# EXAMINING THE ROLE OF CONSUMER EMOTIONS IN DETERMINING PERSUASIVENESS OF RETAIL PRICE PROMOTIONS

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### **Abstract**

Product emotion and brand emotion can arouse emotions in consumers that result indifferent kind of behavior. This paper investigates the role of brand emotion and product emotion in consumers" purchase behavior. Although all aspect of human behavior cannot be studied, at least some aspects can be studied scientifically. The present study first glance through the background and literature, then examines emotion and consequently consumers" purchase behavior is studied, at the end comes conclusions and discussions. Given the limited insights provided by the literature into the phenomenon of interest, both exploratory qualitative and quantitative research approaches were deemed an effective means of exploring and examining the data collection for this study. In the qualitative research, semi-structured in-depth personal interviews with fifteen participants, who are volunteered for this study at supermarkets and hypermarkets, was carried out to identify their subjective interpretative patterns, viewpoints, emotional responses, and emotional abilities relative to persuasiveness of advertised price promotions. Data from subjects with consumer emotional dimensions to determine which dimensions influence consumers' attitude toward price promotional ads were factor analyzed Findings related to consumers' beliefs and perceptions of persuasive messages underline the level of consumers' attitudes, involvement, and knowledge about retail price promotions. Knowledge obtained from consumers' emotional responses to emotion-evoking offers and/ or deals also enables retailers better understand what emotions consumers want to experience, and when so as to tailor price promotions to the needs of individual consumer segments.

Key words: Consumer behavior, product emotion, brand emotion, purchase behavior

### **Introduction and Review of Literature**

Over the recent decade, the changes in consumer markets, heightened competition among retail formats, and mounting pressure on grocery retail margins due to faltering sales have resulted in retailers adopting a variety of price promotions to boost store traffic (Choi, Ge, and Messinger, 2010), enhance consumers' perceptions of value and increase the likelihood of purchase (Grewal *et al.*, 1998; Gupta, 1998), and retain loyal customers (Devlin *et al.*, 2007). In order to persuade consumers to make favourable purchase decisions (Gupta, 1988) and meet actions of competing retailers (Mason and Mayer, 1984), grocery retailers frequently use emotionally charged persuasive messages (e.g., save money and earn more profits on your daily purchases) in the weekly advertising of various price promotions (e.g., 3 for ₹100 or buyone- get- one-free (BOGOF), 60% off, reference prices, time limited offers or sale-one week only, early bird offers or special offers) in newspaper inserts to entice consumers into purchasing specific products by appealing to their emotions and general sensibilities. Here, the mental arousal (excitement) that often evoked in consumers by persuasive messages suggests that there is an ego-expressive, that is smart shopper feeling (Schindler, 1989), as well as the biggest utilitarian benefit to a price, such as substantial savings in money (Lichtenstein *et al.*, 1995; Chandon, Wansink, and Laurent, 2000).

Research suggests that price promotion may increase the total utility of a purchase by increasing the pleasure associated with the transaction (e.g., Thaler, 1983). Presumably the feeling of saving money, which arises from purchases, is positive emotion, such as pleasure and joy. In contrast, losing money in promotional deals also involves negative emotions, such as dissatisfaction, angry, upset, and regret. Despite the importance of emotion used in persuasion attempts influencing consumers' attention to the advertisement

(Olney, Holbrook and Batra, 1991), and affective responses (Bagozzi *et al.* 1999; Batra and Ray 1986), only a few studies mention the role of emotions in price perception and processing (Zielke, 2009; O'Niell and Lambert, 2001). In recent years, some marketing researchers analyse the role of emotions in explaining price fairness (e.g., Campbell, 2007) and perceived fairness of price increases (e.g., Heussler *et al.*, 2009). However, prior research (e.g., Diener and Emmons, 1984) have pointed out that, with too many offers and no hierarchy of messaging, there is possibility of consumers feeling conflicting emotions. For example, consumers may feel hopeful and optimistic about the benefits of saving money and, at the same time, feel scepticism or uncertainty about whether it will really work as claimed in price promotional ads (Urbany *et al.* 1988; Liefeld and Heslop, 1985). Moreover, when consumers experience with grocery retailers' diverse and complex price promotion tactics, including decisions on the deal intensity (deal depth, frequency, and duration) and deal support (features and display) for myriad brands and categories (Dhar and Hoch, 1997), they are more likely to evoke different emotional responses (Nunes and Park, 2003; Smith and Sinha, 2000).

