The Immediate and Delayed Effects of Price Promotions on Post-Purchase Consumption Experience

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We examine how price promotions influence post-purchase hedonic consumption experience. Four experiments demonstrate that when consumption occurs immediately after payment, discounts make consumption more enjoyable; however, this pattern reverses when consumption is delayed. The experiments provide support for the roles of feelings and involvement, respectively, in accounting for these effects.

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Sooner Rather than Later?  
The Implications of Delay on Enjoyment and Consumption  
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Paper #1: 1. The Immediate and Delayed Effects of Price Promotions on Post-Purchase Consumption Experience  
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Paper #3: 3. What’s Queuing Worth? Sunk Effort and the Value of A Queue Position  
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SESSION OVERVIEW  
Time delay is a ubiquitous phenomenon in consumer life. Prior research has shown that delay discounts the peripheral aspects of a consumption scenario and increases the importance of central aspects of the decision (e.g., Trope and Liberman 2003). In the waiting literature, research has shown that people’s experiences with a consumption episode are usually negatively correlated with delay because sooner is better (Taylor 1994). Yet other research suggests that more negative experience during waiting can also increase goal desirability (Koo and Fishbach 2010). Furthermore, different consumers might use different strategies to regulate their time and decisions (Lauer 1981). How does delay and time elapse play a role in consumer behaviour? This session tries to expand our understanding of the effect of time delay and duration by systematically examining the effect of delay/time elapse on consumption enjoyment and decisions across diverse domains, and conversely, how consumers form duration perception as a result of their ongoing consumption experience.

The session begins with a paper by Lee and Tsai that examines how price promotions influence hedonic consumption experience immediately after payment versus after a delay. The findings suggest that discounts make instant consumption more enjoyable; however, this pattern reverses when consumption is delayed due to consumers’ changed feelings and involvement. Sellier and Avnet further investigate how consumers with different temporal regulation strategies react to different promotion strategies offering different time flexibility. For example, they demonstrate that clock-time style results in higher preferences towards delayed services with more waiting than immediate service, compared with event-time style, because clock-time consumers can shift tasks around more easily. Following up these findings, Zhao, Soman and Yang propose and show that more waiting time and a greater number of people behind during waiting lead consumers to value the delay more highly and to consume at higher levels because they need to compensate for their perceived sunk cost. Finally, while the first three papers examine the effect of delay/duration of waiting on consumption decisions and experience, Ilyuk, Block and Faro take a reversed direction and investigate how current consumption experience impacts the perceived efficacy duration of a product, a previously neglected construct. Their findings suggest that higher difficulty of the current experience leads to shorter perceived efficacy duration of the product and thus increases the frequency of intake of the product.

The papers in this session proposal are all in advanced stages of completion, with multiple studies conducted and full papers available. Taken together, the session is designed to provide an integrative overview of new research aimed at enhancing our understanding of the role of delay in consumption enjoyment, consumer spending and other aspects of consumer decisions. In this sense, the session helps to further the conference mission of appreciating diversity by examining the role of delay in these diverse areas. Besides their theoretical contributions, the findings in this session also provide important implications to enhance consumption experiences in situations involving delay and waiting, and to increase consumers’ health and welfare by changing their perceived efficacy duration of products. The likely audience for this session will be consumer researchers in general and specifically those who are interested in consumers’ decision-making related with time and duration. Thus we expect to draw the interest of a wide range of researchers.

The Immediate and Delayed Effects of Price Promotions on Post-Purchase Consumption Experience

EXTENDED ABSTRACT  
Consumers generally believe that getting a good deal for a product would enhance their hedonic experience of consuming the product. The present research examines this intuition. We find that getting a price discount can make consumption more enjoyable. However, contrary to lay beliefs, when consumption is decoupled from payment with a time delay, price promotions actually diminish consumption enjoyment over time. While prior research has documented the effects of price promotions on sales and perceived quality (e.g., the placebo effect in which discounts have been found to decrease perceived efficacy of utilitarian products – Shiv, Carmon, and Ariely 2005), we systematically investigate the effect of price promotions on post-purchase consumption experience of hedonic products over time.

