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Customer engagement in sales promotion

Customer
engagement

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Abstract

Purpose – The purpose of this study is to explore the impact of customer engagement in sales promotion on purchase intention. Utilizing value co-creation and customer engagement theories, the authors tested a model that specifies the effect of customer engagement in sales promotion on purchase intention, through its impact on perceived value and customer satisfaction.

Design/methodology/approach – The model was tested with the PLSc-SEM approach.

Findings – Engaging customers to store's offers by giving them the possibility to choose the type of promotional discount that suits their personal preferences and needs is positively associated with purchase intention, and that this relationship is mediated in serial by perceived value and customer satisfaction.

Practical implications – Involving customers in sales promotion provides opportunities for retail front line management, as well as for customer relationship management to attract attention and interest.

Originality/value – While previous research concerned situations where firms and customers collaborate in the co-creation of value, its role in the sales promotion process is yet unclear. This study starts filling this gap by taking a closer look at customer participation in the sales promotion process and its impact on customer purchase intention.

Keywords Sales promotion, Customer engagement, Co-creation, Perceived value, Customer satisfaction, Purchase intention

Paper type Research paper

1. Introduction

Over the years, sales promotion has added value or incentives to consumers, wholesalers, retailers or other organizational customers to stimulate immediate sales and to induce choice (DelVecchio *et al.*, 2006). Several studies emphasize this positive effect of sales promotion in creating value to the customers (e.g. Gedenk *et al.*, 2006; Mcneill *et al.*, 2014; Weng and de Run, 2013). It provides customers with hedonic and utilitarian benefits (Chandon *et al.*, 2000), bringing about an increase in customer value (Weng and de Run, 2013). Despite the benefits of using sales promotions there however is some doubt about when, how much and what type of sales promotion should be used. Previous research has indicated that depending on the type of promotion and the purchase situation, customers respond differently. For example, Hardesty and Bearden (2003) find that price discounts and bonus pack promotions are valued similarly for low and moderate promotional benefit levels, whereas price discounts are valued more for high promotional benefit levels. Sinha and Smith (2000, p. 257) find that “the nature of framing appears to differentially affect consumer perceptions of value.” Chen *et al.* (1998) find that for a high-price product, a price reduction framed in dollar terms seemed more significant than the same price reduction framed in percentage terms, and for a low-price



product it is in reverse. Moreover, they also find that coupon promotions are evaluated more favorably and are more effective in changing the purchase intention. In addition, it has been suggested that “many sales promotions fail to achieve their potentials” (Ogden-barnes and Minahan, 2015, p. 7). For this reason, marketers still seek new or better ways of sales promotion in different situations while reducing the negative aspects of it as much as possible. We propose that engaging customers in sales promotions may be such way.

Over the past decade, a proliferation can be observed in the use of value co-creation as a concept in marketing research (Cova *et al.*, 2011; Grönroos *et al.*, 2015; Chuang, 2018; Luu, 2019), such as in branding (Hatch, 2012; Merz *et al.*, 2018; France *et al.*, 2018), advertising (Díaz-Méndez and Saren, 2019), product (Schnurr, 2017), pricing (Read *et al.*, 2019), market segmentation (Zare *et al.*, 2018) and willingness to pay (Zhang *et al.*, 2018a). The core of value co-creation has been known as participant behavior (France *et al.*, 2018). Several studies investigated customer engagement in value co-creation processes. Sheth and Uslay (2007) find that the success of the value co-creation process depends heavily on customer’s efforts and involvement. O’Hern and Rindfleisch (2015) find that customers are the main and vital participant in the co-creation process of new product development. In other words, customer engagement is key to the co-creation of value (Palmatier *et al.*, 2018; Dovaliene *et al.*, 2015; Pansari and Kumar, 2017; Brodie *et al.*, 2011; Zhang *et al.*, 2018b).

While previous work concerned situations where firms and customers collaborate in the co-creation of value, thereby attracting research attention from different areas in marketing, its role in the sales promotion process is yet unclear. The aim of this study therefore is to start filling this research gap by taking a closer look at customer participation in sales promotion process. To this purpose, we draw on Bleier *et al.* (2018, p. 83) who suggest that “personalized prices or discounts should lead to more purchase engagement.”

