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**A BENEFIT CONGRUENCY FRAMEWORK OF
SALES PROMOTION EFFECTIVENESS**

by

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2000/22/MKT

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Printed at INSEAD, Fontainebleau, France.

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March 2000

Forthcoming, Journal of Marketing

Version: jm-wp.doc

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A Benefit Congruency Framework of Sales Promotion Effectiveness

Are monetary savings the only explanation for consumer response to a sales promotion? If not, how do the different consumer benefits of a sales promotion influence its effectiveness? To address the first question, this research builds a framework of the multiple consumer benefits of a sales promotion. Through a series of measurement studies, we find that monetary and non-monetary promotions provide consumers with different levels of three hedonic benefits (opportunities for value-expression, entertainment, and exploration), and three utilitarian benefits (savings, higher product quality, and improved shopping convenience). To address the second question, this research develops a benefit congruency framework which argues that a sales promotion's effectiveness is determined by the utilitarian or hedonic nature of the benefits it delivers, and the congruence these benefits have with the promoted product. Among other results, two choice experiments show that, as predicted for high-equity brands, monetary promotions are more effective for utilitarian products than for hedonic products. We then discuss the implications the multi-benefit and the benefit congruency frameworks have for understanding consumer responses to sales promotions, for the debate about the value of everyday-low-price policies, and for designing more effective sales promotions.

Keywords: Sales promotions, consumer benefits, benefit congruency.

A Benefit Congruency Framework of Sales Promotion Effectiveness

Marketers and academics often view the reliance on sales promotions, especially monetary promotions, as a sub-optimal consequence of price competition caused by myopic management (Buzzell, Quelch and Salmon 1990). These critics argue that, in the short-run, the proliferation of monetary promotions erodes their capacity to “rent” market share, which explains why so many are unprofitable (Abraham and Lodish 1990; Kahn and McAlister 1997). In the long run, it is feared that sales promotions increase price sensitivity and destroy brand equity—both with retailers and consumers (Mela, Gupta, and Lehman 1997). As a result, many industry experts are calling for more effective and cost-efficient promotions that rely less on price (Promotion Marketing Association of America 1994), and some go so far as to recommend eliminating most promotions by switching to an everyday-low-price policy (Kahn and McAlister 1997; Lal and Rao 1997).

The central premise of this research is that the value that sales promotions have for brands is related to the value, or benefits, that sales promotions have for consumers. Adopting this consumer perspective leads to the fundamental question of why consumers respond to sales promotions. Most econometric or game-theoretic studies assume that monetary savings are the only benefit that sales promotions have for the consumer. If this is true, an everyday-low-price may indeed represent an efficient solution for providing consumers with these savings while minimizing search costs for the consumer and logistical costs for the firm (e.g., Lal and Rao 1997). On the other hand, if, as this research argues, sales promotions provide consumers with an array of hedonic and utilitarian benefits beyond monetary savings, everyday low prices cannot fully replace sales promotions without the risk of alienating consumers who value the non-monetary benefits of sales promotions. The existence of multiple consumer benefits may also help explain puzzling consumer responses to sales promotions (e.g., Dhar and Hoch 1996; Hoch, Drèze and Purk 1994; Inman, McAlister, and Hoyer 1990; Schindler 1992; Soman 1998)—responses which cannot be fully explained by the search for monetary savings.

Beyond its intended contribution to the general debate on the value of sales promotions or on the antecedents of consumer response to them, studying the consumer benefits of sales promotions has practical implications for improving their effectiveness. The existence of multiple

types of consumer benefits provides a stepping stone for a benefit congruency framework which argues that a sales promotion's effectiveness is determined by the congruency between its benefits and those of the promoted product. In particular, the benefit congruency framework argues that, because monetary and non-monetary sales promotions offer different benefits, they should be more effective for different types of products.

In the next section, we show how fragmented explanations for consumer "deal-proneness" can be integrated into a framework of the hedonic and utilitarian consumer benefits of consumer sales promotions.¹ The second section reports the results of three measurement studies validating the consumer benefit framework through multi-order confirmatory factor analyses and structural equation models. The third section develops a benefit congruency framework and examines its implications for the effectiveness of monetary and non-monetary promotions for different types of products, and for brands with varying levels of brand equity. This framework is supported by the results of the two experimental studies presented in the fourth section. The discussion section explores the implications of the consumer benefit and the benefit congruency frameworks for sales promotion theory and practice.

Hedonic and Utilitarian Consumer Benefits of Sales Promotions

Why do Consumers Respond to Sales Promotions?

Behavioral research on sales promotions has tended to focus on the demographics of deal-prone consumers (Bawa and Shoemaker 1987; Blattberg et al. 1978; Narasimhan 1984; Webster 1965) and on the identification of personal traits such as "coupon proneness," "value-consciousness," or "market mavenism" (Feick and Price 1987; Lichtenstein, Netemeyer, and Burton 1990 and 1995; Mittal 1994). These studies offer a coherent portrait of the demographic and psychographic characteristics of deal-prone consumers (for a review, see Blattberg and Neslin 1990, pp. 65-82; Chandon 1995). However, because of their focus on individual variables, these studies did not examine the nature, and the number, of the specific consumer benefits of sales promotions. As a result, most analytical and econometric models of sales promotions assume that monetary savings are the only benefit motivating consumers to respond to sales promotions (for a review, see Blattberg and Neslin 1993).

Yet, some robust empirical results suggest that monetary savings cannot fully explain why and how consumers respond to sales promotions. For instance, why do consumers respond more to a on-shelf coupon than to a similarly advertised temporary price reduction offering the same monetary incentive (Dhar and Hoch 1996; Schindler 1992)? Why do consumers respond to insignificant price reductions (Hoch, Drèze, and Purk 1994; Inman, McAlister, and Hoyer 1990), and why do consumers switch brands because of a coupon or a rebate, but then do not redeem it (Bawa and Shoemaker 1989; Dhar and Hoch 1996; Soman 1998)?

To account for these findings, researchers have advanced explanations related to achievement motives (Darke and Freedman 1995), self-perception (Schindler 1992), fairness perception (Thaler 1985) or to price and quality inferences in low-involvement processing (Inman, McAlister and Hoyer 1990; Raghurir 1998; Raghurir and Corfman 1999). However, the extent of support for some of these explanations is limited. For instance, the achievement and self-perception arguments are contradicted by the finding that “lucky” bargains are enjoyed as much as those acquired skillfully (Darke and Freedman 1995), and that some consumers may feel embarrassed to buy a promoted brand (Simonson, Carmon, and O’Curry 1994). The fact that consumers enjoy paying prices that are lower than the reference price, and which are therefore not fair to the seller, indicates that fairness perceptions cannot alone explain the puzzles mentioned earlier. Finally, most existing studies examine only the consequences of these non-monetary benefits without directly measuring them. When non-monetary benefits are directly studied (e.g., Shimp and Kavas 1984), the use of single-item measures precludes the study of their construct validity.

In summary, the contributions of the personality studies, the parsimony of the economic perspective, and the existing work on the non-monetary benefits of sales promotions have greatly contributed to our understanding of consumer response to sales promotion. An integrated study of the consumer benefits of sales promotions, however, would help reconcile the fragmented nature, as well as the empirical and conceptual limitations, of these seemingly disparate studies.

A Multi-Benefit Framework of Sales Promotions

Drawing on Keller (1993), the benefits of sales promotion can be defined as the perceived value attached to the sales promotion experience, which can include both promotion exposure (e.g., seeing a promotion on a product) and usage (e.g., redeeming a coupon or buying a promoted product). This definition implies that consumers respond to sales promotions because of the

positive experience they provide, or, following Holbrook's (1994) definition, because of their customer value.

INSERT TABLE 1 ABOUT HERE

To develop a framework of the different consumer benefits of sales promotions, the literature on consumer response to sales promotions, customer value, and hedonic consumption was elaborated with nine in-depth consumer interviews.² The result of this inductive investigation is the multi-benefit framework presented in Table 1, which lists six consumer benefits of sales promotions, and offers a definition of each benefit, supporting research, and interview excerpts. Table 1 indicates that one of the benefits of sales promotions for the consumer is the monetary savings they provide (the "savings" benefit). However, sales promotions may also enable consumers to upgrade to higher-quality products by reducing the price of otherwise unaffordable products (the "quality" benefit), which will often lead to a higher price being paid. Because they signal the availability of the brand at the point of sales and advertise its promotional status, sales promotions can also reduce consumer search and decision costs, and therefore improve shopping convenience (the "convenience" benefit). Further, sales promotions can enhance consumers' self-perception of being "smart" or a "good" shoppers and provide an opportunity to reaffirm their personal values (the "value-expression" benefit). Because they create an ever-changing shopping environment, sales promotions can also provide stimulation and can help fulfill consumers' need for information and exploration (the "exploration" benefit). Finally, sales promotions are often simply fun to see or to use (the "entertainment" benefit). It is worth noting that the last five benefits can be achieved above and beyond any monetary savings.

Distinguishing Hedonic and Utilitarian Benefits

These six benefits can be more parsimoniously classified. Most classifications of the different types of consumer benefits and of customer value start with the distinction between utilitarian (extrinsic) and hedonic (intrinsic) benefits (Furse and Stewart 1986; Holbrook 1994). Utilitarian benefits are primarily instrumental, functional, and cognitive; they provide customer value by being a means to an end. Hedonic benefits are non-instrumental, experiential, and affective; they are appreciated for their own sake, without further regards to their practical purposes (Hirschman and Holbrook 1982, p. 100). Babin, Darden, and Griffin (1994) showed that this distinction applies to shopping since this activity provides utilitarian benefits (by helping consumers find and buy the best products efficiently) as well as hedonic benefits (by creating entertainment and

raising self-esteem). Similarly, the benefits of sales promotions can be classified as utilitarian when they help consumers maximize the utility, efficiency, and economy of their shopping and buying, and as hedonic when they provide intrinsic stimulation, fun, and self-esteem.

Using these definitions, the savings, quality, and convenience benefits of sales promotions can be tentatively classified as utilitarian since they help consumers increase the acquisition utility of their purchase and enhance the efficiency of the shopping experience. On the other hand, the entertainment and exploration benefits of sales promotions can be tentatively classified as hedonic since they are intrinsically rewarding and related to experiential emotions, pleasure, and self-esteem. As Table 1 shows in more detail, the value-expression benefit of sales promotions is different, since it entails both hedonic and utilitarian dimensions. On the one hand, buying a promoted product can provide the moral satisfaction of behaving according to one's principles and values (e.g., being a good or a thrifty shopper)—an intrinsic or hedonic benefit. On the other hand, buying a promoted product can be a means of increasing one's prestige and achieving higher social status or group affiliation (e.g., becoming a recognized smart shopper or a market maven)—an extrinsic or utilitarian benefit. Of course, this classification needs to be validated with an empirical analysis of consumer perceptions of the benefits delivered by different monetary and non-monetary sales promotions.