On the one hand, getting a good bargain can elevate moods (Heilman, Nakamoto, and Rao 2002), which spills over to consumption experience and makes consumption more enjoyable. On the other hand, paying a lower price may reduce the psychological need to recover one’s expenditure (Gourville and Soman 2002); thus, the less a consumer has paid for a product, the less relevant the consumer perceives the product to be, and the less involved he/she becomes during consumption. The resulting lower involvement thus makes evaluation less extreme (Petty and Brinol 2010) and diminishes the intensity of consumption enjoyment. Given that mood effects are often transient while involvement effects might be more persistent, we propose that if a product is consumed immediately after payment, price promotions should enhance consumption enjoyment. However, if the consumption is delayed, the negative effect of price promotions (due to lower involvement) will dominate.

To test our hypotheses, we conducted four experiments (three of which involving real spending and product consumption) in which
we manipulated how much participants paid for a product and when they consumed the product after payment. Experiment 1 employed a 2 (discount: 0% vs. 50%) x 2 (consumption: immediate vs. delayed) between-subjects design. Specifically, participants first earned a wage by completing an unrelated study. Then, in the main “shopping study,” they used (some of) that money to purchase one of two given music recordings either at the full price or a (50%) discounted price. After paying for their chosen recording, participants were given the recording on an iPod either immediately or after a 25-minute delay, asked to listen to the recording, and then evaluate how much they enjoyed listening to it. To control for perceived quality, the music recording was the same in all conditions unbeknownst to the participants. As expected, for immediate consumption, price promotions increased consumption enjoyment, whereas for delayed consumption, the effect was reversed. More important, mediation analysis showed that mood mediated the effect of promotions for immediate consumption but not for delayed consumption. We replicated these findings in Experiment 2 using a different sensory stimulus (chocolates) with an extended time delay (1 week).

In Experiment 3, we attempted to gain insight into consumers’ affective and cognitive reactions to price promotions using a similar consumption context as Experiment 1, and therefore, to obtain process evidence for the hypothesized dual factors—positive feeling and involvement—in accounting for the observed interaction effect. The results demonstrate that while consumers may be insensitive to the transient nature of feelings (due primarily to affective misforecasting; Gilbert et al. 1998), their insight into the persistent effect of price-induced involvement is consistent with the results of experiments 1 and 2.

Nonetheless, to further demonstrate the role of involvement in the delayed-consumption results, we manipulated stimulus valence in Experiment 4. Specifically, the proposed involvement account predicts that, over time, price promotions should weaken consumption experience, making the experience of consuming a liked product (i.e., orange juice with honey) less enjoyable, and conversely, a disliked product (i.e., orange juice with vinegar) less unpleasant. Indeed, for immediate consumption, price promotions enhanced consumption experience regardless of stimulus valence. However, for delayed consumption, price promotions made the tasty juice less enjoyable and the sour juice less unpleasant. Mediation analysis confirmed that involvement during consumption mediated the effect of price promotions for delayed consumption. The results also ruled out perceived quality as an alternative explanation, suggesting that these effects of promotions can operate above and beyond price-quality associations.

Our work provides new insight to the literature on the psychological effects of price promotions on hedonic consumption experiences over time. Contrary to lay beliefs, getting a good deal actually reduces consumption enjoyment if consumption is decoupled from payment with a time delay. Besides the placebo effect, our findings also complement prior work on the psychology of payment that examines the difference between pre-payment and post-payment on consumption experience (Prelec and Loewenstein 1998) by investigating the effect of promotions on consumption experience at different points in time after payment. Further, our empirical findings may offer a potential alternative explanation for the extant finding that price promotions can have negative long-term effects on customer satisfaction and brand loyalty.

Clock-time, Event-time and Consumer Decision-Making

EXTENDED ABSTRACT

Time is a continuum on which consumption activities occur in succession from past to present to the future. Two ways in which individuals schedule tasks over time have been documented (e.g., Lauer 1981; Levine 1997): (1) “clock-time,” where individuals divide time into objective and quantifiable units, and let an external clock dictate when tasks begin/end; and (2) “event-time,” where tasks are planned relative to other tasks, and individuals transition from one to the next when they internally sense that the former task is complete (Lauer, 1981). To illustrate, clock-time individuals may have breakfast at 8 am, work from 9 am to 5 pm, dine at 6.30 pm. Event-time individuals begin work after breakfast, linger at the market for however long it takes to have one’s basket full, and leave work when they can “call it a day”. Recent research suggests that people’s adoption of a clock-versus event-time scheduling style is related to successful self-regulation (Avnet and Sellier 2011).

