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Buy One Get One to Share: Preference Between Bonus Packs and Price Discounts For Experiential Versus Material Products.

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Four studies show that a bonus pack promotion is more preferred for experiential products than for material products. This effect is observed only when bonus pack promotions for experiential goods suggest shared consumption and is moderated by extraversion and experience of social exclusion.

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EXTENDED ABSTRACT

Previous research on sales promotions has documented that consumers respond differently to economically equivalent price discounts and bonus pack promotions (Diamond and Campbell 1989; Li, Sun, and Wang 2007). However, most research has focused on the perceived economic value of promotional offers, and it remains unclear whether these promotions can offer different non-monetary benefits. This paper examines whether these promotions can entail different social benefits, and how this can change consumers' preferences between price discounts and bonus packs.

From an economic perspective, consumers may derive greater transactional utility from price discounts than from bonus packs (Sinha and Smith 2000). A reduction in cost provides greater savings in terms of the total expenditure than bonus pack offers; this enables consumers to spend the saved money for other purposes. Bonus pack promotions (especially, Buy-One-Get-One), however, can generate a unique social utility that price discount promotions cannot. Namely, an extra product can offer opportunities to enjoy consumption experiences with others, or shared consumption.

We argue that bonus pack promotions would be more likely to suggest shared consumption when offered for experiential goods than for material goods. Caprariello and Reis (2013) highlighted that unlike material products, experiential products are often consumed in the company of other people. Due to this social nature, an extra item for experiential products would be more likely to invite shared consumption, which allows consumers to share their emotions with companions and to build social bonds (Raghunathan and Corfman 2006; Ramanathan and McGill, 2007). However, for material products, the second item in a bonus pack deal would likely be used for the buyer herself, resulting in a superfluous item. Building on this, we propose that consumers' preference will shift toward bonus pack promotions from price discounts in particular for experiential goods rather than material goods.

Study 1 examined whether people prefer bonus pack promotions (vs. price discounts) differently depending on the product type. Participants were shown material or experiential goods with a side-by-side description of a price discount (i.e., 50% off) and a bonus pack (i.e., BOGO). For each product, they were asked to choose between the two options. As expected, participants chose the bonus pack over the price discount more often for experiential products than for material ones (53.1% vs. 25.8%; $B = .59$, Wald $\chi^2 = 7.94$, $p < .01$).

Study 2 tested whether this effect is driven by the social benefits associated with bonus pack promotions. The procedure of Study 2 paralleled that of Study 1, except the fact that we manipulated the shared use of bonus packs for experiential goods. Bonus packs for experiential goods were described as to needing to be used on the buyers' next purchase (non-shared consumption) or for an accompanying friend (shared consumption). When bonus packs for experiential products were framed as being for shared consumption, participants were more likely to choose the bonus pack for experiential products (56.2%) than for material ones (14.5%; $B = -2.02$, Wald $\chi^2 = 19.31$, $p < .001$). However, this difference in promotion choice was

eliminated when bonus packs for experiential products was framed as for non-shared use (14.5% vs. 19.1%; $B = .33$, Wald $\chi^2 = .41$, $p > .5$).

Studies 3 and 4 investigated whether the desire for social interaction moderates preference for promotion type. In Study 3, results revealed a significant interaction between extraversion and product type ($B = .25$, Wald $\chi^2 = 4.73$, $p < .05$). For experiential products, the more extraverted participants were, the more likely they were to choose the bonus pack over the price discount ($B = .40$, Wald $\chi^2 = 4.74$, $p < .05$); however, for material products, the level of extraversion did not predict the promotion choice ($B = -.11$, Wald $\chi^2 = .62$, $p > .4$).

Study 4 attempted to further verify the moderating effect of the desire for social interaction by manipulating social exclusion with the Cyberball game task. Consistent with our prediction, a significant social exclusion x product type interaction emerged ($B = .28$, Wald $\chi^2 = 5.37$, $p < .05$). For experiential products, participants who were socially excluded chose the bonus pack promotion more often than those who were not (54.9% vs. 38.2%; $B = .34$, Wald $\chi^2 = 3.86$, $p < .05$). On the contrary, for material products, choice of the bonus pack option did not differ between the exclusion and inclusion conditions (19.6% vs. 27.6%; $B = -.22$, Wald $\chi^2 = 1.71$, $p > .2$).

In conclusion, this research demonstrates that preference for bonus packs (vs. price discounts) is greater for experiential products than for material ones, and this pattern is attributable to shared consumption of bonus pack promotions. Taken together, this paper highlights the importance of the social benefits associated with sales promotion.

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