

SS INTERNATIONAL RESEARCH NETWORK

Available online at www.ssirn.com**SS INTERNATIONAL JOURNAL OF ECONOMICS AND
MANAGEMENT**

(Internationally Indexed, Listed & Referred E-Journal)

Shopping Value Antecedents of Deal-Proneness in Shopping**Dr. Renjini D**

Associate Professor, DDU KAUSHAL Kendra, Cochin University of Science and Technology, Kerala, India.

Abstract

Retailing is on a fast growth track everywhere in the world and predictably, competition is high in the market. Most companies in the sector respond to this high level of competition by spending heavily on sales promotion deals to the customers. Effectiveness of sales promotion programmes is therefore very crucial for the success of this marketing plan. Targeted promotion based on customer segmentation by deal proneness of buyers enhances the effectiveness of sales promotions in consumer markets. This requires profiling of deal prone buyers and knowledge on what makes them deal prone. There are several studies on demographic and cultural profiling of deal proneness where various models on deal proneness have been proposed and empirically tested. However, the volume of research on the psychological antecedents of deal proneness is rather scanty. Literature vouches for the importance of hedonic dimensions of shopping impacting customers. For instance, hedonic and utilitarian shopping values are reported to be important determinants of consumer behaviours such as purchase intention, customer experience and customer loyalty (Overby & Lee, 2006 and Chiu, Wang, & Fang et al., 2014). But what exactly is the nature of relationship between hedonic-utilitarian shopping values and deal proneness of buyers? Does shopping value explain deal-proneness of buyers? The proposed study is an attempt to answer these research questions through a conceptual analysis of relevant concepts based on an extensive review of literature.

KEY WORDS: Retail, Shopping, Hedonic Value, Utilitarian Value, Deal Proneness

Introduction

Retail sector is one of the fastest growing markets worldwide. In India, retail is growing at an impressive CAGR of 12% and is expected to reach 63 trillion INR in business volume by 2019 (PWC, 2015). Nevertheless, the competitive intensity in the sector is very high especially after the entry of big e-commerce players. Competition has resulted in an expensive battle for market

share as all major retail players respond to this competition by upping their sales promotional efforts. Therefore effectiveness of sales promotion programmes is of crucial importance if these firms are to survive and grow in this market. An important aspect of consumer sales promotion is its efficacy in generating enough sales volume to more than offset the costs incurred on it. This calls for specific sales promotion programmes tailored

to attract different shopper segments. It is a widely established observation in consumer behaviour literature that some buyers are more likely than others to respond to promotion deals. Identification as well as targeting of deal prone buyers is therefore valuable for a more targeted sale promotion programme.

Early studies in deal proneness offer several models which help in demographic and socio-cultural profiling of deal prone buyers in traditional shopping contexts (Webster, 1965, Montgomery, 1971) and more recently in online shopping settings (Childers, Carr, Peck, & Carson, 2002). Though profiling helps in identifying deal-prone segments, profiling in itself does not provide practitioners with information inputs on designing the right sales promotion for the deal prone customers. Designing effective sales deals for the deal prone segment requires knowledge of factors contributing to deal proneness of buyers. Research on deal proneness in retail shopping has predominantly focussed on the behavioural outcomes rather than on antecedents of deal proneness (Chandon, Wansink, and Laurent, 2000). This implies that we know enough of who deal-prone buyers are and how they behave in market place in response to deals in terms of purchase intention, word of mouth behaviour etc. But, among buyers, what explains the variation in mental

susceptibility to deals? In extant research very little is known about what makes one psychologically predisposed to deals. This gap in research is a glaring one, given the importance of sales promotion in retail marketing and millions of dollars spent on it. Value is recognised as an important consideration for shoppers in retail (Levy, 1999). Studies indicate association between shopping value motivation and behavioural outcomes such as loyalty, and word of mouth of mouth behaviour (Carpenter, 2008; Arnold & Reynolds, 2003). Babin, Darden and Griffin (1994) broadly classify shopping value sought by customers into hedonic and utilitarian values. Research projects hedonic value to be important in retail environment (Childers et al., 2002; Kim & Forsyth, 2007; O'Brien, 2010; Overby & Lee, 2006). Against this background of literature support for the salience of shopping value retail contexts, shopping value analysis of deal proneness can prove helpful in unearthing whether and how shopping value drives deal prone customers. The present research aims to address the research gap in shopping value antecedents of deal proneness by proposing a conceptual model on the impact of shopping values on deal proneness of retail buyers. The core argument of this research is that hedonic and utilitarian shopping value positively impact consumers' response to deals. The paper is organised as follows. In the next

section, literatures review of concepts relevant to the research questions is presented. Propositions and the resultant conceptual framework are presented in the subsequent section after the review of literature. Potential contributions, limitations and conclusion are discussed in the concluding part of the paper.

