

# FACTORS AFFECTING CONSUMERS' PERCEPTIONS OF DIGITAL SALES PROMOTIONS - AN EXPERIMENTAL INVESTIGATION

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Antti Airisto  
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**Aalto University  
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### **ABSTRACT**

Along with the existence of modern content-based digital goods, a promotional premium product does no longer need to be tangible - digital premiums are alternatives to traditional physical premium products. This article reports the results of an experimental study, where the purpose was to gain understanding of consumer perceptions of digital premium-based promotional offers. Three characteristics related to digital premium-based promotions were manipulated in the context of a bottled mineral water purchase: the immediacy of receiving the premium, the method the premium is earned and the tangibility of the premium.

Covariates included consumer perceptions of the promoted brand and product category both in terms of the advertised product as well as the premium product. The results show that the examined factors have interactive effects on consumer perceptions. Of the three factors, immediate premium reception had the most impact on the overall appreciation of the promotion and was less likely to be perceived as manipulative. Managerial implications as well as suggestions for future research are provided.

Keywords: Sales promotion, Digital goods, Digital marketing, Promotional premium

Aalto-yliopiston Kauppakorkeakoulu  
Pro Gradu -tutkielma  
Antti Airisto

## EKSPERIMENTAALINEN TUTKIMUS SEIKOISTA, JOTKA VAIKUTTAVAT KULUTTAJIEN SUHTAUTUMISEEN DIGITAALISIIN MYYNNINEDISTÄMISMENETELMIIN

### TIIVISTELMÄ

Modernin myynninedistämistuotteen eli kylkiäisen ei tarvitse enää olla fyysinen tuote. NykYTEKNOLOGIAN ansiosta perinteisen kylkiäisen voi korvata digitaalisessa formaatissa olevalla tuotteella. Tämä työ raportoi tulokset experimentaalisesta tutkimuksesta, jonka tavoitteena oli selvittää, mitkä seikat vaikuttavat kuluttajien suhtautumiseen digitaaliseen myynninedistämiskampanjaan. Kolmea eri digitaalisen myynninedistämiskampanjan muuttujaa manipuloitiin kuvitteellisessa kivennäisvesimainoksessa. Muuttujina käytettiin kylkiäisen vastaanottamisaikaa, tapaa jolla kylkiäinen ansaitaan sekä kylkiäisen fyysistä/digitaalista olemusta. Lisäksi tutkittiin, onko mainostettavan tuotteen tai kylkiäisen brändillä tai tuotekategorialla vaikutusta. Tutkimustulokset osoittavat, että muuttujien yhteisvaikutuksella on merkitys kuluttajan yleiseen mielikuvaan mainoksesta. Edellämainituista muuttujista merkityksellisin oli vastaanottamisaika, joka vaikutti positiivisesti mainoksen yleiseen houkuttelevuuteen sekä siihen, ettei mainos vaikuta manipuloivalta. Tutkimus tarjoaa käytännön esimerkkejä sekä ehdotuksia aiheen jatkotutkimusta varten.

Avainsanat: Myynninedistäminen, Digitaaliset tuotteet, Digitaalinen markkinointi, Kylkiäiset

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## 1 INTRODUCTION

By definition, sales promotion is a set of marketing tools designed to stimulate a consumer towards purchasing goods or services by providing an incentive to do so (d'Astous & Landerville, 2003; Alvarez & Castilles, 2004). The difference between sales promotion and advertising is that advertising offers a reason to purchase a good or a service whereas sales promotion offers a reason to purchase it *now* (Kotler & Armstrong, 2004; Rossiter & Percy, 1987). A holistic definition by Rossiter and Percy (1987) describe sales promotion as “a more direct form of persuasion, based frequently on external incentives rather than inherent product benefits, which is designed to stimulate immediate purchase and to move sales forward more rapidly than would otherwise occur.” In practice this translates to the notion that sales promotion tries to trigger consumer purchase behavior by focusing on the premium instead of the product itself. The primary objective of sales promotion is to have a direct impact on buying behavior (Alvarez & Castilles, 2004). Preferred effects vary from increasing short-term sales, building long-term market share, getting consumers to try new products, obtain better visibility or rewarding loyal customers (Kotler & Armstrong, 2004). The key to elements of a successful sales promotion are well-defined objectives and tools, and a carefully designed sales promotion program that works together with the rest of the promotion mix elements and marketing communications (Kotler & Armstrong, 2004).

In a non-monetary sales promotion, a premium is a tangible reward received for performing a particular act, usually purchasing a product (Burnett, 1993). A premium-based promotion includes a product or service for free or at a lowered price in return for the purchase of one or multiple items or services (d'Astous & Landerville, 2003). Premiums have been used as promotional tools for decades and are not by any means a new phenomenon: Companies use premium-based sales promotions frequently and they form an important tactical decision-making area to many business practitioners. Still, despite of their common utilization, premium based sales promotion has had relatively little academic attention (d'Astous &

Landerville, 2003). In this study, the term “give away” is also used to describe the sales promotion incentive.

Electronic and online media is the fastest growing area within marketing (Barwise & Styler, 2003) and marketers are embracing its various opportunities. Intangibility gives digital goods several advantages over tangible goods. Digital products are stored and distributed with virtually no additional costs (Koiso-Kanttila, 2004; Rowley, 2008). These new opportunities have increased the use of content-based digital products as sales promotion premiums, too. Digital products, such as mp3 music files, have been used as sales promotion premiums but their impact on consumer perceptions have not yet been reviewed in academic literature. This creates the research gap for this study.

This study focuses on premium based sales promotions. The objective is to create a better understanding of how a premium based sales promotion campaign should be executed and what are the different elements of the campaign a marketer needs to understand to create a successful promotion as a whole. Previous studies of premium based sales promotion have not taken into account the possibility of, firstly, using digital products as premiums or, secondly, incorporating the use of the Internet into the sales promotion campaign. In this study the possibility of a non-tangible, digital premium will be utilized as a purchasing incentive. Also, an online solution will be provided as an option to traditional coupon collecting in order for the consumer to earn or receive the premium. These are commonly used features of modern sales promotion campaigns and, thus, should not be overlooked in the academic literature.

