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Moderating Effects of Sales Promotion Types

Fernando de Oliveira Santini

Escola Superior de Propaganda e Marketing – ESPM; Universidade do Vale do Rio dos Sinos – UNISINOS

Cláudio Hoffmann Sampaio

Pontifícia Universidade Católica do Rio Grande do Sul – PUCRS/FACE

Marcelo Gattermann Perin

Pontifícia Universidade Católica do Rio Grande do Sul – PUCRS/PPGAd

Lelis Balestrin Espartel

Pontifícia Universidade Católica do Rio Grande do Sul – PUCRS/PPGAd

Wagner Junior Ladeira

Universidade do Vale do Rio dos Sinos – UNISINOS

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Abstract

This paper aims to analyze the influence sales promotion types have on the relationship between perception of financial risk and perception of utilitarian and hedonic value on consumer purchase intentions. To this end, an experiment was conducted involving 589 participants divided into two groups defined by distinct scenarios in which the sales promotion type (monetary *vs.* non-monetary) was manipulated. The working hypotheses predicted a direct and positive relationship between the perception of (hedonic and utilitarian) consumption value and purchase intention for a promoted product and a negative relationship between the perception of consumption value and the perception of financial risk. In addition, it was supposed that the sales promotion type would moderate these direct relationships and that a monetary promotion would have a stronger effect on the relationship between purchase intention and perceived product utility, whereas a non-monetary promotion would have a stronger effect on the other relationships (hedonic value and financial risk perceptions). Analysis of the outcomes supported the proposed hypotheses.

Key words: sales promotion; hedonic perception; utilitarian perception; financial risk perception.

Introduction

Despite being widely used in the management sphere (Bertrand, 1998; Wierenga & Soethoudt, 2010), sales promotion has scarcely been explored in the academic field (Alvarez & Casielles, 2005; D'Astous & Landreville, 2003). In the business context, Silva (n.d.) indicated that \$176 billion would be invested in such initiatives by the end of 2013, representing an increase of 33% in relation to 2011. Recently, the same organization projected investments of \$24 billion in sales promotion activities only on social networks for 2015 (Paglia, 2010). This projection exceeds the forecast that advertisement will have investments of \$14 billion. In the academic sphere, some gaps can be observed in the literature, especially regarding the analysis of moderators that may either enhance or minimize the impact of sales promotion on consumer behavior (Alvarez & Casielles, 2005; Freo, 2005; Low & Mohr, 2000). Therefore, inquiry into how sales promotion type results in different consumer responses becomes essential (Chandon, Wansink, & Laurent, 2000; Kwok & Uncles, 2005; Taylor & Neslin, 2005).

Aiming to reduce the aforementioned gap in the literature, this study proposes to examine the moderating effect of sales promotion type (monetary vs. non-monetary) on the relationship between perceived consumption value (hedonic and utilitarian), perceived financial risk and purchase intentions for a promoted product. To this end, an experimental study was conducted involving 589 consumers who were exposed to either monetary or non-monetary product sales promotions.

This study is expected to contribute to the literature in the following ways: (a) to stimulate discussion of the topic with a view of the scarce literature on the subject (Alvarez & Casielles, 2005; D'Astous & Landreville, 2003); (b) to deepen understanding of non-monetary sales promotion techniques, as they have been unsuccessful in relation to monetary promotions (Ailawadi, Beauchamp, Donthu, Gauri, & Shankar, 2009; Pacheco & Rahman, 2015; Reid, Thompson, Mavondo, & Brunsø, 2015); (c) to provide knowledge about consumer responses to two different sales promotion techniques (Ailawadi *et al.*, 2009; Chandon *et al.*, 2000; Kwok & Uncles, 2005; Taylor & Neslin, 2005); (d) to provide a better understanding of the relationship between sales promotion and purchase intention based on the inclusion of moderators (Chandon *et al.*, 2000; Kwok & Uncles, 2005; Taylor & Neslin, 2005); and (e) to expand on the research of Chandon, Wansink and Laurent (2000) by including an independent variable (risk perception).

