consumers with a growth mindset will have higher product purchase intention in the HBP LPD offers than in the LBP HPD offers. An experiment was conducted to test the prediction. Consistent with the prediction, it was found that participants' mindset moderates their product purchase intention in multi-promotion offers. The findings imply that marketers can evoke more positive consumer purchase intention toward BP and PD offers, considering consumer mindset.

Keywords: *Multi-Promotion Offer, Bonus Pack, Price Discount, Growth Mindset, Fixed Mindset, Purchase Intention*

1. Introduction

Companies develop a range of promotion tactics to encourage purchases by offering consumers extra benefits or incentives in an increasingly competitive marketplace. Marketers need not offer just one promotion. Multi-promotion offers for a product or service can be simultaneously provided. For instance, a price discount with a premium or another price discount can be offered at the same time [1-3]. In particular, such promotion tactics as price discounts offered with bonus packs can be found in a real-world shopping situation. Past studies have shown that bonus packs and price discounts have been found to be the most effective [1-6]. Thus, as in recent studies [1-3], we primarily consider multi-promotion offers containing both a bonus pack and a price discount (i.e., BP + PD offers).

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Even if many prior studies have investigated the effect of sales promotion on consumer purchasing behavior, more research addressing the underlying psychological drivers is needed. Hence, this research attempts to focus on consumer mindset. Consumer mindset is described as the lay beliefs that individuals hold about the nature of human characteristics [7, 8]. There is a growing literature in psychology and consumer research that documents differences in individual beliefs about whether human characteristics are relatively stable (fixed mindset), or changeable (growth mindset) [7-9]. Mindsets are also referred to as implicit-self theories, where entity theory corresponds to a fixed mindset and incremental theory corresponds to a growth mindset [10, 11]. Consumer mindsets—or implicit theories—reflect people’s lay beliefs about the perpetuation of human characteristics, which substantially influences consumer motivations and behaviors [8]. That is, consumer mindsets provide an important framework for understanding consumer motivation and behavior [12]. Consumer beliefs and perceptions affect how consumers buy, and many of these beliefs and perceptions are shaped by consumer mindsets [13]. Moreover, it is important to understand consumers’ purchase intention because their behavior can usually be predicted by their intention. To examine consumers’ behavioral patterns, purchase intention has been used to predict actual behavior [14].

Accordingly, the current research examines the joint effect of multi-promotion offering and consumer mindset in fostering product purchase intention. That is, we examine the moderating effect of consumers’ mindset on their product purchase intention in the multi-promotion offering containing both a bonus pack and a price discount (i.e., BP + PD offers). In this research, we predict that consumers’ product purchase intention in the BP + PD offers will be different according on their mindset (growth mindset vs. fixed mindset). Specifically, we propose that consumers with a fixed mindset will have higher product purchase intention in the offers containing the high PD but low extra amount of BP (LBP HPD) than in the offers with a high extra amount of BP but low PD (HBP LPD), whereas consumers with a growth mindset will have higher product purchase intention in the HBP LPD offers than in the LBP HPD offers.

2. Theoretical Background and Hypothesis Development

Prior studies regarding the preference for bonus packs over price discounts are mixed and appear to be contingent on several situational characteristics [4, 5, 15, 16]. For example, some past studies have found that price discount is expected to be dominant in multi-promotion offers containing both a bonus pack and a price discount, given the higher complexity of bonus packs (vs. price discounts) [5, 17]. If the bonus pack and price discount are both high or both are low, however, it would be difficult to show that one of the two promotion types is more influential. Thus, some recent studies have examined whether 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].

Extant studies have pointed out that there are two implicit theories that apply to a wide range of personality traits: entity theory and incremental theory [7-9]. These theories translate into two different consumer mindsets: a growth or a fixed mindset [7, 8]. That is, consumers with a fixed mindset represent the entity theory, and consumers with a growth mindset represent the incremental theory [7-11]. Implicit self-theories or mindsets are views that people have about the malleability of human personalities [7, 8]. While fixed mindset individuals consider human traits to be relatively fixed, growth mindset individuals believe that people can significantly change themselves and their behavior. Specifically, individuals with a fixed mindset believe that certain human traits such as intellect, characters, and values are relatively fixed and there is not much that can be done to change them [7-9]. In contrast, those with a growth mindset take the view that individuals can substantially change over time through learning and experience [7-9].