Prior research has shown that one's emotions have an influence on behaviour, and that negative emotions prompt tendencies to avoid or eject the emotional stimulus and positive emotions prompt tendencies to approach or retain it (Stauss and Neuhaus, 1997). A substantial body of past research suggests that emotions, especially negative ones, can adversely affect decision-making and can have both short and long-term consequences (Khan, 2010; Yiend, 2010). In contrast, little is known about the positive emotions that are dominated in consumer advertising (Teixeira, Wedel, and Pieters, 2012). Furthermore, to date, little research has empirically tested that how consumers' emotional reactions to a stimulus are relevant to an assessment of its favourableness in a changing retail environment. In addition, past research reported that characteristics and consequences of emotional experiences are usually not captured by standard economic models of consumer choice (Wertenbroch, 2000).

Though there have been a few demonstrations, based on consumers' cognitive abilities, supporting the effects of persuasive messages influencing consumers' perceptions, evaluations of and purchase intentions (e.g., Alba and Hutchinson, 2000; Dolores, 2002), some researchers have shown that cognitive-based models fail to properly measure feelings associated with the sources of information (Morris *et al.*, 2002, Bagozzi *et al.*, 1999). The failing to understand the role of emotions by focusing on cognitive processes only hampers the understanding of consumers' behaviours. In addition, some researchers have underlined the importance of consumer's prior accurate emotion processing for sound and rational decision-making (Bachara and Damasio, 2005). Therefore, in the latest decades, consumer emotions gained renewed attention as an important mediator of cognitive and behavioural consumer responses to advertising (Poels and Dewitte, 2006).

A considerable amount of research on consumers' use of persuasive knowledge has shown that when persuasion knowledge is activated, consumers become suspicious of marketers' ulterior motives (Campbell and Kirmani, 2000). This leads to resistance to persuasion and negative responses to the marketer. Another element of topic knowledge, price knowledge, should also affect whether consumers base their price-format preferences on their persuasion knowledge (Kachersky and Kim, 2011). According to Dickson and Sawyer (1990), consumers' subjective price knowledge – often measured by assessing consumers' ability to recall prices directly after they have bought a product – is thought to be one major determinant of how price promotion benefits are perceived (Magi and Julander, 2005). Price knowledge (PW) enables a consumer to develop more efficient search activities (Ratchford, 2001), and better evaluate prices and benefits of price promotions (Evanschitzky, Kenning, and Vogel, 2004). Price knowledge also leads to better founded internal reference prices, allowing more adequate selling price assessments. It also reduces uncertainty associated with the evaluation of price reductions (Ofir et al., 2008). Recent research has acknowledged that consumers' prior knowledge influences the impact of message through the subjective experience arising from their judgement and decision-making process (Hong and Sternthal, 2010). More recently, Pillai and Kumar (2012) suggest that pricing tactics persuasion knowledge – refers to the persuasion knowledge of consumers about marketers' pricing tactics - enable consumers to better evaluate the benefits of price promotions (Pillai and Kumar, 2012).

In summary, the literature to date leaves several compelling questions unresolved. First, do consumers believe persuasive messages featured in advertised price promotions? If yes, what are consumers' emotional responses? If not, what are the potential reasons for their stiff resistance? Second, do consumers' pricing tactics persuasion knowledge moderates the relationship between persuasive message (i.e. ad content) and emotional responses? Third, do consumers' emotional responses influence attitudes towards price promotional ads (i.e. approach and avoidance decisions)? Fourth, does consumers' attitudes toward ad

(approach/avoidance decisions) impacts behavioural intentions (i.e. purchase intentions and word-of-mouth)?

We study these questions in an Indian context in which consumers are looking at savings more than ever before (AC Nielsen, 2010), because consumers buying sentiments are impacted by sustained increase in food and grocery prices, which have gone up, on an average, by 18 percent during the last three years (Assocham, 2010). The attitudinal shift of consumers in terms of a great value for money without compromising on quality and choice preference has resulted in consumers' cross-format and/or cross-channel shopping behaviour (Prasad, Prasad, and Rao, 2011). In such a milieu, retailers are desperately seeking out to retain loyal customers by offering various types of price promotions (Borges, Cliquest, and Fady, 2005). Gaining insight into these research questions is important for retailers' to accurately predict consumers' emotional perceptions of their advertised price promotions in the present competing and challenging retail environment. Knowledge about consumers' emotional reactions to persuasiveness of price promotions enables grocery retailers to formulate strategic decisions regarding advertised price promotions. These investigations may also lend insights into the degree to which consumer emotional intelligence aids consumers from being unnecessarily impacted by retailer persuasion attempts.