The primary research question is whether or not consumers appreciate digital sales promotion campaigns more or less than traditional ones. The secondary question is whether digital sales promotions are perceived as more manipulative than the traditional ones. The focus will not be whether the premium itself should be digital or tangible, but on all digital and online aspects of the campaign as a whole. Brand attitude and interest in product category are used

as covariates and included in the study. The study was conducted with an experimental approach, where respondents were exposed to eight imaginative advertisements with varying digital or tangible factors. The research method had a full factorial between-subjects design. Having an experimental approach allowed a realistic study of the respondents' perceptions, as they were exposed to only one version of the imaginative advertisement and rating it without the possibility of being biased after knowing other options are available.

This study not only debates the dynamics of digital sales promotion solutions, but gives a holistic understanding of how a premium based digital sales promotion campaign works. The managerial implications give guidance in planning and executing modern sales promotion campaigns and in solving traditional logistical problems related to premium-based campaigns such as storing, mailing and scheduling issues. Consequently, this study offers a practical guideline and hands on approach to a marketer, who has previously had to rely solely on intuition and experience (D'Astous & Landerville, 2003).

## **2 THEORETICAL BACKGROUND**

This chapter will review how previous studies enlighten the objectives, tactics and consumer reactions to sales promotion. The chapter will explain how non-monetary sales promotion aims to affect the consumer, and what traits of the premium campaign the consumers most appreciate. In addition to explaining how non-monetary sales promotion works, also the effectiveness this method is debated. The second part of the chapter focuses on insights to digital content and related consumer consumption habits. The study enlightens the new possibilities and tools modern technology allows the marketer.



## 2.1 Sales promotion

As stated earlier in this study, sales promotion is the set of marketing tools that use a non-monetary incentive, the premium, to stimulate consumers purchase behavior (d'Astous & Landerville, 2003; Alvarez & Castilles, 2004). In recent years, sales promotions have accounted for a significant share of companies' marketing expenditures due to immense sales pressure, homogenous competition, advertising inefficiency and ever more deal-oriented consumers (Kotler & Armstrong, 2004; Shu-Lin & Ze, 2006). Still, non-monetary sales promotion, such as premium-based promotions, has received less academic attention than advertising and monetary sales promotion (e.g. promotional pricing) (Liao & Ze, 2006; Boonlertvanich, 2010).

While immediate sales are a good measure of the short-term success of advertising efforts, the long-term measurability and evaluation is far more complicated (Lavidge & Steiner, 1961). Short-term effects of a premium promotion have a less damaging effect than a monetary promotion (Magid & Lodish, 1990). Although often seen as a "quick-fix", sales promotion is indeed intended to reinforce the products position and build a long-term customer relationship. Marketers are increasingly avoiding price-only promotions that can be harmful to the brand in the long term. Instead, companies are adopting more complex sales promotion tools that build brand equity (Kotler & Armstrong, 2004). The persistence model by Dekimpe and Hanssens (1995) illustrates, that long-run marketing impact emerges from a complex interaction of many different short-term marketing actions. Several authors portray non-monetary promotions as a superior alternative to price promotions. Still, the marketer should be aware of the possible negative aspects. It is without a doubt possible that a premium campaigns can have negative impacts, namely the consumers' brand image for example.

The strategic objective of sales promotion is to influence consumers buying behavior in order to increase short-term sales, build long-term market share, get consumers to try new products, obtain better visibility or reward loyal customers (Kotler & Armstrong, 2004; Alvarez & Castilles, 2004; Liao & Ze, 2006; Rajagopal, 2008). To meet these objectives, the marketer

will develop a sales promotion program that will result in a promotion that is meaningful to the consumer and successful to the company (Kotler & Armstrong, 2004). The key elements, that are size and type of the incentive, the conditions of participation and duration of the campaign are the very the basic structure of the promotion but there are numerous other factors to consider, like the psychological and demographic characteristics of the consumers who are targeted (Kotler & Armstrong, 2004; Alvarez & Castilles, 2004).

A non-monetary sales promotion can have numerous types of incentives. Most commonly the incentive is called a premium, that is, a tangible reward received for purchasing a product (Burnett, 1993). A premium-based promotion includes a product or service for free or at a lowered price in return for the purchase of one or multiple items or services (d'Astous & Landerville, 2003). The premium can have different forms. It can be an increased amount of the purchased product (same product premium) but it also can be a gift that may or may not be related to the initial product the customer is purchasing (Burnett, 1993; Liao & Ze, 2006). Another dimension of the premium is related to the reward-timing aspect of the premium. A direct premium is received immediately whereas the delayed premium is delivered to the consumer at a later instance (Shu-Ling & Ze, 2006; D'Astous & Landerville (2001).

There has only been few studies on the effectiveness of premium based sales promotion. In their study, Preston et al. (1978) concluded that a promotion with an incentive generally increases sales. Some researchers have studied consumer preferences of different aspects of promotion campaigns and characteristics of related premiums. The most notable study result has been that consumers appreciate campaigns with direct premiums highly more than those with delayed premiums (d'Astous & Jacob, 2002; d'Astous & Landreville 2003; Liao & Ze, 2006). In addition to the reward-timing dimension, research has indicated that consumers prefer a relatively low quantity of products to be purchased in able to receive the premium, they appreciate if the value of the premium is mentioned and respond better to a good product-premium fit (d'Astous & Jacob, 2002; Simonson et al., 1994; Montaner et al., 2011). The notion that consumers would rather purchase a low quantity of products in order to

receive a premium might sound apparent. However, the marketer should be rational when deciding on the quantity of products needed to receive the premium and the value of the premium. A campaign with a very low amount of products to be purchased naturally will include a low value premium that might not be attractive. On the other hand, like the previous studies concluded, a large amount of products that need to be purchased will no longer trigger consumers purchases, even if the premium is of great value (d'Astous & Jacob, 2002; Simonson et al., 1994; Montaner et al., 2011). Consumers also appreciate the promotion when their brand attitude is positive and when the interest for the premium is significant. Finally, consumer behavior such as deal-proneness and compulsive buying tendencies had a definitive impact (d'Astous & Jacob, 2002; Montaner et al., 2011).

