Consumer Entry Decision in Promotional Games Based on Chance: Do the Perceived Odds of Winning Matter?
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Little research has been dedicated so far to consumers’ decision to enter a promotional game based on chance. We focus on the impact of the number of prizes, a characteristic of great managerial relevance. Our results show that, in most cases, a consumer’s estimation of the probability to win is not sensitive to variations in the number of prizes or in the geographical scope of the game. This magnitude insensitivity disappears when the probability cue is expressed through the temporal frequency of drawings or when the number of prizes is visually stressed by displaying an equal number of pictures.

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formats stem from the ease in processing the two modes of information. The advantages of using figure displays to encourage repurchase are compromised when the computation of the actual progress is inherently easy.

In sum, we demonstrated that the formats in which progress information is presented play a substantial role in encouraging loyalty program members to persist and repurchase. The findings also suggest that the effects of presentation formats depend on the ease in processing the two different modes of information.

References

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Promotional games represent significant investments for marketers: $1.83 billion were spent in 2006 in this kind of sales promotion (Promo Magazine, 2007). Their goals may be to make a product or service known, to collect information for direct marketing purposes or to build brand image. To achieve this, firms often wish to maximize the number of participants. This is particularly true for promotional games relying on a chance mechanism to designate winners (lotteries, sweepstakes, instant win games, etc.), which potentially address a greater number of entrants than skill-based contests. However, so far, consumer research has offered few guidelines on the impact of design characteristics on participation likelihood for promotional games based on chance (Ward and Hill, 1991).

One of these characteristics which directly impacts the cost of the promotion for the firm is the number of prizes, i.e. the number of winners. This piece of information is considered to contribute significantly to the game attractiveness and is made as salient as possible in the associated advertisement (Feinman, Blashek and McCabe, 1987). But are consumers actually sensitive to the number of prizes when making their entry decision? This number is an incomplete indication of the probability to win (i.e. the numerator), since typically no indication is given on the number of participants (i.e. the denominator). Thus, the consumer is placed in a decision under uncertainty, in which the ambiguity on the probability to win stems from the limited availability of probability cues. Following research on scope neglect and magnitude insensitivity (e.g. Frederick and Fischoff, 1998, Kahneman, Ritov and Schkade, 2000, Hsee and Rottenstreich, 2004), our hypothesis is that in most cases, people estimation of their probability to win, and then their participation likelihood, is not an increasing function of the number of prizes. We contend it is due to the lack of evaluableity of this variable, i.e. the “impossibility to evaluate the desirability of one level when it is presented in isolation” (Hsee, 1996; Hsee et al., 2005): a consumer may not be able to judge if a game offering 10 prizes is associated with a good or bad probability to win.

Three scenario-based pilot studies investigate the impact on consumer entry likelihood of different kinds of probability cues embedded in advertisements for promotional games based on chance. By probability cue, we refer to the elements in the game design contributing to the probability to win but insufficient to estimate it precisely, like the number of prizes (study 1a: 1 vs. 10 week-end trips to win), the geographical scope of the game (study 1b: 100 winners in Paris vs. 100 in France) or the frequency of drawings (Study 1c: A winner every day vs. every week vs. every month). We only find an impact of the magnitude of the probability cue on participation likelihood in the temporal frequency format: In study 1c, respondents (N=165) declare on a 9-point scale to play more often when the winning instants are happening every day than every month (m_{day}=3.790, m_{month}=1.374, p<0.05). Thus, the evaluableity of the probability cue seems greater when it takes the form of the temporal frequency of drawing compared to the number of prizes or the geographical scope of the game.

In Study 2, we test if the insensitivity to the geographical scope of the game is due to the incapacity to estimate the number of participants it represents. People have to give their likelihood to choose between a Gaumont or an UGC movie theater to watch a movie on a Saturday night: the UGC is 10-minute further but is randomly drawing 100 spectators among its multiplexes13 who each win 10 free tickets. In a full factorial design, we manipulated the geographical scope of the sweepstake (low scope: all spectators in Paris vs. high scope: all spectators in France) and the amount of information (no information vs. the average number of UGC screens and spectators on a

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13In most countries, the entry in a promotional game must not require any monetary consideration in order not to be regarded by the legal interdiction against commercial lotteries (Feinman, 1987).