Prior research showed that consumer purchasing behaviors are shaped, to a large extent, by consumer mindsets which guide a consumer's understanding and interpretations of the world [13]. For example, consumer mindsets guide behavior in various ways, such as in their preferences toward certain products, their acceptance of brand extensions, and trust recoveries after product failures [8]. In addition, previous research examined the relationship between consumer mindsets, motivational systems and financial decisions [18]. Specifically, it was found that consumers who have a fixed mindset are likely to be prevention-oriented and thus prefer risk-averse investments, while consumers with a growth mindset are likely to be promotion-oriented and so prefer riskier investments.

As noted, consumers with a growth mindset conceive that human attributes can be changed. As a result, these consumers tend to believe in applying extensive effort to achieve their goals since they think that their talents and competence can be developed through hard work and/or good strategies. Conversely, consumers with a fixed mindset conceive that human attributes are stable and hard to change. These consumers tend to use external cues to signal their talents and competence, and value the achievement of good performance with minimal effort. Drawing from all these findings, we suggest the moderating effect of consumer mindset on their product purchase intention in the multi-promotion offering containing both a bonus pack and a price discount (i.e., BP + PD offers). That is, we predict that consumers' product purchase intention in the BP + PD offers will vary according to their mindset (growth mindset vs. fixed mindset). As stated, bonus packs give more for the same money and thus are inherently promotion-oriented, while price discounts reduce the cost for the same product and thus are prevention-oriented. Therefore, we propose that consumers with a fixed mindset will have higher product purchase intention in the offers containing the high PD but low extra amount of BP (LBP HPD) than in the offers with a high extra amount of BP but low PD (HBP LPD). In contrast, we propose that consumers with a growth mindset will have higher product purchase intention in the HBP LPD offers than in the LBP HPD offers.

3. Experiment

3.1 Method

The goal of this experiment is to test the moderating role of consumer mindset in the effect of multi-promotion offering on product purchase intention. For this experiment, 120 undergraduate students at a mid-sized university were recruited. Of these, participants with missing data were excluded from the analysis, and thus the final sample for analysis was 113. Specifically, the final sample was composed of 77 females and 36 males who ranged in age from 18 to 30 years (mean = 21.38, SD = 2.17). The experiment adopted a 2 (multi-promotion offer: HBP LPD vs. LBP HPD) x 2 (mindset: growth mindset vs. fixed mindset) two-factor between-subjects design, with consumer mindset measured as an individual different variable. The type of multi-promotion offers was manipulated. Following the methodology established by prior work [1], in the HBP LPD condition (n = 56), a bonus pack for the chocolate yogurt containing a 50 percent extra amount was offered at a sale price of \$11.948. In the LBP HPD condition (n = 57), a bonus pack for the chocolate yogurt containing a 10 percent extra amount was offered at a sale price of \$8.762. In both conditions, the regular price of \$13.500 was provided.

Participants were subsequently instructed to respond to several measures. First, product purchase intention was measured by two 7-point items [19]. Next, the participants completed the Implicit Person Theory Measure to assess their general mindset, with items measured on a 7-point scale (1 = strongly disagree, 7 = strongly agree) [20]. As presented in Tables 1 and 2, four items represented a growth mindset (e.g., "People can change even their most basic qualities"; "Everyone, no matter who they are, can significantly change their basic characteristics"), whereas the other four items represented a fixed mindset (e.g., "Everyone is a certain kind of

