



Cross-cultural examination of the effects of promotional framing on consumers' responses: A comparison of China and Pakistan



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ABSTRACT

Although extensive studies have focused on the impact of different types of sales promotions on consumers' responses, few studies examined the effects of online sales promotional framing on consumers' responses from cross-cultural perspective. Therefore, this study explored how cross-cultural differences moderated the effects of buy one get one free and buy two get fifty percent off promotion on consumer responses across China (lower uncertainty avoidance) and Pakistan (higher uncertainty avoidance). Based on the promotional framing effect theory, an empirical investigation across these two countries revealed that people with higher uncertainty avoidance (vs. lower uncertainty avoidance) prefer buy one get one free to buy two get fifty percent off promotion. Buy one get one free will lead to higher consumer perceived quality and purchase intention than buy two get fifty percent off promotion in both Pakistan and China, while the impact of buy one get one free and buy two get fifty percent off on perceived risk, perceived quality, perceived value and purchase intention are significantly larger in Pakistan than in China. In addition, the study verified the negative perceived risk-perceived value link, positive perceived quality-perceived value link and positive perceived value-purchase intention link from cross-cultural investigated data. The study provides new insights into the effects of online sales promotions on consumers' responses considering cultural differences. Our findings have implications for multinational corporate managers to design appropriate online sales promotions strategies.

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1. Introduction

Sales promotions as important tools for marketers to boost sales are being increasingly studied by scholars (Chaharsoughi & Yasory, 2012). Sales promotions can be edited as various types in different ways leading to different consumer responses (e.g., Crespo-Almendros, Del Barrio-García & Alcántara-Pilar, 2015; Pacheco & Rahman, 2015), which is defined as promotional framing. Buy one get one free and buy two get fifty percent off promotion, standing for value adding and value increasing promotion respectively (Gilbert & Jackaria, 2002), are very common used both under online and offline environment. To our knowledge, few studies clearly and systematically compared these two representative types of sales promotions under online environment, although there are some relevant studies under traditional environment. For instance, Sinha and Smith (2000) have studied the impacts of 50% off, buy one get one free and buy

two get 50% off promotion on transaction value, considering the effects of stock-up characteristic and price level of the products. Based on the study of Sinha and Smith (2000), Li, Sun and Wang (2007) further compared the impacts of 50% off and buy one get one free promotion on consumer perceptions of value, also examining the moderating effects of stock-up characteristic and consumable nature of the products. In addition, Lowe (2010) explored the moderating effect of perceived performance risk on the impact of extra free product promotions (e.g., buy one get one free) and price discounts promotion (e.g., 50% off) on consumer transaction value and purchase intention. Based on Lowe (2010) study, Shen (2014) examined how perceived fit between a line/brand extension and its parent brand moderates the effects of buy one get one free and 50% off promotion on consumer transaction value and purchase intention. From above literature review, we know that the effects of promotional framing on consumers' responses are widely studied. However, 50% off and buy one get one free are generally supposed to have same unit cost but not mathematically equivalent absolute costs. Thus, we propose that buy one get one free and buy two get fifty percent off, equivalent in both total and unit costs, are more worthy to be explored. Compared with traditional shopping channels, online shopping

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information is asymmetric, anonymous and virtual (McKnight, Choudhury & Kacmar, 2002), which would increase consumers' uncertainty and risk of online shopping and then lead to different consumers' responses to online sales promotions (Chatterjee, 2011; Crespo-Almendros & Del Barrio-García, 2014; Crespo-Almendros et al., 2015). Therefore, we will examine the effects of these two sales promotions on consumers' responses (perceived risk, perceived quality, perceived value and purchase intention) under online environment to fill the research gap of online promotional framing.

Different cultures can lead to different consumer cognitive processes and behaviors (Aaker, 2000; Lalwani & Shavitt, 2013), which is often regarded as the important factor to study the effects of sales promotions on consumers' responses (e.g., Chaharsoughi & Yasory, 2012; Choi & Kim, 2008; Lee, Jeon, Li & Park, 2015). Uncertainty avoidance, as one of the cultural dimensions, is the extent to which people feel threatened by unknown or ambiguous situations (Hofstede, 2001). We propose that under the online shopping environment characterized by perceived risk and uncertainty (Gefen, Karahanna & Straub, 2003), buy one get one free and buy two get fifty percent off promotion may cause different consumer perceived risk and uncertainty avoidance due to different description framing, thus we argue that consumers with different cultural factor of uncertainty avoidance will influence consumers' evaluation of online sales promotions. In this paper, we will check the effects of online sales promotional framing on consumers' responses in China and Pakistan, since the score level of uncertainty avoidance between China and Pakistan is very different (Hofstede, 2001).

