



Product information and consumer choice confidence in multi-item sales promotions



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ABSTRACT

This research augments efforts to produce a richer understanding of the drivers of consumer choice confidence. It examines the interplay between two marketing interventions that consumers encounter in retail marketplaces, diagnostic product information and multi-item sales promotions. Results indicate that the influence of product information varies as a function of sales promotion format. The information effect is weaker when consumers are allowed to select the products that will be included in the promotion. Perception of information adequacy is revealed as a mediator of the information diagnosticity effect. The implications for marketing theory and promotional strategy are discussed.

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1. Introduction

Choice confidence plays a key role in determining how consumers think and act in purchase situations. Choice confidence reflects the extent to which a consumer perceives his or her choice decision to be correct (Heitmann et al., 2007; Petrocelli et al., 2007) and believes he/she is in control of a choice situation (Natarajan and Angur, 1998). Consumers who are confident in a choice decision exhibit increased willingness-to-pay (Thomas and Menon, 2007), higher purchase intention (Laroche et al., 1996) faster purchase speed (Greenleaf and Lehmann, 1995), stronger choice commitment (Clarkson et al., 2008), and higher satisfaction (Heitmann et al., 2007). In short, a consumer who is confident in his or her choice decision is likely a good customer.

Given its broad influence, researchers have sought to illuminate the causes of this psychological state. Their efforts revealed an important influence of external information (Kahneman and Tversky, 1973; Oskamp, 1965; Rucker et al., 2014) and highlighted the role of diagnostic information (Tsai and McGill, 2011; Yoon and Simonson, 2008). Diagnostic information helps consumers to distinguish between choice alternatives and arrive at a decision (Griffin and Tversky, 1992; Lynch et al., 1988). Despite evidence of a persistent influence of information diagnosticity on choice confidence, generalization of these findings to retail contexts likely requires additional study. Prior research has shown that the influence of information diagnosticity on choice confidence is

susceptible to differences consumer perception of a choice task (Tsai and McGill, 2011). Retailers frequently employ sales promotions to motivate consumer purchase and sales promotions can alter consumer beliefs, feelings and evaluations (Raghubir et al., 2004). Therefore, it is possible that retail sales promotions may alter consumer response to information diagnosticity. To understand the influence of information diagnosticity in retail contexts, it is necessary to examine that influence in conjunction with sales promotions that are likely to be employed. The present research opens this line of inquiry by examining the influence of information diagnosticity as a function of different forms of a buy-one-get-one-50% off (BOGO50) multi-item sales promotion (MIP).

A multi-item sales promotion (hereafter, "MIP") is a promotional activity in which more than one product¹ is advanced with the goal of stimulating consumer purchasing behavior (Foubert and Gijbrecchts, 2010). In recent years, manufacturers have demonstrated a preference for MIPs over single-item sales promotions because MIPs offer greater opportunity for promotion coordination MIPs (Reyes, 2002). Variants of MIP have emerged that may elicit different reactions from consumers. The present research examines the influence of information diagnosticity as a function of the choice freedom the MIP affords the consumer and whether the promotional benefit is applied immediately or delayed for some period of time.

The present research seeks to contribute to marketing knowledge in at least three ways. It offers a refinement of theory

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¹ In the present research, the term "product" is used to refer to a tangible good or a service.

regarding the relationship between information diagnosticity and choice confidence that may facilitate its application to retail contexts. It responds to a stated need for deeper understanding of the mechanisms involved in consumer response to MIPs (Ailawadi et al., 2009) and to sales promotions in general (Laroche et al., 2003). It also stands to inform managerial forecasts of consumer response to MIPs under different conditions of product information. This paper proceeds as follows. First, a conceptual framework is provided. Following that, theories of choice conflict and trade-off difficulty are employed to frame the hypotheses. Findings from two experiments are then reported. Finally, the implications of the findings for marketing theory and practice are discussed.

2. Conceptual framework

2.1. Choice confidence

Choice confidence reflects the certainty with which a consumer holds an attitude toward a choice decision (Rucker et al., 2014). It is distinguishable from general consumer confidence, which focuses on belief in the stability or growth of the economy (Marrell et al., 2004). Many of drivers of choice confidence reflect types (direct experience vs. encountered, external vs. internal) or qualities (quantity, consistency, ease-of-processing, importance, comprehensiveness, source credibility, validity) of external information (Rucker et al., 2014). Choice confidence is generated via metacognitions about the information that supports a choice decision (Tsai and McGill, 2011). In the absence of diagnostic external information, choice confidence relies on intuitions, inferences, and subjective evaluations (Hammond, 1996). Briñol et al. (2007) demonstrate that choice confidence is also influenced by emotions such that happiness (sadness) leads to higher (lower) confidence, but only when consumers are motivated to think deeply about a related task.