It has been noted that the dimensions of the incentive alone cannot explain consumer perception on the promotion. The product category (convenience goods, shopping goods or speciality goods) has a great impact. As an example, Liao and Ze (2006) found that in the convenience goods category, a same-product incentive, that is, a promotion where the consumer gets an extra amount of the product, works better than a premium. Consumers do not always have a positive response to non-monetary sales promotions. Simonson et al. (1994) found that consumers might feel the premium as an unneeded feature that they are actually paying for. Consumers might even avoid premium-based promotions out of reactance. This notion of manipulation intent has received a fair amount of acknowledgement (Simon et al., 1994; d'Astous & Landreville 2003; Alvarez & Casilles, 2004).

Some researchers have attempted to identify certain traits in consumers that make them more easily attracted to promotions (Lichtenstein et al., 1997; Laroche et al., 2003). Although this study will not focus on the consumer traits on deal-proneness, it is good to acknowledge that promotions impose different levels of consumer benefits, mainly utilitarian and hedonic (Chandon et al., 2000). Understanding the two values that might trigger consumer's deal-proneness give insight to the marketer, when formulating the sales promotion campaign. The premium, for example, must have either utilitarian or hedonic value to the consumer.

## **2.2 Digitality in consumption**

With the emergence of the computer era, and the Internet, new types of goods have come to market and consumption has taken new digital forms. Digital goods can be of different nature and use. As goods, software, online services, electronic journals, e-books, games, music or video serve a very different purpose but all share a fundamental resemblance as they are all made from bits. Information product, electronic goods, digital products or digital content, virtual products are all synonyms to digital goods (Koiso-Kanttila, 2004; Koukova et al., 2008). Digital goods can also be categorized in tools and utilities (software), content-based digital products (media) and online services (Hui & Chau, 2002). Essentially, digital goods are conceptualized as bit-based objects distributed through online channels (Koiso-Kanttila, 2004).

Although stored in a physical medium (Rowley, 2008), digital goods are intangible and can only be exposed to visual and hearing senses (Koiso-Kanttila, 2004; Laroche et al., 2005). The physical intangibility is an asset for digital goods, as storing is relatively inexpensive compared to tangible goods (Koiso-Kanttila, 2004). Digital products can also be delivered to the consumer instantly. The immediacy of the distribution is an essential feature for digital content, which is also used as a variable in the present study. Another distinctive quality is its extremely homogenous quality (Rowley, 2008). There are practically no production failures and digital content can be duplicated without quality loss, meaning control becomes obsolete.

The intangibility of digital goods has an impact on consumer's decision-making. An intangible good or service does not have the pre-purchase inspection possibilities that their tangible counterparts have (Laroche et al., 2005; Phau & Poon, 2000). The lack of pre-purchase judgments then translates into increased perceived risk (Laroche et al., 2005). Still,

it has been found that in the context of online shopping, non-tangible products are more easily purchased than tangible products (Phau & Poon, 2000).

Many traditional tangible consumer goods have online or digital equivalents (Rowley, 2008) and some companies offer both physical and electronic goods in parallel. As an example some publishers have both digital and paper publications of books and magazines. Some argue that offering content in both forms in parallel may lead to market share cannibalization (Stahl et al. 2004) but publishers themselves argue that an online presence is necessary and an important part of increasing the reputation of the offline brand, among other benefits (Rowley 2008).

Pricing digital content is challenging, but for this study the perceived value of the digital content to the consumer is even more relevant. To make pricing even harder, the modern Internet user is highly likely to be accustomed to free information, free music and free software (Swartman et al., 2006). There are different ways of implementing digital content pricing. Unit price, access based pricing or bundled pricing are some of the most common ones with the addition of offering them free of charge (Koiso-Kanttila, 2004). According to Koiso-Kanttila (2004) offering free content is a tactic used to introduce the consumer new technology. This a method called acceptance building (Koiso-Kanttila, 2004). The study of consumer perceptions of the value of digital and information content is rather ambiguous (Rowley, 2008). In the context of sales promotion the value of digital content creates challenges when the marketer tries to find a digital premium, which perceived value would match the deal itself, and the promoted product. Consumers alike will have difficulties in formulating the value of the digital content (Rowley 2008).

One monetary sales promotion technique that has adapted to the digital era is coupon redemption. Although there are no proven specific demographics of consumers that most embrace electronic coupons, it is clear that they have reached the young and educated, that previously weren't a target segment (Chiou-Wei & Inman, 2008). Undoubtedly, there is an

income threshold as well as issues relating to technology ownership that limits the potential of electronic couponing (Chiou-Wei & Inman, 2008). Considering that most of the people in the developed countries have an access to a personal computer, the above-mentioned way of marketing does not exclude any consumers. An example of a digitally adapted non-monetary sales promotion technique is product bundling. The traditionally product bundles have consisted of two, usually complementary tangible products (a camera with a lens, stereos with speakers etc.) but recently bundles of tangible and digital goods (a paperback book with an e-book) have emerged (Koukova et al., 2008). These examples of modern approaches show the some possibilities how the use of technology can enhance sales promotion tools as we know them today.

### **3 RESEARCH FRAMEWORK**

This study investigates consumer perceptions of digital premium based sales promotion campaigns. The research framework is based on studies on premium based sales promotions. D'Astous and Landerville (2002) and d'Astous and Jacob (2002), studied consumer perceptions of traditional sales promotions. In this study, the digital and online properties of the premium are taken into consideration. This study will give understanding of how consumers perceive digital premiums but also investigate other aspects of the sales promotion program (Kotler & Armstrong, 2004), namely how the consumer earns the premium and is the premium a delayed or a direct one. Understanding how consumers react to different setups of a sales promotion campaign will result in more applicable managerial implications. Nature of the premium, immediacy of the premium (Burnett, 1993; Brassington & Petit, 1997; d'Astous & Landerville 2002; d'Astous & Jacob, 2002) and method of earning the premium were selected as digital sales promotion features. Overall appreciation and manipulation intent (d'Astous & Landerville 2002; d'Astous & Jacob, 2002; Simonson et al., 1994) were selected

as consumer reaction variables. In Figure 1, the research framework for this study is represented.