Measuring and Validating the Benefits of Sales Promotions

This section presents the results of three measurement studies examining whether consumers can recognize all the benefits hypothesized in the multi-benefit framework, and whether they use these benefits when evaluating a promotion. To measure and validate the benefits of sales promotions derived from the consumer interviews, these studies follow Churchill's (1979) scale development paradigm. Study 1 develops measures for each benefit. Study 2 assesses the construct validity of each benefit and of the hedonic and utilitarian classification in comparison with the prevailing unidimensional model. Study 3 examines the ability of each benefit to predict the overall evaluation of monetary and non-monetary promotions.

Study 1: Measuring the Benefits of Sales Promotions

Item generation and stimuli selection. To generate items that measure the ability of a promotion to provide each benefit, ideas were obtained from the existing literature and from the interviews described earlier. The resulting 200 items were reduced to 45 through a discussion with experts from three promotion agencies. Twenty-four promotion “exemplars” (real coupons, on-pack promotions, color pictures of advertised promotions, sweepstakes, etc.) for frequently purchased consumer goods were selected from a database of 200 promotions maintained by one of the authors in order to encompass the full array of promotion techniques commonly defined in the literature. This method was preferred to the verbal descriptions used in many studies because of its higher external validity and its ability to describe some of the promotion techniques without implying positive or negative associations (e.g., by avoiding terms such as “sweepstakes”). Another advantage of the picture-based method is that it neither “sanitizes” deceptive devices such as fine print, nor alters the aesthetics of the promotion, which may trigger the hedonic benefits that should be measured.

Data collection. To develop and purify a scale of promotion benefits, two convenience samples consisting of graduate students (n=37) and staff (n=28) were recruited at a major French university through a lottery offering two \$40 prizes. We asked respondents to consider each promotion as an exemplar of an unspecified category of sales promotions, and to indicate their level of agreement with 45 statements such as “With this type of promotion, I can get new ideas of things to buy” on a five-point Likert scale ranging from “strongly disagree” to “strongly agree.” The respondents could also choose a “does not apply” category if they thought that the statement was irrelevant to the promotion. To control for primacy and recency effects, the ordering of the items and the stimuli was counterbalanced according to a systematic sampling plan. Each subject in the first and second samples evaluated, respectively, two or three promotions.

Analysis and results. The data were aggregated across consumers and promotions. The resulting 45x45-correlation matrix was analyzed through a principal component analysis followed by an oblique rotation, using a “state” (vs. a “trait”) analysis in a procedure similar to the one used by Aaker (1997) to identify brand personality factors. In both samples, a forced six-factor solution satisfactorily reproduced the six hypothesized benefits. In both samples, however, the eigenvalue criterion suggested a four-dimension solution (explaining 70% of the variance in both

samples). The items measuring the quality benefit were mixed with those measuring the savings benefit, and the items measuring the value-expression benefit were scattered over the other dimensions. These two benefits were nevertheless retained for subsequent testing because the pattern of results was consistent with our framework and with the literature (Blattberg and Wisniewski 1989; Schindler 1992). Each subscale was then individually factor analyzed to select a reliable set of three indicators for each benefit.

Study 2: Validating the Benefits of Sales Promotions

Procedure. Although exploratory factor analyses are useful in the exploratory phase of scale development and purification, confirmatory factor analyses are required to validate the dimensionality and the higher-order structure of the model (Gerbing and Anderson 1988). To accomplish this, Study 2 was conducted using the same procedure as in Study 1. We asked 118 graduate students and staff at another French university to evaluate four promotions each using the 18-item scale presented in Table 1. For each subject, the stimuli were randomly selected out of 21 new promotions, and 3 promotions used in Study 1.

Following the procedure recommended by Bollen (1989), we started with the analysis of the six congeneric models. The coefficients of determination of each scale ranged from .70 to .92, *t*-values of loadings were all highly significant, and the error variance of 15 out of 18 indicators was smaller than the variance extracted from the construct. These results show that each scale exhibits satisfactory levels of internal consistency and reliability, given the high number of new constructs tested, the low number of items per construct, and the heterogeneity in the promotional stimuli used. The covariance matrix was analyzed using AMOS 3.6 and maximum likelihood estimation (Arbuckle 1997)³.

First-order factor analyses. The six scales also serve to test the convergent and discriminant validity of each benefit. For this purpose, first-order confirmatory factor analyses were used to compare a unidimensional model with the proposed six-dimension model, in which the six benefits are treated as separate yet correlated constructs. The results show that the proposed six-benefit model has an adequate fit given the number of parameters (51) and the sample size (461): $\chi^2_{120}=422$, $p<.01$, GFI=.906, AGFI=.867, IFI=.918, RMSEA=.074.⁴ The amount of variance extracted for each of the six benefits is higher than the average variance they share with any other benefit, which demonstrates discriminant validity (Fornell and Larcker 1981). The single-benefit

model performs significantly worse ($\chi^2_{135}=1806$, $p<.01$, GFI=.631, AGFI=.532, IFI=.547, RMSEA=.164), as evidenced by the significant improvement in chi-square with the multi-factor model ($\chi^2_{15}=1384$, $p<.01$). The adjustment of the proposed model is also better than any of the 15 models in which one pair of benefits is forced to be perfectly correlated (the difference in χ^2 with 1 degree of freedom ranges from 50 to 513, with an average of 209, $p<.01$). In particular, these analyses provide strong support for the convergent and discriminant validity of the quality and value-expression benefits, and thus override the ambiguous results of the previous exploratory analyses. Overall, the data support the existence of six correlated but distinct benefits.

INSERT FIGURE 1 AND TABLE 2 ABOUT HERE

Second-order factor analyses. As predicted, the six benefits are not orthogonal (see Table 2). In order to test the utilitarian and hedonic higher-order structure of the six benefits, we estimated the model with the two second-order factors shown in Figure 1, and compared it with a single second-order factor model (see Bollen 1989; Lichtenstein, Netemeyer, and Burton. 1995). All fit indices support the two higher-order factor model over the unidimensional solution ($\chi^2_{127}=565$; $p<.01$, GFI=.881, AGFI=.840, IFI=.882, RMSEA=.087 for the two-construct model and $\chi^2_{128}=830$; $p<.01$, GFI=.851, AGFI=.801, IFI=.810, RMSEA=.109 for the one-construct model). The difference in χ^2 between the two models is highly significant ($\chi^2=265$, $df=1$, $p<.01$). Again, the proposed model provides the best fit of all possible classifications of benefits into two higher-order constructs. The correlation between the two factors is high ($r=.67$) and comparable to the one ($r=.55$) reported by Batra and Ahtola (1990). However, the correlation does not include the value of 1 in its confidence interval (estimated by bootstrap analyses), and the amount of variance shared between the second-order factors is lower than the average variance extracted for each factor. These results, therefore, support the discriminant validity of the two utilitarian and hedonic factors.

Study 3: How Do Promotion Benefits Influence the Evaluation of Monetary and Non-Monetary Promotions?

So far, the two measurement studies have shown that consumers perceive the six benefits of sales promotions as significantly different and related to two different higher-order utilitarian and hedonic dimensions. We now examine the predictive validity of each benefit by estimating its ability to predict the overall evaluation of a promotion. Because the remainder of this research

focuses on the conditions influencing the effectiveness of monetary and non-monetary promotions, and because we expect monetary and non-monetary promotions to be evaluated on different benefits, the analyses will be performed separately for each type of promotion.

Procedure. Three items measuring the overall evaluation of the promotion were collected in Study 2 but not yet discussed (“I like this type of promotion a lot,” “I wish there were more promotions like this,” and “With this type of promotion, I feel like buying the product”). These items were selected based on a pre-test. The reliability of the measure is conventionally acceptable (Cronbach’s $\alpha=.83$). Since the influence of hedonic benefits is often non-linear (Hirschman and Holbrook 1982), we checked for non-linearities in the model. In their absence, AMOS 3.6 was used to estimate a structural equation model in which the means of the latent variables are estimated along with the traditional regression coefficients (see Bollen 1989, p. 350). We regressed the overall evaluation of the promotion (modeled as a latent construct with the three indicators discussed above) on the six benefits measured with the items described in Table 1.

In order to examine the differences between monetary and non-monetary promotions, we estimated a multi-group model allowing for different regression coefficients, means and intercepts for each sub-sample of promotions (see Bollen 1989, p. 306). The sub-sample of monetary promotions consists of five temporary price reductions, four coupons, three rebates, and two multi-unit packs, for a total of 269 observations. The sub-sample of non-monetary promotions consists of two free gifts, two free samples, and three sweepstakes, for a total of 192 observations. Because the questionnaire asked respondents to use each specific promotion as a category exemplar, we tentatively generalize the results to monetary and non-monetary promotions. All models were estimated using the maximum-likelihood estimator. A bootstrap analysis with 1,000 replications showed that the ML estimates were not subject to serious biases caused by multicollinearity or deviation from normality assumptions.

Results of predictive analyses: A multi-group model in which the regression coefficients are allowed to vary between monetary and non-monetary promotions exhibits a satisfactory fit ($\chi^2_{354}=931$, IFI=.968, RMSEA=.060), and outperforms an aggregate model in which these parameters are constrained to be equal across both groups (inc. $\chi^2=29$, df=4; $p<.01$). Interestingly, allowing the correlation between the benefits to vary across the two samples does not improve the

fit of the model significantly (inc. $\chi^2=19$, $df=15$, $p>.10$). This shows that the multi-benefit framework is robust and that the correlation between the benefits does not depend on the selection of the promotions used to measure these benefits.

INSERT TABLE 3, TABLE 4, AND FIGURE 2 ABOUT HERE

Table 3 shows that monetary promotions are primarily evaluated on their utilitarian benefits (savings and convenience) and on their value-expression benefit. On the other hand, non-monetary promotions are primarily evaluated on their hedonic benefits (entertainment, exploration, and value-expression). Surprisingly, the coefficient for quality is not significant (and negative). This coefficient also exhibits a high degree of instability in the bootstrap analyses, probably because of multi-collinearity with the other utilitarian benefits. On the other hand, value-expression is a very good predictor, and not only for monetary promotions. This reinforces the dual utilitarian and hedonic nature of value-expressive benefits. Overall, these results support the multi-benefit framework by showing that all benefits, except quality, contribute to forming consumers' overall evaluation of promotions. While more refined or exhaustive classifications have yet to be examined, these results show that the six benefits proposed in the framework provide a significant improvement over the current emphasis on monetary savings alone. In fact, adding the five non-savings benefits increases the amount of variance explained in the overall evaluation of non-monetary promotion from .54 to .82, and even increases the evaluation of monetary promotions from .71 to .79.

