Looking For Great Discounts – How Store Coupons Shape Attention, Product Memory, and Store Impressions

Norbert Schwarz, University of Michigan, USA
Charles Y. Z. Zhang, University of Michigan, USA

Consumers perceive identical dollar discounts as more valuable when the percentage saved is higher. Therefore, consumers may focus on items close to a coupon’s face value when browsing a store, with downstream effects on memory and evaluation. Supporting this hypothesis, receiving an unrestricted $5-off coupon prior to browsing an online store increased attention as well as later recall of low-priced items relative to no-coupon controls or receiving a coupon requiring $20 minimum spending. This bias was further reflected in estimates of store’s price structure and evaluations of the variety offered in different product categories. Theoretical and managerial implications are discussed.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/14530/volumes/v36/NA-36

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
was, as hypothesized, significant for both attitude \(F(1, 130)=4.797, p<.05\) and perceptions of brand alliance fit \(F(1, 130)=8.943, p<.005\). These results implicate the need for a match between the consumer identity and the product perceptions in order for a brand alliance to be evaluated positively.

To our knowledge, there has been no effort to include consumer self-conceptions in models of brand alliance success. This set of studies represents a first attempt to consider how different consumer identities can impact both perceptions of brand alliance fit and attitude toward the alliance. Drawing from the social identity-based attitude literature, we extend the concept of complementarity, or brand alliance fit, to include the consumer. Moving from a dyadic to triadic level of analysis allows consumer researchers to have a deeper understanding of the products that consumers are likely to see as “acceptable” in brand alliances. The experiments presented here provide reliable evidence for the importance of including this consumer-focused fit into evaluations of brand alliance structure, suggesting that successful efforts require not only high inter-brand fit, but also a strong brand-consumer connection. Taken together, these studies provide support for the value in taking the consumer into account when defining brand alliance fit, as different identities will emphasize diverse brand values—not all of which are complementary.

References

Looking for Great Discounts—How Store Coupons Shape Attention, Product Memory, and Store Impressions
Charles Y. Z. Zhang, University of Michigan, USA
Norbert Schwarz, University of Michigan, USA

Coupons are a widely used tool of sales promotion and numerous studies examined their impact on consumer behavior (see Raghubir, Inman and Grande, 2004, for a review). While most of the available research focused on product or brand coupons, retailers may use generic coupons to attract customers to their stores. Such coupons take a variety of forms, typically as conditional dollar-off coupon ($X off any purchase above $Y), unconditional dollar-off coupon ($X off any purchase), or percentage-off coupon (Z% off any purchase).

On theoretical grounds, it is likely that store coupons influence what customers attend to once they are in the store. The present research addresses this possibility. We predict, and find, that such coupons induce consumers to focus on products in a price range close to the minimum purchase requirement of the coupon, as indicated by biases in consumers’ memory for the goods offered.

Rationale
Several lines of research suggest that consumers who receive a dollar-off coupon may attempt to make a purchase in the price range of the coupon’s minimum purchase requirement. First, the perceived value of a given discount increases with the percentage saving it provides. For example, Tversky and Kaheneman (1981) observed that consumers are more willing to drive 20 minutes for $5 off a $15 product than for $5 off a $125 product. Similarly, Krishna et al. (2002) found in a meta-analysis of 20 coupon studies that consumers’ think they saved more money when a given face value results in a high rather than low percentage discount. Second, specifically for unconditional coupon holders, purchasing a product at or just above the coupon’s face value amounts to receiving the product for “free,” which is particularly attractive (Ariely, 2008). Hence, consumers with and without a dollar-off coupon may pay differential attention to items at different price levels. This differential attention, in turn, may affect their later recall of the items offered as well as their impression of the store. This prediction is consistent with psychological research that shows that attention and memory are a function of goals and motivation (e.g., Anderson and Pichert, 1978; Klinger, 1977).

Studies
Method. We built an online office supply store using a real online shopping platform. The store had about 20 items, priced $5-$30, with product descriptions, pictures, and price information copied from the website of a major office supplies store. The lower priced items (below $10) where stationary and paper products, whereas the higher priced items (above $20) were computer accessories.

Study 1. Fifty-four business undergraduates browsed the store and did vs. did not receive a coupon that offered “$5 off any purchase.” Participants were encouraged to make a hypothetical purchase decision during browsing, but were not required to do so. Next, participants completed an unrelated experiment as a filler task. Subsequently they estimated the average price of all items offered in the store, and evaluated how much variety the store offers in the lower and higher priced product categories (paper products vs. computer accessories).

As predicted, participants who received a $5-off coupon purchased items that had a lower price than participants who received no coupon, estimated that the average price of all items offered in the store is lower, and provided more favorable ratings of the variety that the store offers in the paper products category.