### Methodology

Given the limited insights provided by the literature into the phenomenon of interest, both exploratory qualitative and quantitative research approaches were deemed an effective means of exploring and examining the data collection for this study. In the qualitative research, semi-structured in-depth personal interviews with fifteen participants, who are volunteered for this study at supermarkets and hypermarkets, was carried out to identify their subjective interpretative patterns, viewpoints, emotional responses, and emotional abilities relative to persuasiveness of advertised price promotions. Standard procedures, as recommended by Ruyter Ko de and Scholl (1998), Patton (2002) and Ueltzhoffer and Ascheberg (1999), were followed in conducting semi-structured in-depth interviews. In the quantitative approach, Shopper intercept survey using self-report measures (Srinivasan and Ratchford, 1991) of consumer emotions, attitudes, persuasion knowledge, behavioural intentions was conducted to collect primary data from a large sample (n=620) of adult grocery shoppers from supermarkets (n=30) and hypermarkets (n=20) in the twin cities of Secunderabad and Hyderabad. Following procedures recommended by Sudman (1980), data were collected during all times of the day/evening, on all days of the price promotions, and at all store (supermarket and hypermarket) entrances/exits.

## Selection of Price promotions and persuasive messages

After conducting two pre-tests to select grocery retailer's price promotions, price reductions, reference prices, time limited offers and volume offers (multiple unit price promotions) were selected as the advertised price promotions to be used in the study because of consumers' familiarity with these price promotions and a wide distribution of emotional perception scores. In addition, these four categories account for virtually all of the price-based promotional activities initiated by grocery retailers (i.e., supermarkets and/ or hypermarkets) and differ in terms of benefits received by the consumers. The emotional perception scores toward these price promotions were widely distributed among the pretest participants in terms of bad/good (M= 4.75, SD=1.14), harmful/beneficial (M= 4.96, SD= 0.96), desirable/undesirable (M=4.63, SD=1.18), and awful/nice (M=4.59, SD=1.20) with Cronbach's alpha of 0.835.

The four messages, such as 'save money now', 'earn more profits on your daily purchases', 'most attractive offers than ever before', and 'realistic prices' were selected to be used in the study. The four emotional messages were tested and compared in a pretest (n=30) using four-item, five-point Likert type scale (affectionate, concerned, emotional, exciting, hopeful, kind, moved, sentimental, and warm-hearted: Cronbach's alpha =0.791), drawn from Edell and Burke's (1987) measure of warm feelings.

### Measures

Measures related to consumer emotions and emotional responses to ad, attitude towards price promotional ad, and purchase intentions were developed based upon scales that are used in the previous studies. Except purchase intentions (PI), each of other measures was assessed using five-point semantic differential scales. Four items, each measured on a 5-point Likert scale, were used to capture purchase intentions and word-of-mouth.

Methods of Analysis

Multivariate statistical tools like exploratory factor analysis, Chi-square, t-test, regression analysis, and analysis of variance (ANOVA) were used to test the hypothesized conceptual model shown in figure 1.

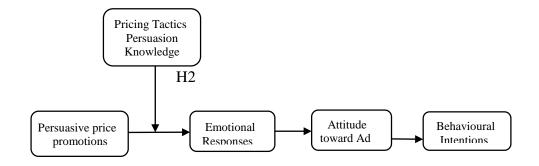


Fig.1 Conceptual Framework of the Study

# **Major Findings**

Data from subjects with consumer emotional dimensions to determine which dimensions influence consumers' attitude toward price promotional ads were factor analyzed. Initially exploratory factor analysis (EFA) with principal component method and varimax rotation with Kaiser Normalisation was conducted with the identified 14 items reflecting various aspects of consumer emotions. The KMO measure of sampling adequacy was found 0.893 and the Chi-Square of Bartlett's sphericity test was highly significant (p < 0.001). Scale items were evaluated for possible deletion based upon standard procedures (Hair *et al.*, 1995). The criteria: loading value  $\geq .5$  and Eigenvalue  $\geq 1$  were adopted to include items for further analysis. In this process, eight items exhibiting low factor loadings (< 0.50), high cross-loadings (> 0.50) or low communalities (< 0.40) were excluded from analysis. The revised factor solution was derived based upon the remaining items. The scree plot of eigenvalues ( $\geq 1$ ) indicated a thirteen-factor solution explaining 86.8% of total variance. The loaded dimensions were labelled as positive emotions and negative emotions.

