



BOGO or 50% Off?

: The Impact of Sales Promotions and Shopping Channels on Apparel Shopping Behaviors

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Introduction Many previous studies conducted in the brick-and-mortar shopping setting indicated that shoppers prefer bonus packs (e.g., BOGO) to price discounts (e.g., 50% off) (Chen et al., 2012; Hardesty & Bearden, 2003; Kamins et al., 2009; Mishra & Mishra, 2011). However, unique characteristics of online shopping may shift consumers' preference of promotion tactics. Therefore, this online experiment study aims to test the difference between the online and offline consumer responses to two sales promotion tactics (i.e., bonus packs and price discounts).

Literature Review According to the regulatory focus theory (1997), promotion-oriented individuals are sensitive to gains and pursue growth and advancement whereas prevention-oriented people are sensitive to losses and seek safety and security. This theory can also be applied to understand different types of sales promotion tactics. Bonus packs, because the tactic gives more for the same money, are inherently promotion-focused whereas price discounts, because the tactic reduces the cost for the same product, are prevention-focused (Chandran & Morwitz, 2006; Mishra & Mishra, 2011; Nunes & Park, 2003). Hence, it is predicted that consumers perceive bonus packs as a promotion-focused, and price discounts as a prevention-focused sales promotion (H1). We also predict the shopping channel will encourage shoppers to become either promotion-focused or prevention-focused. Because online channel is likely to increase risk, thus trigger a prevention orientation whereas offline channel is likely to induce a promotion orientation because it provides vivid experiences of products (H2). Previous research support that individuals are persuaded by messages and sales promotions that match with their regulatory focus (Choi, 2012). Therefore, promotion-oriented (vs. prevention-oriented) consumers are likely to prefer bonus packs (vs. price discounts) because the promotion matches their regulatory focus (H3). However, such effects of congruity between the regulatory focus and promotion tactics will be moderated by the shopping channel because online and offline channels will trigger different regulatory focus (H4). Three online experiments were conducted to test the hypotheses via Amazon MTurk. All measurement items were adopted from previous studies.

Study 1 The purpose of Study 1 was to test if two sales promotion tactics are perceived as either promotion or prevention-focused. Participants ($n=160$) saw and compared price discounts (i.e., 50% off) and bonus packs (i.e., Buy 1 Get 1 Free) by responding to 10 items (e.g., Which sales promotion is more focusing on the avoidance of negative results?) on a 7-point rating scale (1=definitely "50% off", 7=definitely "Buy 1 Get 1 Free"). Consistent with H1, price discounts were perceived as prevention-focused ($M=3.44$, $t(105)=25.18$, $p<.001$), and bonus packs as promotion-focused promotion ($M=5.10$, $t(105)=42.27$, $p<.001$).

Study 2 The purpose of study 2 was to test if consumers prefer a promotion tactic that is consistent with their regulatory focus. Fifty participants were primed with either prevention- or promotion-focus through a priming task (Freitas & Higgins, 2002; Leonardelli et al., 2007), and were asked to choose between bonus packs and price discounts. Manipulation of regulator focus was successful ($F(1,203)=4.96, p<.05; M_{Pro}=.28$ vs. $M_{Pre}=-.66$), and the results supported H3. As predicted, promotion-oriented participants chose bonus packs (vs. price discounts) more than prevention-focused participants ($\beta=1.43$, Wald $\chi^2(1)=5.96, p<.01; M_{Pro}=.58$ vs. $M_{Pre}=.24$).

Study 3 A 2 (shopping channels) x 2 (sales promotions) between-subjects experiment was conducted to test H2 and H4. Participants (n=193) read a shopping scenario describing one of the four conditions and reported their regulatory focus, perceived risk, and attractiveness of the sales promotions. The attractiveness of sales promotions was measured by deal attractiveness and purchase intention of the product. Manipulations of shopping channel ($M_{Offline}=6.28$ vs. $M_{Online}=1.57, t(191)=-31.00, p<.001$) and sales promotion ($M_{Bonus\ packs}=6.57$ vs. $M_{Price\ discounts}=1.29, t(191)=-32.86, p<.001$) were successful. Inconsistent with H2, shopping channels did not affect participants' regulatory focus or risk. Thus, H2 was rejected. However, a significant two-way interaction appeared for deal attractiveness ($F(1, 7.608) = 5.656, p < .05$) and purchase intention ($F(1, 6.811) = 5.45, p < .05$). As expected, participants in the online condition found the sales promotion more attractive and were more likely to purchase the product when the promotion was presented as the price discount (50% off) than the bonus pack (BOGO) while participants in the offline condition rated both promotion tactics equally. Thus, H4 was supported.

Discussion and Implications The results of this study provide important insights for multichannel retailers by testing the effects of channel on shoppers' regulatory focus and their decision making. Building on the regulatory focus and sales promotion literature, this study makes contribution to sales promotion and multichannel retailing by addressing subtle differences induced by different shopping channels. The findings emphasize the importance of developing channel-specific sales promotion strategies. While the result did not support the hypothesis that shopping channels elicit different type of regulatory focus, it is possible that manipulation through scenarios did not generate large enough effects. Future research using more vivid manipulation of shopping channels can validate and strengthen the findings of the current study.

Selected References

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