Table 4 reports the estimated means of the latent variables and shows that, compared with non-monetary promotions, monetary promotions are perceived as offering more savings and more opportunities to upgrade to a higher-quality product and to express core values, but less entertainment and fewer opportunities for exploration. Surprisingly, given the importance of the convenience benefit for the evaluation of monetary promotions, in our study, both types of promotion are indistinguishable with regards to this benefit. This might be due to the difficulty of assessing the convenience benefits of a promotion outside its shopping environment. Last, monetary promotions receive a higher score on the value-expression benefit, which suggests that consumers gain more self-esteem from utilitarian benefits than from hedonic benefits.

Repeating the same analysis at the level of the two higher-order constructs shows that monetary promotions have a higher overall utilitarian mean but a lower hedonic mean than non-monetary promotions. This result is shown in Figure 2, which reports the factor scores of the

different promotion techniques used in this study on the utilitarian and hedonic dimensions. Figure 2 also shows that non-monetary promotions are more heterogeneous than monetary promotions and that their higher overall hedonic appeal is mainly due to free gifts. On the other hand, sweepstakes are dominated by all other types of promotions; they offer few utilitarian benefits and are also poorly rated in terms of hedonic benefits, which may explain why they are one of the few declining promotional techniques (Cox Direct 1997).

Conclusions from the Measurement Studies

The scale measuring sales promotion benefits developed in Study 1 and Study 2 can be useful for benchmarking promotions or for pre-testing purposes. More importantly, this scale provides a means of validating the multi-benefit framework. The results show the following: (1) Monetary savings are not the only consumer benefit of sales promotions; (2) consumers can distinguish between the six benefits hypothesized; (3) these six benefits can be grouped according to their utilitarian or hedonic nature; and (4) all benefits, except quality, are significant predictors of the overall evaluation of monetary or non-monetary promotions.

These analyses also showed that, if the correlation between the six benefits does not depend on the type of promotion being evaluated, the mean value and explanatory power of each benefit are significantly different between monetary and non-monetary promotions. Non-monetary promotions provide stronger hedonic benefits and weaker utilitarian benefits than monetary promotions, and non-monetary promotions are evaluated primarily on the basis of their hedonic benefits while monetary promotions are evaluated primarily on their utilitarian benefits. With the exception of value expression, which is a universal predictor because of its dual utilitarian and hedonic nature, each type of promotion tends to be evaluated on the basis of the benefits it provides best.

When are Monetary and Non-Monetary Promotions Most Effective?

The fact that monetary and non-monetary promotions provide different consumer benefits suggests that their effectiveness may depend on the congruence or the match that these benefits have with the product, consumer, or purchase occasion. This section examines how targeting a sales promotion according to the benefits it provides can increase its effects on brand choice. Specifically, we develop a benefit congruency framework that predicts the types of product for which monetary and non-monetary promotions are most effective. This analysis provides a means to test whether the added complexity of the multi-benefit framework can be justified on the grounds of an improved ability to predict the effectiveness of a promotion, and not only on the grounds that it more accurately represents consumer cognitive structures.

A Benefit Congruency Framework

According to most models of consumer choice (e.g., combinatorial models of attitude formation or utility theory), consumers evaluate products on basis of the benefits they provide, weighted by the importance of these benefits. The weighting of the benefits varies across products, purchase occasions, and individuals (Eagly and Chaiken 1993; Meyer and Kahn 1991). For low-involvement, repeat-purchase products, the weights of some of these benefits may go down to zero, so that only a few benefits, the most important ones, are considered in the purchase evaluation (as in a lexicographic decision rule, Payne, Bettman and Johnson 1993). For instance, Hoyer's 1984 field study of laundry detergent buyers in the US showed that a few product benefits such as product performance, price, emotional attachment, or social norms account for 81% of the (self-reported) benefits sought. Many studies have documented the varying importance of benefits sought (see Shavitt 1990; Strahilevitz and Myers 1998) but Leong's (1993) replication of Hoyer's study provides some of the clearest evidence. Leong found that, although the same list of benefits accounted for 86% of the benefits sought by Singaporean consumers, the weights of these benefits were very different from the figures reported for US buyers. Interestingly, Leong found that these weights varied more across product categories (e.g., laundry detergent vs. shampoo) than across nationalities for the same category.

We should expect, therefore, that the utilitarian benefits of a given choice alternative are given more weight when consumers make a utilitarian purchase decision, and that hedonic benefits are given more weight when they make a hedonic purchase decision. The varying importance of the benefits sought implies, in turn, that the effectiveness of a sales promotion is higher when its

benefits are congruent with those sought for the purchase occasion. Simply stated, the benefit congruency principle proposes that sales promotions are more effective in influencing brand choice when they provide the benefits that have the largest weight in the evaluation of a purchase alternative.

There is ample empirical support for such a “matching hypothesis” in the literature on persuasion (Eagly and Chaiken 1993). For instance, Edwards (1990) found that hedonic information on the smell of a beverage was more persuasive than utilitarian information on its storage requirements when the attitude toward the beverage was based on hedonic benefits (taste) than when it was based on utilitarian benefits (nutrition). Many theories of attitude change can account for the effects of benefit congruency. Functional theories of attitudes contend that persuasion is enhanced when a persuasive message emphasizes the utilitarian or hedonic function that provides the motivational basis of the attitude to be modified (Katz 1960). Similarly, Fishbein and Ajzen (1975) argue that persuasion attempts are more effective when they address the “salient” beliefs underlying the attitude to be changed, that is, the beliefs that are the most important antecedent of an attitude. Finally, the compatibility principle (Tversky, Sattath, and Slovic 1988) suggests that consumers weigh more heavily the dimension of an object (say its utilitarian benefits) when it is compatible, or similar, with their goal (say choosing between two utilitarian alternatives as opposed to choosing between two hedonic alternatives). These authors argue that people attribute a large weight to the compatible dimensions because these dimensions can be more easily and confidently mapped with the output considered. For instance, it is easier to assess the value added by a free gift to the (mostly hedonic) value of a hedonic product than to the (mostly utilitarian) value of a utilitarian product. This principle, therefore, predicts that promotions that are compatible with the promoted product being evaluated because they offer similar benefits would have a greater impact on the final value of this product than promotions that offer incongruent benefits.

Implications for the Effectiveness of Monetary and Non-Monetary Promotions

The benefit congruency principle does not depend on the level of aggregation of the benefits chosen and can be applied to the six benefits outlined in the multi-benefit framework or to their more parsimonious bi-dimensional classification. In the remainder of this paper, we focus on the distinction between hedonic and utilitarian benefits and examine the effectiveness of different

types of promotions for utilitarian and hedonic decisions. One way of inferring the utilitarian or hedonic nature of the purchase decision is to look at the type of product being considered (Mano and Oliver 1993, Shavitt 1989). Several studies have used product type to test matching hypotheses, usually in the area of advertising research. For instance, Shavitt (1990) showed that the attitude toward a utilitarian product (an air-conditioner) was more influenced by ads emphasizing utilitarian rather than hedonic benefits, and that the reverse was true with a hedonic product (coffee). Similarly, Strahilevitz and Myers (1998) found that donations to charities (a type of non-monetary promotion) were more effective when offered for a hedonic product than for a utilitarian product⁵.

We expect that a similar benefit congruency effect will occur with any type of sales promotion. Study 3 showed that monetary promotions provide more utilitarian benefits and fewer hedonic benefits than non-monetary promotions. When evaluating a promotion for a utilitarian product, say a battery, consumers place a greater weight on its utilitarian benefits than on its hedonic benefits. As a result, they will be more influenced by a (relatively utilitarian) monetary promotion than by a (relatively hedonic) non-monetary promotion. Conversely, when evaluating a promotion for a hedonic product, say a wine or a dessert on a date, consumers should place a greater emphasis on the hedonic benefits of the product. They should thus be more receptive to a (relatively hedonic) non-monetary promotion than to a (relatively utilitarian) monetary promotion.

The Leveraging Effect of Brand Equity

The question of the short-term effectiveness of sales promotions (or lack of it) is particularly important for brands with a high level of customer-based brand equity (from now on, referred to as “high-equity brands”) because of concerns about the long-term effects of sales promotions on brand equity. In this section, we therefore examine the importance of benefit congruency in the case of a duopoly between a high-equity brand (e.g., a national brand) and a low-equity brand (e.g., a private label). Existing analytical models argue that, in such a situation, the high-equity brand should price discount in order to capture the buyers of the private label (Rao 1991). However, empirical evidence on the effectiveness of sales promotions for high and low-equity brands is mixed. While some studies found that higher-quality brands gain more from a price cut than lower quality brands (Blattberg and Wisniewski 1989), others found the opposite (Bronnenberg and Wathieu 1997; Tourtoulou 1996). In addition, no study has, to date, looked at

neither the effectiveness of non-monetary promotions nor the importance of benefit congruency for high-equity and low-equity brands.

In the case of such a duopoly, we expect that, for statistical and theoretical reasons, the effects of benefit congruency to be stronger for the high-equity brand than for the low-equity brand. First, we expect the high-equity brand to be more promotion-elastic than the low-equity brand of the pair (H1). This hypothesis follows Keller's (1993) definition of brand equity, which states that consumers are more responsive to the marketing mix of brands with high levels of brand equity. Blattberg and Wisniewski (1989) provide empirical evidence of the higher promotion elasticity of high-quality brands in the case of a duopoly between brands of differing perceived quality. As a result, the effects of benefit congruency should be statistically easier to detect for high-equity brands than for low-equity brands (H2). There are also theoretical arguments supporting the leveraging impact of brand equity on benefit congruency. Compared to high-equity brands, low-equity brands do not provide as many benefits (utilitarian or hedonic) and are bought because of their lower price. Low-equity brands should therefore be less sensitive than high-equity brands to the congruency between their weaker benefits and those of the promotion. Prior research provides evidence supporting this assertion. The cross-promotion asymmetry documented by Blattberg and Wisniewski (1989) implies that monetary promotions should be less effective for the low-equity utilitarian brand—despite their benefit congruency—because of their incapacity to attract the price insensitive buyers of the high-equity brand. The loss aversion argument that explains the cross-promotional asymmetry for monetary promotions applies to non-monetary promotions as well. Non-monetary promotions should be less effective for the low-equity hedonic brand than for its high-equity counterpart because the buyers of high-equity brands are more reluctant to trade down in hedonic product benefits (a loss) than buyers of low-equity brands are to trade up (a gain).

The following hypotheses summarize our predictions:

- H1: High-equity brands are more promotion elastic than low-equity brands.
- H2: For low-equity brands, monetary and non-monetary promotions are equally effective for utilitarian products as for hedonic products (i.e., there is no effect of benefit congruency).
- H3a: For high-equity brands, monetary promotions are more effective (compared to no promotion) for utilitarian products than for hedonic products.

H3b: For high-equity brands, non-monetary promotions are more effective (compared to no promotion) for hedonic products than for utilitarian products.

