Consumer Responses to Multi-Promotion Offering: The Moderating Impact of Regulatory Orientation

Moon-Yong Kim

College of Business, Hankuk University of Foreign Studies, Seoul, Korea.
E-mail: moonyong@hufs.ac.kr

Abstracts: Among the various promotional tools, bonus packs and price discounts have been found to be the most effective and have thus attracted the most attention from researchers. This research primarily focuses on multi-promotion offers containing both a bonus pack and a price discount (i.e., BP + PD offers). The present research aims to examine the moderating role of consumers’ regulatory orientation in their responses to BP + PD offers. That is, this research investigates whether consumers’ attitude toward the BP + PD offers and their purchase intention differ according to their regulatory orientation (promotion orientation vs. prevention orientation). Specifically, it is predicted that consumers with a prevention orientation, as compared to those with a promotion orientation, will have more favorable attitude toward the offers containing the high PD but low extra amount of BP (i.e., HPD LBP offers) than the offers containing a high extra amount of BP but low PD (HBP LPD offers) (hypothesis 1) and higher product purchase intention in the HPD LBP offers (hypothesis 2). An experiment was conducted to test the hypotheses. Consistent with the hypotheses, it was found that participants’ regulatory orientation moderates their responses to multi-promotion offering.

Keywords: Multi-promotion offering, Promotion orientation, Prevention orientation, Attitude, Purchase intention

1. INTRODUCTION

Multiple promotions for one product or service can be provided at the same time. Of all the simultaneous offering of multiple promotions found in the marketplace, the current research primarily focuses on offers containing both a bonus pack and a price discount (i.e., BP + PD offers). Prior research has shown that price discount dominance is expected to occur for BP + PD offers due to the higher complexity of BPs relative to PDs (Campbell & Diamond, 1990; Hardesty & Bearden, 2003). However, if the BP and PD are both high or both are low, it would be difficult to show that one of the two promotion types is more influential. Thus, some useful situations for demonstrating price discount dominance in BP + PD offers are when there is inconsistency in the sizes of, and thus the favorability of the deal for, the BP and the PD (Inman, Peter, & Raghurib, 1997). In this regard, prior works showed that consumers evaluate an offer containing a low bonus amount and a high price discount (LBP HPD) more positively than an offer containing a high bonus amount and a low price discount (HBP LPD), despite both offers providing a similar underlying price per unit (Carlson, 2018; Kim, 2021; Kim & Lee, 2021).

Building on the previous studies, we propose that individual characteristics such as regulatory orientation can moderate consumer attitude toward the BP and PD offers. That is, this research first examines whether consumer attitude toward the BP and PD offers differs depending on the consumers’ regulatory orientation. Specifically, we predict that for consumers with prevention orientation (vs. promotion orientation), a BP with a low extra amount also offered with a high PD (LBP HPD) will be evaluated more positively than a BP with a high extra amount also offered with a low PD (HBP LPD). Moreover, this research examines whether consumers’ regulatory orientation influences their product purchase intention. Specifically, we predict that for prevention- (vs. promotion-) oriented consumers, offers containing the high PD but low extra amount of BP (LBP HPD) will have higher product purchase intention than offers containing a high extra amount of BP but low PD (HBP LPD).

2. CONCEPTUAL FRAMEWORK AND HYPOTHESES

2.1. Promotion tools: price discounts and bonus packs

Among the variety of promotional tools available to firms, price discounts and bonus packs have been found to be the most effective and have thus attracted the most attention from researchers (Carlson, 2018; Chen, Marmostein, Tsiros, & Rao, 2012; Hardesty & Bearden, 2003; Palazón & Delgado-Ballester, 2009). Some studies have shown that consumers have different views on price discounts and bonus packs (Chandran & Morwitz, 2006;
Diamond, 1992; Diamond & Campbell, 1989; Diamond & Sanyal, 1990; Kahneman & Tversky, 1979, 1984; Nunes & Park, 2003; Thaler, 1985). An important conceptual argument underlying previous studies on the effects of bonus packs and price discounts on consumers' attitudes and purchase intentions is the premise that consumers are inclined to perceive add-ons such as bonus packs as gains but view price discounts as reductions in losses. Consequently, bonus packs are preferred to price discounts because in most instances, a gain in quantity is preferred to a reduction in a monetary loss as a result of the shape of prospect theory’s value function.

