Buy One, Get One Free:
How Framing Sales Promotions Affects the Whole Shopping Basket

Managerial Summary by GfK-MIR

KEYWORDS

Shopping Behavior, Retail Promotions, Shopper Marketing, Couponing

Promotions Affect Unpromoted Products /// High competition has increased retailer interest in designing promotions that target shoppers and increase store sales. Sales promotions are often targeted at specific products, and the effects they have on the sales of this product are usually very well-monitored. However, sales promotions not only affect the sales of promoted brands, but also brands that are not under promotion and therefore the whole shopping basket. Knowing how sales promotion cues affect the size and composition of a consumer's shopping basket is important for leveraging sales.

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Different consumer motivations: Exploring or saving? /// It is clear that consumers have a variety of motivations over the course of the shopping process. Different goals relate to aspects that consumers generally value the most, as well as what might be relevant in a shopping situation in particular. Judy, for instance, does her weekly grocery shopping in different supermarkets. During the week she closely monitors regional media to avoid missing any promotions. She watches her shopping budget tightly and is proud of the weekly savings she makes in the promotional discounts. Jane, on the other hand, does her grocery shopping whenever she is in the mood for it and decides spontaneously what to buy during her visits to the shop. She likes buying special offers because they often attract her attention to new products that she happily tries out. Whereas Judy focuses on ***saving money and avoiding losses***, Jane's focus is on ***exploring and obtaining value***. Consumers similar to Judy are driven by an orientation away from negative outcomes (prevention focus). Others, like Jane, are guided by an orientation towards positive outcomes (promotion focus). The result of such differences in motivational systems is that people adopt different strategies in their pursuit of a goal. These differences may be stark to individual people, but because both systems of self-regulation exist in each person, situational cues such as sales promotions can activate either orientation.

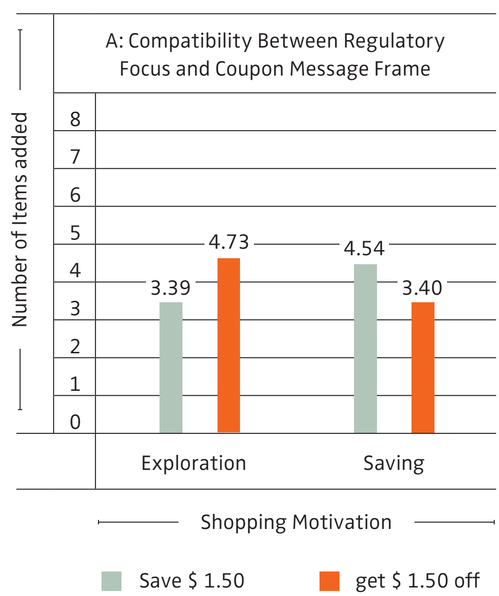
Promotional cues and shopping motivation /// Sales promotions come in a great variety. Some of the most common implementations are "buy one, get one free", "Save $x" or "Get $x off". Sales promotions also differ according to when they expire. Some coupons expire the same day, other offers apply for longer periods of time (e.g., they expire two weeks after starting). The authors predict and demonstrate, in a series of experiments, that the promotion's implementation induces a certain regulatory orientation and leads to effects similar to those in preexisting regulatory orientations. They also show that the compatibility with regulatory orientation, whether preexisting or primed, causes people to add more items, even unpromoted ones, to their baskets. The promoted brand also matters. Selecting either a well known or less familiar brand makes a difference when viewed in combination with the wording of the sales promotion.

