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Promotion Matching: the Role of Promotion Type and Self-Construal on Purchase Intentions

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We argue that effectiveness of promotions on sales can be enhanced when promotion type is congruent with one's self-construal. Study 1 finds that purchase intentions for an inclusively-framed promotion are greater for individuals who have higher chronic interdependence. An exclusively-framed promotion is introduced in the second study and results indicate that purchase intentions are greater when consumers are exposed to an exclusively-framed promotion and have a (manipulated) independent self-construal rather than an interdependent self-construal. The reverse is found for inclusively-framed promotions. Implications for effectively framing promotions to complement consumers' self-construal are discussed.

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Promotion Matching: The Role of Promotion Type and Self-Construal on Purchase Intentions

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EXTENDED ABSTRACT

With promotions taking from 25 to 50% of companies' marketing budgets for consumer products and packaged goods (Ailawadi et al. 2006; Raghurir, Inman, and Grande 2004), consumers are showered with promotions each day. Yet, the effectiveness of many promotions in building sales is not clear. We examine the effectiveness of special promotions based on the context in which consumers evaluate promotions. Self-construal, defined as an individual's sense of self in relation to others, has been found to influence consumer responses to advertisements and brand information (Aaker and Lee 2001; Agrawal and Maheswaran 2005; Swaminathan, Page, and Gurhan-Canli 2007). We propose that the effect of special promotions may be moderated by self-construal.

Sales promotions may lower brand evaluations (Dodson, Tybout, and Sternthal 1978), but this finding is not consistent (Davis, Inman, and McAlister 1992). Research indicates that promotions lead to increased sales, but these sales may be short-lived as they are largely a result of brand switching and stockpiling (Gupta 1988). Promotions may also lead to customers inferring a lower quality brand, which may have long-term negative effects on the brand (Yoo et al. 2000). On the contrary, promotions may increase brand equity by increasing brand knowledge (Keller 1993; Palazón-Vidal and Delgado-Ballester 2005).

One promotion that has increased sales is that of employee pricing. After promoting automobiles using the "Employee Pricing for Everyone" tagline, General Motors' sales increased 41% for the month of June (Munoz 2005). We term these types of promotions "inclusive" promotions. Under what conditions will such inclusive promotions be more effective? Arguing the self-construal will play a role, those with an interdependent construal of self base their attitudes and behavior on the thoughts, feelings, and actions of others in the relationship and focus on their associations with in-group members (Markus and Kitayama 1991). Given the tendency of individuals characterized by an interdependent self-construal to focus on ingroups such as family and friends, inclusive promotions may be evaluated differentially based on one's interdependence. Specifically, we argue that interdependent consumers will have higher purchase intentions for an inclusively-framed discount than that of those with a low interdependent self-construal while interdependence will have no effect on purchase intentions for a regular discount.

Consumers may also be characterized by an independent construal of self. The independent self-construal is characterized by one's focus on individual thoughts and feelings (Markus and Kitayama 1991). We propose that an exclusively-framed promotion (i.e., birthday discount, unique customer) will target an individual's feelings of uniqueness and individuality, matching their independent self-construal. Recommending that companies remember customers' birthdays and offer them incentives, Harrington (2006) states, "Successful businesses take every opportunity to offer *unique, personalized* products and services, and using the retail promotions calendar can help you do just that." We propose that an independent self-construal will enhance the effect of exclusively-framed promotions on purchase intentions while an interdependent self-construal will enhance the effect of inclusively-framed promotions on purchase intentions.

In the first study (N=247 students), participants were exposed to either an inclusively-framed (employee) promotion or regular promotion for a young apparel retailer. They then indicated their purchase intentions as well as their chronic interdependence on a commonly used scale. Results indicated that the interaction of promotion type and interdependence is significant ($F(1, 240)=3.92$; $p<.05$). Comparing cell means, purchase intentions for those in the employee promotion condition were significantly greater for those with high interdependence than for those with low interdependence ($M_{High}=4.69$ vs. $M_{Low}=3.94$; $t=2.52$, $p<.05$). In contrast, for those in the regular promotion condition, purchase intentions were not significantly different for those with high interdependence and those with low interdependence ($M_{High}=4.17$ vs. $M_{Low}=4.22$; $t=0.20$, ns).

In the second study, participants (N=240 adult consumer panelists) are exposed to one of four conditions in a 2 (Promotion: Employee vs. Birthday) X 2 (Self-construal: Interdependent vs. Independent (manipulated)) between-subjects design. The product category was athletic apparel. A manipulation check was conducted to ensure that the promotions were viewed as inclusively- or exclusively-framed, as intended. Importantly, the analysis reveals that interaction of promotion type and self-construal is significant ($F(1, 239)=7.54$; $p<.01$), controlling for pre-purchase intentions. Specifically, for those in the employee promotion condition, purchase intentions were significantly greater for those in the interdependent prime than those in the independent prime ($M_{Inter}=5.55$ vs. $M_{Indep}=5.24$; $t=1.96$, $p=.05$). In contrast, for those in the birthday promotion condition, purchase intentions were significantly greater for those in the independent prime than those in the interdependent prime ($M_{Indep}=5.27$ vs. $M_{Inter}=5.59$; $t=1.98$, $p<.05$).

These findings indicate that when promotions emphasize inclusiveness with the brand, purchase intentions may increase for interdependent consumers. In contrast, promotions emphasizing exclusiveness can significantly increase purchase intentions, but this effect is limited to independent self-construal conditions. While marketing managers are constantly offering promotions to increase sales and market leadership, this research examines how special promotions (i.e., inclusively- and exclusively-framed) can have positive impacts on the brand via purchase intentions when appropriately matched with consumers' self-construal.

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