First, we conceptualize customer engagement in sales promotion as a behavioral construct that measures the extent to which customers make suggestions in the type and amount of sales promotion and become involved in it. We do so by asking participants to perceive that they enter a store to buy a pair of running shoes, after which they engage in a sales promotion by choosing their favorite type of discount for what is offered. We draw on Liu and Chiu (2015) who find that sales frames affect consumers’ mental accounting processes. Mental accounting (Thaler, 1985) posits that consumers assess multiple gains, respectively, smaller gains and larger losses separately (segregation), and multiple losses, respectively, larger gains and smaller losses jointly (integration), when evaluating the (transaction) value of an offering. Following Gupta and Kim (2010) this implies that customer engagement in sales promotion impacts purchase intention directly – when consumers evaluate gains and losses separately – and indirectly – as with an integrated evaluation of gains and losses – through perceived value. Second, as Sweeney and Soutar (2001) propose that value perceptions can be generated even before a product or service is bought or used, and given that Vivek *et al.* (2012) find that customers derive both intrinsic and extrinsic value when they are engaged, we measure whether the preferred type of discount impacts perceived value. Third, we examine the effect of customer satisfaction as an outcome of sales promotion engagement, as previous studies report that customer engagement leads to higher satisfaction (Dovaliene *et al.*, 2015; Bowden, 2009; Brodie *et al.*, 2013), and so, we measure whether these two effects impact purchase intention.

2. Theory and hypotheses

The goal of organizations in managing customers to extract or create values has developed over the years, from managing customer transactions to building relationships and then to engaging them in various ways. This process of engaging the customer in organization activities has taken place, for example, through codesign (Boeing and United Airlines),

coproduction (Ikea), copromotion (word of mouth), copricing (eBay, negotiated pricing), codistribution (magazines), coconsumption (utility) and comaintenance (patient–doctor) (Sheth and Uslay, 2007).

While it has been demonstrated in various studies that sales promotion is a way through which retailers can add value to the customer offering (Mcneill *et al.*, 2014; Teck Weng and Cyril de Run, 2013; Koschate-Fischer and Wüllner, 2017; Teng, 2009; Sigué and Karray, 2007), this study presumes that giving customers the possibility to choose their preferred sales promotion, is a way of engaging them in the sales promotion process and thus could be considered as a kind of value co-creation.

Several studies have established a positive relationship between customer engagement in value co-creation and purchase intention (Algharabat, 2018; Blasco-Arcas *et al.*, 2016; Papagiannidis *et al.*, 2017; Hsieh and Chang, 2016). For example, Algharabat (2018) finds a positive effect of customer engagement on purchase intention in an online retailing environment. Blasco-Arcas *et al.* (2014) find that if customers perceive that they are engaged in the co-creation of the customer experience, their purchase intention significantly increases. Papagiannidis *et al.* (2013) show that intention to purchase is one of the most important consequences of customer engagement in the buying process, enabling firms to enhance profit margins. Therefore, increased purchase intention can also be considered as a result of engaging customers in the sales promotion process.

As postulated by value-based theory, one of the most important organizational challenges is to maximize the effectiveness of the firm's customer value-creation activities (Slater, 1997). According to service-dominant (S-D) logic, this value is created when a potential resource changes into a specific benefit (Gummesson and Mele, 2010; Lazarus *et al.*, 2014). It can therefore be assumed that the customer preferences in dealing with sales promotion are related to the benefits that customers derive from retailers' value propositions. Indeed, when consumers appreciate an engagement, they will derive value from it (Vivek *et al.*, 2012; Dai *et al.*, 2019).

A number of studies have found that perceived value have a direct influence on purchase intention (Zeithaml, 1988; Grewal *et al.*, 1998; Dodds *et al.*, 1991; See-To and Ho, 2014). Also, there is a large volume of work describing perceived value as one of the outcomes of customer engagement (e.g. Dovaliene *et al.*, 2015; Brodie *et al.*, 2013; van Doorn *et al.*, 2010). Thus, if we are to better understand the effect of engaging customer in sales promotion on purchase intention, it can be forwarded that the engagement of customers in a sales promotion activity affects perceived value, and, in turn, this impacts purchase intention. So, it is hypothesized that:

H1. Perceived value mediates the relationship between customer engagement in sales promotion and purchase intention.