H4: For high-equity brands, monetary promotions are relatively more effective (compared to non-monetary promotions) for utilitarian products than for hedonic products.

H1 generalizes the cross-promotional asymmetry effect of Blattberg and Wisniewski (1989) to encompass differences in terms of not only brand quality, but also of brand equity, and serves to justify the following equity-specific hypotheses. H2 deals with the effects of benefit congruency for low-equity brands. H3a and H3b compare the effectiveness of each promotion technique across product types using a comparison to a control condition (the absence of any promotion) to measure their effectiveness. H4 states the same hypothesis using a relative measure of promotion effectiveness, based on the difference between the effects of each promotion. Because it compares the effectiveness of each promotion in relative terms rather than absolute terms, rejecting H4 implies that H3a or H3b are also rejected, although the reverse is not true. All these hypotheses refer to the case of a competition between two brands of different customer-based brand equity.

Experimental Studies of the Benefit Congruency Framework

Study 4: Design and Procedure

Study 4 examines the effectiveness of monetary and non-monetary promotions for hedonic and utilitarian products by following the procedure used by Simonson, Carmon, and O'Curry (1994). In this procedure, subjects choose which of a high-equity brand and a low-equity brand to buy in different product categories across different promotion conditions. This experiment used a 2 (product type) by 5 (promotion type) between-subject design with five within-subject replications consisting of a different promotion condition for each of the five choices. The five promotion conditions were: (1) no promotion on any brand; (2) a monetary promotion on the high-equity brand only; (3) a non-monetary promotion on the high-equity brand only; (4) a monetary promotion on the low-equity brand only; and (5) a non-monetary promotion on the low-equity brand only. Depending on the design treatment, the five pairs of products were either two pairs of utilitarian products and three pairs of hedonic products, or vice versa. The order in which the promotions, products, and type of target brand appeared was counterbalanced.

Questionnaires were mailed to 350 consumers in five states (CA, IA, IL, NH, and PA) and 171 usable questionnaires were returned (48%). Sixty-one percent of those surveyed were aged between 35-50; 77% were homeowners; 73% had two or more children; 68% were female, and 58% were college graduates. Compared to population norms, this sample was slightly more educated than what would be expected from the basic age demographics. Each mailing consisted of the study survey, an unrelated questionnaire, and a \$6 check for participation. In the first part of the questionnaire, respondents looked at the shelf labels of ten brands grouped into five product categories. They then provided past usage information for each brand, answered demographics questions, evaluated two brands and two promotions, and rated their hedonic and utilitarian nature. The two brands and promotions evaluated were rotated across subjects following a latin-square design.

INSERT TABLE 5 ABOUT HERE

For each brand, a one-sentence product description (e.g., “Planters Mixed Nuts, 10 oz, less than 50% peanuts”) was provided along with its price and, when necessary, a shelf tag with the textual description of the promotions presented in Table 5. We used textual descriptions rather than graphical descriptions in order to minimize noise and potential confounds between the type of the promotion and its graphical rendering. In the measurement studies, graphical descriptions were preferred to textual descriptions because their objective was to measure rather than manipulate the benefits of a specific promotion. To maintain consistency with the measurement studies, the four monetary promotions used consisted of two coupons and two free product offers, and the four non-monetary promotions used consisted of two free gifts and two sweepstakes. The eight promotions were selected based on currently offered promotions in these product categories. Three utilitarian product and three hedonic products were selected based on pre-tests and prior research (Ratchford 1987; Laurent and Kapferer 1985). The utilitarian products were liquid laundry detergent, AA batteries, and flour. The hedonic product categories were assorted chocolates, mixed nuts, and bubble bath. Real brands were chosen to minimize the variance of consumers’ inferences about the quality of promoted products. A pretest showed that Cheer, Duracell, Pillsbury, Freeman Beautiful Bath, Whitman Assorted Chocolates and Planters were of higher quality and were better known than, respectively, Purex, Eveready, Robin Hood, Capri French Formula, Russell Stover and Nutcracker. High-equity brands, therefore, dominate low-equity brands in terms of perceived quality and awareness, two antecedents of customer-based

brand equity (Keller 1993). The prices used in the experiment were current prices collected at an Illinois supermarket. The lower quality, lesser-known brand of the pair was priced at a 20% discount. Prices ranged from \$2.39 to \$3.99, equally balanced between utilitarian and hedonic brands, with an average price of \$3.46.

Study 4: Results

Manipulation checks. With two exceptions, all high-equity brands were more frequently purchased than any of the low-equity brands ($t=18.3$, $p<0.01$), and were preferred to their low-equity counterparts ($F_{1,293}=7.5$, $p<0.01$, $\eta=0.16$). The two exceptions were the two brands of bubble bath, which had similarly low usage rates and brand evaluation, and the two brands of batteries, which had similarly high usage rates and brand evaluations. Since this study examines the effects of sales promotions for consumer choices between a high-equity and a low-equity brand, we eliminated these two products from the subsequent analyses. Following the same rationale, we also eliminated subjects who were unaware of the high-equity brands and subjects who were completely acquainted with the low-equity brands, as measured by their self-reported prior purchases (respectively, $n=43$ and $n=11$). Each utilitarian product scored higher on a utilitarian index inspired by Batra and Ahtola (1990) and computed by subtracting the semantic differential score on (fun/not fun) from the average SD score on (wise/foolish) and (useful/useless). The utilitarian score was -0.04 for chocolate, 0.36 for nuts, 1.39 for flour and 1.96 for detergent ($F_{1,232}=31.3$, $p<0.01$, $\eta=0.34$ for a comparison of utilitarian and hedonic groups). Further manipulation checks showed that brand equity is not related to the perceived benefits of the brand ($F_{1,232}=0.05$, $p=0.83$, $\eta=0.02$). Finally, monetary promotions were perceived as more utilitarian and less hedonic than non-monetary promotions (see Table 5, group difference: $F_{1,178}=73.6$, $p<0.01$, $\eta=0.54$) and were preferred to non-monetary promotions ($F_{1,178}=17.9$, $p<0.01$, $\eta=0.30$).

General results. After testing for product category and promotion differences, the choice data were aggregated at the promotion type and product type level. Brand choices were first analyzed with a logit regression with three independent factors: product type, promotion type and brand equity, their interactions, and three individual-level covariates: past usage, age, and gender. At this aggregate level, choices do not differ between hedonic and utilitarian products ($B=0.05$, $Wald=0.03$, $p=0.88$), nor are they different for monetary vs. no promotion ($B=0.18$, $Wald=0.21$,

$p=0.64$), or for non-monetary vs. no promotion ($B= -0.07$, $Wald=0.03$, $p=0.86$). Brand equity has a negative effect on brand choice because of the lower prices of low-equity brands ($B=-2.14$, $Wald=41.3$, $p<0.01$). Past usage is the only significant covariate ($B=1.04$, $Wald=29.2$, $p<0.01$), and no two-way interaction is significant. However, the three-way interaction between product type, promotion type and brand equity is significant ($Wald=4.8$, $p<0.03$), showing that, as expected, the importance of benefit congruency varies depending on the equity of the target brand. Subsequent analyses therefore examine high-equity brands and low-equity brands separately.

INSERT FIGURE 3 ABOUT HERE

The effects of benefit congruency for high- and low-equity brands. To analyze the effectiveness of sales promotions for each type of brand, two logistic regressions were estimated, one for high-equity brands and one for low-equity brands. As predicted in H1 and shown in Figure 3, sales promotions did, on average, increase market share for high-equity brands ($Wald = 5.56$, $df=2$, $p<.01$) but not for low-equity brands ($Wald=.60$, $df=2$, $p=.74$). As predicted in H2, for low-equity brands, monetary and non-monetary promotions were equally effective for utilitarian as for hedonic products (the interaction between promotion type and product type is not significant: $Wald=1.70$, $df=2$, $p=0.40$). Looking at high-equity brands only, Figure 3 shows that, as predicted by H3a, monetary promotions were significantly more effective for utilitarian products than for hedonic products (they lead to a 24 market share point increase relative to the control condition for utilitarian products vs. a drop by 2 market share points for hedonic products, $Wald=4.00$, $p<.05$). Conversely, non-monetary promotions were more effective for hedonic products than for utilitarian ones (a 19 point increase vs. a 6 point increase). However, this effect is not statistically significant, and H3b is thus rejected ($Wald=.30$, $p=.56$).

To test H4, we used a repeated contrast coding, which compares the effects of one type of promotion to those of the other, rather than their individual effects vis-à-vis the control condition. This analysis found a significant crossover interaction between promotion type and product type ($Wald=6.02$, $df=1$, $p<.01$). As predicted by H4, for high-equity brands, monetary promotions were more effective (relative to non-monetary promotions) for utilitarian products than for hedonic products. Actually, the difference between the effectiveness of the two types of promotion reverses depending on product type: For utilitarian products, monetary promotions increased market share by 18 more points than non-monetary promotions (24 vs. 6) but, for

hedonic products, they are dominated by non-monetary promotions by 21 market share point (-2 vs. 19). Overall, these results provide strong support for the benefit congruency hypotheses and invite further testing of their generalizability across other stimuli and respondents.

Study 5: A Cross-National Replication of The Benefit Congruency Effect

Study 5 provides a test of the robustness of the benefit congruency effect. It uses a procedure and a design similar to those used in Study 4, except that respondents were 139 US and 51 French students of similar age and education level. As in Study 4, subjects had to choose between two hedonic or utilitarian brands. However, in order to provide a simple test of the main hypotheses, both alternatives were high-equity brands, and both were promoted, one with a monetary promotion, the other with a non-monetary promotion. The design of Study 5 is therefore a 2 (promotion type) by 2 (product type) between-subject design with 4 within-subject replications consisting of the use of a different promotion and product category combination. The absence of control (no promotion) condition implies that only H4, pertaining to the relative effectiveness of monetary and non-monetary promotion, can be tested. The monetary promotions used in Study 5 were two coupons and two rebates by mail, and the non-monetary promotions were two free gifts and two sweepstakes. Ice cream and wine were used as hedonic products, and 35mm film and garbage bags were used as utilitarian products. The identical procedure, brands and promotions were used with the US and French respondents (for additional information on the stimuli used in Study 5, see Chandon, Wansink, and Laurent 1999).

INSERT FIGURE 4 ABOUT HERE

The data were analyzed separately for each sub-sample using the same logistic regression as in Study 4. The interaction between product type and promotion type was significant in both samples ($B=0.32$, $Wald=4.0$, $p<0.05$ and $B=.022$, $Wald=6.2$, $p<0.05$ for, respectively, the US and French data). Figure 4 shows the average choice share of hedonic or utilitarian brands when promoted with a monetary or a non-monetary promotion. Looking at US respondents first, we see that, on average, the brands promoted with a monetary promotion were chosen more often in utilitarian product categories (75%) than in hedonic product categories (63%). Since both brands of the pair were promoted, the results for non-monetary promotions are the complement to 100: Subjects were more likely to choose the brand promoted with a non-monetary promotion when choosing between two hedonic brands (37%) than when choosing between two utilitarian brands (25%). Although, all else being equal, monetary promotions were less effective for French

respondents than for US respondents, the effects of benefit congruency are, remarkably, of the exact same magnitude in both countries: Benefit congruency increased the effectiveness of the promotion used in the study by 12 choice share points.

