Going It Alone Or Together: the Role of Product Space on Consumer Perceptions of Price Promotions

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This research demonstrates that space between products on a retail shelf influences consumers’ perceptions of price promotions. We show that multiple (vs. single) unit price promotions lead to higher purchase intentions when a space exists between products. However, the effect reverses when there is no space between products.

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EXTENDED ABSTRACT

Research has recently begun to illuminate the impact of an important retail atmospheric variable, namely, the allocation of shelf space to products. For instance, additional space allocated to a product in a retail setting increases product sales (Dreze et al. 1994) and facilitates greater product preferences (Sevilla and Townsend 2016). However, what is still missing from this literature is the mere effect of the existence (vs. nonexistence) of space between products on a retail shelf. Space between products is a crucial retail factor to consider because the perceptual representations of space influence people’s attitudes, thoughts, and judgments (Williams and Bargh 2008). In this research, we put forward a novel idea that space between products can impact the effectiveness of a multiple (e.g., two for $2) versus single (e.g., one for $1) unit price promotion strategy.

We build our conceptual framework based on grounded cognition and sociocultural messages that suggest that people are likely to learn to associate spatial distance concepts with relational distance (Meier et al. 2012). Furthermore, previous research posits that the activation of the concept of relational closeness is likely to trigger thoughts involving these close others (Aron et al. 1992), whereas activating relational distance is likely to facilitate people’s desires to be different from others (Mashek et al. 2011). Hence, we propose that the nonexistence of a space between products is likely to activate the concept of relational closeness which in turn leads to thinking about close others, whereas the existence of a space between products is likely to develop a sense of relational distance that in turn triggers consumers’ distinctiveness motivations.

Prior research also suggests that the quantity anchor in a multiple (vs. single) price promotion motivates thoughts about large product consumption with others (Manning and Sprott 2007). As such, we propose that the nonexistence of a space between products, which enhances consumers’ thinking about others, is likely to facilitate this type of thoughts and, thus, enhance the effectiveness of multiple versus single unit price promotions. In contrast, research also indicates that the quantity anchor in a multiple (vs. single) unit price promotion motivates consumers to buy multiple homogenous items (Manning and Sprott 2007). It is logical to assume that consumers with distinctiveness motivations will be less attracted to the idea of consuming multiple homogenous products. Overall, we propose that when there is a space between products on a retail shelf, multiple (vs. single) unit price promotions would be less effective and would lead to lower purchase intentions.

Furthermore, we theorize that as product variety is more likely to satisfy consumers’ desires to be different (Kim and Drolet 2003), anchoring on multiple consumption (induced by multiple unit price promotions) of a variety of products should attenuate the negative effect of multiple (vs. single) unit price promotion on purchase intentions in the space context. We also theorize that because information regarding lower product popularity is likely to reduce consumers’ thoughts about consuming these less popular products with others (Zhu and Zhang 2010), anchoring on multiple consumption (induced by multiple unit price promotions) of less popular products should attenuate the positive effect of multiple (vs. single) unit price promotion on purchase intentions in the no space context.

In Studies 1 and 2, participants were presented with a shelf that displayed products either with a space or no space between them. A price promotion was manipulated by a price tag (e.g., “Now on sale, $2.50” (single unit) vs. “Now on sale, 2/$5.00” (multiple unit)). As predicted, participants in the space condition were less likely to purchase a product when they viewed a multiple vs. single unit price promotion (MUPP vs. SUPP) tag (Study1: $M_{\text{MUPP}} = 3.24 vs. $M_{\text{SUPP}} = 4.35; F(1, 97) = 11.51, p < .01; Study 2: $M_{\text{MUPP}} = 4.52 vs. $M_{\text{SUPP}} = 5.47; F(1, 99) = 4.22, p < .05). In contrast, the MUPP vs. SUPP led to greater purchase intentions in the no space condition (Study 1: $M_{\text{MUPP}} = 4.28 vs. $M_{\text{SUPP}} = 3.49; F(1, 97) = 5.63, p < .05; Study 2: $M_{\text{MUPP}} = 4.57 vs. $M_{\text{SUPP}} = 4.05; F(1, 99) = 9.29, p < .01). Studies 1 and 2 find support for the positive (negative) effect of MUPP vs. SUPP on purchase intentions in the no space (space) condition. Study 2 further sheds light on the mediating effect of consumers’ distinctiveness motivations (consumers’ thoughts about others) on the relationship between the type of price promotions and purchase intentions in the space (no space) condition.

Study 3 examines the moderating effect of product variety in the space context. As predicted, participants presented with no product variety indicated lower purchase intentions when they were exposed to MUPP vs. SUPP ($M_{\text{MUPP}} = 3.89 vs. $M_{\text{SUPP}} = 5.30; F(1,102) = 10.33, p < .01). In contrast, we found no significant differences in purchase intentions between MUPP and SUPP ($p > .70) in the product variety condition. Further regression analysis results revealed a significant indirect path from product variety to purchase intentions through CNFU in the MUPP condition (a point estimate for the effect = -.20; 95% CI = [-.48, -.04]).

Study 4 investigates the moderating effect of product popularity in the no space context. Participants in the popular product condition had greater purchase intentions when they were exposed to MUPP vs. SUPP ($M_{\text{MUPP}} = 5.25 vs. $M_{\text{SUPP}} = 3.83; F(1,112) = 8.22, p < .01). In contrast, we found no significant differences between MUPP and SUPP ($p > .90) for participants in the less popular condition. Further regression analysis results revealed a significant indirect path from product popularity to purchase intentions through the thoughts about others index in the MUPP condition (a point estimate for the effect = .35; 95% CI = [.03, .88]).

Overall, our research is the first to establish the novel relationships between space and multiple versus single unit price promotions. This work also contributes to prior research on spatial cues by shedding new light on processes underlying the impact of space on price promotions, as well as on important boundary conditions.

REFERENCES