Theoretical Framework

Shopping Value

The concept of value is one of the fundamental concepts in consumer behaviour and marketing. Shopping value is the perceived or expected value from a specific consumption experience. Zeithaml (1988) notes that value is the comprehensive evaluation of the utility of a product where all benefits and sacrifices associated with it are weighed by customers. The concept of value is treated as a subjective evaluation or as *percieved* value (Babin et al., 1994). For a long time, value was attached just to product related benefits and monetary price of the product (Sweeney, Soutar and Johnson, 1999). Later with the rising recognition and acceptance of the importance of experiential dimension of consumption, conceptual boundaries of value began to expand encompassing all functional and psychological benefits and costs of acquisition, consumption and disposal of a product. One of the first attempts to explicitly include these dimensions in consumer

behaviour model was made by Holbrook and Hirschman (1982). In the above model, affective components of consumption consisting of feelings, experiences, attitudes and behaviours, treated as a distinct element of consumer evaluation, affect behaviour in tandem with cognitive elements. Affective component which represents the experiential state in the customer response may include love, hate, fear, anxiety, boredom, greed, awe etc in addition to the attitudinal feelings or predispositions (Holbrook & Hirschman, 1982).

In specific context of shopping, value can be regarded as the perceived value associated with a shopping activity. Extending the experiential marketing approach of consumption to shopping settings, Babin, et al., (1994) called for recognising the *intangible and emotional* benefits and costs of shopping experience in addition to the tangible and functional value related to product acquisition. They conceptualise shopping value as a construct with two dimensions: utilitarian and hedonic value. Utilitarian values appeal to the rational motives of customers whereas hedonic value relates to the 'experiential' or emotional dimension of shopping experience. Utilitarian values are extrinsic values realised from the functional utility of product acquisition by consumers. So utilitarian value constitutes the tangible component of total value derived. Hedonic

value which is intrinsic, comes from transactional utility of the shopping experience. These values together explain the total sought out/expected value from a shopping trip.

Deal Proneness

Consumers vary in their response to promotion deals by companies. Some are more 'prone' to deals than others. Research in this stream has tried to capture this difference through the term deal proneness. In scholarly literature, two different perspectives are used to describe the term deal proneness. In early studies on the concept, deal proneness is used to imply the behavioural outcome of buying on deals (Webster, 1965; Bawa & Shoemaker, 1987; & Blattberg, Buesing, Peacock, & Sen, 1978). That is, deal proneness is used as a dichotomous variable which means one is either deal-prone or not, based on whether one buys on deals or not (Blattberg et al., 1978). This approach equates proneness with deal redemption behaviour (Lichtenstein, Netmeyer, & Burton, 1990), which is a directly observable variable. However some scholars opt to treat deal proneness as a psychological characteristic (Lichtenstein et al. 1990; Chandon et al., 2000; and Martinez & Montaner, 2006); a trait which makes an individual more prone or vulnerable to deals. The focus here is on the psychological propensity or predisposition and not on the act of actually buying on deals.

Another area of divergence in the conceptual treatment of deal proneness is its domain specificity i.e., whether deal proneness can be applied to all types of deals or not. A number of studies takes the position of 'specific to domain' nature of deal proneness and hence, assert that there is no 'general' deal proneness (Narasimhan, 1984; Henderson, 1987; Blattberg & Neslin, 1990; Lichtenstein, Netemeyer & Burton, 1995; Martinez, & Montaner, 2006; Schneider & Currm, 1991). Domain specificity implies that deal proneness of an individual consumer vary across different types of deals. For instance, a buyer may exhibit very high level of proneness to price-offs but little to sales contests. Thus there can be coupon proneness, discount proneness, and gift-proneness etc. In contrast to this, another set of studies treats deal proneness as a general tendency to be influenced by deals of any nature (Shimp & Kavas, 1984; Price, Feick, Guskey-Federouch, 1988). This would play out as deal-prone buyers showing uniform susceptibility to all types of deals.

