Chapter 18

Offer Attractiveness, Decision Conflict, and Consumer Response

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ABSTRACT

Consumer responses to attractive offers, both in terms of consumer satisfaction with the decision process and in terms of subsequent store choice behavior, have been analyzed in this paper through a factorial analysis process, conducted in Mexico in reference to consumer choice and decision satisfaction variables. The results suggest that consumer response to attractive offer is driven to a large extent by two factors: the effect of a discount sale on the available options of goods and the degree of store loyalty. Overall, the discussion of results of the four studies presented in the paper demonstrates that consumer response to clearance sales, both in terms of decision satisfaction levels and attractiveness of retail stores, are strongly influenced by the variables of price sensitivity, attractiveness of products, loyalty and perceived value on available brands.

INTRODUCTION

Temporary retail price offers help in driving significant increase in sales, combined with attractive promotion packages which influence the magnitude of the sales spike. Retail stores follow many sales promotion packages including coupons, price discount, free sample, bonus pack, and in-store display which influence product trial and repurchase behavior of consumers. Purchase acceleration and product trial are found to be the two most influential variables related to a discount. Immediate price reduction is the technique that exerts higher influence on the brand choice process. It is possible that consumers perceive promotional tools as a major variable for making buying decisions in the attractive offers. Hence, retailers lean on investing their resources in promotional actions which drive consumers in making impulsive decisions than arguing over familiarity of brands in the attractive offers. Price offers have also been found to induce sales promotions for leisure retail operators and emphasize value added benefits to

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the consumers involved in hedonic consumption (Wakefield and Barnes, 1996). The retailing sector is observing fast structural transformation and getting more competitive than before with intensive focus on customer acquisition though competitive promotions. However, there are still differences in consumers’ approach to retail market places (Mehta and Dixit, 2016).

Developing store environment for enhancing the shopping experience has been a recent concept in retailing, and many pleasant ambient stimuli such as product videos, music and fragrance help consumers to make positive buying decisions. Young consumers make holistic evaluations of retail store in view of the arousing quality of ambient stimuli for buying products and derive satisfaction over the decision made purchase. Consumers find the environment significantly positive and exhibit higher levels of approach and impulse buying behaviors, and experience enhanced satisfaction than when retail ambience is congruent with the arousing qualities (Mattila and Wirtz, 2004). Visual effects associated with products often stimulate the buying decisions among young consumers. Point of sales brochures, catalogues and posters build assumption on perceived use value and motivational relevance of buying decisions of product. Emotional visuals exhibited on contextual factors such as proximity or stimulus size, drive perception and subjective reactions on utility and expected satisfaction of the products (Codispoti and De Cesarei, 2007).

Review of Literature and Framework of Hypotheses

Each of the new generation marketing approaches include customer focused, market-driven, outside-in, one-to-one marketing, data-driven marketing, relationship marketing, integrated marketing, and integrated marketing communications that emphasize two-way communication through better listening to customers and the idea that communication before, during and after transactions can build or destroy important brand relationships (Blazquez, 2014). However, consumers will prefer less difficult in making decision as impulse on the attractive offers would be stronger than factors determining the buying decisions. Thus, as the difficulty in buying decisions increases due to a clearance sale ruling over the brand loyalty, a more negative response to the clearance sale is expected, independent of any short-run price advantages. The hypothesis may be delineated in the above reference as:

**H1:** Simultaneous attractive offers to the consumers’ increases the difficulty of making a product selection, which may lead to lower levels of satisfaction and lessen the randomness of variety-seeking behavior.

It may be understood that as the attractiveness of a choice option increases, negative response of consumers buying in attractive offers will decrease. However, exercising choice options in attractive offers will be a function of two factors that are related to the process of comparing a brand-based product alternatives and price advantage directed at the particular category of products. In the most optimistic settings, such value creation is observed to generate new customers for new products in view of the customer relationship and value management strategies of the firm (Ganesh, et al., 2000). Conditions and rules of thumb are shown in which it is optimal to increase the price of one product while decreasing the price of another. A linear demand model and a numerical example are presented, showing that the price of one product decreases while the price of the other product may increase or decrease in different periods. The retailers often use Price discounts as a tool to clearance sale aiming at liquidating the unsold
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