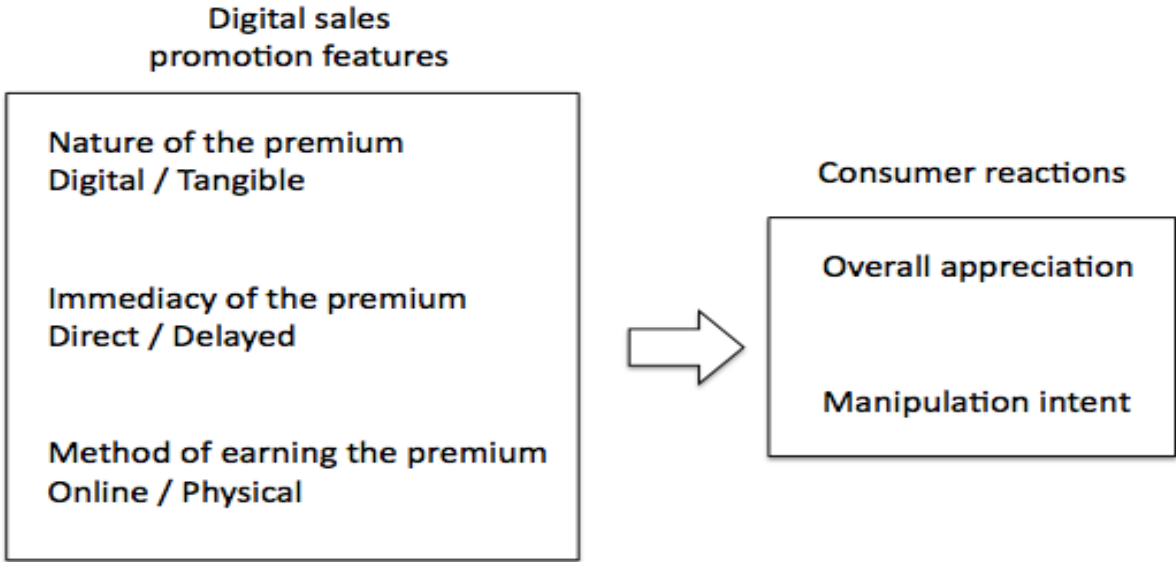


Figure 1 Research framework

### 3.1 Nature of the premium

Modern technological advances have further blurred the borders that distinguish products from services but also the differences between tangible and intangible products (Francis and White, 2004 in Rowley, 2008). If a digital good can be anything from software, publications, audio or visual media (Hui & Chau, 2002; Rowley, 2008; Koiso-Kanttila, 2004) there is no reason why digital goods could not be utilized as premiums in non-monetary sales promotion. Given their versatile characteristics, mainly their immediacy, ease of distribution and storage (Koiso-Kanttila, 2004), the use of digital products as premiums can enrich the structure of promotional offers in sales promotion campaigns. Consumer behavioral traits of digital goods are complex but have been studied to some extent. Digital sales promotion can reach new consumer segments (Chiou-Wei, 2008) and can be used as non-traditional product bundles

(Koukova et al., 2008) but digital goods themselves lack pre-purchase inspection possibilities that can increase risk perception (Laroche et al., 2005). Due to the fact that there is so little evidence of consumer perceptions of digital premiums, it is essential to study their effect on overall appreciation of the promotion and manipulation intent.

**H1a.** Consumers' overall appreciation of a promotional offer that includes a digital premium is better than of a promotional offer with a physical premium.

**H1b.** A promotional offer with a digital premium is perceived as more manipulative than a promotional offer with a physical premium.

### **3.2 Method of earning the premium**

Sales promotions can be either active (coupon promotion) or passive (in-store promotion) (Laroche et al. 2003). The difference between the two is the level of involvement and effort needed from the consumer to be entitled to the incentive. In a direct premium campaign, a consumer receives the incentive at the time of the purchase with no extra effort (d'Astous & Landerville, 2003; Burnett, 1993). In contrast, some campaigns incorporate the aspect of collecting 'points' from various purchases requiring the consumer to somehow indicate the company when he is eligible to earn the premium. Studies on the active/passive aspect of sales promotion are relevant to the field and need further investigation as these 'collectible premium campaigns' or loyalty schemes (Brassington & Petit, 1997) can be executed in many ways. A more active promotion with less involvement required from the consumer could lead to better results. Technology allows immediate online distribution (Koiso-Kanttila, 2004) of the premium but also an online alternative to sending the collectible codes by mail. Traditionally, a collectible premium campaign has been considered as a delayed premium (d'Astous and Jacob, 2002) but due to technology, the consumer will not only receive the incentive immediately, but with less involvement. Assuming an online code collecting system



requires less consumer involvement than a traditional one, and based on the reported success of electronic coupons (Chiou-Wei & Inman, 2008) the following hypotheses are proposed:

**H2a.** Consumers' overall appreciation of a collectible premium campaign where codes are registered online is better than of a campaign requiring traditional physical effort.

**H2b.** A collectible premium campaign where codes are registered online is less manipulative than a campaign requiring traditional physical effort.

### **3.3 Immediacy of the premium**

In their study d'Astous and Jacob (2002) present premium immediacy as a meaningful trait of a sales promotion campaign. As mentioned earlier in this study, previous research shows that consumers prefer direct premiums over delayed premiums. Direct premiums in promotions are not only appreciated more, but also less found less manipulative (d'Astous & Jacob 2002, d'Astous & Landreville 2003). Promotions, where consumers must collect 'points' from multiple purchases to earn the premium, often use delayed premiums. Because a digital premium can be distributed directly, it is interesting to see the interaction between premium immediacy and the nature of the premium. In a way, the digital premium renders the question of premium immediacy obsolete. Based on earlier research, the following hypotheses are suggested:

**H3a.** Consumers' overall appreciation of a promotional offer that includes a direct premium is better than a promotional offer with a delayed premium.

**H3b.** A promotional offer with a direct premium is perceived as less manipulative than a promotional offer with a delayed premium.

### **3.4 Interaction between variables**

Although it is interesting to study the effect of each independent variable with the overall appreciation and perceived manipulation intent, it is also relevant to see how consumers value each unique combination of features. When combined, some of the features put together in a promotion can be better perceived as a whole than others. It is possible that the impact of a certain premium feature is stronger making another feature obsolete (d'Astous & Landerville, 2003). It might be that some combinations are not even logical. For instance, it might not seem reasonable that in order to receive a digital premium the consumer must send physical codes. It might even be that the clarity and logic of the promotion will define the perception of the promotion. The following hypotheses are built based on the assumption that the logical combination would be that a digital premium uses an online earning method and is delivered with no delay.