Customer participation and interaction, as well as the personalization of the purchasing processes, have been found to strengthen the relationship between the customer and the company by affecting customer satisfaction (Rajah *et al.*, 2008). Customer satisfaction is also reported as an outcome of, but again not limited to, customer engagement in many studies (Rather, 2019; Voropanova, 2015; Dovaliene *et al.*, 2015; Bowden, 2009; Brodie *et al.*, 2013; van Doorn *et al.*, 2010). In addition, a number of studies find that customer satisfaction is positively related to purchase intention (Huang and Dubinsky, 2014; Oliver, 1980, 1981; Papagiannidis *et al.*, 2013). In fact, Papagiannidis *et al.* (2017) find that when shopping for clothing customer engagement positively impacts user satisfaction, and that, in turn, user satisfaction positively influences purchasing intention. We therefore hypothesize

H2. Customer satisfaction mediates the positive relationship between customer engagement in sales promotion and purchase intention.

Furthermore, [Eggert and Ulaga \(2002\)](#) find a positive relationship between perceived value, satisfaction and purchase intention. Moreover, [van Doorn et al. \(2010\)](#) claim that there is a positive relationship between customer engagement behavior, perceived value and customer satisfaction. As consumer satisfaction is positively affected by perceived value ([Ranjan and Read, 2016](#); [McDougall and Levesque, 2000](#); [Anderson et al., 1994](#); [Zine et al., 2014](#); [Blasco-Arcas et al., 2016](#)) we also expect a mediation effect with perceived value and customer satisfaction in serial. So, we hypothesize

- H3.* Perceived value and customer satisfaction in serial mediate the relationship between customer engagement in sales promotion and purchase intention, such that this engagement in sales promotion increases perceived value, which in turn increases customer satisfaction, which increases intention to purchase.

3. Data and methods

3.1 Sample

A total of 489 participants were approached in two Iranian cities (Tehran and Arak). These cities were selected because of the diversity of the cultural levels and income of the people in Iran so that a higher level of similarity to the population of the study could be reached. The participants were approached during different day(time)s in towns and malls and parks in four different districts of Tehran and three different districts of Arak in the summer of 2019. Through two screening questions it was verified that the participants owned at least one pair of running shoes, and that they were interested in sales promotion, resulting in a sample of 424 participants and a response rate of 84.6%. This sample included 287 (67.7%) women and 137 (32.3%) men, with an age between 19 and 67 years ($M = 37.07$, $SD = 8.69$), household sizes between 1 and 6 ($M = 3.14$, $SD = 1.06$), income levels (in Toman) between 1,000,000 (\$237) and 8,200,000 (\$1,947), $M = 3,379,466$ (\$802.63), $SD = 1,525,440$ (\$362.29) and 78.1% of them hold a university degree. We tested for outliers using boxplots and Mahalanobis distance for multivariate data ([Su and Tsai, 2011](#)). Based on [Riani et al. \(2012\)](#) we identified 12 extreme outliers which were excluded from further analysis resulting in a final sample of 412 participants.

3.2 Procedure

The questionnaire was developed in three phases. First, it was developed in English and checked by a native English speaker at Leiden University, the Netherlands. Second, as the questionnaire was administered to run in Iran's retail market, the items were translated to Farsi at Tehran University, Iran. To justify the validity of the questionnaire, three ways of validity testing were applied: (1) two bilingual marketing professors each separately translated the questionnaire from English into Farsi, discussed discrepancies and agreed on a final version (i.e. committee approach); (2) three bilingual individuals were asked to fill in the questionnaires (both languages): no differences in responses were identified (i.e. bilingual technique) and (3) a pretest procedure was followed to verify content validity and face validity. A pilot group of 25 MBA students, five PhD students (marketing) and two assistant professors, all native speakers of Farsi, were asked to evaluate the items of the questionnaire. Subsequent updates to some individual items were made to improve clarity, readability and face validity. The [Lawshé's \(1975\)](#) content validity ratio (CVR) was measured for all items, all above 0.80, exceeding the recommended threshold of 0.33 by [Ayre and Scally \(2014\)](#) indicating high content validity. Third, to further assess its validity, the questionnaire was pilot-tested among 34 consumers. No comprehension problems were observed.

Participants answered the questionnaire in three parts. In the first part, they were asked to presume themselves as a customer who had decided to buy a pair of running shoes.

