The Impact of Certain and Uncertain Store Promotions on the Decision-Making Process in Product Choices

Cathy Y. Chen, Assistant Professor
Shi Zhang, Associate Professor

The Impact of Certain and Uncertain Store Promotions on the Decision-Making Process in Product Choices  Cathy Y. Chen Shi Zhang  Short Abstract Various store promotions ranging from dollar-off discounts to sweepstakes can induce different affects among consumers. Built on recent studies on the uncertainty of incidental affect, this research examines how promotions differ in the feeling of uncertainty elicited, which, in turn, influence the decision-making process of product choices. Specifically, we demonstrate that “uncertain” promotions (e.g., sweepstakes) can increase the extent of systematic decision-making in a subsequent product choice relative to “certain” promotions (e.g., discount) when the choice is easy. But the pattern is reversed when the choice is difficult. The implications to the incidental affect and promotion research are discussed.

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Cathy Y. Chen, Singapore Management University  
Shi Zhang, University of California-Los Angeles

EXTENDED ABSTRACT

Store promotions presented at the beginning of a consumer’s shopping trip influence the consumer’s affective states during the trip (e.g., Gardner 1985). Although the promotion-induced affect should be regarded as irrelevant in subsequent product choices, previous research shows that it influences a consumer’s choice decision (e.g., Heilman, Nakamoto and Rao 2002). The impact of promotion-induced affect on a consumer’s product choice can find theoretical support from the incidental affect literature, which has demonstrated that affect elicited in one incident extends its effect to other unrelated incidents (Isen 2001). However, a majority of incidental affect research compares the impact of positive affect with that of negative affect and neutral state. Although this group of studies is helpful for us to predict the impact of store promotions in general, it may be insufficient to discriminate the impact of a variety of promotions which generally would make consumers feel positive, since relative pleasantness is quite unimportant to differentiate positive emotions (Smith and Ellsworth 1985).

Recent incidental affect literature demonstrates that, regardless of valence, the uncertainty associated with an affect influences the extent of systematic decision-making of a subsequent judgment (e.g., Tiedens and Linton 2001). Since promotions are different in terms of the uncertainty of the benefit provided (e.g., an instant dollar-off coupon provides more certain benefit than a sweepstakes), a promotion providing a probabilistic benefit may make consumers feel more uncertain than a promotion providing a sure and immediate benefit. Thus, focusing on the uncertainty of promotion-induced affect can be important in differentiating the impact of types of promotions on subsequent product choice process.

Although it is shown that uncertainty can decrease confidence and lead to more systematic decision making, there exist inconsistent findings which shows less systematic decision making when subjects feel uncertain (e.g., Bodenhausen et al 2000). This inconsistency may be explained by the effect of uncertainty on perceived ability. Uncertainty to which people have no control can also decrease a subject’s perceived ability (Sedek, Kofa and Tyszka 1993), which, according to the ability and motivation framework, would decrease the extent of systematic decision making.

According to the affect-as-information theory (Schwarz 1990), we expect that the uncertainty can decrease perceived ability when one is ambiguous about his ability of accomplishing a task. This can be examined by varying choice difficulty. When a choice is easy, people generally perceive themselves as being capable of systematically analyzing information to make a choice. Since the ability assessment is not ambiguous, the feeling of uncertainty induced by an uncertain promotion is less likely to add any informational value for the perceived ability judgment and thus should not decrease the perceived ability. Since in this case, an uncertain promotion may decrease a subject’s confidence (Tiedens and Linton 2001) but not perceived ability, it is expected that uncertain promotion would lead to a less systematic decision-making process than the certain promotion and the no-promotion situation. In contrast, when a choice is difficult, it is often ambiguous to a subject whether he/she can systematically analyze all the information to make a correct choice (Payne, Bettman and Johnson 1988). In such cases, a subject is more likely to rely on his/her affective state as an informational cue for the perceived ability judgment. Thus, the feeling of uncertainty induced by an uncertain promotion is more likely to decrease a subject’s perceived ability and lead to a less systematic decision-making process relative to a certain promotion and a no-promotion situation. The hypotheses were examined by a lab experiment.

The experiment (N=360) investigated the extent of systematic decision making by comparing the impact of feature importance on the choice decision. Subjects who were more (vs. less) systematic should scrutinize the product features more carefully and thus be more likely to differentiate high-importance features from low-importance features. Thus, their decisions should be greatly influenced by the feature importance and more subjects should choose the option that was dominant on high-importance features (vs. low-importance features). Subjects who were less systematic, however, may not discriminate high-importance and low-importance features and may be influenced by heuristic cues like the number of dominating features. Thus, the likelihood of choosing an option that was dominant on high-importance features may not differ from that of choosing the one dominant on low-importance features.

This experiment was a 3 (promotion) x 2 (choice difficulty) x 2 (importance of dominant features) between subject design. Subjects were presented a “certain” promotion ($50 gift certificate to Disneyland for any purchases over $200), or an “uncertain” promotion (30% chance to win a $150 gift certificate to Disneyland for any purchases over $200), or no promotion. The two choice options were non-dominant to each other in the difficult choice condition and one option was superior to the other in terms of the number of dominating features in the easy choice condition. Supporting the hypothesis, the data revealed that when the choice was easy, an uncertain promotion led to more systematic processing (indicated by a higher choice proportion of the option dominating on high (vs. low) importance features) than a certain promotion and no promotion. In contrast, when the choice was difficult, an uncertain promotion led to less systematic processing than a certain promotion and no promotion. Evaluation and recall data provided converging results.

Overall, the results suggest that 1) store promotions may influence the decision-making process of a subsequent product choice through promotion-induced affect, 2) uncertain promotions influence the decision-making process differently from certain promotions and no promotion situations, 3) the impact of uncertain promotions is moderated by choice difficulty. The demonstration of the impact of promotion-induced affect on product choices enables us to go beyond the traditional view of promotion as signals for product quality and understands the effect of various types of promotions on the choice decision-making process. The comparison of the certain, uncertain and no promotion in different choice contexts lends support to the uncertainty-focused research in the incidental affect research and highlights its importance when affect management objective is not salient (Wegener et al 1995).