This study is structured as follows: the article proceeds by presenting the literature review and hypotheses in the next section. The subsequent section describes the methods used, followed by an analysis of the results and final considerations.

Literature Review and Working Hypotheses

Sales promotions are divided into two types: monetary promotions and non-monetary promotions. Monetary promotions are considered the best alternative for short-term increased sales, and these promotions play a key role in consumer choices (Alvarez & Casielles, 2005). This assumption is reinforced by Blattberg and Neslin (1990), who argued that this promotion type satisfies consumers' desire for savings. Studies such as those of Davis, Inman and McAlister (1992) and Taylor and Neslin (2005) indicated that consumers always respond to monetary promotion campaigns, as this promotion type is based on a transactional incentive, which provides immediate rewards and utilitarian benefits (Chandon *et al.*, 2000; Kwok & Uncles, 2005).

The benefits of non-monetary promotions are not always related to short-term increased sales (Nbudisi & Moi, 2005). These promotions, such as loyalty programs and prize contests, are related to entertainment and other actions that aim for long-term effects, such as brand strengthening (Chandon *et al.*, 2000; Kwok & Uncles, 2005).

In general, sales promotions techniques, regardless of their type (monetary or non-monetary), constitute significant variables that influence consumers' purchase intentions. Lee (2002), for instance, found that sales promotions are more effective than advertising in reaching company sales objectives. Nevertheless, studies conducted in the 1970s, such as Cotton and Babb (1978), and more recent studies such as Alvarez and Casielles (2005) have demonstrated the effectiveness of both monetary and non-monetary sales promotions in consumers' responses and attitudes. For this reason, the following hypothesis is proposed:

H1: Sales promotions positively influence consumers' purchase intentions.

In relation to the effects of promotions on consumers' purchase intentions, the effect of monetary campaigns are believed to be even stronger. This assumption is made based on the results of studies such as Lee (2002), who found that sales campaigns focused on savings (monetary promotions) performed better than non-monetary promotions and that monetary promotions are preferred by consumers over non-monetary promotional actions. Gilbert and Jackaria (2002) found that discount promotions (monetary) have a greater influence on purchase decisions than do non-monetary promotions (*e.g.*, prize contests). More recently, Nusair, Yoon, Naipaul and Parsa (2010) similarly found that discount promotions (monetary) were more effective than prize campaigns (non-monetary) when the purpose is to influence service acquisition. Given the above findings, the following hypothesis will be tested in this study:

H2: The effect of monetary sales promotions on consumers' purchase intentions is stronger than that of non-monetary sales promotions.

Another assumption of the present research is that the type of sales promotion (monetary or non-monetary) influences the perceived value of the product offered.

Individuals' motivation for consumption is generally connected with their attitudes toward brands and their utilitarian and/or hedonic nature (Crowley, Spangenberg, & Hughes, 1992; Voss, Spangenberg, & Grohmann, 2003). This fact is also considered in studies of sales promotions (Chandon *et al.*, 2000; Kwok & Uncles, 2005; Park & Mowen, 2007; Shukla & Babin, 2013). Both the works of Chandon *et al.* (2000) and Kwok and Uncles (2005) have linked the benefits of hedonic and utilitarian value to sales promotions types (monetary and non-monetary).

Thus, it is believed that both types of promotional campaigns (monetary and non-monetary) will affect perceived value and, as consequence, intentions to purchase a promotional product.

H3: The utilitarian perception of the product influences, in a positive way, the product's purchase intention on sales promotion.

H4: The hedonic perception of a product influences, in a positive way, the product's purchase intention on sales promotion.

According to the referenced studies, monetary sales promotions foster the perception of three utilitarian benefits – savings, increased quantity and enhanced convenience – whereas non-monetary promotions improve hedonic value perceptions – such as entertainment, exploration and opportunities for value expression. Thus, it is suggested that monetary promotions are more suitable for products or services that have a rather utilitarian nature and that non-monetary promotions are better suited for hedonic products or services (Chandon *et al.*, 2000; Kwok & Uncles, 2005).