person, and there is not much that they can do to really change that”; “The kind of person someone is, is something basic about them, and it cannot be changed very much”). Responses for the eight items were averaged (the items for a fixed mindset were reversed-coded) into a mindset index (Cronbach’s $\alpha = .918$), with higher (vs. lower) scores reflecting a growth (vs. fixed) mindset ($M = 3.935$, $SD = 1.168$). All the respondents were classified as either growth mindset ($n = 59$, $M = 4.912$, $SD = 0.624$) or fixed mindset ($n = 54$, $M = 3.024$, $SD = 0.754$) on the basis of a median split ($M_{dn} = 4.00$). Finally, all the participants were asked to rate their preference for the chocolate yogurt on a single 7-point scale (1 = *dislike very much*, 7 = *like very much*) [2, 3]. Previous studies have shown that for doubly concrete constructs, single-item measures demonstrate predictive validity equal to that of multiple-item measures [21].

Table 1. Measurement items for growth mindset

Construct	Measurement items
Growth mindset	People can change even their most basic qualities. Everyone, no matter who they are, can significantly change their basic characteristics. People can substantially change the kind of person who they are. No matter what kind of person someone is, they can always change very much.

Table 2. Measurement items for fixed mindset

Construct	Measurement items
Fixed mindset	Everyone is a certain kind of person, and there is not much that they can do to really change that. The kind of person someone is, is something basic about them, and it cannot be changed very much. People can do things differently, but the important parts of who they are cannot really be changed. As much as I hate to admit it, you cannot teach an old dog new tricks; people cannot really change their deepest attributes.

3.2 Results

A two-way analysis of variance (ANOVA) confirmed that the main effect of multiple promotion type on product purchase intention was not significant ($F(1, 109) = .093$, $p = .761$). The main effect of consumer mindset was not significant ($F(1, 109) = 1.503$, $p = .223$). Further, two-way interaction of multiple promotion type versus consumer mindset on product purchase intention was statistically significant ($F(1, 109) = 5.297$, $p = .023$). Specifically, as shown in Figure 1, for the participants in the fixed mindset condition, LBP HPD offers ($M_{LBP\ HPD} = 5.34$) had higher product purchase intention than HBP LPD offers ($M_{HBP\ LPD} = 4.69$; $F(1, 109) = 3.561$, $p = .062$), though the effect was marginally significant. Conversely, for the participants in the growth mindset condition, HBP LPD offers ($M_{HBP\ LPD} = 4.96$) had higher product purchase intention than LBP HPD offers ($M_{LBP\ HPD} = 4.47$; $F(1, 109) = 1.905$, $p = .170$), albeit nonsignificant. Thus, we found the predicted direction.

Additionally, two-way analysis of covariance (ANCOVA) was also performed to test the effects of multiple promotion type and consumer mindset on product purchase intention while controlling for product preference. With product preference as a covariate, the main effect of multiple promotion type on product purchase intention was not significant ($F(1, 108) = .011$, $p = .915$). The main effect of consumer mindset was not significant ($F(1, 108) = 1.360$, $p = .246$). Product preference was a significant covariate ($F(1, 108) = 5.385$, $p = .022$). There was a significant interaction effect between multiple promotion type and consumer mindset

($F(1, 108) = 5.894, p = .017$). Specifically, for the participants in the fixed mindset condition, LBP HPD offers had higher product purchase intention than HBP LPD offers ($F(1, 108) = 3.367, p = .069$), though the effect was marginally significant. In contrast, for the participants in the growth mindset condition, HBP LPD offers had higher product purchase intention than LBP HPD offers ($F(1, 108) = 2.559, p = .113$), albeit nonsignificant. Hence, we found the expected direction.