Propositions and Conceptual Model

Sales promotion deals are short term incentives provided to buyers to purchase product or service. Sales promotions are broadly of two kinds: price-related and non-price promotions. Non-price related promotions offer buyers reasons other than price to purchase the products like contest,

lucky draws etc. Price related promotions invariably results in reduction in the effective price of products, inducing buyers to buy. Delineating deal proneness from deal redemption behaviour as separate and distinct concepts is key to understanding consumer behaviour related to deal proneness. (DelVecchio,2005). Deal proneness must be understood as psychological characteristic and not as the *act* of buying on deals. Deal proneness is therefore different from deal redemption. Since deal proneness pushes buyers to buy, it enhances the probability of deal redemption by buyers. However, deal proneness is not the only factor that has a positive impact on deal redemption. The related construct of value consciousness can also positively influence buying in the context of deals(Lichtenstein et al.,1990). Lichtenstein et al. (1990) defines deal proneness as the enhanced psychological proclivity to positively react to deals *because they are in deal form*. Distinction between deal proneness and value consciousness is built on the theoretical foundations of acquisition- transaction theory of Thaler (Lichtenstein et al.,1990); with deal proneness originating from the transaction utility of purchase and value consciousness emerging from acquisition utility. Though both deal proneness and value consciousness are predictors of deal redeeming behaviour, drivers of these two traits are very

different. Value consciousness is consumers concern for value maximisation from a purchase. Value conscious buyers are not persuaded by deals for the sake of using deals and they look to optimise value even in the absence of deals (DelVecchio, 2005). However, value consciousness can influence 'act on deals'(deal redemption) as price-related deals bring down the effective price of products (thereby enhancing the value of a product). This can help us explain the differential impact of different types of deals on consumers response. This difference is because deals hold differential appeals to deal prone and value conscious consumer segments.

Means-ends theory suggests that desired benefits drive consumer behaviour (Gutman, 1982). Numerous studies in shopping and other contexts have lent credence to this theory by empirically demonstrating the link between shopping values and consumer responses. For instance, brand loyalty (Anderson, Knight, & Pookulangara et al., 2004), user experience (O'Brien, 2010), shopping intention (Monsuwe, 2004), compulsive shopping behaviour (O'Guinn and Faber, 1989) and mall patronage behaviours (Carpenter, Moore, & Fairhurst, 2005) have been found to be associated with experiential or hedonic shopping value. Savings, quality and convenience benefits are classified as utilitarian benefits whereas

the intrinsic value expression, entertainment and exploration benefits form hedonic benefits (Chandon et al., 2000). Benefit-congruency framework shows that the congruence between the nature of the product and the predominant benefit associated with the promotion determines consumers' response to promotion (Chandon et al., 2000). Studies argue that deal prone consumers are attracted by deals and consider deals 'as an end in itself' (Lichtenstein et al., 1990; and DelVecchio, 2005). This means that deal prone buyers buy products because they are swayed by the very presence of deals and *not necessarily* because they are attracted by price-decrease accompanied with the promotion. So one can see an element of emotional need/push which makes a deal-prone buyer to act on deals where one feels compelled to buy so as not to let the deal pass. One must also remember that deal proneness has been associated with compulsive shopping behaviour. So one can visualise deal-prone customers wanting to act on deals for the sake of using deals, and deriving shopping enjoyment from deals (Ailawadi, Neslin, & Gedenk, 2001). Hedonic shopping value orients buyers to seek fun or pleasure from the activity of shopping. Therefore for hedonic shoppers, shopping is not just an activity they must undertake so that they can buy things they need. Hedonic consumers are as much the

consumers of shopping experience as they are of products. Gratification of psychological or non-utilitarian needs is evident here. This heightened psychological affective component associated with hedonic shopping can positively influence deal proneness in buyers. The fact that deal prone buyers buy things just to have it lie around the house without a real need recognition to initiate the purchase, (Thaler, 1983, as cited in Lichtenstein et al., 1990), clearly hints at the *fun* or the psychological gratification of hedonic shopping. Based on the analysis presented above, it is proposed that,

Proposition 1 : Hedonic shopping value positively impacts deal proneness of retail shoppers.

