THE NEGATIVE IMPACT OF RESTRICTIVE SALES PROMOTION (RSP) ON BRAND ATTITUDES FROM THE PERCECEPTIVE OF PERCEIVED PROMOTION UNFAIRNESS

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ABSTRACT

Restrictive sales promotion (RSP) is a promotional strategy where restrictions in quantity or in time are placed on a promotion. RSP has been shown as an effective tool for increasing perceived values and sales volumes. However, the long-term effectiveness of RSP is questionable. For example, consumers may go to great lengths to acquire the RSP product by waiting for a long time. However, if consumers realize they can still pay the promotional price after the promotion has ended, negative effects may be observed in their attitudes, often transmitted through word-of-mouth (ETV, 2010). It is possible that companies that offer RSPs might frequently be doing so as a type of promotional strategy, rather than to take advantage of the unique value of RSP. The restriction advertised in the RSP may not be the actual restriction in time or volume, which could be regarded as information-behavior inconsistency. Such inconsistency may negatively influence consumer attitudes toward a brand.

Equity theory indicates that perceived fairness is based on distribution fairness and procedural fairness (Thibaut and Walker, 1975). Distribution fairness is based on the perceived ratio of what is received relative to what is sacrificed, and procedural fairness pertains to judgments of the fairness of a process, based on societal norms and behavior (Adams, 1965; Thibaut and Walker, 1975). Regarding sales promotions, although consumers may perceive distribution fairness because they make an equivalent monetary sacrifice (i.e., the promotional price) as others, they may still perceive procedural unfairness because they make more non-monetary sacrifices (e.g., time, effort, search cost) than others. Perceived promotion unfairness (PPU), proposed by Xia, Kular-Kinney and Monroe (2010), suggests that consumers evaluate the fairness of the process used to determine the promotional price as specified by the
promotional strategy. For vendors who offer RSP frequently, consumers evaluate not only price fairness but also promotion unfairness, and compare their non-monetary sacrifice with that made by other consumers who obtained the same product with the same promotional price. Therefore, in this study, we examine the impact of information-behavior inconsistency of RSP on brand attitudes from the perspective of PPU.

Previous studies about signaling theory suggest that sellers usually have more information than buyers; therefore, buyers tend to rely on “credible signals” to distinguish between sellers (Akerlof, 1970). For example, if a vendor offers another RSP, accompanied by credible signals, such as providing the reason for the sale (e.g., anniversary sale), consumers are motivated to justify the vendor’s behavior. The impact of information-behavior inconsistency of RSP on PPU would be different. Thus, the moderating effect of a credible promotional signal would be examined in this study. Furthermore, based on mental accounting theory and transaction decoupling theory, when decoupling various transactions, people are less motivated to conduct further comparisons (van Putten, Zeelenberg and van Dijk, 2007). In contrast, if people couple subsequent events into the same mental accounts, they strongly link two events (Prelec and Loewenstein, 1998). Regarding the information-behavior inconsistency of RSP, consumers are likely to link similar promotions and make comparisons. The impact of inconsistency on perceived promotional unfairness is affected by the degree to which promotional bundles are comparable. Therefore, the moderating effect of comparable promotional bundles would be examined.

This study review related literature to develop the research hypotheses and framework. By conducting 3 experiments, this study collects data and uses ANOVA to analyze the hypotheses. This study finds that the information-behavior inconsistency decreases brand attitudes directly and indirectly through the PPU. In addition, the negative affect is lessened by credible promotional signal of subsequent promotion and inferior promotion bundle. Based on the findings, this research broadens previous RSP research which explores one-time RSP promotion to examine the negative effects of multiple RSP. In addition, this study extends previous studies on fairness by applying Xia et al. (2010) perceived promotion fairness. The finding indicates several managerial implications about developing effective RSP strategies.

Keyword : restrictive sales promotion, information-behavior inconsistency, perceived promotion fairness, brand attitude, signaling theory, promotion bundle, time pressure...
REFERENCES