Discussion of Experimental Studies

Studies 4 and 5 show that it is critical for managers to take into account the types of consumer benefits provided by their promotions if they want to predict how effective a particular promotion will be for a particular product. Specifically, the results of these studies support the benefit congruency hypotheses for high-equity brands since, for these brands, sales promotions are on average more effective when they provide benefits that are congruent with one's need for the product. The benefit congruency effect is particularly strong for monetary promotions, which, in study 4, actually destroyed market share when they were associated with a hedonic product. Looking at the performance of the two types of monetary promotions used in Study 4 reveals that the poor performance of monetary promotions is primarily due to coupons: For high-equity brands, coupons increased market share by 26 points for utilitarian products but decreased market share by 5 points for hedonic products whereas free product offers led to, respectively, a 21 point increase and a 1 point increase. One reason for the absence of negative effects and for the lower variance of free-product offers may be that offering more of a high-equity product provides utilitarian benefits for utilitarian products and hedonic benefits for hedonic products, whereas coupons offer the same utilitarian benefits no matter what product they promote.

The performance of non-monetary promotions is slightly less sensitive to benefit congruency effects for high-equity brands, especially because free gifts are not ineffective for utilitarian products (+17 points) even if they are less effective than for hedonic products (+26 points). In contrast, sweepstakes fare especially poorly with high-equity utilitarian brands (-9 points vs. +7 points for hedonic products) possibly because they are rated as the most hedonic type of non-monetary promotions (see Table 5). These findings suggest that the general conclusions of prior research about the negative effects of non-monetary promotions and the positive effects of monetary promotions should be qualified. The negative effects of free gifts documented in Simonson et al.'s (1994) study may be due to the lack of relevance of the gifts used. These authors used what they described as "unnecessary" free gifts targeted at a segment other than their respondents, whereas the studies reported here used gifts that appealed directly to the

respondents. The performance of free gifts in the study by Simonson et al. would have been further weakened by their selection of multiple utilitarian products (a 35mm film, a CD player, a wristwatch, a calculator, a VCR, and a dental plan) and of only one hedonic product (a brownie mix). The findings reported here underscore that there may be value to revisiting these studies and reinterpreting their results in the light of the types of promotions and products that were used.

Looking at the results of Study 4 and Study 5, the robustness of the benefit congruency effects for high-equity brands across twelve promotions and eight products is comforting. However, it is important to understand that, in the case of the competition between a high-equity and a low-equity brand, benefit congruency holds only for familiar and high-quality brands. This is possibly because low-equity brands are bought mainly for their low price and provide weaker utilitarian or hedonic benefits. Brand equity is probably not the only factor moderating the effects of benefit congruency. For instance, the absence of benefit congruency effects for the low-equity brands in Study 4 can also be explained by their higher market share since promotion elasticity—and thus the power to detect benefit congruency effects—decreases with market share (Bolton 1989).⁶ This points to the fact that the utilitarian or hedonic nature of a product is not the only antecedent of benefit importance, and therefore of the effectiveness of a promotion. It is critical that marketers not only understand the generic benefits of the product category but also directly study the nature of the benefits sought by the buyers for the targeted brand, the purchase situation, and the geographical market of interest.

Summary and Discussion

Perhaps because coupons and temporary price reductions are the most common form of sales promotions, most research has assumed that monetary savings is the only consumer benefit of sales promotions. Consequently, while many studies have examined the costs of promotion usage, comparatively few have examined their benefits to the consumer. The first purpose of this research was, therefore, to provide an integrative framework of the consumer benefits of sales promotions. In a second step, we examined the implications of the existence of multiple hedonic and utilitarian benefits for the effectiveness of sales promotions offering different benefits. By

studying how and when promotions work, these frameworks have implications for how to improve the effectiveness of sales promotions as they increase their presence in the marketing mix. Before detailing these implications, consider three conclusions of this research:

1. Sales promotions can provide consumers with an array of hedonic and utilitarian benefits beyond monetary savings. Hedonic benefits include value-expression, entertainment, and exploration. Along with simple monetary savings, utilitarian benefits also include product quality and shopping convenience.
2. Non-monetary promotions provide more hedonic benefits and fewer utilitarian benefits than monetary promotions. All benefits, except quality, contribute to the overall evaluation of monetary and non-monetary promotions. However, each type of promotion is primarily evaluated based on the dominant benefits it provides.
3. For high-equity brands, sales promotions are more effective when they provide benefits that are congruent with those provided by the product being promoted. Specifically, monetary promotions are more effective for utilitarian products than for hedonic products. Conversely, non-monetary promotions are relatively more effective for hedonic products than for utilitarian products.

Implications for Researchers

Understanding consumer response to sales promotions. The multi-benefit framework provides new insights into the questions raised earlier in the paper. Why do consumers respond more to an on-shelf coupon than to a similarly advertised temporary price reduction offering the same monetary incentive (Dhar and Hoch 1996; Schindler 1992)? One explanation may be that coupons offer stronger value-expression benefits. Collecting and redeeming coupons requires more skill and effort than buying products on sale. Coupon usage, therefore, more clearly signals the “smart shopping” skills and values of their user, and may superiorly enhance her social prestige and help her fulfill her personal values and moral obligations. Of course, the benefit congruency principle moderates this general prediction by emphasizing that it would occur only to the extent that the value-expression benefits are important for the consumer or the purchase considered.

Why do consumers respond to insignificant price reductions (Hoch, Drèze, and Purk 1994; Inman, McAlister, and Hoyer 1990)? The surprisingly strong response to sales promotion signals in the absence of significant price reduction may be explained by the convenience benefit. Promotion signals can increase shopping convenience by reducing search costs (because the

brand is more visible at the point of purchase), and by reducing decision costs (because it provides a simple justification for the choice of the promoted product). Again, the benefit congruency principle explains why these effects are especially strong for hurried or low need-for-cognition consumers (Inman, McAlister, and Hoyer 1990; Inman and Winer 1998).

Why do some consumers switch brands because of a coupon, but then do not redeem it (Bawa and Shoemaker 1989; Dhar and Hoch 1996; Soman 1998)? The failure to redeem the coupons responsible for the purchase decision may be because these consumers value the convenience and exploration benefits coupons provide in the aisles, at the time of the decision, but not the monetary savings they provide at the time of payment. For instance, if consumers buy couponed brands because they reduce search and decision costs or increase the variety of products they buy by suggesting new alternatives, they may simply forget to use the coupon once at the checkout, or feel that the embarrassment of showing them to the cashier and to the other shoppers is not worth the monetary savings provided.

Expanding the relevance of benefit congruence. This research focused on the heterogeneity in the consumer benefits of sales promotions. This now opens the opportunity to study how heterogeneous segments of consumers differentially respond to these benefits. Future research could also study the effects of benefit congruency beyond the utilitarian or hedonic nature of the product. It would be interesting to study benefit importance across the different phases of the product life cycle, across different purchase situations, and between different general demographic and personality classifications. For instance, we might expect that savings are more important than value-expression for mature products than for new products, for agents rather than for end-users, and for low self-monitoring consumers. Similarly, while a person such as a Christmas shopper purchasing a gift may be more interested in a promotion with a utilitarian benefit (e.g., a price reduction), this might change one month later when she shops for herself and appreciates a hedonic promotion (e.g., a free gift).

The potentially robust nature of this matching hypothesis may also extend to the issue of the targeting of sales promotions. When the decision to try a new brand hinges on utilitarian considerations, it may be more influenced by a monetary promotion. On the other hand, loyal consumers have already been convinced by the utilitarian benefits of the brand and may be eager to gain symbolic benefits that can be offered by a non-monetary promotion. Interestingly, this

might suggest that monetary promotions are more effective in increasing trial whereas non-monetary promotions are more effective in retaining customers.

A functional perspective on deal proneness. Prior research showed that consumer response to coupons could be explained by two personal traits: “coupon proneness” and “value consciousness” (Lichtenstein et al. 1990). By emphasizing the utilitarian or hedonic benefits that may motivate each type of “deal proneness,” the multi-benefit framework provides a functional approach to deal proneness that represents an alternative to the personality approach of prior research. For instance, instead of characterizing consumers as either “value prone” or “coupon prone,” the multi-benefit framework suggests to qualify or segment sales promotion proneness as “utilitarian deal proneness” or “hedonic deal proneness.” Similarly, rather than referring to sales promotions in a generic manner, it may be appropriate to use a new typology of sales promotions based on the benefits they deliver (e.g., “hedonic promotions” or “entertainment promotions”).

Emphasizing the motivational antecedent of each type of deal proneness rather than the techniques that deliver it (e.g., renaming “sale-proneness” (Lichtenstein et al. 1995) “convenience-proneness”) may also generate cross-fertilization with comparable research in social psychology on the motivational basis of involvement and attitude (Eagly and Chaiken 1993). This should help determine the most appropriate aggregation level of consumer benefits (and, in particular, of the relatively more heterogeneous hedonic benefits): The micro level of the multi-benefit framework, the bi-dimensional classification used in the experimental studies or some other classification scheme including, for instance, a more general “feel good” benefit. Keller’s work (1993) suggests distinguishing between symbolic and more purely affective hedonic benefits (respectively, value-expression and entertainment and exploration). Holbrook’s (1994) self-oriented/other-oriented and active/reactive dimensions suggest refining the value-expression benefit by distinguishing between the intrinsic “moral” pride derived from buying promoted products and the “political” use of one’s smart shopping expertise as a means of attaining group recognition and influence.

It would also prove productive to examine each benefit independently. For instance, the convenience benefit may help explain the effectiveness of multi-unit offers (e.g., promotional packs, multiple unit pricing). The visual salience of these promotions at the point of purchase and at the point of consumption can increase brand consideration (Chandon, Hutchinson, and Young

2000) and post-purchase consumption (Chandon and Wansink 1999). Further research could also test the mixed evidence on the predictive validity of the quality benefits. For instance, one could compare the effectiveness across product types of promotions offering a reduced unit price on subjects' habitual purchases and of coupons enabling consumers to buy a higher-quality product. This could be done in laboratory experiments or by using data from Catalina's checkout coupons. Using purchase history data would also enable to overcome the limitations of the methodologies (surveys and laboratory experiments) used in this study.