Because the prediction from prospect theory’s value function can be ambiguous (i.e., in some regions of this function, an incremental gain may not be as valuable as a reduction in a loss), however, it is not entirely surprising that the empirical evidence pertaining to bonus packs is mixed. For example, for small and medium-sized promotions, consumers were indifferent between price discounts and bonus packs, but for large promotions, they preferred price discounts (Hardesty & Bearden, 2003). Previous research added another level of complexity to the issue with their finding that people display a preference for a bonus pack over an economically dominating price discount for virtuous products but that the preference is reversed for vice products, because of feelings of guilt associated with consuming such products (Mishra & Mishra, 2011). Another prior research found consumers’ preferences for bonus packs over price discounts when both are expressed as percentages (Chen, Marmostein, Tsiros, & Rao, 2012). Recent research shows that consumers prefer “price discounts” over “bonus packs” when the shopping task relates to self-use due to their concern about “loss reduction,” whereas they prefer bonus packs over price discounts when the shopping task relates to sharing with others because of their focus on “extra gains” (Yu, Chuang, Cheng, & Wu, 2020). To sum up, the empirical evidence regarding the preference for bonus packs over price discounts is mixed and appears to be contingent on several situational characteristics.

2.2. Regulatory orientation

According to the regulatory orientation theory, two motivational orientations co-exist in every individual: promotion orientation, a motivational orientation characterized by a focus on hopes, aspirations, and the attainment of positive outcomes, and prevention orientation, a motivational orientation characterized by a focus on responsibilities, duties, and the avoidance of negative outcomes (Higgins, 1997). Promotion and prevention orientations are independently co-existing, self-regulatory systems, and individuals tend to act in accordance with the orientation that is currently active (Higgins, 2002). In the absence of situational primers, individuals usually rely on their chronic regulatory orientation, which is acquired through childhood socialization (Higgins, Friedman, Harlow, Idson, Ayduk, & Taylor, 2001). That is, regulatory orientation theory suggests that there are two types of individuals with different motivational orientations: promotion-oriented individuals and prevention-oriented individuals (Higgins, 1997). Individuals can be disposed to be promotion-oriented or prevention-oriented; it is estimated that approximately half of individuals are chronically promotion-oriented, and the other half are prevention-oriented (Higgins, 1997; Lee, Aaker, & Gardner, 2000; Lockwood, Jordan, & Kunda, 2002). A given situation, however, may temporarily activate a promotion or prevention orientation, despite an individual’s chronic regulatory orientation (Higgins, 2002). Regardless of whether individuals’ regulatory orientation can be chronically accessible or situationally primed, promotion-oriented individuals are motivated by achievement and are sensitive to opportunities for advancement and positive outcomes, whereas prevention-oriented individuals are motivated to avoid threats to security and safety and are sensitive to occasions of hazard and negative outcomes.

2.3. Hypotheses

As noted, prior studies showed that consumers evaluate an offer containing a low bonus amount and a high price discount (LBP HPD) more positively than an offer containing a high bonus amount and a low price discount (HBP LPD), despite both offers providing a similar underlying price per unit (Carlson, 2018; Kim, 2021; Kim & Lee, 2021). In addition, as stated, according to the regulatory orientation theory, promotion-oriented individuals are sensitive to gain and pursue growth and advancement, whereas prevention-oriented individuals are sensitive to losses and seek safety and security (Higgins, 1997). This theory can also be applied to understand different types of promotional tactics. Bonus packs are inherently promotion-oriented because they give more for the same money, while price discounts are prevention-oriented because they reduce the cost for the same product (Chandran & Morwitz, 2006; Nunes & Park, 2003; Mishra & Mishra, 2011). Drawing on the previous studies, this research
investigates whether consumers’ attitude toward the BP + PD offers and their purchase intention differ according to their regulatory orientation (promotion orientation vs. prevention orientation). Accordingly, we hypothesize:

**H1**: Consumers with a prevention orientation, as compared to those with a promotion orientation, will have more favorable attitude toward the offers containing the high PD but low extra amount of BP (i.e., HPD LBP offers) than the offers containing a high extra amount of BP but low PD (HBP LPD offers).

**H2**: Consumers with a prevention orientation, as compared to those with a promotion orientation, will have higher product purchase intention in the HPD LBP offers than in the HBP LPD offers.

In summary, our research model hypothesizes the moderating role of regulatory orientation (promotion orientation vs. prevention orientation) in consumer responses to BP and PD offers (see Figure 1).