This research documents two critical ways in which these scheduling styles differ in their influence on consumers’ decision-making. A first difference is that clock-time consumers slice time into quantifiable, independent units, which provides them with the ability to switch tasks around more easily than event-time consumers, who view time as a sequence of events following one another, and are therefore relatively more captive of their task ordering. This greater flexibility of clock-time consumers leads to three predictions: first, they should value consumption contexts enabling them to rearrange tasks more than event-time consumers (H1). Second, a reliance on clock-time implies two costs, which influence decisions about impulsive consumption opportunities: (1) one is that of being used to incurring “empty” time whenever a task takes less time to complete than anticipated. Clock- (vs. event)-time consumers should better respond to opportunities taking place during empty time because they fill an otherwise wasted slot (H2); (2) in the context of an unscheduled opportunity appearing outside of empty time, clock-time consumers should require more time to think about the rearrangement of tasks than event-time consumers, because the latter only postpone all their tasks to later (H3). A second difference is that clock-time consumers are concerned with efficiency (getting things done) whereas event-time consumers are focused on effectiveness (doing things well). From this, we derived the prediction that clock-time (vs. event-time) consumers are generally likely to purchase discounted items independent of whether they need those items at the time of purchase. In sharp contrast, event-time consumers should seek to purchase items when they can use them (H4).

Across five studies, we either measured participants’ chronic reliance on clock- (event-) time (Studies 1-4) or primed them with these scheduling styles (Study 5). Consistent with H1, clock-time (vs. event-time) participants in a first study were more likely to buy products online rather than at a brick-and-mortar store, p < .05, presumably because shopping online is possible any time.

A second study involved 111 participants reading consumption scenarios. In a first scenario, participants imagined that they saw that a designer store is running a 30% one-day sale. A salesperson further explained that they could buy a coupon extending the 30% discount for two months. Again supportive of H1, we found that clock-time participants showed a higher preference and willingness to pay for coupons they could use later but had to pay for, compared to a free coupon they could only use immediately, both p < .05.

In a second scenario, participants reported their readiness to seize an unexpected discount opportunity during empty time. Participants imagined they were purchasing items at a department store...
and could get 20% off if they used coupons they could request at the other end of the store. Imagining their next scheduled task was 15 minutes later, clock-time participants indicated they were willing to spend more time getting the coupons than event-time participants, one-tailed p < .05 (H2).

In a third scenario, participants were unexpectedly offered to leave the next day for a 3-day trip to a secluded beach resort, all expenses paid, provided the decision was made right away, we found that – compared to event-time participants - clock-time participants were significantly less ready to immediately go on the trip, needed time to think about it more, and would be more likely to only go on the trip if it were at least a week later (all p’s < .05, H3).

A third study had 55 students react to a reservation service for restaurants that normally have a “no reservation” policy, allowing consumers to book a table in exchange for a fee. Indicating that clock-time consumers are more comfortable around empty time than event-time consumers (H3), we found that clock-time participants liked the idea less than event-time participants (p < .03) and intended to tell others about it less (p = .05).

A fourth and fifth study tested H4. In both studies, participants imagined that the season was winter (or summer) and that some stores at their mall are offering up to 50% off. We told them to assume that they were thinking of buying the products on sale at some point anyway. Their time scheduling style was either measured (Study 4) or primed (Study 5). Subjects reported their likelihood of buying the discounted summer (e.g., sunglasses) and winter products (e.g., boots). The key replicated finding is that clock-time consumers are more likely to purchase discounted items off-season than event-time consumers, who prefer to buy discounted items during the season in which the items can be used. Together, these findings suggest profound ways in which task scheduling styles shape decision-making.

