

Research Article

The effects of promotions on hedonic versus utilitarian purchases

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Abstract

Because it is harder to justify hedonic purchases than utilitarian purchases, it is proposed that promotions will have a stronger positive effect on the purchase likelihood of hedonic than utilitarian products. This and related propositions are tested in multiple studies using a variety of product categories and promotions. The results demonstrate that promotions are more effective in driving purchase decisions when: (a) the product is hedonic rather than utilitarian; (b) the product is framed as more hedonic; and (c) the consumer has a hedonic rather than utilitarian consumption goal. Consistent with our conceptualization, the enhanced impact of promotions on hedonic purchases is attenuated when: (a) the hedonic product is intended as a gift for others; (b) consumers can construct justifications for their purchase ahead of time; (c) consumers are *not* accountable for their decisions; and (d) the promotion is contingent on purchasing additional product units (i.e., a quantity discount like “Buy 10, get 50% off”). Importantly, the present research reconciles and explains the seemingly inconsistent prior findings regarding the effects of price versus quantity promotions.

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Introduction

Consumers often face a dilemma between hedonic consumption and more prudent utilitarian consumption. How consumers resolve this trade-off is a central question in research on self-control and also has important implications for consumer psychologists and marketers. However, there is very limited research on the impact of marketing mix variables on consumers' purchase decisions of hedonic and utilitarian products. Specifically, while companies often employ marketing promotions, it is unknown whether and why consumers respond differently to promotions for hedonic purchases versus utilitarian purchases.

We propose that various promotions, such as price discounts, rebates, coupons, and loyalty rewards, have a stronger positive effect on hedonic purchases than on utilitarian purchases. Our predictions are based on the concept of *hyperopia* (e.g. Haws & Poyner, 2008; Kivetz & Keinan, 2006; Kivetz & Simonson, 2002a) and on the notion that it is more difficult to justify hedonic consumption than utilitarian consumption (e.g. Dhar & Wertenbroch, 2012; Kivetz & Simonson, 2002b; Okada, 2005). We posit that the aforementioned promotions provide a guilt-reducing justification for the acquisition of hedonic items. Based on our conceptualization, we also hypothesize that *quantity*-based promotions, which require purchasing additional units (e.g., “Buy 10 units, get 50% off”), are *not* effective in justifying purchases of hedonic products.

The present research reconciles seemingly inconsistent findings from prior research. On the one hand, Khan and Dhar (2010) showed that consumers were more likely to purchase a bundle of hedonic and utilitarian items when a *price* discount

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was offered on the hedonic rather than utilitarian component. On the other hand, Wertenbroch (1998) found that consumers' demand for hedonic products (relative vices) increased less in response to *quantity* discounts than did consumers' demand for utilitarian products (relative virtues). Our conceptual framework and empirical studies account for both of the above cited results.

In our studies, we find that various (non-quantity) promotions have a stronger positive effect on the purchase likelihood of hedonic products compared to utilitarian products. To investigate the underlying psychological process, we explore multiple moderators and boundary conditions. Consistent with our conceptual framework, we demonstrate that the increased effectiveness of promotions for hedonic purchases is attenuated when: (a) the hedonic product is intended as a gift for others; (b) consumers can construct justifications for their purchases ahead of time; (c) consumers are *not* accountable for their decisions; and (d) the promotion involves a quantity-discount contingent on purchasing additional units (e.g., "Buy 10, get 50% off") as opposed to a price-discount.

The remainder of the article is organized as follows. We begin by reviewing relevant literature and developing our conceptual framework and initial hypotheses. The extant literature reveals seemingly contradictory results on the effects of promotions on hedonic versus utilitarian purchases; our conceptual framework unifies and reconciles these past findings. Next, we report a series of studies that test our conceptualization and predictions. Finally, we discuss the implications of the findings for consumer psychology and marketing.

