Chapter 28

The Discount Effect in Food and Beverage Advertising and Instagram's Likes Power:
An Experimental Study

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ABSTRACT

This study aims to understand the effect of evident sales promotion on the number of likes on Instagram. Due to the rising use of social media to communicate with the market and the promotion of products to guests, few academic investigations have been made in this area. Most technology research in the hospitality industry has focused on technology in service and production areas of operations or the use of web-based marketing for tourism operations and travel agents. The two most effective sales offer patterns were used in a 2×2 experiment, with the intention of finding out if a large amount of likes on Instagram influences the purchase intention of the product offered. Four randomized questionnaires were distributed among 4 university groups, obtaining 923 respondents. To validate the hypotheses the study proceeded with the descriptive technique and analysis of variances (ANOVA).

INTRODUCTION

The food and beverage industry is a critical component of the Brazilian economy, even when facing a period of economic recession in 2016, with a decrease of -3.75% on revenues in 2015 (Brazilian Association of Bars and Restaurants - ABRASEL), this sector contributed with approximately 10.1% of the Brazilian Gross Domestic Product (ABIA, 2017). On the other hand, bar's and restaurants' segment found that at least 32.9% of Brazilians have some kind of meal outside - not home cooking - on a daily basis. IFB's (Food Service Brazil Institute) recent studies indicates that 64% of sales are from small and medium-sized establishments.

The industry's competitiveness makes the use of discount advertisement something common among companies, as means to attract consumer's attention (Aureliano-Silva, Strehlau, & Strehlau, 2017). Discounts are effective in selling products directly to consumer. It is widely used and can be presented in several formats, such as in percentage or monetary value (Aureliano-Silva, Brandão, Strehlau, Pimenta, & Pimenta, 2015); offering a second product as a gift at the purchase of the product on sale, is reported as well in some cases. Such offers have already been used in retail for years, leading to academic research on the matter (Santini, Lübeck, & Hoffmann, 2015). However, over the past two decades there had been an increase in the use of digital media and social networks for marketing purposes, such as the sale/discount advertising (Needles & Thompson, 2013).

Due to food and beverage industry size and relevance, it is essential to understand how to use components of foodservice operations and technology to increase effectiveness in several business aspects such as marketing, recruitment, training, guest service, and global operations. With increasing availability and use of technology and social media, social networking platforms had become a new media to be used by restaurants and other service organizations (DiPietro, Crews, Gustafson, & Strick, 2012; Kaplan & Haenlein, 2009). Social media can be used in many ways, including content, social networking websites or blogs (Facebook and Twitter), and collaborative projects. Social media can be understood as "[i]nternet applications that help consumers share insights, experiences and perspectives" (Kaplan & Haenlein, 2009).

The social media is defined as a web-based service that allows individuals to build a public network or public profile within a delimited system; create a list of other users with whom they share a connection and view/cross its own list of connections, as well as those made by others within the system (Boyd & Ellison, 2008). These platforms allow people to find others with similar interests and to share those interests through the Internet. The survey by the Global Web Index found that the Brazilian public spent about 40 minutes online every day, in 2015, making Brazil the third country in the world (only behind Thailand and Saudi Arabia) in the use of smartphone on the internet (Bayindir & Kavanagh, 2018).

The smartphones' use as a means of access to social media continues to increase, and small and medium-sized companies, especially in bars and restaurants industry, have little advertising and marketing strategy, once only the big corporations actually invest in advertising and branding. Social media like Facebook, MySpace, Twitter, LinkedIn and others can be used by the industry to recruit staff, advertise and solicit guest feedback (Furtado & Oliveira, 2016).

The current study aims to understand the discount effect on consumer's opinion/decision, when it is advertised with the number of likes on Instagram. Due to the recent advent of social media use to communicate with market and clients, few academic investigations in this field have been held. Most studies on technology in hospitality industry has focused on technology in service and production operations areas, or in the web-based marketing use for tourism operations and travel agents (DiPietro et al., 2012;

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