They were also asked to indicate, from three price levels, the product price level of their preference as previous research showed that customers compare prices in relative terms (Lehtimäki *et al.*, 2018). Running shoes were chosen because they (1) are a common retail product, purchased and used by a wide range of consumers; (2) are relevant to different kinds of sales promotions and (3) are sold at varying price levels (e.g. low, medium and high prices). To control for the effect of brands on customer buying behavior, the shoe brands were not recognizable for the participants. From the sample of 412 participants, 22.6% preferred a low product price level, 54.6% medium price and 22.8% would normally purchase running shoes at a high price. In the second part, based on the studies of Chen *et al.* (1998); Hardesty and Bearden (2003), and Liu and Chiu (2015), the participants were given the possibility to choose one of the following sales promotion types: (1) 25% discount, (2) a free product, (3) 10,000 (\$0.24) to 50,000T (\$1.19) cashback in a month (based on the running shoes price), (4) buy 2, get 35% off on the cheapest one and (5) a 100 extra loyalty score. It was verified that these five sales promotion types were common in the Iranian retail market. From the sample of participants, 42.6% chose for the “25% discount”, 11.4% for the “free product”, 10.2% for the “cashback”, 29.3% for the “buy 2 and get a higher discount” and 6.5% were interested in “extra loyalty scores” from the store. Next, a series of questions were asked to measure perceived value, customer satisfaction and purchase intention. In the final part, three demographic questions were asked including gender, age and household size.

3.3 Measures

Purchase intention was measured with the scale of Grewal *et al.* (1998) using a 5-point Likert scale (very unlikely – very likely). Sales promotion engagement was measured by the modified scales of Gebauer *et al.* (2013) and Dahl and Moreau (2007), using a 5-point Likert scale (strongly disagree – strongly agree).

To assess perceived value perceptions, Sweeney and Soutar (2001) proposed and validated a 19-item scale. Replicating, testing and reducing it into two smaller (12-item and 8-item) versions Walsh *et al.* (2014) found support for the PERVAL scale as a measure of four different value dimensions of perceived value (i.e. quality, emotional, price, social). Since the price dimension was established as a key influence of consumer choice (e.g. Dodds *et al.*, 1991; Sweeney *et al.*, 1997), three price items were selected to measure perceived value, thereby measuring the price value for money dimension on a 5-point Likert scale (strongly disagree – strongly agree). Moreover, to measure customer satisfaction, three items of the modified scales of Voss *et al.* (1998) and Carpenter (2008) were used, with a 5-point Likert scale (strongly disagree – strongly agree).

Gender, household size and product price level were chosen as control variables. Following Lehtimäki *et al.* (2018), but considering currency and country differences, three categorical price levels (in Toman) were selected to measure the preferred product price level including low (29,000/\$6.89), medium (199,000/\$47.26) and high (499,000/\$118.51).

3.4 Structural equation modeling (SEM) approach

Consistent PLS-SEM (PLSc) using SmartPLS 3 software with 95% bootstrap confidence intervals based on 5000 bootstrap samples was considered appropriate for the exploratory research purpose (Cheah *et al.*, 2018; Dijkstra and Henseler, 2015; Hair *et al.*, 2014). As an extension of conventional PLS modeling, PLSc corrects estimates of reflectively measured constructs using a novel reliability coefficient ρ_A (Dijkstra and Henseler, 2015). It overcomes traditional PLS' consistency problems. Similar to covariance-based SEM, PLSc avoids the excessive amount of Type I and Type II errors that can occur if traditional PLS or regression on sum scores is applied to estimate structural equation models with reflective measurement models.

The structural model's explanatory power was evaluated by examining the structural paths and the R^2 scores and they were followed to test for differences in the mediation paths, controlling for gender, household size and price levels.

4. Results

4.1 Goodness of model fit

Table 1 shows the means, standard deviations, average variance extracted (AVEs), composite reliabilities (CRs) and correlations for the model variables. Whilst the Cronbach's alpha (CA) values exceeded the recommended threshold of 0.70 by Tenenhaus *et al.* (2005), CR was calculated to verify internal consistency, with values ranging from 0.74 to 0.88 confirming that the scales possessed good reliability (McNeish, 2018). Since CA tends to underestimate and CR tends to overestimate the actual reliability of construct scores, the reliability coefficient ρ_A of each measurement construct was measured, and it was found above 0.70 as recommended by Dijkstra and Henseler (2015). Moreover, correlations ($p < 0.01$) confirmed that there were positive relationships among the variables.