Literature review and hypothesis development

Hedonic purchases (e.g., of chocolates, movies, or vacations) are typically motivated by the desire for fun and sensual pleasure and often involve products that are frivolous or luxurious. In contrast, utilitarian purchases (e.g., of salads, office supplies, or medicine) are typically motivated by basic needs and often involve practical or necessary products (Hirschman & Holbrook, 1982; Khan, Dhar, & Wertenbroch, 2005; Kivetz & Simonson, 2002a, 2002b).

Although hedonic goods are more enticing and tempting than utilitarian goods, it is often harder to justify hedonic consumption (Dhar & Wertenbroch, 2012; Khan & Dhar, 2006; Kivetz & Simonson, 2002a; O'Curry & Strahilevitz, 2001; Okada, 2005; Sela, Berger, & Liu, 2009). The notion that it is harder to justify hedonic (compared to utilitarian) consumption is consistent with research in consumer psychology, economics, philosophy, political science, and sociology (e.g. Berry, 1994; Frankfurt, 1984; Maslow, 1970; Scitovsky, 1992). For example, research on hyperopia (excessive farsightedness) demonstrates that guilt and justification concerns often lead consumers to deprive themselves of indulgence and chronically delay hedonic experiences (Haws & Poynor, 2008; Keinan & Kivetz, 2008; Kivetz & Keinan, 2006; Kivetz & Simonson, 2002a; Shu & Gneezy, 2010). Spending money on hedonic products or services often creates intra-personal conflict between the desire for indulgence and the need for prudence (savings), because spending money on indulgences depletes

one's monetary resources that are essential for the basic needs of one's life. In contrast, spending money on utilitarian products or services has a natural justification: one simply cannot do without such items.

Prior research has discovered several mechanisms that consumers employ to justify hedonic consumption. For example, Dhar and Simonson (1999) find that making a virtuous choice causes consumers to be more likely to subsequently select a vice-ridden item (see also Mukhopadhyay & Johar, 2009). Kivetz and Simonson (2002b) show that consumers are more likely to select hedonic over utilitarian rewards when these rewards are contingent on greater effort, indicating that effort enables consumers to "earn the right to indulge." More generally, Kivetz and Zheng (2006) find that people who feel that they worked hard or excelled at a task are more likely to select indulgences as rewards. Relatedly, Khan and Dhar (2006) show that virtuous acts can provide a "license" to choose indulgences (see also Strahilevitz & Myers, 1998).

The effects of promotions on purchases of hedonic and utilitarian products

The extant literature highlights consumers' greater need to justify hedonic rather than utilitarian purchases (e.g. Khan & Dhar, 2010; Kivetz & Simonson, 2002a; Okada, 2005; Sela et al., 2009). Prior research also demonstrates several mechanisms that allow consumers to justify hedonic consumption, including engaging in virtuous behaviors, exerting effort, and excelling in tasks (Dhar & Simonson, 1999; Khan & Dhar, 2006; Kivetz & Zheng, 2006; Kivetz & Simonson, 2002b; Mukhopadhyay & Johar, 2009; Strahilevitz & Myers, 1998). Such past choices and behaviors provide a cue to consumers that they have "earned the right (or license) to indulge."

Rather than exploring justification mechanisms associated with consumers' past behaviors and choices, the current research examines how *marketing promotions* help justify hedonic purchases. Prior research has shown that promotions provide transaction utility and can help motivate and justify purchases (e.g., Thaler, 1985). However, a critical question that has not been previously addressed is whether, and how, the impact of promotions depends on the product category. Building on research on the greater need to justify hedonic rather than utilitarian purchases, we hypothesize that price promotions will have a greater positive impact on the purchase likelihood of hedonic products than on the purchase likelihood of utilitarian products. Such price promotions, which consist of coupons, discounts, or rebates offered during the purchase decision process, can function as an effective (external) justification for purchasing hedonic products. Thus:

H1. Price promotions will have a stronger positive effect on the purchase likelihood of hedonic products than utilitarian products.

Although price promotions are probably the most common form of promotions, firms also use non-price promotions, such as reward programs. We posit that similar to the effect of price

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