

Single Discount or Multiple Discounts? Effects of Price Promotion Framing Messages on Online Consumer Purchase Intention

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ABSTRACT

The emerging online economy provides consumers with easy access to numerous choices. This article investigates the effects of price promotion framing messages on perceived value and online consumer purchase intention. A 3 (price promotion framing: single discount/multiple discounts- large discount first and small discount last/multiple discounts- small discount first and large discount last) \times 2 (price level of product: low/high) experimental design is conducted. The experiment results demonstrated that price framing of single discount has a greater influence on perceived value than multiple discounts. Perceived value has a positive influence on purchase intention. Additionally, price moderates the effects of price promotion framing on consumer purchase intention. This finding offers potential for finding better ways for sellers or managers to present discounts in online shopping. Finally, the conclusion presents implications, limitations, and directions for future research.

KEYWORDS

Perceived value, Price promotion framing, Promotion Framing, Purchase intention

1. INTRODUCTION

Due to the rapid technological progress, the rise of Internet facilitates the opening of website and therefore electronic commerce has become more a new business channel, in addition to traditional way of marketing (To et al., 2007). The emerging online economy provides consumers with easy access to numerous choices. In recent decades, discount promotion has been a popular kind of marketing promotions for consumer products. Exploring effects of sales promotion is one enduring issue in marketing. Marketers use sales promotions to attract customers and motivate customers to buy products (Grewal et al., 1998; Chen and Wang, 2016; Mukherjee et al., 2017).

Prior studies showed that choices could be influenced by the framing of decision alternatives (Chen and Chang, 2016). Framing research has shown that different ways of promoting a specific behavior can influence behavioral intention (Chen & Wang, 2016). The content of price promotion, such as some of communication message is referred as message framing. Many studies have focused on different types of promotion discounts of consumption behaviors, for example price discounts, bonus packs, price presentation (dollars, cents-off, percentage-off and revised price), discount location (proximal, distal) (Chen et al., 1998; DelVecchio et al., 2009; DelVecchio et al., 2007; Hardesty and Bearden, 2003). This study is based on percentage discounts. A multiple discount is defined as two or more discounts offered that can be combined to create a bigger discount. This study uses a relatively form of price promotion on a single product verse multiple discounts. This study also tested

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whether the order in which the multiple discounts were presented influenced consumer evaluations. Moderating variables that could affect consumer perceptions of price promotions in this study is the product's price level. The product's price level may motivate different evaluation processes of the price discounts. An experiment of 3 (price promotion framing: single discount / multiple discounts-large discount first and small discount last / multiple discounts- small discount first and large discount last) \times 2 (price level of product: low / high) between subjects design was used.

Discount framing has been widely discussed (Gendall et al., 2006; Chung et al., 2011). Research on price promotions has found that consumers evaluate deals differently relying on how the promotion offer has been framed (Chen et al., 1998; Kim and Kramer, 2006). Research has investigated the effect of numerous pricing tactics including discount framing (Chen et al., 1998; Kim and Kramer, 2006) and discount location (DelVecchio et al., 2009). However, such research has mostly focused on single discount scenarios. The concept of multiple discounts refers to the situation when two or more discounts are combined together, and resulting in a discount larger than any of the individual discounts. Previous studies provide little attention about the relative effectiveness of such discounts. Therefore, the main objective of this study is to investigate the influence of price promotion framing messages (single discount and multiple discounts) on consumer willingness to buy.

Price discounts offer economic benefits to consumers, influence consumer decision (Grewal et al., 1994; Olshavsky et al., 1995). Thaler (1985) used mental accounting theory based on prospect theory. The psychology of consumer psychological status and choice increases a potentially dimension to price framing. Price framing cues are the physiological processes that affect consumer online behavior. This study examines the psychological effects of heuristic cues on a product to gain a better understanding of online human behavior. To address the purposes of our study, this investigation first presents the literature review, followed by the conceptual model and derived hypotheses. Subsequently, the methodology and data analysis are presented. Finally, the results are discussed, conclusions are presented, and future research directions are identified.

2. LITERATURE REVIEW

2.1. Price Framing

Some of the common forms of promotional tool use price discounts in modern markets (Chen and Wang, 2016; Mukherjee et al., 2017). Price framing is how the offer price is communicated to consumers (Krishna et al., 2002). Different price framing leads to different deal evaluation. In 1979 an article was published by Kahneman and Tversky's prospect theory that has been the subject of much discussion and debate ever since. They have shown that the message framing of decision promotion problems can affect consumers' decision making and cognitive judgments. Kim and Kramer (2006) compared the novel type of discount presentation (e.g., "Pay 60% of the regular price") versus the regular price (e.g., "Pay 40% off the regular price"). Many studies have been focused to the framing of promotion discounts in consumption behaviors, for example price discounts, bonus packs, price presentation (dollar-off and percentage-off) (Chen et al., 1998; DelVecchio et al., 2007; Hardesty and Bearden, 2003). This study is based on percentage discounts. In general, primarily messages framing can be viewed as either gain-framed or loss-framed (Kahneman and Tversky, 1979). This study is based on gain-framed discounts.

2.2. Order Effects

Previous research on multiple discounts has been scarce. But, there are a lot of situations that we encounter price framing or multiple discounts in our life, for example: If you are spent more than three thousand dollars, you were get 10% off discount. Second example, if you are the VIP in the store. When you are shopping, you can get extra discounts. Another example, when you shop in the retail store, you can see different description about price discount, such as "20-50% off," "Up to 70%

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