4.2 Test of the measurement model

We evaluated the measurement model using confirmatory factor analysis (CFA) to ensure the items reflected their appropriate latent constructs. Table 2 shows the results of the CFA model. The model ($\chi^2 = 151.158, p < 0.01$) and overall fit indices were satisfactory. As the chi-square goodness of fit ratio (CMIN/DF) was acceptable (e.g. Marsh and Hocevar, 1985) but

Table 1.
Descriptive statistics, indicators of the scale reliability, validity, correlation table and adjusted correlation value

	Mean	SD	α	CR	ρ_A	AVE	1	2	3	4
1. Purchase intention (PI)	3.64	0.75	0.88	0.88	0.88	0.71	–			
2. Customer engagement (CE)	3.36	0.73	0.87	0.87	0.87	0.77	0.30**	–		
3. Perceived value (PV)	3.68	0.70	0.77	0.80	0.81	0.62	0.38**	0.17**	–	
4. Customer satisfaction (CS)	4.05	0.60	0.72	0.78	0.71	0.59	0.34**	0.15**	0.38**	–
5. Age	37.07	8.69					0.02	0.09	0.04	0.04
$r_{yi} \cdot M$							00	0.28	0.36	0.33
$\hat{r}_{yi} \cdot M$								0.28	0.36	0.33

Note(s): **Correlations significant at the $p < 0.01$ level (2-tailed)

Table 2.
Factor loading of the items

Items	Factor loadings
I would purchase the running shoes (PI1)	0.82
I would consider buying the running shoes at this price (PI2)	0.84
The probability that I would consider buying the running shoes is. . . (PI3)	0.85
I have enjoyed of being able to choose the kind of discounts I received from the store (CE1)	0.81
I have made a good purchase by choosing the type of discount (CE2)	0.79
Choosing a discount type by myself is a fun process (CE3)	0.89
It offers value for money I paid (PV1)	0.78
It is a good product for the price (PV2)	0.8
It would be economical to buy this shoe (PV3)	0.72
I am pleased with the process of the shopping (CS1)	0.77
I am happy with the information accessibility of sales promotion (CS2)	0.79
I am satisfied with the outcome of the shopping (CS3)	0.71

higher than Kline's (2015) criterion ($3.14 > 3.0$), which is not uncommon for big sample sizes, RSMEA-P was calculated following Williams and O'Boyle (2011) which confirmed the dimensionality of the theoretical constructs and the acceptable model fit (RSMEA = 0.07; RSMEA-P = 0.08). The results, therefore, supported construct validity.

Following recommendations of Voorhees *et al.* (2016), we assessed discriminant validity by means of the heterotrait-monotrait ratio (HTMT). The HTMT values ranged from 0.21 to 0.53, which is nicely below 0.85 (the most conservative critical HTMT value). Next, the AVE of the constructs and the factor loadings of the items were assessed. As shown in Table 1, the AVE values ranged from 0.62 to 0.77, exceeding the 0.50 threshold level, so that all scales satisfied discriminant validity. Additionally, all within-factor loadings were significant and exceeded 0.71, indicating excellent convergent validity (See Table 2). There were no cross-loadings between factors. Moreover, since all the constructs were measured using a self-administered questionnaire, which could possibly inflate relationships due to common method variance (CMV), we tested for common method bias. Following Lindell and Whitney (2001) we tested the CMV by using "age" as a theoretically unrelated marker variable. The inclusion of the marker variable did not significantly increase the variance of any variable. Correlations between study constructs and the marker variable ranged from 0.02 to 0.09. Therefore, CMV was not considered a major problem in the model.

4.3 Test of the hypotheses

After satisfactory results were obtained for the measurement model, we examined the structural model with 5000 bootstrap samples to confirm the relationships among the constructs.