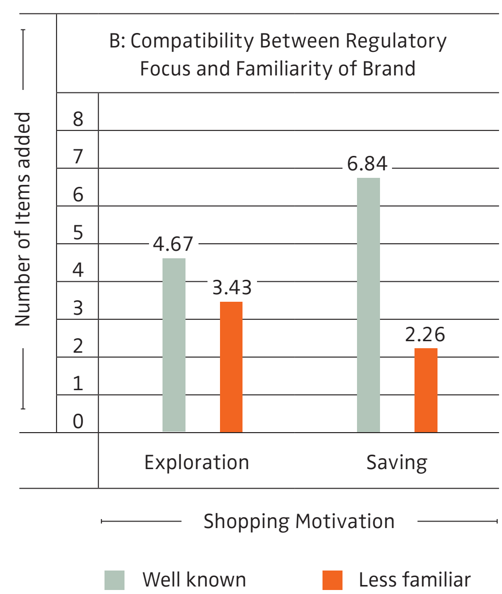
Selling more using the right mix of promoted brands and promotional cues /// Generally, when there is a fit between the type of promoted brand (well known or less familiar, the design of the sales promotion (wording and expiration date) and the motivation to either explore or save money, shoppers add more unpromoted items to their shopping baskets.

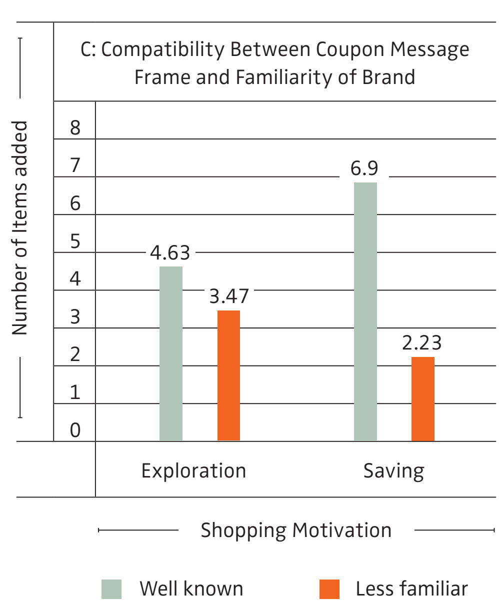
Well known brands, which represent safe choices, are consistent with the prevention of unnecessary expenses and with coupons framed as "Save $x" , On the other hand, less familiar brands, which represent a need for variety, are consistent with an exploration mode and with coupons framed as "Get $x off" or "Buy one, get one free" because they refer to gains. Well known brands are also more compatible with immediately expiring coupons, whereas less familiar brands are compatible with coupons that have longer time horizons. Figure 1 shows the results found in a laboratory experiment on students. A subsequent field experiment in a supermarket confirmed the results. When there is consistency between cues, more articles are added to the shopping basket.

FIGURE 1:

Effects of regulatory focus, message frame and type of brand on size of basket







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The positive effects on the size of the shopping basket occur both with a pre-existing motivational focus and with a primed one. Marketing cues, such as the framing of a savings message in a coupon ("Save $x" versus "Get $x off" in Experiments 1 and 3) or the nature of the expiration date restrictions on the promotion ("today" versus "in two weeks" in Experiments 2 and 3), prime different regulatory orientations among shoppers. These cues not only serve to reinforce or attenuate shoppers' motivational systems, but they also act independently of such regulatory foci to guide behavior. The guiding mechanism for cross-category effects such as these may be how effectively the promotions activate relevant mindsets and motivations.

Managerial Implications /// In recent years, retailers have placed a lot of importance on their in-store environment and how it affects the purchase decisions of their customers. Retailers should, however, be aware that consumers' orientation to either gaining value or preventing losses is important when attempting to understand individual differences in their responsiveness to promotions.

As far as design variables for promotions are concerned, the framing of the savings message, and the expiration date restriction are important. They influence the efficacy of a promotion, both separately and in combination. Depending on the individual shopping orientation, either preexisting or primed, the right cues positively influence shopping baskets and, by extension, also have an influence on sales.

Consistency is beneficial between the positioning strategies that retailers use in order to differentiate themselves, and their price promotional strategies. Retailers such as Wal-Mart use everyday low pricing strategies to promise savings, carry well known brands, and have conventional store layouts. These are consistent with a prevention focus. According to the findings, they would benefit from using temporary price promotions with more restrictions and savings messages framed as "Save $x".

On the other hand, stores such as Costco and Trader Joe's prime a promotion focus with an unusual store layout, unique items and new products. They would benefit from "Buy one, get one free" offers with generous temporary restrictions.

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Managerial summary by MIR of an article published in the academic top academic journal "Journal of Marketing Research":

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