This research has two purposes. First, we empirically compare the effects of buy one get one free vs. buy two get fifty percent off promotion on consumers' responses (perceived risk, perceived quality, perceived value and purchase intention) under online environment between China and Pakistan. Second, we examine the relationships among perceived risk, perceived quality, perceived value and purchase intention in two countries to extend the existing research literatures.

In the following part of this paper, we first present a conceptual framework regarding promotional framing and cultural differences between China and Pakistan. Subsequently, we propose the hypotheses and model of this paper. Next, we explain the method and show the results. Finally, we summarize the conclusions, and discuss the implications and limitations of our research findings.

2. Conceptual framework

2.1. Promotional framing

Sales promotions are defined as a variety of short-term incentives which can encourage consumers to buy products or service quickly (Kotler, 2009). Gilbert and Jackaria (2002) divided sales promotions into value adding promotions (e.g., premiums, lucky draw, demonstration) and value increasing promotions (e.g., price deal and coupons). There exist many types of sales promotions, and different sales promotion presentations may have different effects on consumers' responses (e.g., Choi & Mattila, 2014; Pacheco & Rahman, 2015; McKechnie, Devlin, Ennew & Smith, 2012), which is called promotional framing. Framing effect theory indicates that the same information with different presentations could make consumers produce different understanding (Kühberger, 1995). A large body of studies have focused on the effects of promotional framing on consumer responses under traditional environment (e.g., Choi & Mattila, 2014; McKechnie et al., 2012; Pacheco & Rahman, 2015). Compared with offline consumers, online consumers will face with higher

shopping risk (Xiao, 2010). Consequently, some scholars turned attention to the online sales promotions and found the promotional framing effects under online environment (Chatterjee, 2011; Crespo-Almendros et al., 2015; Crespo-Almendros & Del Barrio-García, 2014). For instance, Crespo-Almendros et al. (2015) compared the different effects of online monetary and non-monetary promotions on consumer purchase intention, and indicated that monetary promotions are preferred for novice web users, while non-monetary promotions are preferred for expert web users. Chatterjee (2011) also examined the online promotional framing effects by comparing three online promotions presented as reducing shipping surcharge, reducing base product price and reducing all-inclusive price on consumer deal value.

Buy one get one free and buy two get fifty percent off are very common used under online and offline environment, which have the same promotional savings in both total and unit costs but different in presentation. Little light was shed on the effects of buy one get one free vs. buy two get fifty percent off on consumers' responses under online environment, although there are many similar studies conducted under offline environment (e.g., Li et al., 2007; Lowe, 2010; Shen, 2014; Sinha & Smith, 2000). Hence, this paper will examine the impact of promotional framing (buy one get one free vs. buy two get fifty percent off) on consumers' responses under online environment to fill the research gap.

2.2. Cultural differences between China and Pakistan

Culture is the homogeneity of characteristics of norms, values and institutions distinguishing human groups (Eisingerich & Rubera, 2010). Culture only exists by comparison, and there are five dimensions to measure cross-cultural differences: uncertainty avoidance (UAI), individualism/collectivism (IDV), power distance (PDI), masculinity/femininity (MAS) and long-term orientation (LTO) (Hofstede, 2001). Uncertainty avoidance is the extent to which people feel threatened by unknown or ambiguous situations, from which their beliefs and institutions try to shelter (Hofstede, 2001). Individualism/collectivism is to describe how people care about individual interests or collective interests (Hofstede, 2001). People pay more attention to themselves and their families in individualist societies. In contrast, people would place more weight on group goals in collectivist societies (Hofstede, 2001). Power distance is the extent to which the members of a country accept the power which is distributed unequally (Hofstede, 2001). Masculinity emphasizes achievement and success, while femininity emphasizes life quality and cares for others (Hofstede, 2001). Long-term orientation is the extent to which the members of a country pay attention to the pragmatic future-oriented perspective or conventional historical short-term perspective (Hofstede, 2001).

In most cases, consumer behaviors are affected by cultural self-construal (Aaker, 2000; Lalwani & Shavitt, 2013). Hofstede's (2001) investigation on cultural dimensions showed following results: uncertainty avoidance (China = 30 vs. Pakistan = 70), individualism/collectivism (China = 20 vs. Pakistan = 14), power distance (China = 80 vs. Pakistan = 55), masculinity/femininity (China = 66 vs. Pakistan = 50), long-term orientation (China = 118 vs. Pakistan with no score available), from which salient cultural difference between China and Pakistan is uncertainty avoidance. The different score of uncertainty avoidance indicated that Chinese are adaptable with ambiguity and uncertain risk, but Pakistani are more inclined to avoid risk and rely on price information to judge product quality (Zhou, Su & Bao, 2002). We argue that the cultural difference of uncertainty avoidance between China and Pakistan would influence how consumers evaluate online sales promotions.

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