![Figure 1. Research Model.](image)

**3. EXPERIMENT**

**3.1. Method**

The goal of this experiment is to test the two hypotheses. In exchange for course credit, 113 undergraduate students participated in the experiment. The design was a 2 (multiple promotion: LBP HPD vs. HBP LPD) x 2 (regulatory orientation: promotion orientation vs. prevention orientation) two-factor between-subjects randomized factorial. We measured participants’ chronic regulatory orientation and manipulated the type of multiple promotions. Following the methodology established by prior research (Carlson, 2018; Kim, 2021; Kim & Lee, 2021), in the HBP LPD condition (n = 56), a bonus pack for the carbonated soft drink (i.e., cider) containing a 50 percent extra amount was offered at a sale price of $10.532. In the LBP HPD condition (n = 57), a bonus pack for the carbonated soft drink containing a 10 percent extra amount was offered at a sale price of $7.605. In both conditions, the regular price of $11.900 was provided.

Participants were subsequently instructed to respond to several measures. Their attitude toward the offer was measured by two 7-point items (i.e., I think the offer is bad/good; unattractive/inntractive) adapted from previous research (Carlson, 2018; Chen, Marmostein, Tsiros, & Rao, 2012; Kim, 2021; Kim & Lee, 2021; Bae, Lim, & Kim, 2018; Byun, 2020). Responses to these two items were averaged, as they were highly correlated ($r = .943, p < .001$). Product purchase intention was measured by two 7-point items (Erdem & Swait, 2004). Responses to these two items were averaged, as they were highly correlated ($r = .859, p < .001$).

Chronic regulatory orientation was measured with 18 items derived from the prior works (Lockwood, Jordan, & Kunda, 2002). The responses were averaged (Cronbach’s $\alpha = 764$ for promotion orientation, and Cronbach’s $\alpha = 728$ for prevention orientation). Following previous research (Lockwood, Jordan, & Kunda, 2002), a measure of dominant regulatory orientation was created by subtracting the prevention orientation score ($M = 5.23$) from the promotion orientation score ($M = 5.39$). That is, high scores reflected relative stronger promotion orientation than prevention orientation. All the respondents were classified as either promotion-oriented ($n = 44$) or prevention-oriented ($n = 69$) on the basis of a median split ($Mdn = .00$).
Finally, all the respondents were asked to rate their preference for the carbonated soft drink on a 7-point scale (1 = dislike very much, 7 = like very much) (Kim, 2020, 2021; Kim & Lee, 2021; Kim & Cho, 2020). They were also asked to report their perception of the carbonated soft drink on healthiness. The single-item measure was on a 7-point scale, consistent with the definition of vice and virtue in prior research (1= very unhealthy, 7 = very healthy) (Mishra & Mishra, 2011). Given the increasing importance of price-related benefits in the context of in-store/online shopping (Jang, Lee, Lee, & Lee, 2015), respondents’ price consciousness was measured with four items derived from the prior works (Alawadi, Neslin, & Gedenk, 2001; Burton, Lichtenstein, Netemeyer, & Garretson, 1998; Lichtenstein, Ridway, & Netemeyer, 1993; Wakefield & Inman, 2003). These items were averaged to form a price consciousness index (Cronbach’s α = .890). Respondents’ saving orientation was also measured by adopting five items related to saving money in product acquisition from the frugality scale (Jia, Yang, Lu, & Park, 2018; Lastovicka, Bettencourt, Hughner, & Kuntze, 1999). These items were averaged to form a saving orientation index (Cronbach’s α = .803).

3.2. Results

Regarding the hypothesis 1, the two-way ANCOVA was performed to test the effects of multiple promotion type and regulatory orientation on consumer attitude toward the multi-promotion offering while controlling for product preference, perceived healthiness, price consciousness, and saving orientation. As might be expected, with product preference, perceived healthiness, price consciousness, and saving orientation as covariates, the results showed that the main effect of multiple promotion type on consumer attitude toward the multi-promotion offering was marginally significant ($F(1, 105) = 3.744, p = .056$). However, the main effect of regulatory orientation was not significant ($F(1, 105) = .011, p = .918$). Two-way interaction of multiple promotion type versus regulatory orientation on consumer attitude was significant ($F(1, 105) = 4.380, p = .039$). Specifically, as shown in Figure 2, in the prevention orientation condition, a BP with a low extra amount also offered with a high PD (LBP HPD) ($M_{LBP\ HPD} = 5.31$) had higher consumer attitude than a BP with a high extra amount also offered with a low PD (HBP LPD) ($M_{HBP\ LPD} = 4.37; F(1, 105) = 9.123, p = .003$), but the effect was not significant in the promotion orientation condition ($M_{BP\ HPD} = 4.88$ vs. $M_{HBP\ LPD} = 4.86; F(1, 105) = .003, p = .958$). Thus, the hypothesis 1 was supported. In other words, the results confirmed the moderating role of consumers’ regulatory orientation for the effect of multiple promotion type on consumer attitude toward the multi-promotion offering.