As discussed earlier in this paper, there is theoretical demarcation between deal proneness and value consciousness, the main difference being the value conscious consumers' concern for value maximisation from a purchase regardless of deal or no deal. Sales promotion presents both hedonic and utilitarian benefits to shoppers (Chandon et al., 2000). This distinction in benefits are also evident in the difference in consumer response to different type of promotions viz, price and non-price promotions. This is also consistent with the observation made by Lichtenstein et al, (1990) that there is no general deal proneness referring to the proneness of customers to different types of

deals based on what appeals to them more. Utilitarian shopping value is about approaching shopping with an eye on accomplishing the functional purpose of product acquisition (Lichtenstein et al.,1990). As Babin et al,1994 remarks, it is shopping with 'work mentality'; shoppers with predominant utilitarian value shop to get the work done or to finish the chore. This implies that utilitarian shoppers are not likely to perceive any psychological gratification from shopping because of the mere presence of deals. Savings, quality and convenience benefits are the benefits associated with utilitarian value of shopping. These are the tangible functional benefits value conscious shoppers try to maximise from shopping trips. Price-discrimination theory (Narasimhan, 1984) also hints at the salience of utilitarian value of price savings working as motive for buyers to use promotion coupons. Therefore utilitarian shopping value is likely to promote value consciousness in buyers. This leads us to the second proposition of the study which is stated as:

Proposition 2: Utilitarian shopping value positively influences value consciousness of buyers in retail shopping.

A conceptual framework depicting the study's propositions on the impact hedonic and utilitarian shopping values on deal proneness and value consciousness is presented in Fig 1. The conceptual model

presented also presents how deal proneness and value consciousness together predicts deal usage among shoppers.

Conclusion

Sales promotion occupies a significant place in the marketing programmes of firms in economies characterised by intense competition and high bargaining power of buyers (Shimp, 1997; Raghubir, Inman, & Grande, 2004). Studies in this area of research are useful to practitioners as they provide information inputs for precise and targeted promotion programmes (Gazquez-Abad & Sanchez- Perez, 2009; Montgomery, 1971). The study proposes a conceptual model linking hedonic and utilitarian values with deal proneness and value consciousness of buyers in the specific context of shopping. The conceptual model helps explain the differential influence of promotional deals on shopper segments. By delineating the differential effect of hedonic and utilitarian value on effectiveness of deal promotions, the study helps practitioners in designing targeted sales promotional programmes through effective segmentation by deal proneness and value consciousness. The core argument of this paper is that hedonic shopping value orientation of a buyer enhances his/her deal proneness and utilitarian value of shoppers leads to higher level of value consciousness among customers. This implies that ascertainment of

shopping value can help fine-tune retail strategy of firms. Sales promotional deals offering price-related or convenience-related benefits are likely to attract value conscious buyers to the stores. However these value conscious buyers are not likely to buy on deals if need recognition is not present. For retail shoppers, this means that value conscious buyers will not flock to the stores if they have no utilitarian reasons to do so. Hedonic shoppers on the other hand, can be

attracted by deals which satisfies their hedonic expectations from shopping.

The study is only conceptual in nature and therefore empirical investigation of the model is not offered. This forms the major limitation of the study. Empirical analysis of the model will be a promising venue for future research in the stream. Empirical examination of the model, for example in online retail settings can prove productive considering the increasing budget expenditure by firms on consumer deals.

