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## **For Fun Or Profit: How Shopping Orientation Influences the Effectiveness of Monetary and Nonmonetary Promotions**

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Two experiments found that shopping orientation (experiential vs. task-focused) influences how consumers react towards promotions. This influence was moderated by promotion type (monetary vs. nonmonetary). The results indicate that consumers evaluate promotions and retailers as more attractive when the promotional benefits are congruent with consumers' shopping goals.

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# For Fun or Profit: How Shopping Orientation Influences the Effectiveness of Monetary and Nonmonetary Promotions

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## EXTENDED ABSTRACT

Different types of promotions have different pros and cons. Monetary promotions (e.g., discounts) can be very effective in producing short-term effects on sales (Alvarez-Alvarez and Vázquez-Casielles 2005), but have negative effects on price sensitivity and brand equity (Yi and Yoo 2011). Nonmonetary promotions (such as sweepstakes or free gifts) do not show these negative effects, but their influence on attractiveness of the offer and marketing share is often lower than that of monetary promotions (Alvarez-Alvarez and Vázquez-Casielles 2005). Thus, to effectively use promotions as a tool, marketers and retailers need to know when and how which type of promotion is the most effective.

The present research examines whether consumer shopping orientation influences how consumers react towards monetary and nonmonetary promotions. In line with research on fit and congruency effects (Chernev 2004; Lee and Higgins 2009), we posit that promotions are more effective when the promotional benefits match a consumer's motivational orientation. Consumers' shopping orientation can be narrowed down to two fundamental motivational orientations: a task-focused and an experiential shopping orientation (Kaltcheva and Weitz 2006). According to the benefit-congruency model of sales promotion effectiveness, monetary and nonmonetary promotions differ in the benefits they provide (Chandon, Wansink, and Laurent 2000). Nonmonetary promotions provide primarily hedonic benefits. This should meet experiential shoppers goals for hedonic stimulation during shopping. Task-focused shoppers should be insensitive to these hedonic benefits, because they focus on efficiency during shopping. Monetary promotions provide primarily utilitarian benefits. This should meet the goals of task-focused shoppers, who focus on maximizing utilitarian shopping value. In addition, experiential shoppers may experience hedonic benefits in terms of pleasure when hunting for price promotions.

Thus, nonmonetary promotions are congruent only with the goals of experiential shoppers, but not with the goals of task-focused shoppers. By contrast, monetary promotions are congruent with the goals of both task-focused and experiential shoppers. This implies that nonmonetary promotions are more attractive to experiential shoppers than to task-focused shoppers. Furthermore, this difference should be less pronounced for monetary promotions.

We examined these hypotheses in two experiments. Study 1 ( $N = 217$ ) applied a 2 x 2 mixed design. Promotion type (monetary vs. nonmonetary) was a within-subject factor. Shopping orientation (task-focused vs. experiential) was a continuous between-subject predictor and was measured using eight items (Reynolds and Beatty 1999). Participants evaluated a number of monetary and nonmonetary promotions for fast moving consumer goods from existing national brands. The results supported the hypotheses. The more experiential a consumer's shopping orientation, the more positive was the evaluation of promotions. This positive relationship was more pronounced for nonmonetary than for monetary promotions.

Thus, Study 1 found that shopping orientation influences how consumers evaluate promotions, and that this influence is moderated by promotion type. Study 2 sought to extend this finding in a number of ways. First, Study 2 examined whether the different reactions to promotions transfer on the retailers offering nonmonetary or mone-

etary promotions. Second, the study included a control condition with a retailer offering no promotions. Third, Study 2 experimentally manipulated shopping orientation, whereas study 1 measured consumers' chronic shopping orientation. Finally, Study 2 used a different and more hedonic product category (entertainment DVD) than study 1 (FMCG).

Study 2 applied a 2 x 3 mixed design ( $N = 120$ ). Shopping orientation (task-focused vs. experiential shopping orientation) was a between subject factor and was manipulated by a scenario (Kaltcheva and Weitz 2006). Promotional strategy (monetary vs. nonmonetary vs. no promotion) was a within-subject factor: Each participant read descriptions of three stores with a DVD department that differed in their promotional strategy. For each store, participants indicated the store attractiveness on three items. The results supported the hypotheses. The store with the nonmonetary promotions was evaluated as more attractive by experiential than by task-focused shoppers. For the store with the monetary promotions, the store evaluation did not differ between the experiential and the task-focused shoppers. Finally, the store evaluation of the store offering no promotions received the lowest attractiveness ratings and these ratings did not differ between experiential and task-focused shoppers.

In sum, the present research supports the assumption that promotions are more effective when they support a consumer in pursuing his or her goals during shopping. Across two experiments, we found that shopping goals as reflected in consumer shopping orientation influenced evaluations of promotions and evaluations of retailers offering promotions. Nonmonetary promotions were more attractive for experiential shoppers than for task-focused shoppers. This influence of shopping orientation was moderated by promotion type: The differences in the attractiveness of promotions between task-focused and experiential shoppers were more pronounced for nonmonetary than for monetary promotions.

The present research extends the benefit congruency framework of sales promotion effectiveness (Chandon et al. 2000) in two ways. First, Chandon et al. (2000) found a congruency effect between promotion type and product type (hedonic vs. utilitarian). We found that there are also positive consequences of a congruency between promotion type and shopping orientation. Second, Chandon et al. (2000) examined the influence of the congruency effect on the market share of brands. We demonstrated that the positive effect of congruency also transfers to the evaluation of a retailer that adopts a monetary versus a nonmonetary promotion strategy. The latter finding suggests that the decision of whether to use monetary or nonmonetary promotions also has consequences for a retailer's image and for consumers' patronage intentions.

The results have also implications for the design of promotions. The results imply that retail and marketing managers can enhance the effectiveness of promotions by customizing promotion type to customers' shopping orientation. Task-focused shoppers should be given monetary promotions because these promotions are more successful with this type of shopper. Experiential shoppers should be given nonmonetary promotions: They react favorably to both nonmonetary and monetary promotions, and nonmonetary promotions do not bring the dangers of lowering expectations regarding prices and increasing price sensitivity. Such an approach offers a trade-off

between the positive effects of promotions (increased sales) and the negative effects of promotions (increased price sensitivity from monetary promotions).

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