We first tested the total effect of customer engagement in sales promotion on purchase intention. The results of the PLSc estimation indicated that customer engagement explained 21.3% of the variance, $R^2 = 0.21$, $F(5,406) = 21.58$, $p < 0.001$. Controlling for gender ($\beta = 0.01$, $p = 0.818$), household size ($\beta = -0.13$, $p < 0.001$), and high ($\beta = 0.01$, $p = 0.854$) and low ($\beta = 0.01$, $p = 0.872$) product price levels, it was found that customer engagement in sales promotion significantly predicted purchase intention ($\beta = 0.41$, $t = 5.788$, $p < 0.001$).

When perceived value and customer satisfaction were added to the model, 44.4% of the variance was explained, $R^2 = 0.44$, $F(7,404) = 45.34$, $p < 0.001$. Presenting the results of the direct and indirect paths in the structural model, Table 3 shows that customer engagement, perceived value and customer satisfaction each significantly predicted purchase intention.

Direct and indirect effects	β	t	95% CI [LL, UL]
Customer engagement → perceived value	0.20 ^{***}	3.19	[0.09, 0.33]
Customer engagement → satisfaction	0.19 ^{**}	2.97	[0.07, 0.32]
Customer engagement → purchase intention	0.27 ^{***}	4.24	[0.16, 0.40]
Perceived value → satisfaction	0.42 ^{***}	4.52	[0.24, 0.60]
Perceived value → purchase intention	0.37 ^{***}	5.33	[0.22, 0.50]
Satisfaction → purchase intention	0.22 ^{***}	3.29	[0.09, 0.35]
Customer engagement → perceived value → purchase intention	0.08 ^{**}	2.80	[0.03, 0.13]
Customer engagement → satisfaction → purchase intention	0.04 [*]	2.22	[0.01, 0.09]
Customer engagement → perceived value → satisfaction → purchase intention	0.02 [*]	2.17	[0.01, 0.04]

Note(s): $N = 412$. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. $R^2 = 0.44$, $F(7,404) = 45.34$, $p < 0.001$. Gender ($\beta = 0.04$, $p = 0.92$), Household size ($\beta = -0.10$, $p = 0.03$), Low price level ($\beta = 0.02$, $p = 0.65$), High price level ($\beta = -0.07$, $p = 0.10$)

Table 3.
Path coefficients of the structural model

Also, customer engagement was positively related to perceived value and to customer satisfaction, as well as perceived value to customer satisfaction.

As Figure 1 illustrates, the more engaged customers were in sales promotion the greater their purchase intention was. This positive effect is significant ($\beta_C = 0.41, p < 0.001$), but diminishes ($\beta_C = 0.27, p < 0.001$) when two serial mediators are added to the model – indicating partial mediation – since part of the positive effect ($\beta = 0.14$) indirectly goes via increased perceived value ($\beta = 0.08, CI = 0.030$ to 0.130), increased customer satisfaction ($\beta = 0.04, CI = 0.010$ to 0.089) and increased perceived value through increased customer satisfaction ($\beta = 0.02, CI = 0.005$ to 0.039), and, therefore, support was found for H1, H2 and H3.

5. Discussion

5.1 Theoretical contribution

Our study draws attention to the role of customer engagement in the sales process. It shows how sales promotion engagement impacts purchase intention through increased perceived value and increased customer satisfaction. Specifically, it shows that an indirect effect is passed on via increased perceived value and via increased customer satisfaction and to a lesser amount through perceived value and satisfaction in serial. Since a large and growing body of literature indicates a necessity of doing research in the field of customer engagement (e.g. Blasco-Arcas *et al.*, 2016) our exploratory findings suggest that more research is warranted to gain insight into the behavioral mechanisms and effects that are triggered by customer engagement in sales promotion. Subsequent work may zoom in on how to best engage customers in specific types of sales promotion (e.g. monetary vs nonmonetary), other relevant mediators (e.g. perceived risk, loyalty, online reviews) and moderators (e.g. customer characteristics, type of firm, nature of industry).