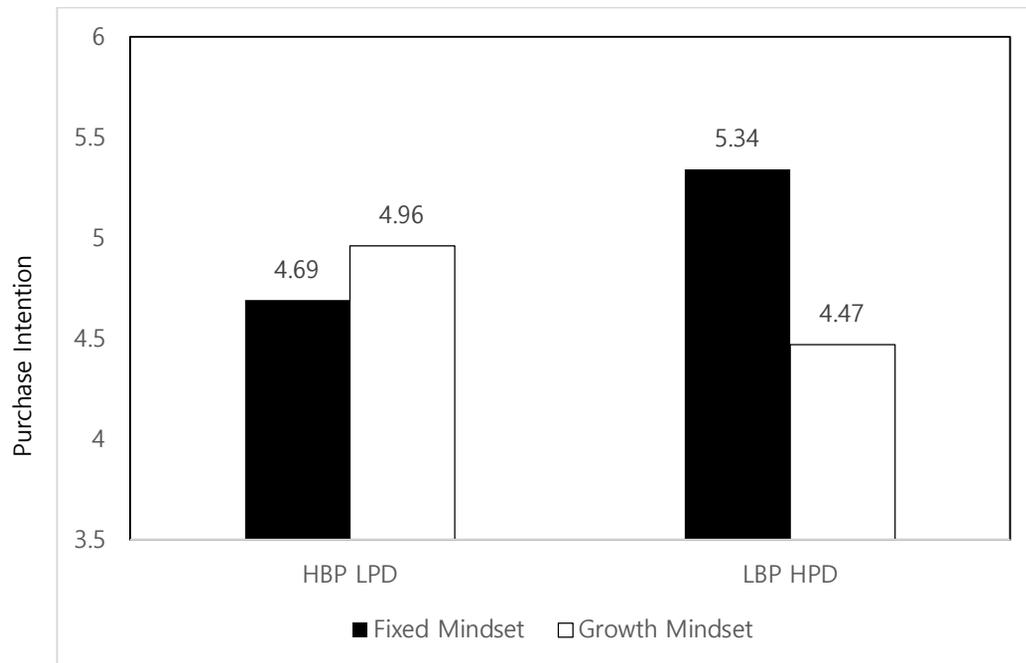


Figure 1. Purchase intention in multi-promotion offering: the moderating role of consumer mindset

4. Conclusion

In the present research, we investigate the moderating effect of consumers' mindset on their product purchase intention in the multi-promotion offering containing both a bonus pack and a price discount (i.e., BP + PD offers). In other words, we examine whether consumers' product purchase intention in the BP + PD offers differs according on their mindset (growth mindset vs. fixed mindset). Specifically, we propose that consumers with a fixed mindset will have higher product purchase intention in the offers containing the high PD but low extra amount of BP (LBP HPD) than in the offers with a high extra amount of BP but low PD (HBP LPD), whereas consumers with a growth mindset will have higher product purchase intention in the HBP LPD offers than in the LBP HPD offers. On the whole, the experimental results largely provide our expected direction, which supports our main predictions that consumers' mindset moderates their product purchase intention in multi-promotion offers. Specifically, the findings indicate that for participants in the growth mindset condition, HBP LPD offers lead to higher product purchase intention than the LBP HPD offers. In contrast, for participants in the fixed mindset condition, LBP HPD offers lead to higher product purchase intention than HBP LPD offers.

In a theoretical perspective, our research extends the previous studies by demonstrating the joint effect of multi-promotion offering and consumer mindset in fostering product purchase intention. That is, our findings underscore the importance of consumers' mindset in understanding the impact of multi-promotion offering on

product purchase intention. In a practical perspective, the findings imply that marketers can enhance more favorable consumer purchase intention toward BP and PD offers, considering consumers' mindset. Consumer mindset can be an effective segmentation and targeting tool in fostering consumers' purchase intention. For instance, marketers can favorably impact consumers' product purchase intention by assessing their target consumers' mindset (e.g., whether they have a growth or a fixed mindset) or priming a growth or a fixed mindset situationally.

Notwithstanding its theoretical and practical implications, this research is not without limitations. First, it was conducted with student samples and a single product category. Using other product or service categories, future studies should replicate our conceptual framework used in this research with a more representative sample to enhance the generalizability of the findings. Second, additional studies need to be conducted with mindset being experimentally manipulated. Third, it would be good for future research to examine if the findings are applicable to other types of multi-promotion offers. Finally, future studies should account for other moderating variables that could influence the relationship within our conceptual framework.

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