The Differential Promotion Effectiveness on Hedonic Versus Utilitarian Products

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Consumers find it more difficult to justify hedonic than utilitarian consumptions. Consequently, we propose that promotions have a stronger effect on the purchase likelihood of hedonic than utilitarian products. As expected, the results of a series of studies demonstrate very strong differential impacts of promotions on the purchase likelihood of hedonic vs. utilitarian products. Further, although promotions are particularly effective in stimulating purchases of hedonic products, this effect is eliminated when the hedonic product is intended as a gift for others or when consumers already have justifications. Implications of the findings are discussed.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/14381/volumes/v36/NA-36

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EXTENDED ABSTRACT

Prior research in social sciences (e.g., Kivetz and Simonson 2002; Kivetz and Zheng 2006; Maslow 1970; Prelec and Loewenstein 1998; Weber 1998) suggests that consumers feel more difficult to justify spending money on hedonic than utilitarian products because of the inherent disadvantages of hedonic luxuries compared with utilitarian necessities. Consequently, we propose that consumers have a stronger need for justification and are more likely to rely on external justifications such as promotions to help them make a purchase decision when buying hedonic products than buying utilitarian ones. Therefore, it is predicted that promotions have a stronger effect on the purchase likelihood of hedonic rather than utilitarian products. This and other related propositions are tested in a series of studies using a variety of promotion programs and product categories in different price ranges.

Study 1 tests the proposition that promotions have a stronger effect on the purchase likelihood of hedonic products than utilitarian ones in three separate tests using different types of products. In each test, respondents were randomly assigned to one of the four conditions in a 2 (product type: hedonic vs. utilitarian) X 2 (promotion availability: available vs. unavailable) between-subjects design. Consistent with our hypothesis, in all three tests, promotions had a stronger positive effect on the purchase likelihood of the hedonic products than utilitarian products (all ps<.05). Specifically, in the first test (DVD movie vs. ink cartridge), for the hedonic product (DVD movie), promotion had a significant positive effect on the purchase likelihood (13% vs. 47%, p<.001). In contrast, for the utilitarian product (ink cartridge), promotion did not have a significant positive effect on the purchase likelihood (77% vs. 87%, p>.1). The difference in the observed promotion effects between hedonic product and utilitarian product conditions is statistically significant (p<.05). Similarly, in the second test (LCD TV vs. desktop PC), for the hedonic product (LCD TV), promotion had a significant positive effect on the purchase likelihood (46% vs. 81%, p<.001). In contrast, for the utilitarian product (desktop PC), promotion did not have any effect on the purchase likelihood (78% vs. 78%, p>.1). The difference in the observed promotion effects between hedonic product and utilitarian product conditions is statistically significant (p<.01). Finally, in the third test (Time Out New York magazine vs. Time magazine), for the hedonic product (Time Out New York magazine), promotion had a significant positive effect on the purchase likelihood (12% vs. 42%, p<.01). In contrast, for the utilitarian product (Time magazine), promotion did not have a significant positive effect on the purchase likelihood (54% vs. 37%, p>.1). The difference in the observed promotion effects between hedonic product and utilitarian product conditions is statistically significant (p<.01).

Study 2 further tests the proposed conceptualization by holding constant the product in all conditions while manipulating consumption goals (hedonic vs. utilitarian) across conditions. Specifically, Study 2 employed a 2 (consumption goal: hedonic vs. utilitarian) X 2 (promotion availability: available vs. unavailable) between-subjects design. The results show that when promotions had a significant positive effect on the purchase likelihood of a digital camcorder when the consumption goal was hedonic (for vacation) (32% vs. 68%, p<.001), the same promotion did not have a significant effect on the purchase likelihood of the same camcorder when the consumption goal was utilitarian (for study) (63 vs. 74%, p>.1). The interaction effect between promotion availability and consumption goal was significant (p<.05).

Study 3 was designed to test the conceptualization by investigating the differential effects of promotions when a product is purchased for self compared to when a product is purchased as a gift for others. Specifically, Study 3 employed a 2 (hedonic product vs. utilitarian product) X 2 (promotion availability vs. promotion unavailable) X 2 (for the self vs. for others as a gift) between-subjects design. Consistent with the proposed conceptualization, the results demonstrate that for hedonic products, promotions had differential effects on the purchase likelihood of the hedonic product when it was purchased for the self (25% vs. 73%, p<.001) compared to when it was purchased as a gift for others (71% vs. 86%, p<.1) (interaction effect p<.05). In contrast, for utilitarian products, there was no significant differential effects of promotion on the purchase likelihood of the utilitarian product when it was purchased for self (20% vs. 40%, p<.05) compared to when it was purchased as a gift for others (46% vs. 61%, p<.1) (interaction effect p>.1). The 3-way interaction effect between product type, promotion availability and whether the product is purchased for the self or for others as a gift was marginally significant in the predicted direction (p<.1).

Study 4 investigates the underlying psychological processes of the differential promotion effectiveness by examining the moderating role of justifications in the positive effect of promotions on purchasing or choosing hedonic products. Specifically, Study 4 employed a 2 (justification availability: available vs. unavailable) X 2 (promotion availability: available vs. unavailable) between-subjects design. The results show that while promotions have a strong positive effect on the purchase likelihood of hedonic products (28% vs. 75%, p<.001), such effect is eliminated when consumers are asked to carefully think of reasons before they make their decisions (50% vs. 56%, p>.1). The interaction effect was significant in the predicted direction (p<.01), supporting the moderating role of justifications in the positive effect of promotions on the purchase likelihood of hedonic products.

In sum, the findings of Studies 1-4 are consistent with our proposed conceptualization that consumers find it more difficult to justify spending money on hedonic luxuries for themselves and therefore they have a stronger need for and are more sensitive to external justifications such as promotions. In the final section, we discuss the implications of the findings for marketing managers and for the literature of sales promotion.

REFERENCES