Implications for Managers

Increasing sales promotion effectiveness with non-monetary promotions. One of the major conclusions of the benefit congruency results in Studies 4 and 5 is that marketers can increase sales promotion effectiveness by matching the type of promotion to the type of product being promoted. When this cannot be done—say, when the promotion is offered across different brands, or when the promoted brand is bought for a wide variety of benefits—the benefit congruency framework recommends using promotions which combine multiple hedonic and utilitarian benefits. Such “multi-benefit” promotions would appeal to the different benefits sought by the various segments of consumers buying each product. They would also match the different benefits provided by the various brands promoted under a multi-brand promotion. As Study 3 suggests, this can be achieved by designing promotions combining monetary and non-monetary aspects. For instance, marketers could combine an in-pack coupon with an on-pack contest, or they could combine a multi-pack refund with an in-store display emphasizing new product uses.

Whether benefit congruency is achieved by making sure the promotion type matches the product type or by letting consumers self-select the types of benefits they want from a multi-benefit promotion, the benefit congruency principle assigns an important role to non-monetary promotions. Study 4 shows that monetary promotions are so sensitive to benefit congruency that they can actually destroy market share when offered with incongruent high-equity hedonic brands competing against lower-priced brands. In contrast, in the studies reported here, the effects of non-monetary promotions were always positive and were stable across product types (see Simonson, Carmon, and O'Curry 1994 for opposite findings). These results, along with prior results on the low profitability of monetary promotions and on their negative long-term effects on price sensitivity (Abraham and Lodish 1990; Kahn and McAlister 1997), call into question the

strong reliance of marketers on monetary promotions (Cox Direct 1997) and the relative neglect of non-monetary promotions in academic research (Blattberg and Neslin 1990).

From a long-term equity standpoint, promotions offering more than savings are less likely than monetary promotions to increase price sensitivity and more likely to create unique brand associations that can reinforce brand image. We gathered preliminary evidence on this issue by asking a subsample of respondents in Study 4 to rate brand image on the five personality dimensions suggested by Aaker (1997). We found that both utilitarian and hedonic brands were perceived as more exciting, sincere, reliable and upper-class when offered with the non-monetary promotion described in Table 5 than when offered with no promotion. In contrast, monetary promotions had no significant effects, except on brand sincerity. While only tentative, these results suggest that non-monetary promotions may be more appropriate as a brand-building activity than as a short-term sales incentive.

How do these findings compare with best practices in the industry? An analysis of the sales promotions nominated for the 16th Reggie Awards⁷ by the Promotion Marketing Association of America, Inc. (PROMO Magazine, April 1999, pp. 50-52) provides additional evidence on the value of non-monetary promotions and on the external validity of the benefit congruency framework. Twelve independent experts rated the type of incentive (monetary vs. non-monetary) and the consumer benefits offered by the 21 award-winning promotions, along with the utilitarian or hedonic nature of the promoted products.⁸ The results first show that very few of the Reggie Award finalists are purely monetary promotions and that most of them combine utilitarian and hedonic benefits, with a stronger presence of hedonic benefits. In fact, only one promotion out of 21 was rated at 6 or above on the 7-point scale “non-monetary” vs. “monetary.” Similarly, 17 promotions were rated above the midpoint on “offers strong hedonic benefits” while only 11 were rated above the midpoint on “offers strong utilitarian benefits.” This is consistent with the multi-benefit framework and with Study 3, which showed that consumers evaluate promotions on more than just cost savings.

Second, there is a significant correlation between the hedonic nature of the product and the non-monetary nature of the promotion ($r=.57, p<.01$)—the more hedonic the product, the more non-monetary the promotion. The best promotions of 1999 thus abide by the benefit congruency principle. Interestingly, benefit congruency is particularly respected for the more hedonic half of

the products studied, which were never promoted with a monetary promotion. In contrast, the more utilitarian products were promoted with both relatively monetary and relatively non-monetary promotions (see Table 6). This is consistent with results of Study 4 showing that monetary promotions can damage hedonic brands whereas non-monetary promotions, if they are less effective, do not damage the market share of utilitarian products. In summary, the composition of the 1999 Reggie Award finalists is encouragingly consistent with the multi-benefit and the benefit congruency frameworks.

INSERT TABLE 6 ABOUT HERE

Rethinking the goals of sales promotions. Without minimizing the importance of supply-side arguments, the findings of this research suggest that the debate on the value of sales promotion vis-à-vis everyday-low-price should take into consideration the essential demand-side issue—the consumer. Many studies recommending EDLP characterize consumers on a convenience-to-price continuum, assuming that deal-prone consumers are willing to forgo convenience for lower prices (see Kahn and McAlister 1997; Lal and Rao 1997; Narasimhan 1984). These assumptions may not hold for all consumers. Indeed, our results show that consumers may find that sales promotions can provide savings and improve shopping convenience by reducing search and decision costs. Similarly, EDLP policies run the risk of alienating hedonic deal-prone shoppers who value the entertainment or exploration benefits of sales promotions.

More generally, the multi-benefit framework suggests that sales promotions may be appropriate under conditions that would not call for promotions if one followed a purely monetary framework. The traditional goals assigned to sales promotions are to increase trial, to price discriminate, and to serve as a short-term tactical weapon in a price competition. The multi-benefit framework suggests that sales promotions may also be appropriate in order to deliver a higher customer value through higher hedonic benefits or improved shopping convenience, under conditions of low competition or consumer homogeneity which would not traditionally call for promotions (e.g., electronic commerce). By focusing on the non-monetary, hedonic benefits of sales promotions, there might be opportunities for innovative uses in these contexts.

TABLE 1
Utilitarian and Hedonic Consumer Benefits of Sales Promotions

Benefit	Existing Support	Excerpts from Interviews	Measures ^a (Disagree/Agree)
Savings <i>(Monetary savings)</i>	Sales promotions can provide perceptions of monetary savings by lowering the unit price of the promoted product, by offering more of the same product for free, or by providing refunds or rebates on subsequent purchases of the same or other products. Both the size of the price reduction and the deviation from a reference price can create perceptions of monetary savings and can reduce the pain of paying (Blattberg and Neslin 1990).	“A promotion is a price cut or a larger package size for the same price.” “A promotion is like new money in your pocket that you can use to buy something else.”	1. I really save money. 2. I feel that I am getting a good deal. 3. I really spend less.
Quality <i>(Increase in the quality of the product bought)</i>	By reducing the price of the product, or by offering a smaller package size, sales promotions can relax budget constraints and enable consumers to upgrade to a better product. Like the savings benefit, the quality benefit boils down to increasing value for money but, unlike the former, it usually involves spending more money. It can therefore be linked to the “excellence” type of customer value discussed by Holbrook (1994). This benefit can explain cross-promotional asymmetries. This benefit is a critical component of the price discrimination theory of coupons (Narasimhan 1984; Blattberg and Wisniewski 1989).	“I normally don’t buy packaged salads because they are too expensive. But I buy them when they cut the price.”	1. I can have a higher-quality product at the same price. 2. I can afford a better-than-usual product. 3. I can upgrade to a better brand.
Convenience <i>(Reduction in search and decision costs)</i>	Sales promotions can improve shopping efficiency by reducing search costs. This is done by helping consumers find the product they want or by reminding them of a product that they need to buy. This “advertising” effect is documented in field experiments (Inman, McAlister, and Hoyer 1990; Bawa and Shoemaker 1989) and in-store surveys (Dickson and Sawyer 1990; Inman and Winer 1998). Sales promotions can also improve shopping efficiency by reducing decision costs. This is done by providing consumers with an easy decision heuristic for purchase incidence or purchase quantity (Wansink, Kent, and Hoch 1998), and by signaling product price and quality (Hoyer 1984; Simonson, Carmon, and O’Curry 1994; Raghbir 1998; Raghbir and Corfman 1999).	“Sometimes, I remember that I need a product when I see it on sale.” “I buy the brand on deal because I don’t know which one to buy.” “I like promotional packs because they make shopping fast and easy.”	1. These promotions remind me that I need the product. 2. These promotions make my life easy. 3. I can remember what I need.

TABLE 1 (Cont'd)

Benefit	Existing Support	Excerpts from Interviews	Measures (Disagree/Agree)
Value-expression ^b <i>(Expression and enhancement of self-concept and personal values)</i>	Some consumers respond to sales promotions to meet personal or moral values such as being a “responsible buyer” (Mittal 1994). The value-expression benefit can thus be linked to the “morality” value defined by Holbrook (1994). This type of customer value encompasses the gratification earned from fulfilling one’s duty. Other consumers respond to sales promotions to express and enhance their sense of themselves as smart shoppers, and earn social recognition or affiliation (Bagozzi, Baumgartner and Yi 1992; Feick and Price 1987; Shimp and Kavas 1984; Schindler 1992). This dimension of the value-expression benefit can be linked to Holbrook’s (1994) utilitarian “politics” and “esteem” values since it describes how consumers respond to sales promotions to earn status and control over others.	“When my husband comes back from his shopping trip, he is always very proud to tell me about the bargains he found.” “I sometimes feel guilty when I could have used a coupon but didn’t.”	<ol style="list-style-type: none"> 1. I feel good about myself. 2. I can be proud of my purchase. 3. I feel like I am a smart shopper.
Exploration <i>(Stimulation and variety)</i>	Because sales promotions are constantly changing, and because they attract consumers’ attention, they can fulfill intrinsic needs for exploration, variety and information (Baumgartner and Steenkamp 1996; Kahn and Louie 1990; Kahn and Raju 1991). The exploration benefit has been documented in the context of shopping (Babin et al. 1994), variety seeking (Kahn 1995) and exploratory behavior (Baumgartner and Steenkamp 1996).	“My husband likes to look at the promotion in the papers even though he never does the shopping!” “When I buy, I look at sales promotions to get new ideas and to find variety.”	<ol style="list-style-type: none"> 1. I feel like trying new brands. 2. I can avoid buying always the same brands. 3. I can get new ideas of things to buy.
Entertainment <i>(Amusement and aesthetic value)</i>	Many sales promotions such as sweepstakes, contests, and free gifts are intrinsically fun to watch and to participate in. The entertainment benefit encompasses both the active “play” and reactive “aesthetic” values of Holbrook’s (1994) typology. It is distinct from the overall enjoyment resulting from buying a promoted product often used to measure “deal-proneness”, which is part of the affective response to a promotion rather than one of its antecedents (e.g. Lichtenstein, Netemeyer, and Burton. 1990).	“I read the contests on the cereal boxes every morning; they are fun.” “Sweepstakes in the store create a nice and exciting atmosphere.”	<ol style="list-style-type: none"> 1. These promotions are fun. 2. These promotions are entertaining. 3. These promotions are enjoyable.

^a All measures begin with: “(With) this type of promotion” and are translated from French.

^b As discussed in the text, the value-expression benefit has both a utilitarian and a hedonic component.