What's Queuing Worth?
Sunk Effort and the Value of A Queue Position

EXTENDED ABSTRACT

Consumers routinely have to wait in queues to obtain a product or service. In this research, we examine the manner in which people value their position in a queue and the effect of this valuation on their subsequent consumption decisions. Specifically, we investigate the effect of two cues in the queueing environment: the time spent in the queue and the number of people behind. We hypothesize that more time spent in the queue and a greater number of people behind lead people to value the wait more highly and to consume at a higher level because of the perceived sunk cost.

Our predictions are based on prior research on mental accounting (Thaler, 1985) and the psychology of queuing (Koo and Fishbach, 2010; Zhou and Soman, 2003). Research on mental accounting suggests that when people prepay to purchase an experience such as a ski pass, they open a mental account for the purpose and tag it with a negative balance – the disutility of the payment they have just made. The only way in which they can satisfactorily close their mental account “in the black” (i.e., without a loss) is by consuming what they paid for (Prelec and Loewenstein, 1998), even if it rains on the ski day. We propose that people think about the queuing experience much like how they think about the utility of a transaction, following the same principles of mental accounting. As such, people in queues value the effort/psychological cost they have expended to achieve their position in the queue, and they seek to be compensated for it through product purchase or other form of reimbursement so that they can close the mental account in the black. Because the longer people have to wait, the more effort is involved and the greater their negative emotional reactions are (Taylor 1994), we predict that greater time of wait leads to greater valuation of the queue and hence greater consumption required to make up for the wait. Second, because pervious research has demonstrated that number of people behind in a queue impacts people’s queuing behavior (Koo and Fishbach, 2010; Zhou and Soman, 2003), we predict that people would also take number of people behind as a cue to evaluate their effort expended so far. Therefore, when the number of people behind is larger, people perceive higher psychological cost. Consequently, they need a higher level of benefit to compensate for their efforts, and consume at a higher level.

Our findings in three studies largely supported our hypotheses. While Study 1 examined the interaction between time of wait and number of people behind, Study 2 further investigated the effect of waiting time and Study 3 further investigated the effect of number of people behind. In Study 1, we asked participants to imagine that they were waiting in queue in a popular restaurant. During waiting they were told that the restaurant will be closing due to unforeseen circumstances and they will receive a gift certificate to compensate for the waiting. Across different conditions, participants were either told that they have been waiting for 20 minutes or for 45 minutes, and that there were either 5 vs. 10 groups behind them. Participants were asked to indicate the amount of compensation they would request. Consistent with our prediction, we found that people requested a higher amount of gift certificate after waiting for longer time (45 min.) compared with waiting for shorter time (20 min.). However, this effect was attenuated when there were 10 groups of people behind them: Participants requested higher amount of compensation regardless how long they have waited, presumably because they used number of people behind (10 groups) as an additional cue for their perceived effort of waiting. A mediation analysis supported our proposition that the perceived cost of waiting drove the observed interaction between time of wait and number of people behind on the valuation of the queue position.

In Study 2, we directly manipulated personal waiting cost (high vs. low) and examined its interaction with time of wait on people’s consumption decisions in a restaurant. We found that when people had to undergo a wait themselves and thus perceived high wait cost, they tended to order a more expensive meal after spending more time waiting. However, when they did not have to wait themselves and thus the perceived psychological cost of the wait was low, this effect was attenuated. In Study 3, we examined the effect of number of people behind in a field setting and found that when the cue of the number of people behind was salient, consumers at a car wash chose the more upgraded and expensive car wash options when the number of people (cars) behind was large, but this effect was attenuated when the cue was difficult to observe.

These findings contribute to the literature on queuing and value perception. Our research represents the first piece of work to apply mental accounting to an investigation of how waiting time and number of people behind in a queue impact the value perception of the queue, and how this valuation is translated into different consumption levels.

Is it Still Working? The Effects of Task Difficulty on Perceived Duration of Product Efficacy

EXTENDED ABSTRACT

As consumers, we often wonder how long products will last or, alternatively, how long before they “wear off.” How long will the morning brew give you energy? How long will the headache medicine relieve pain and keep the excruciating headache from coming
back? Despite the pervasiveness of such questions and their importance in determining consumption—namely, intake frequency—there has been no research on consumers’ judgments of product efficacy duration.