References

1. Ailawadi, K. L., Neslin, S. A., & Gedenk, K. (2001). Pursuing the value-conscious consumer: store brands versus national brand promotions. *Journal of marketing*, 65(1), 71-89.
2. Anderson, K.C., Knight, D.K., Pookulangara, S. and Josiam, B., 2014. Influence of hedonic and utilitarian motivations on retailer loyalty and purchase intention: a facebook perspective. *Journal of Retailing and Consumer Services*, 21(5), pp.773-779.
3. Arnold, M.J. and Reynolds, K.E., 2003. Hedonic shopping motivations. *Journal of retailing*, 79(2), pp.77-95.
4. Babin, B.J., Darden, W.R. and Griffin, M., 1994. Work and/or fun: measuring hedonic and utilitarian shopping value. *Journal of consumer research*, 20(4), pp.644-656.
5. Bawa, K. and Shoemaker, R.W., 1987. The coupon-prone consumer: some findings based on purchase behavior across product classes. *The journal of marketing*, pp.99-110.
6. Carpenter, J.M., 2008. Consumer shopping value, satisfaction and loyalty in discount retailing. *Journal of retailing and consumer services*, 15(5), pp.358-363.
7. Carpenter, J. M., Moore, M., & Fairhurst, A. E. (2005). Consumer shopping value for retail brands. *Journal of fashion marketing and management: an international journal*, 9(1), pp.43-53.
8. Chandon, P., Wansink, B., & Laurent, G. (2000). A benefit congruency framework of sales promotion effectiveness. *Journal of marketing*, 64(4), pp.65-81.

9. Chew, P., & Wirtz, J. (2001). The effects of incentives, deal proneness, satisfaction and tie strength on word-of-mouth behaviour.
10. Childers, T. L., Carr, C. L., Peck, J., & Carson, S. (2002). Hedonic and utilitarian motivations for online retail shopping behavior. *Journal of retailing*, 77(4), pp.511-535.
11. Chiu, C. M., Wang, E. T., Fang, Y. H., & Huang, H. Y. (2014). Understanding customers' repeat purchase intentions in B2C e-commerce: the roles of utilitarian value, hedonic value and perceived risk. *Information Systems Journal*, 24(1), pp.85-114.
12. DelVecchio, D. (2005). Deal-prone consumers' response to promotion: The effects of relative and absolute promotion value. *Psychology & Marketing*, 22(5), pp.373-391.
13. Gazquez-Abad, J. C., & Sanchez-Perez, M. (2009). Characterising the deal-proneness of consumers by analysis of price sensitivity and brand loyalty: an analysis in the retail environment. *The International Review of Retail, Distribution and Consumer Research*, 19(1), pp.1-28.
14. Gutman, J. (1982). A means-end chain model based on consumer categorization processes. *The Journal of Marketing*, pp.60-72.
15. Henderson, C. (1987). Sales promotion segmentation: Refining the deal-proneness construct. *Documento de trabajo, The Amos Tuck School of Business Administration, Dartmouth College, Hanover, Nh.*
16. Holbrook, M. B., & Hirschman, E. C. (1982). The experiential aspects of consumption: Consumer fantasies, feelings, and fun. *Journal of consumer research*, 9(2), pp.132-140.
17. Kim, J., & Forsythe, S. (2007). Hedonic usage of product virtualization technologies in online apparel shopping. *International Journal of Retail & Distribution Management*, 35(6), pp.502-514.
18. Kim, Y. K., Lee, M. Y., & Park, S. H. (2014). Shopping value orientation: Conceptualization and measurement. *Journal of Business Research*, 67(1), pp.2884-2890.
19. Lim, J., Currim, I. S., & Andrews, R. L. (2005). Consumer heterogeneity in the longer-term effects of price promotions. *International Journal of Research in Marketing*, 22(4), pp.441-457.
20. Martínez, E., & Montaner, T. (2006). The effect of consumer's psychographic variables upon deal-proneness. *Journal of Retailing and Consumer Services*, 13(3), pp.157-168.
21. Monsuwé Perea y, T., Dellaert, B. G., & De Ruyter, K. (2004). What drives consumers to shop online? A literature review. *International journal of service industry management*, 15(1), pp.102-121.