TABLE 2
Study 2 : Correlation of Consumer Benefits of Sales Promotions

	Savings	Quality	Convenience	Value-expression	Entertainment	Exploration
Savings	1					
Quality	.54	1				
Convenience	.44	.44	1			
Value-expression	.54	.37	.38	1		
Entertainment	.06	-.02	.26	.42	1	
Exploration	.32	.31	.49	.40	.42	1

TABLE 3
Study 3: How Utilitarian and Hedonic Benefits Influence Promotion Evaluations

	Monetary promotions (N=269)		Non-monetary promotions (N=192)	
	B	t-value	B	t-value
Savings	.55	5.25**	.30	1.63
Quality	-.11	-1.76	.36	1.16
Convenience	.27	2.60**	-.84	-1.82
Value-expression	.26	2.18**	.35	2.08**
Entertainment	.11	1.47	.43	2.12**
Exploration	-.07	-.98	.79	3.51**

** Statistically significant at p<0.01.

TABLE 4
Study 3: Perceived Benefits of Monetary and Non-Monetary Promotions
(1=Completely disagree, 5=Completely agree)

	Monetary promotions (N=269)	Non-monetary promotions (N=192)
Savings	3.57**	2.09
Quality	2.90**	2.17
Convenience	2.25	2.17
Value-expression	3.29**	2.87
Entertainment	2.09	2.94**
Exploration	2.96	3.16*

** Different from other group at $p < 0.01$. * Different from other group at $p < 0.05$.

Source: Means of the latent variables representing each benefit estimated in a multi-group structural equation model with means and intercepts (Bollen 1989, p. 306).

TABLE 5
Sales Promotion Stimuli Used in Study 4

Type	Technique	Description	Utilitarian score ^a
Monetary	Price cut	<ul style="list-style-type: none"> Smart Saver! Save 35¢ with this coupon. Redeem at checkout. 	.69
		<ul style="list-style-type: none"> Weekly Special! Take an additional 10% off the marked price. 	1.93
	Free product	<ul style="list-style-type: none"> Value pack! 15% more product free. Special Offer! Buy one, get another at half price! 	1.31 0.31
Non-Monetary	Free gift	<ul style="list-style-type: none"> Buy this product and get one red rose free! Simply select a rose from the flower department and show this pack with the offer to the cashier. 	-1.58
		<ul style="list-style-type: none"> Free videotape rental! Go to the nearest Blockbuster store and show one proof of purchase. 	-1.10
	Sweepstakes	<ul style="list-style-type: none"> Want to have some fun? Do this crossword puzzle and win a week in Hawaii and other prizes. 2 Free tickets to watch your favorite Major League Baseball Team! Look inside the pack to see if you are one of the 50 winners. 	-2.58 -1.68

^a Ranges between -8 to 8. Computed by subtracting the 9-point semantic differential score on (fun/not fun) from the average semantic differential score on (wise/foolish) and (useful/useless).

TABLE 6**Composition of the 1999 Reggie Award Finalists (number of finalists and typical examples)**

	Utilitarian products ^a	Hedonic products
Monetary promotions	7 finalists <i>Typical example:</i> Burger King “Free Fry Day.” Free order of French fries offered on Friday, Jan 2 1998.	No finalist
Non-monetary promotions	6 finalists <i>Typical example:</i> Wisk “Richard Petty” Race Cars. Three models of Richard Petty's race cars in powder detergent boxes or as self-liquidating premiums.	8 finalists <i>Typical example:</i> Starbust Fruit Chews “Chew the Clue.” Identifying a new mystery flavor won a free pack of Chews and chances to win a trip to Hawaii.

^a Products and promotions were dichotomized using a midpoint split.

FIGURE 1

Validating the Multi-Benefit Framework of Sales Promotions
(Second-order Confirmatory Factor Analysis)