**H4a.** Consumers' overall appreciation of a promotional offer that incorporates a digital premium, uses an online earning method and is delivered with no delay, is higher than any other combination of features.

**H4b.** A promotional offer that incorporates a digital premium, uses an online earning method and is delivered with no delay, is perceived less manipulative than any other combination of features.

## **4 METHODOLOGY**

The objective of this study was to achieve understanding of consumers' perceptions on the topic by presenting them with a realistic advertisement and to use a research method that would create least biased answers. This chapter qualifies the methodological choices that were made and provides understanding on the demographic of the sample group.

### **4.1 Research Design**

This research was a 2 x 2 x 2 full factorial between-subjects design (premium: digital, tangible x earning method: online, physical x immediacy: right away, after the campaign is over). This method was chosen as it allows interaction between the variables (Malhotra & Birks, 2006). A pretest was not necessary, as the experiment conditions used in the study were objective in nature with no possibility of false operation. This study is an experimental research (Myers & Well, 2003) conducted in a laboratory environment (Malhotra & Birks, 2006). Each respondent was presented with one alternative campaign advertisement. Eight different advertisements were created to correspond the eight (2 x 2 x 2) different possibilities the different attributes enabled. This way it was later possible to examine how changing one attribute reflected consumers' perceptions regarding the advertisement. The different images were randomly distributed among the respondents who only got to see one version of the tested eight advertisements. The advantage of a between-subject design is its simplicity. The design requires fewer assumptions than research designs where single participants are asked to choose which of several options they prefer (Myers & Well, 2003).

In the fictional advertisement, both the promoted product and the premium used were existing products. The brand of the promoted product as well as the premium brand was picked because they were both gender neutral. The products were chosen on the assumption that both brands were familiar to the participants. Only one brand was used as the promoted product

and another for the premium product and there was no choice between multiple available brands. The advertisements were made from graphics found on the brands' web pages and edited together to create a realistic promotion. In all eight alternative images, every element except for the changing attributes was kept constant. To emulate the "act now" effect, (Kotler & Armstrong, 2004) a realistic campaign duration (15.10.2011-31.12.2011) was set. Figure 2 represents one of the eight advertisements.



Figure 2 Promotion advertisement 1/8

(Translation: Participate in a competition! Mail three Novelle Plus screw caps – Immediately receive the latest Image-magazine via mail! Campaign is valid through 15.10. – 31.12.2011)

## 4.2 Measures and data collection

All respondents were students from Aalto University. Respondents were recruited using e-mailing lists from different courses. E-mail was sent with a link to the web-questionnaire. A sample of 135 respondents was randomly assigned to the different advertisements. The respondents' average age was 25 years. 59 % of the respondents were female and 41 % were male.

After the respondents were exposed to the imaginary advertisements, they were asked to answer several questions regarding the overall attractiveness (The general impression of the promotion is good, The promotion is interesting) and perceived manipulation intent of the advertisement (The promotion seems dishonest, The deal makes me feel like I am being manipulated). They were also asked about their attitude towards the brand of the promoted product, Novelle sparkling water (I have a positive image of Novelle sparkling water, Novelle's sparkling water is good, Novelle is better than other sparkling waters) and the brand of the premium, Image-magazine (Image is an interesting magazine, I like Image-magazine, I have a positive image about Image-magazine, Image is a magazine of quality, Image is better than the other similar magazines). The participants were also asked about their interest in the product category of the promoted product, sparkling waters (I drink sparkling waters, I am interested in sparkling waters, New sparkling waters interest me, Sparkling waters are indifferent to me), and premium product, life-style magazines (I am interested in life style magazines, New life style magazines interest me, Life style magazines are indifferent to me, I read life style magazines). Questions were answered on a seven-point Likert-scale from 1 (Strongly disagree) to 7 (Strongly agree) (Malhotra & Birks, 2006). All scales used in the study were adapted from the scales developed by d'Astous and Landerville (2003).

## **5 RESULTS**

The web survey results were analyzed using SPSS software. This section will demonstrate the results of analyses that allowed the examination of the differences between the advertisements, as well as the interactions between different features of the premium promotion advertisements. Tables and charts were included to add coherency.

### **5.1 Definition of variables**

The data had good qualifications for executing a factor analysis (KMO 0.828,  $p < 0,001$ ). The scale data was subjected to principal axis factoring (communalities  $> 0,3$ ). The rotation method was Varimax with Kaiser normalization and it was converged in five iterations. The rotation showed six factors that represented 72,4 % of total variation. With respect to consumer reactions toward the offers, two factors were extracted (Eigenvalue  $> 1$ ). Together they explained 12,9% of the total variation. Two items (“The overall image of the offer is positive”, “The offer is interesting”) loaded highly (average loading = 0,71) on the first factor that interpreted as “overall appreciation” of the promotional offer. The second factor loaded (average loading = 0,73) on items relating to manipulation (“The offer appears to be dishonest”, “The offer makes me feel I am being manipulated”). This factor was interpreted as “manipulation intent” of the promotional offer.

### **5.3 ANOVA models**

One-way ANOVA models were made to analyze the experimental data (Keppel, 1991). A preliminary analysis of variance was executed to be able to see if consumer appreciation and perception of manipulation intent vary across the eight different versions of the campaign advertisement. Overall appreciation and manipulation intent were used as dependent variables and the between-subject factor was the different versions of the advertisement. Results showed that there were significant differences in the means of the two dependent variables

across the eight versions of the advertisement. In the case of overall appreciation, the differences were statistically significant ( $F= 2.73, p < 0.05$ ).