The study explored a new perspective to the current literature on the positive effects of sales promotion (e.g. Mcneill *et al.*, 2014; Teck Weng and Cyril de Run, 2013; Koschate-Fischer and Wüllner, 2017; Teng, 2009; Sigué and Karray, 2007), and an additional application of value co-creation in marketing research (e.g. Cova *et al.*, 2011; Grönroos *et al.*, 2015; Chuang, 2018; Luu, 2019). It adds to extant work on branding, service marketing, product, pricing (e.g. Hatch, 2012; Merz *et al.*, 2018; France *et al.*, 2018; Papagiannidis *et al.*, 2017; Dovaliene, *et al.*, 2015;

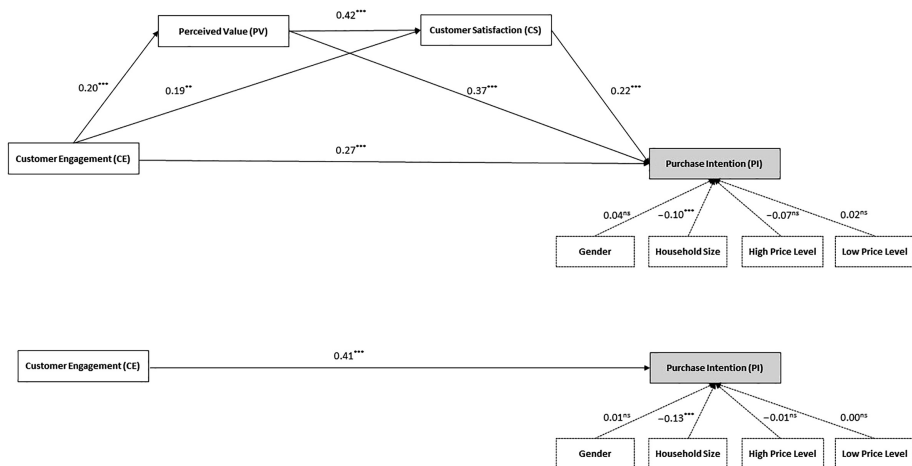


Figure 1. Estimates of the total effect of customer engagement in sales promotion on purchase intention vs its effect through perceived value and customer satisfaction in serial

Brodie *et al.*, 2013; Algharabat, 2018; Blasco-Arcas *et al.*, 2016; Hsieh and Chang, 2016; Vivek *et al.*, 2012; Rather, 2019; Read *et al.*, 2019) about the effects of customer engagement on perceived value, customer satisfaction and intention to purchase. While previous research concerned situations where firms and customers collaborate in the co-creation of value, its role in the sales promotion process has yet been unclear. This study starts filling this gap by taking a closer look at customer participation in the sales promotion process and its impact on customer purchase intention.

5.2 Managerial implications

The findings have implications for practice, in particular retail. In this highly competitive industry it is important to know how customers engage with goods, services and activities as “even low-involvement foci can be highly engaging to individuals” (Vivek *et al.*, 2012). In the study we show that perceived value is enhanced by engaging customers in sales promotion. Perceived value, a multidimensional concept in marketing theory, is not only “preferential, perceptual, and cognitive-affective in nature”, it is also “relative by virtue of its comparative, personal, and situational nature” (Sánchez-Fernández and Iniesta-Bonillo, 2007, p. 427). As such it is extremely difficult to measure and analyze in practice. Knowing how customer engagement in sales promotion associates with perceived value, customer satisfaction and purchase intention, thus, constitutes actionable information. It opens new ways to add value or incentives to existing customers as well as noncustomers and potential customers, especially in self-checkout and online retail environments, such as fashion and accessories, homeware and gifts, sports and outdoors, food and beverages, electronics.

5.3 Limitation and future research

Several limitations should be acknowledged. First, the exploratory study requires that the findings be considered as preliminary and suggestive rather than conclusive, as more research is needed. In particular, one component of functional value (i.e. price/value for money) was considered while perceived value is multidimensional in nature. Sweeney and Soutar (2001) validated three other value dimensions (i.e. emotional, social, quality/performance). These separate but correlated factors may be important in examining different product categories (Sinha and Verma, 2020) and sales frames (Liu and Chiu, 2015). Second, we merely offer initial insight into the nature of customer engagement within sales promotion. In order to improve the generalizability of the findings, further research needs to include multiple consumer groups across different product categories. In particular, the sample consist of consumers of Iran, “but the reaction to price and price deals might vary across nations as the same marketing strategy is often received differently in different countries” (Swani and Yoo, 2010, p. 149). Third, in this study, customer engagement in sales promotion was measured in a survey with promotional-prone participants. In an experimental design this engagement could have been a factor allowing the inclusion of participants not interested in sales promotion.

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