The Chi-square findings ( $\chi^2 = 212.240$ , df, 3, p < 0.0001) indicated significant association between participants beliefs and persuasive messages. It implies that consumers have favourable attitudes toward advertised price promotions.

The correlations between participants emotional responses (i.e., positive and negative) and persuasive price promotions indicated a fairly high degree of agreement/disagreement (rs ranging from -0.38 to 0.65, all ps < 0.001). It implies that persuasive price promotions evoke both positive and negative emotions in the mind of consumers. The majority (71%) of participants had elicited positive emotions towards persuasive price promotional ads. The correlations between participants' emotional responses and attitude toward price promotional ads revealed significant degree of agreement/disagreement (rs ranging from -0. 21 to 0.57, all ps < 0.001). We regressed approach decisions relative to price promotional ads with positive and negative emotional responses, with a separate model for each strength dimension. Interestingly, both variables positive [F (1, 618) = 336.466, p < 0.0001,  $\beta$  = .497, p < 0.001, Adj. R<sup>2</sup> =0.351] and negative [(F (1, 618) = 4.005, p < 0.05,  $\beta$  = 0.065, p < 0.05, Adj. R<sup>2</sup> = 0.005] were found to be the significant predictors of approach decisions towards advertised price promotions.

Results suggest that the effects of persuasive price promotions on emotional responses are significantly moderated by consumer's pricing tactic persuasion knowledge. The moderation results [t (618) = 2.957, p < 0.001) indicated that higher levels of consumer's pricing tactic persuasion knowledge lead to negative emotional responses. The results from analysis of variance [F (1, 618) = 17.549, p < 0.001] indicate that participants attitude toward persuasive price promotional ad (approach/avoidance decisions) was significantly differed with purchase intentions of price promotional products. Further, the findings [F (1, 618) = 7.859, p < 0.005] reveal that participants attitude toward persuasive price promotional ad (approach/avoidance decisions) was significantly differed with word-of-mouth. These findings contribute to academicians' and practitioners' understanding of how consumer emotions affect the effectiveness of persuasive retail price promotions.

## **Implications of the Study**

The present study makes a significant contribution to advertising research by assessing the role of consumer emotions and their effect on attitude towards the advertised price promotional ads. The findings provide valuable insights to food and grocery retailers for reorienting their price promotional strategies to compete effectively, particularly with each other in a persistent inflationary environment. Findings related to consumers' beliefs and perceptions of persuasive messages underline the level of consumers' attitudes, involvement, and knowledge about retail price promotions. Knowledge obtained from consumers' emotional responses to emotion-evoking offers and/ or deals also enables retailers better understand what emotions consumers want to experience, and when so as to tailor price promotions to the needs of individual consumer segments. As results emphasise the predictability (albeit moderate) of consumers' emotions on attitude toward price promotions, retailers should enhance emotional triggers and remove the elements associated with negative emotions so as to change the balance towards positive emotions and activate purchase behaviour. The most distinctive finding of this study is that the level of claimed savings from price promotions may not significantly affect consumers' emotional perceptions and responses and in turn their influence on attitude and purchase intentions, although price promotions are widely perceived as effective promotional tools. However, the current research adds knowledge to our understanding of consume emotions in evaluating the persuasiveness of advertised price promotions in grocery retailing by providing empirical insights into positive and negative emotional outcomes.

Originality/Value – The current research adds knowledge to our understanding of emotion in persuasion by providing empirical insights into positive and negative emotional Outcomes. Important theoretical contributions of this study are that consumer emotional responses to ad is an important determinant in the formation of ad attitude and it can be incorporated into mediation model to explain the effects of advertising on consumer behavior. Furthermore, given the absence of published academic literature in relation to consumer emotions in the context of emerging retail market, the empirical results may serve as a departure point for future studies in this area of concern.

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