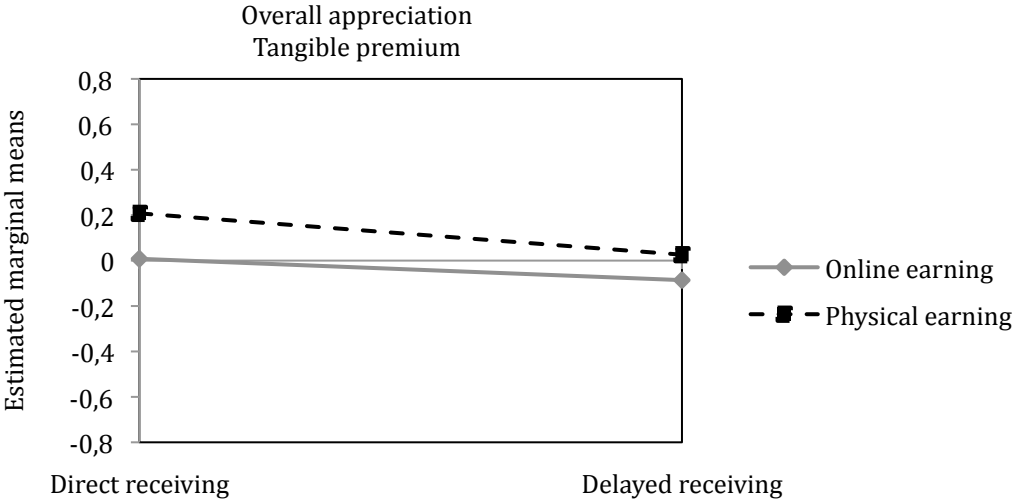
Succeeding the preliminary analyses, ANOVA models were conducted. The first analysis of variance included overall appreciation of the promotional offer as a dependent variable and the second included manipulation intent as a dependent variable. For both models, the between-subject factors were the premium type (physical/digital), earning method (traditional/online) and immediacy (direct/delayed). Covariates (brand attitude towards the product, brand attitude towards the premium, Interest in the product category and interest in the premium category) were also used as independent variables. The results of the two ANOVA models are presented in Table 1. Only the F statistics for the main effects are presented.

Source of variation	Dependent variable	
	Overall appreciation <i>F</i> -statistic	Perceived manipulation intent <i>F</i> -statistic
Intracation (A x B x C)	2.73**	0.68
Nature of the premium (A)	0.42	0.1
Method of earning the premium (B)	0.34	2.48
Immediacy of earning the premium (C)	8.91**	0.31
Brand attitude towards the product	0.78	1.75*
Brand attitude towards the premium	0.69	1.09
Interest in the product category	0.90	0.61
Interest in the premium category	1.35	0.65

**Notes:** \*  $p < 0.1$ , \*\*  $p < 0.05$

**Table 1 ANOVA result**

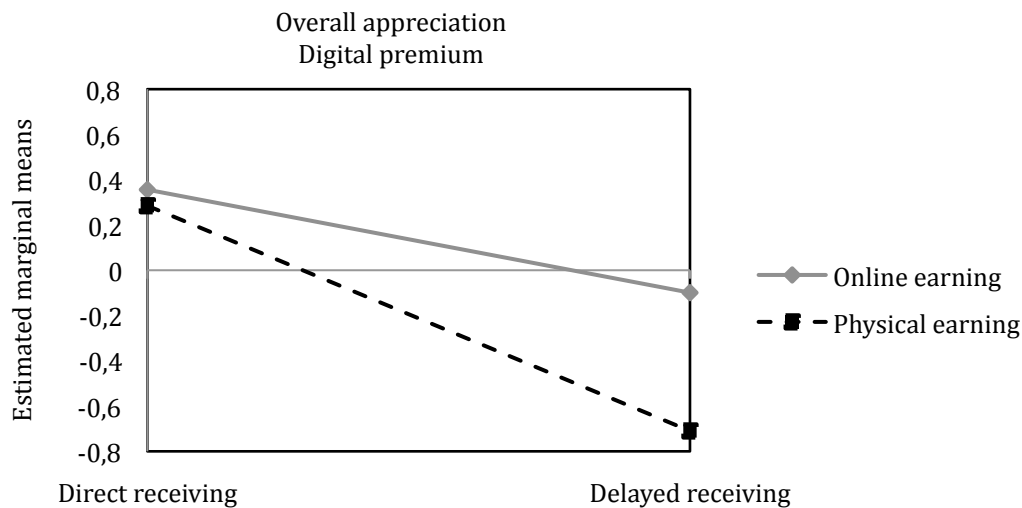
It can be seen that in the case of the overall appreciation, the triple interaction between premium type, earning method and premium immediacy were significant. Of the individual premium promotion features, premium immediacy had a statistically significant impact (H3a:  $F= 8.91, p < 0.05$ ) on overall appreciation. The descriptives-chart shows the highest mean (= 0.36) on version number seven, which represented the advertisement where the consumer would use the online method to earn a digital version of the premium and receive it immediately (H4a supported). The lowest mean (= -0.71) loaded on version number six, which represented the advertisement that used traditional earning methods and a delayed digital version of the premium. Out of the covariates, the negative brand attitude towards the product was seen more manipulative. The result was notable but not significant ( $F= 1.75, p < 0.1$ ).



**Overall appreciation  
Tangible premium**

	Direct receiving	Delayed receiving
Online earning	0,008	-0,086
Physical earning	0,208	0,026





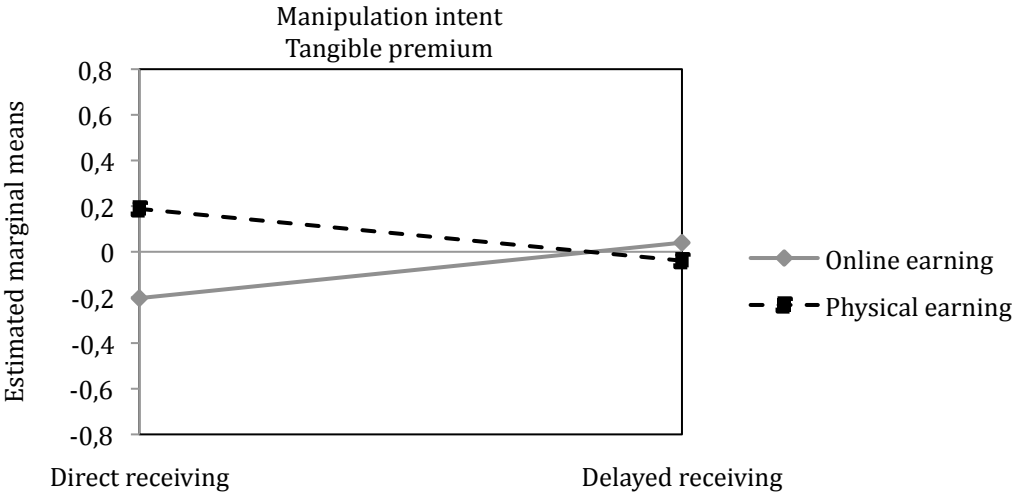
**Overall appreciation  
Digital premium**