In the present research, we take a neglected construct—perceived duration of product efficacy—and propose that contextual factors, namely the tasks consumers perform during and after product consumption, affect such judgments. Specifically, we demonstrate the consumer belief that duration of product efficacy depends on the difficulty level of a cognitive task one performs.

Importantly, evidence supports that this lay belief has no basis in scientific fact. There is no increased energy utilization during tasks that require more vs. less cognitive effort (e.g., Clarke and Sokoloff 1997; Gibson and Green 2002; Lennie 2003; Gibson 2007; Kurzban 2010). The efficacy duration of a product’s active ingredients (e.g., half life of medication, glucose metabolism) is determined by factors such as genetics and body weight; for the average, healthy individual who is not glucose depleted, no physical or cognitive task that he/she performs can change its kinetics. Despite the scientific evidence to the contrary, across three studies we demonstrate that consumers hold the belief that product efficacy duration is shorter (vs. longer) when they perform a difficult (vs. easy) cognitive activity.

In study 1, we obtain evidence that perceived duration of product efficacy—measured by actual consumption in real-time—depends on the difficulty of the task one performs. We administered a reading task and manipulated task difficulty by adjusting font style, using degraded font in the difficult condition. Participants were placed in either the difficult or easy task condition and given Jelly Belly Sport Beans® (note that the short-term energy enhancing jelly beans have an actual onset time of 30 minutes, which experimentally controls for any glucose entering the system) to eat while they worked on the task. They were instructed to eat another Sport Bean® whenever they felt the effects wearing off and to press [SPACE BAR] each time they did so. These key presses captured perceived efficacy duration. As hypothesized, perceived efficacy duration was shorter for those in the difficult font condition ($M_{\text{difficult}} = 6.25$ minutes) than for those in the easy, standard font condition ($M_{\text{easy}} = 8.15$ minutes; $F(1, 100) = 6.16, p < .05$). While our main dependent variable was an on-line judgment of product efficacy duration, retrospective judgments of product efficacy duration showed an identical pattern of results such that those in the difficult font condition judged the Sport Beans® to have a shorter efficacy duration than those in the easy font condition ($M_{\text{difficult}} = 2.90$ vs. $M_{\text{easy}} = 3.41$; $F(1, 109) = 4.24, p < .05$). Additional measures collected in this study ruled out the alternative explanation that results were due to differences in negative affect, decreased alertness, fatigue, or motivation across conditions.

In study 2, we manipulated perceived rather than actual task difficulty. In this study, we also varied consumers’ beliefs about efficacy duration via a priming technique that either reinforced the belief that duration depends on context, or countered the belief with evidence that duration is context-independent. Participants were given the same instructions to eat Jelly Belly Sport Beans®, this time while working on identical GMAT reading comprehension questions that were supposedly either difficult or easy. When participants read that efficacy duration is often dependent on contextual factors, the effect from study 1 replicated ($F(1, 162) = 4.80, p < .05$). In contrast, when they read that efficacy duration is not dependent on contextual factors, they did not exhibit the pattern of results found in our previous study ($F < 1$).

In study 3, we find that the presentation mode of manufacturer’s “suggested intake” (interval vs. fixed time format) affects duration judgments such that an interval (vs. fixed) format yields duration estimates in line with the malleable intuitive belief. When instructions for medication (Advil) are presented in an interval format (e.g., “Take every 2 – 4 hours”) versus a fixed time (e.g., “Take every 3 hours”), the same interactive effect with task difficulty emerges as in the previous study, such that participants in the interval format condition estimate efficacy duration to be shorter when anticipating to perform a difficult (vs. easy) task ($M_{\text{difficult}} = 2.89$ vs. $M_{\text{easy}} = 4.28$; $F(1, 166) = 5.97, p = .02$). However, those presented with intake instructions in a “fixed” format show no significant difference in duration estimates across difficult and easy conditions ($F < 1$).

Across three studies, we demonstrate that consumers hold an intuitive belief that product efficacy duration is context dependent; duration judgments are shorter (vs. longer) when consumers engage in cognitive tasks perceived to be difficult (vs. easy). These findings have important implications for product (mis)use. A potential consequence of the documented belief includes product over- and under-consumption which, undoubtedly, affects consumer health and well-being.

**REFERENCES**


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