Regarding the hypothesis 2, the two-way ANCOVA was performed to test the effects of multiple promotion type and regulatory orientation on product purchase intention while controlling for product preference, perceived healthiness, price consciousness, and saving orientation. As might be expected, with product preference, perceived healthiness, price consciousness, and saving orientation as covariates, the results revealed the significant main effect of multiple promotion type on product purchase intention ($F(1, 105) = 5.988, p = .016$). However, the main effect of regulatory orientation was not significant ($F(1, 105) = .555, p = .458$). The ANCOVA showed a significant interaction effect between multiple promotion type and regulatory orientation ($F(1, 105) = 4.004, p = .046$). Specifically, as shown in Figure 3, in the prevention orientation condition, offers containing the high PD but low extra amount of BP (LBP HPD) ($M_{LBP\ HPD} = 5.28$) had higher product purchase intention than offers containing a high extra amount of BP but low PD (HBP LPD) ($M_{HBP\ LPD} = 4.26; F(1, 105) = 8.477, p = .004$), but the effect was not significant in the promotion orientation condition ($M_{LBP\ HPD} = 5.03$ vs. $M_{HBP\ LPD} = 4.87; F(1, 105) = .218, p = .642$). Thus, consistent with the hypothesis 2, the results confirmed the moderating role of consumers’ regulatory orientation for the effect of multiple promotion type on product purchase intention.
Figure 2. The Moderating Effect of Regulatory Orientation on Attitude toward the Multi-Promotion Offers (Hypothesis 1).

Figure 3. The Moderating Effect of Regulatory Orientation on Product Purchase Intention (Hypothesis 2).

4. GENERAL DISCUSSION

In the current research, we examine whether consumers’ attitude toward the BP and PD offers differs according to their regulatory orientation. Specifically, we predict that for consumers with prevention orientation (vs. promotion orientation), a BP with a low extra amount also offered with a high PD (LBP HPD) will be evaluated more positively than a BP with a high extra amount also offered with a low PD (HBP LPD) (hypothesis 1). Moreover, this research also examines whether consumers’ regulatory orientation influences their product purchase intention. Specifically, we predict that for prevention- (vs. promotion-) oriented consumers, offers containing the high PD but low extra amount of BP (LBP HPD) will have higher product purchase intention than offers containing a high extra amount of BP but low PD (HBP LPD) (hypothesis 2).
Our experiment provided support for the hypotheses 1 and 2. Namely, the experimental results indicate that (1) for participants with a prevention orientation, HPD LBP offers led to higher attitude than HBP LPD offers, whereas the effect was not significant for the participants with a promotion orientation; and (2) for participants with a prevention orientation, HBP LBP offers led to higher product purchase intention in the HPD LBP offers (vs. HBP LPD offers), while the effect was not significant for the participants with a promotion orientation.

Both theoretical and practical implications can be drawn. In a theoretical perspective, this research extends previous findings by demonstrating the moderating role of consumers’ regulatory orientation. In a practical perspective, our findings imply that manufacturers and retailers can consider individual characteristics such as regulatory orientation as an effective marketing and segmentation tool to evoke more positive consumer reactions to BP and PD offers. For example, managers should know about their target consumer segments’ regulatory orientation before taking any decisions regarding the promotional strategy. In addition, as the two self-regulatory orientations can be situationally induced, it might be useful to make the promotion or prevention orientation salient within the marketing stimuli.

Although this study provides theoretical and practical implications, it is not without limitations. There is also room for additional studies that overcome the limitations of this research. First, it would be good for future research to examine if the findings are applicable to other product or service categories. Second, instead of student samples, a more representative sample could enhance the generalizability of the findings. Third, the current study focuses on just one type of multiple promotions (i.e., offers containing both a bonus pack and a price discount). Future studies should investigate other types of multiple promotions and analyze the generalization of our results. Finally, future studies should consider other potential factors that can impact consumers’ attitude toward the multiple promotions and product purchase intention.

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