	Direct receiving	Delayed receiving
Online earning	0,356	-0,099
Physical earning	0,285	-0,710

**Figure 3 The nature of the premium x premium immediacy x earning method interaction (Overall appreciation of the offer)**

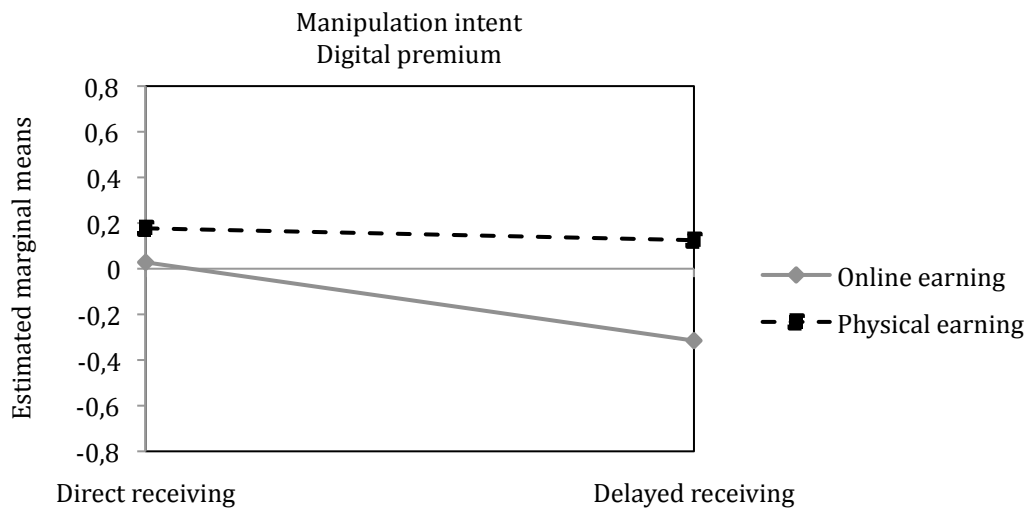
Figure 3 presents the output of the nature of the premium x premium immediacy x earning method interaction means in relation to the overall appreciation measure. The first plot represents the tangible premium output and the second represents the output for the digital premium. The higher mean represents higher overall appreciation. The interaction means patterns represent the impact of premium immediacy on both the tangible and digital premium. In the case of the tangible premium, it can be interpreted that there is a slight preference to a direct premium although it is not drastic. However, in the case of the digital premium, the interaction pattern demonstrate clearly how consumers much rather receive the premium immediately. If the premium is to be received with delay, the online earning method is more favorable, but nevertheless not appreciated. Overall, the pattern of interaction showed

that the feature that is most relevant to overall attractiveness is the premium immediacy. Whenever the premium is received directly, it is more appreciated.



**Manipulation intent  
Tangible premium**

	Direct receiving	Delayed receiving
Online earning	-0,203	0,040
Physical earning	0,188	-0,039



**Manipulation intent  
Digital premium**

	Direct receiving	Delayed receiving
Online earning	0,028	-0,315
Physical earning	0,177	0,125

**Figure 4 The nature of the premium x premium immediacy x earning method interaction (Manipulation intent of the offer)**

Figure 4 presents the output of the nature of the premium x premium immediacy x earning method interaction means in relation to the manipulation intent measure. The first plot represents the tangible premium output and the second represents the output for the digital premium. The higher mean represents greater manipulation intent, that is, the consumer is more doubtful about the promotion. Both plots reveal that in the case of manipulation intent, the method of earning –feature is relevant. When the promotion contains a tangible direct premium, the online earning method is less manipulative. However, if the premium is delayed, physical earning is slightly less manipulative. The interaction means plot of the digital premium favor the online earning method weather the premium is direct or delayed. This could be seen as a somewhat rational output, because it would be natural that a digital premium utilizes an online earning method.

## 6 DISCUSSION

The purpose of this study was to investigate the potential uses and consumer perceptions of digital and online alternatives to existing non-monetary sales promotions. The results show that in the context of the study as an individual feature, there is not a clear consumer preference between a digital good or its tangible counterpart. Consumers found the digital version of the lifestyle magazine as attractive as the printed publication. The manipulation intent between the two options was equally neutral. This finding somewhat stands against the previous studies that implied the lack of physical pre-purchase judgments would increase perceived risk (Laroche et al., 2005). It was surprising that the earning method, as an individual feature, did not matter significantly. Assuming that it is easier for the customer to input codes online versus via traditional mail, the amount of involvement needed by the consumer to earn the premium did not have a direct impact on the appreciation of the promotion or manipulation intent. Immediacy of the premium as an individual trait of the campaign did however have significant impact. Consumers highly appreciate being able to receive the premium without delay. Results on the questions regarding immediacy are valuable, as they validate the use of digital goods as premiums because of their ability of being rapidly distributed.

Although the digitality of the premium or the ability to load the codes online were not noted positively as individual features, the interaction between the three features reveal interesting results. Out of the eight versions of the advertisement, the most appreciated was indeed the one that offered a digital version of the lifestyle magazine immediately when the consumer had loaded 3 codes online. The advertisement that was seen least manipulative had the same digital/online premium features but surprisingly offered the incentive with delay. Although high appreciation and low manipulation intent might not correlate directly, the results still indicate, that the digitality of the premium and its online earning method could be stand out

features. What the most appreciated and least manipulative versions of the advertisement had in common was that they presented a digital premium and online earning method. Sending the codes via physical mail was the common feature in the least appreciated and most manipulative versions of the advertisements. The investigation showed the importance of not only measuring individual features of the campaign but also the interaction between different variables to make a thorough comparison of all possible combinations of features.