22. Montgomery, D. B. (1971). Consumer characteristics associated with dealing: An empirical example. *Journal of Marketing Research*, 8(1), pp.118-120.
23. Narasimhan, C. (1984). A price discrimination theory of coupons. *Marketing Science*, 3(2), pp.128-147.
24. O'Brien, H. L. (2010). The influence of hedonic and utilitarian motivations on user engagement: The case of online shopping experiences. *Interacting with computers*, 22(5), pp.344-352.
25. O'Guinn, T. C., & Faber, R. J. (1989). Compulsive buying: A phenomenological exploration. *Journal of consumer research*, 16(2), pp.147-157.
26. Overby, J. W., & Lee, E. J. (2006). The effects of utilitarian and hedonic online shopping value on consumer preference and intentions. *Journal of Business research*, 59(10), pp.1160-1166.
27. Price, L. L., Feick, L. F., & Guskey-Federouch, A. (1988). Couponing behaviors of the market maven: profile of a super couponer. *ACR North American Advances*.
28. PWC(2015). Are you profitably ready? Perspectives on the Indian retail industry. *India Retail Forum*.
29. Raghubir, P., Inman, J. J., & Grande, H. (2004). The three faces of consumer promotions. *California Management Review*, 46(4), pp.23-42.
30. Reynolds, K. E., Ganesh, J., & Luckett, M. (2002). Traditional malls vs. factory outlets: comparing shopper typologies and implications for retail strategy. *Journal of Business Research*, 55(9), pp.687-696.
31. Schneider, L. G., & Currim, I. S. (1991). Consumer purchase behaviors associated with active and passive deal-proneness. *International Journal of Research in Marketing*, 8(3), pp.205-222.
32. Shimp, T. A. (1997). *Advertising, promotion, and supplemental aspects of integrated marketing communications*. Harcourt Brace College Publishers.
33. Shimp, T. A., & Kavas, A. (1984). The theory of reasoned action applied to coupon usage. *Journal of consumer research*, 11(3), pp.795-809.
34. Sweeney, J. C., Soutar, G. N., & Johnson, L. W. (1999). The role of perceived risk in the quality-value relationship: a study in a retail environment. *Journal of retailing*, 75(1), pp.77-105.

35. Voss, K. E., Spangenberg, E. R., & Grohmann, B. (2003). Measuring the hedonic and utilitarian dimensions of consumer attitude. *Journal of marketing research*, 40(3), pp. 310-320.
36. Webster Jr, F. E. (1965). The " deal-prone" consumer. *Journal of Marketing Research*, 186-189.
37. Woodruff, R. B. (1997). Customer value: the next source for competitive advantage. *Journal of the academy of marketing science*, 25(2),pp. 139.
38. Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *The Journal of marketing*, pp. 2-22.

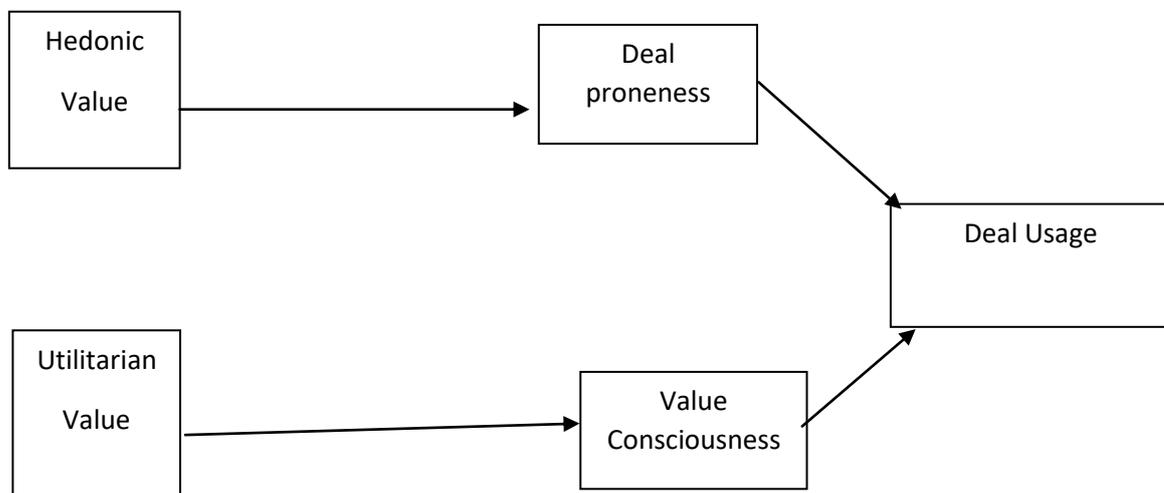


Fig 1: Proposed Conceptual Framework