2.2. Information diagnosticity

External information is considered diagnostic when it is adequate for a specific choice task (Nagpal et al., 2011) and enables the consumer to distinguish between choice alternatives and arrive at a decision (Lynch et al., 1988; Menon et al., 1995). Diagnostic information may be characterized by greater quantity (Peterson and Pitz, 1988), extreme values, high validity (Griffin and Tversky, 1992), or uniqueness (Huber et al. 1982). The present research relies on three of these characteristics to operationalize information diagnosticity: information quantity, information extremity, and uniqueness of descriptive information.

Prior research has demonstrated a persistent and positive influence of information diagnosticity on choice confidence. This effect is particularly evident when one choice alternative asymmetrically dominates others in a choice set. When one alternative is superior to others in a choice set the “correct” choice becomes transparent to the consumer (Yoon and Simonson, 2008), reducing the need to make difficult trade-offs between choice alternatives and, consequently, the effort needed to arrive at a choice decision (Amir and Levav, 2008).

2.3. Selection freedom and incentive timing

An MIP is a promotional activity in which more than one product is advanced at the same time (Foubert and Gijbrecht, 2010). MIPs afford marketers greater opportunity to focus on category- and store-level performance objectives (Ailawadi et al., 2009). Fixed-selection MIPs feature a combination of products that is selected by the manufacturer or retailer. To take advantage of the

promotion, the consumer is required to accept the pre-selected combination and purchase the required quantity of product. Free-selection MIPs empower consumers to select their own combination of promoted products from a larger choice set that is defined by the manufacturer or retailer (Foubert and Gijbrecht, 2010).

A second characteristic of MIPs that is of interest to the present research is incentive timing. Front-loaded promotions offer immediate benefit (e.g., “redeem at checkout”), while rear-loaded promotions provide a benefit at some future point in time (e.g., “redeem on your next purchase”) (Zhang et al., 2000). Prior research suggests that delayed incentives exert positive influence on product attractiveness (Soman, 1998). This effect is argued to manifest because of consumers’ inability to forecast the difficulties associated with redeeming the incentives in the future. Some retailers have replaced immediate incentive with delayed incentive MIPs in an effort to reduce waste (Wells, 2009).

3. Hypotheses

Theories of choice conflict and tradeoff difficulty provide a framework for development of hypotheses. The need to make tradeoffs between (or forego) attractive features of unique choice alternatives can give rise to feelings of difficulty which will make it hard for consumers to arrive at a choice decision (Luce et al., 1999). Feelings of difficulty signal problems with the decision process and undermine the confidence with which the choice decision is ultimately held (Tsai and McGill, 2011). Highly diagnostic information simplifies choice decisions by providing cues that make the best choice alternative more apparent to the consumer (Amir and Levav, 2008). This reduces choice conflict (Tversky and Shafir, 1992) because it eliminates the need to make difficult tradeoffs that would undermine choice confidence. This leads to the first hypothesis.

H1: Choice confidence will be higher when information is high in diagnosticity than when it is low in diagnosticity.

This research proposes that perception of information adequacy mediates the influence of information diagnosticity on choice confidence. Perception of information adequacy reflects the extent to which the consumer believes external information to be sufficient for the choice task (Nagpal et al., 2011). External information is the first source of information that informs choice confidence (Hammond, 1996; Tsai and McGill, 2011). If external information is believed to be sufficient for the choice task, that information should also be sufficient to support confidence that the choice decision is correct.

H2: Perception of information adequacy will mediate the influence of information diagnosticity on choice confidence.

As discussed earlier, MIPs can vary in terms of selection freedom. In a fixed-selection MIP, the consumer’s choice is restricted to a predetermined combination of products. To take advantage of the promotion, the consumer must forego the combinations *in potentia* that he/she could have constructed. Prior research has shown that restrictions can promote systematic (as opposed to heuristic) processing of information (Bahn and Boyd, 2014). Systematic processing of information is more likely than heuristic processing to increase the salience of choice tradeoffs and give rise to feelings of difficulty that can undermine choice confidence. In contrast, a free-selection MIP allows the consumer to select multiple products and, thereby, reduce or avoid tradeoffs (Lazarus, 1991) and their negative influence on choice confidence.

H3a: Choice confidence will be higher with a free-selection MIP than with a fixed-selection MIP.

In addition to its main effect (proposed in H3a) selection

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