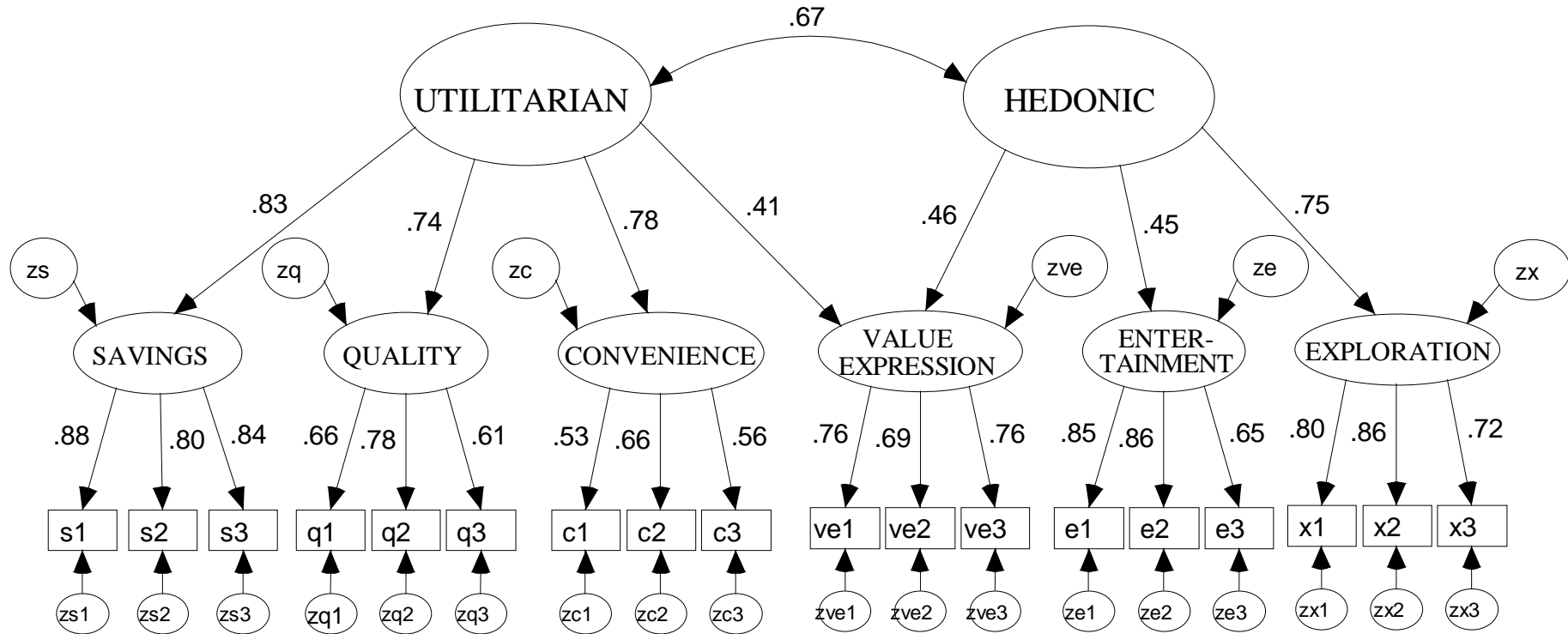


FIGURE 2
Sales Promotions Benefit Matrix

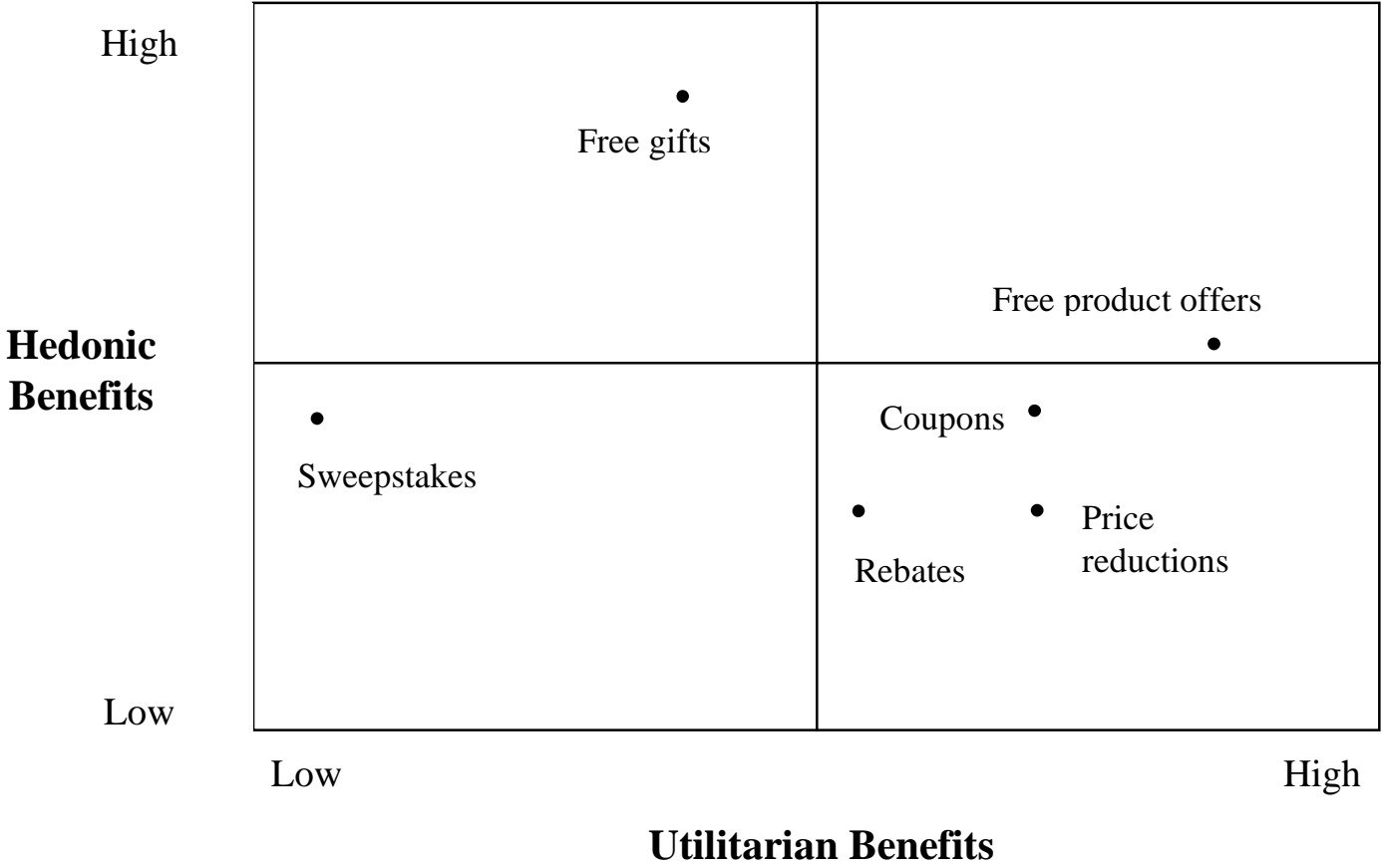


FIGURE 3
Study 4: How Benefit Congruency Influence Sales Promotion Effectiveness

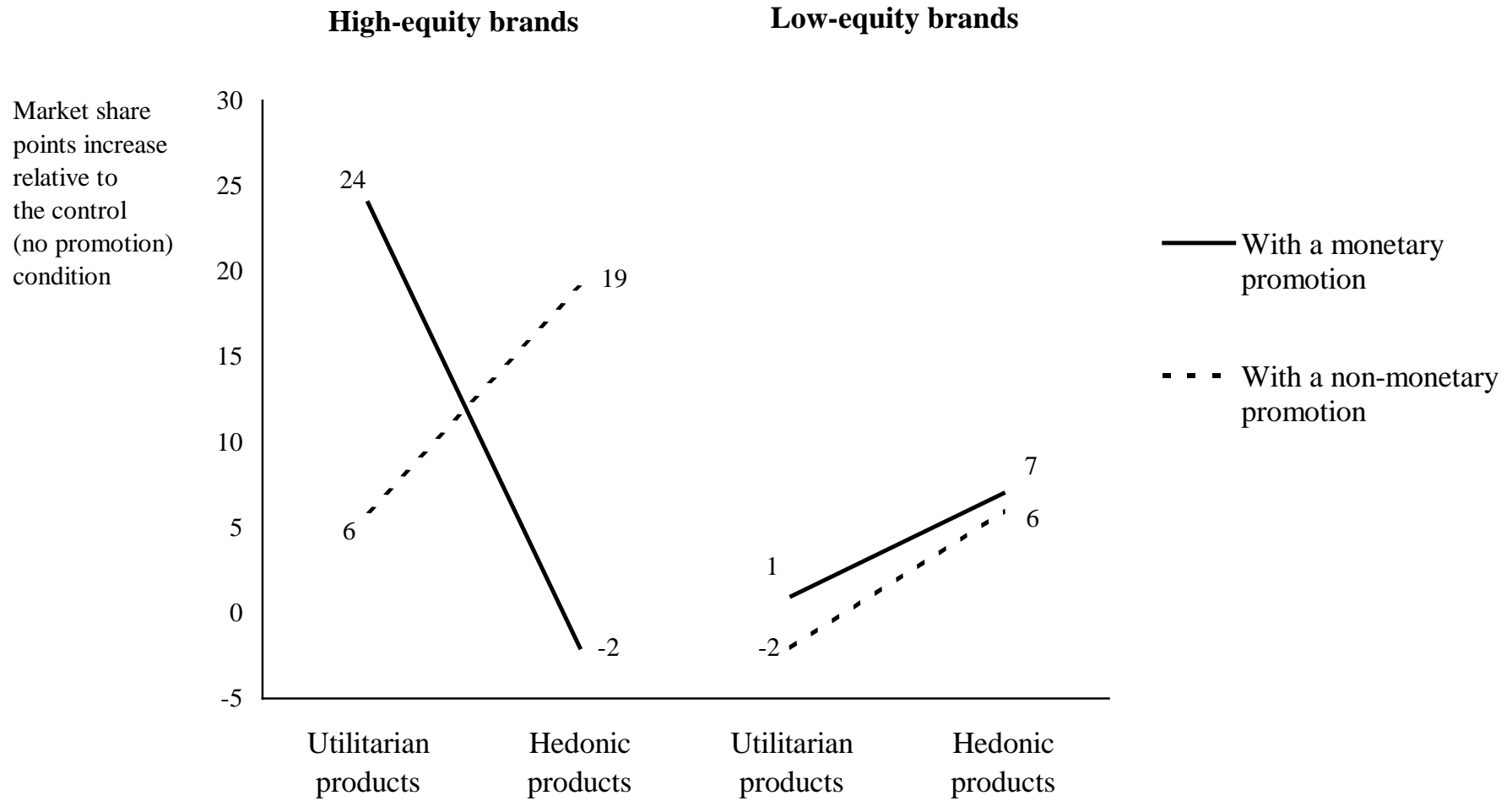
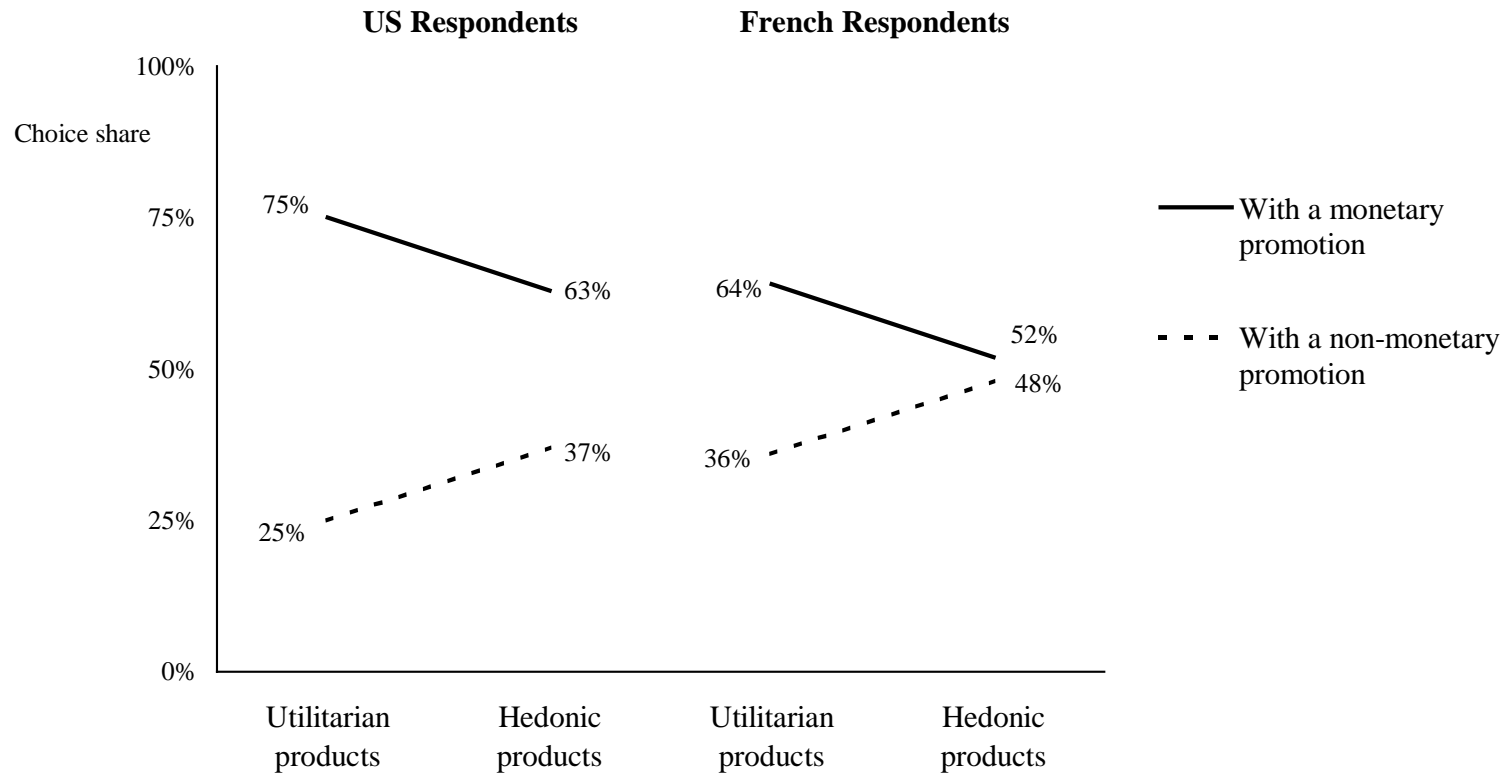


FIGURE 4
Study 5: Effects of Benefit Congruency for US and French Respondents



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FOOTNOTES

¹ Building on Blattberg and Neslin (1990), we define a consumer sales promotion as a temporary and tangible incentive intended to have a direct impact on consumer behavior. This definition encompasses monetary promotions such as coupons, temporary price cuts, rebates, bonus packs or “buy-one-get-one-free” offers (BOGOFs), as well as non-monetary promotions such as free gifts, free samples, contests, and sweepstakes.

² Each interview lasted 90 minutes and involved a variety of qualitative techniques designed to prompt subjects to elicit the attributes, benefits, and values provided by, or sought in, sales promotions. The interview started with open-ended questions and sentence completions intended to collect top-of-mind benefits and to allow subjects to state their own theories about sales promotions. It continued with retrospective protocols on the subject's last purchases of promoted products. Whenever necessary, information on higher-order benefits was generated through means-end chain analysis. In a third stage, we used Kelly's (1955) repertory grid or simply asked consumers to rank a dozen promotions and to explain the criteria used for the ranking. The interview ended with projective techniques, in which subjects described to somebody “from a different planet” the motivations of “deal prone” consumers. Further probes asked them to describe how people do their grocery shopping, how they choose products, and how prices and promotions influence them. The respondents were heterogeneous with respect to gender, residency, age, education, and nationality. Transcripts from the interviews were coded by two of the authors separately, and grouped into different consumer benefits. This list was then given to a panel of experts from three sales promotion agencies for validation and further suggestions.

³ We used MLE because it is robust to departures from multi-normality (Bollen 1989). A comparison with a bootstrap analysis and with WLS estimates on polychoric correlations found no significant differences.

⁴ The high value of the χ^2 statistic should not be given too much weight given that the hypothesis of perfect fit is quite unrealistic in most empirical work with test data, especially with high sample sizes (Bollen 1989). The fit is within the range usually regarded as acceptable (Arbuckle 1997; Browne and Cudeck 1993).

⁵ These authors attribute this finding to the affect-based (rather than usage-based) complementarity of the product and the promotion, and, in particular, to the fact that charity donations reduce the feelings of guilt caused by the purchase of a hedonic product. Our rationale is similar except that it is not restricted to hedonic benefits (or affect) and extends beyond guilt-reducing promotions.

⁶ We thank an anonymous reviewer for pointing out this explanation to us.

⁷ The Reggie Awards honor the best promotions of the year based on “originality, execution, and results as solution to the stated objectives of the program” (Promotion Marketing Association of America 1994). As their name suggests—Reggie is for cash register—the eleven judges from sales promotion agencies and clients place particular emphasis on the effectiveness of the promotion in terms of revenues and profits.

⁸ The experts consisted of marketing faculty, doctoral students, and marketing executives from the US, the UK, Germany, and France. All experts were blind to the hypotheses of the study and rated half of the promotions and the products separately. Two versions of the questionnaire were used, so that the same expert did not rate a product and the promotion used for that product. A utilitarian index similar to the one used in Study 4 was computed for each product and promotion from their average score on three 7-point scales (fun/not fun, useful/useless, wise/foolish). The monetary aspect of each promotion was rated on a 7-point semantic differential scale (This promotion is primarily: monetary vs. non-monetary). Since the answers provided by different experts converged (alphas between their ratings were between .78 and .92), we used average scores computed over the six ratings.