## **7 CONCLUSION AND MANAGERIAL IMPLICATIONS**

This study contributes to previous research of non-monetary sales promotion by offering insight to consumer preference of digital and online adaptation of sales promotion campaigns. Previous studies in the field have not considered digital goods as alternatives to traditional tangible premiums. Because of the unique characteristic of digital goods, it is not only a simple matter of considering one incentive over another. The most distinctive trait of the digital good, its intangibility, offers a solution to some logistical issues associated with the traditional premium. The result presented in this study support the digital adaptation of non-monetary sales promotion. It was reported that digital goods are equally or even more appreciated than their physical counterparts. Also, consumers did not perceive the digital premium as being manipulative. It was interesting to find that the online method of inputting promotional codes was perceived better than the alternative of sending them via traditional mail.

The results of this study do not imply that the marketer should forget the traditional tangible give-away. This study merely shows that there are in fact, other alternatives that trigger the same shopping impulses, but present several interesting benefits for the marketer. What is actually interesting is, that although digital goods are hard to value, the survey result shows that there was no evidence that a digital premium is seen as less valuable.

Beginning from the most evident beneficial trait, digital goods offer logistical simplicity. For one, their intangibility renders questions of storage and transport irrelevant. Traditionally the premiums are mostly produced in Asia and possibly stored in several locations before reaching their final destination. Transportation and freight costs can account for over a third of the price of the premium. In addition to financial losses, the time consuming production and sea freight can take up to 4 months. Because of the time constraints, premium sales promotion campaigns need to be planned several months ahead. The digital alternative could enable more spontaneous and up-to-date promotions, meaning that the marketer would be able to respond to upcoming trends more quickly and take advantage of sudden events. For instance, in the case of an unexpected national soccer victory, the marketer could set up a promotion where the consumer could download the winning theme song of the team as an incentive for a purchase. In the same way, digital premium promotion allows for rapid localization in other markets, if the promotion is found to be successful in one market.

As a whole, using digital goods as premiums allow certain flexibility. As an example, some premiums like clothing accessories have sizing issues or are either for boys or for girls. Traditionally the marketer has not been able to offer several different options for consumers to choose from, as there has been a risk that the least pleasant option would have been overshadowed and overstocked. Digital content is often charged by the download, so the company offering it as an incentive will not need to fear about goods remaining in stock if they are not popular. The digital premium also brings other reliefs to the marketer because of its homogenous quality. Still, although there are no production defects in digital goods, the digital infrastructure is vulnerable if not properly set up.

As the consumer uses online channels to receive the digital goods, there is a good potential for additional brand exposure. A skillfully made campaign website should offer the consumer further stimulus and interesting content to get him/her more involved with the brand. In the present day, consumer contacts, especially those of a deal-prone consumers segment, are very

valuable. If they are collected, the marketer will end up having extremely valuable database at the end of the campaign. Considering all positive traits of the digital adaptation of the non-monetary sales promotion, the end result is beneficial for the consumer as well as the marketer. The marketer can offer the consumer freedom of choice and deliver the goods instantly. The campaign will be contemporary, adaptive and even allow interaction with the consumer. Something the marketer can also experiment with is the parallel use of both a digital good and a physical premium. An example of such would be that the give-away of a promotion would be a pair of 3D glasses. Inside the pack could then be a code that can be typed online to view a 3D film. The possibilities are endless but the idea would be that the physical and digital goods compliment each other to create something new and exciting for the consumer.

## **8 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH**

There are a few limitations in this study that provide opportunities to further research. Previous theories or academic work on the digital adaptation of non-monetary sales promotion are nearly nonexistent. This study relied on previous research on traditional premium campaigns and their effect on consumers as well as nonrelated research on digital consumerism. Therefore, some assumptions of the consumer response to digital premiums were at times somewhat bold. As a phenomenon, the digital premium is not new and it has been used globally in several campaigns. Still, there is a lack of not only academic research but also common literature the marketer could study.

The nature of this study was experimental. In order to receive even more realistic data, the study should be made in a natural setting, where the campaign would be actually implemented in a retail store. Also, the consumer should be able to choose between the digital or physical good. In this study, the survey sample represented a segment that is familiar with technology.

Future research could incorporate the technology acceptance model into the research and see if it has an impact. It would also be interesting to reveal which consumer type is most likely to respond to a digital premium campaign.

The survey of this study examined how consumer perceptions differ between the digital or print version of a lifestyle magazine. The magazine was chosen to act as the premium because it is a good example of a product that has a digital equivalent. However, future studies should experiment with a wider array of premiums. One type of a digital good does not fully represent all digital goods. Future studies could possibly neglect the comparison aspect and merely observe how several different digital goods compete against each other. Future studies should try to identify whether audio/video content, software or a certain other type of information good are better perceived than other types of goods or if it is the utilitarian or hedonic aspects of the premium that are most attractive.



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## 10 APPENDIX

**Novelle**  
**Osallistu Kilpailuun!**

Postita kolme  
Novelle *Plus* korkkia  
Saat samantien tunnuksen  
postissa tuoreimman  
Imagen!

Kampanja-aika 15.10.-31.12.2011

**Novelle**  
**Osallistu Kilpailuun!**

Postita kolme  
Novelle *Plus* korkkia  
Saat samantien tunnuksen  
postissa tuoreimman  
Imagen verkkolehteen!

Kampanja-aika 15.10.-31.12.2011

**Novelle**  
**Osallistu Kilpailuun!**

Postita kolme  
Novelle *Plus* korkkia!  
Saat kampanjan päätyttyä  
tunnukset tuoreimpaan  
Imagen verkkolehteen!

Kampanja-aika 15.10.-31.12.2011

**Novelle**  
**Osallistu Kilpailuun!**

Postita kolme  
Novelle *Plus* korkkia!  
Saat kampanjan päätyttyä  
postissa tuoreimman  
Imagen!

Kampanja-aika 15.10.-31.12.2011

**Novelle**  
**Osallistu Kilpailuun!**

Lataa kolmen  
Novelle *Plus* korkin  
koodit nettiin!  
Saat kampanjan päätyttyä  
postissa tuoreimman  
Imagen!

Kampanja-aika 15.10.-31.12.2011

**Novelle**  
**Osallistu Kilpailuun!**

Lataa kolmen  
Novelle *Plus* korkin  
koodit nettiin!  
Saat samantien tunnuksen  
postissa tuoreimman  
Imagen verkkolehteen!

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