Purchase intentions and utility value perceptions will have a stronger relationship with consumers exposed to monetary promotions. This assumption is based on the following principles: (a) monetary promotions positively affect sensitivity to perceptions of economic benefits (Ailawadi *et al.*, 2009; Chandon *et al.*, 2000; Kwok & Uncles, 2005); (b) monetary promotions predict short-term effects (Alvarez & Casielles, 2005; Nusair, Yoon, Naipaul, & Parsa, 2010) associated with purchases by quantity and convenience (Laroche, Pons, Zgolli, Cervellon, & Kim, 2003), and these characteristics are directly related to the characteristics of utilitarian value (Chandon *et al.*, 2000; Reid *et al.*, 2015); and

(c) monetary promotions induce economic behaviors (Kwok & Uncles, 2005) and consequently relegate quality perceptions to second place (Martínez & Montaner, 2006), and such perceptions are associated with hedonic value perceptions (Chandon *et al.*, 2000). Thus, the following is hypothesized:

H5: The type of sales promotion moderates the relationship between the utilitarian value perceptions and purchase intentions for a promoted product, with the perception of utilitarian value being stronger (weaker) for monetary (non-monetary) promotions.

In the sixth hypothesis, a moderating role of the sales promotion type in the relationship between hedonic product value perceptions and purchase intentions is expected. In this case, a stronger relationship is expected for consumers exposed to non-monetary promotion. This assumption is based on the following arguments: (a) consumers who are exposed to non-monetary campaigns are less sensitive to price (Ailawadi *et al.*, 2009); (b) non-monetary promotions are effective in evoking long-term behaviors, such as those related to brand image (Aaker, 1991; Esteban-Bravo, Mugica, & Vidal-Sanz, 2009; Gupta, 1988); (c) non-monetary promotions stimulate exploration perceptions, self-expression and entertainment (Schindler, 1989), which are related to hedonic value perceptions (Chandon *et al.*, 2000; Kwok & Uncles, 2005); and (d) non-monetary promotions are aligned with experiential purchase orientations, as demonstrated in the results of the recent research (Büttner, Florack, & Göritz, 2015). Based on these arguments, the following hypothesis is proposed:

H6: The type of sales promotion moderates the relationship between the hedonic value perceptions and purchase intentions for a promoted product, with hedonic value perceptions being stronger (weaker) for non-monetary (monetary) promotions.

Perceived risk has been proven to be an important construct in explaining consumer behavior, and its study has been widely discussed (Blackwell, Miniard, & Engel, 2005; Solomon, 2011). This issue has been debated not only in the field of marketing but also in psychology research (Dholakia, 2000; Mitchell, 1999). Dholakia (2000) generally defines perceived risk as a negative feeling that may emerge from the purchase of a product.

Studies such as those conducted by Hisrich, Dornoff and Kernan (1972) and Choi and Lee (2003) have shown that the perception of risk affects a consumer's propensity to make a buying decision. In this sense, when consumers perceive risks, they assess those risks before making a decision (Weegels & Kanis, 2000). These authors also emphasized that the perception of risk is greater under unusual situations because the lack of prior knowledge is influenced by a number of factors that strengthen the perception of risk (Weegels & Kanis, 2000).

One dimension of perceived risk is financial risk, which occurs when a consumer perceives a risk of possible monetary loss when buying a product (Dholakia, 2000). Such a loss could be related to the depreciation of a product or to potential expenses related to repairs and maintenance (Mitchell, 1999), and it is a major dimension involved in determining risk perceptions (Agarwal & Teas, 2001; Ofir & Bechtel, 1990).

Simon and Victor (1994) claimed that sales promotion techniques are effective alternatives for reducing consumer perceptions of risk. This connection is even clearer in the study by Garretson, Burton and Clow (1999), who tested and confirmed the hypothesis proposing the use of discount coupons (monetary promotion) for reducing perceived risk associated with service consumption. However, this same study demonstrated that discount promotions have a negative effect on perceived service quality. Santini (2013) tested, among other factors, the direct effect of perceived financial risk on the intention to purchase a discount product (monetary promotion). The study confirmed the assumption of a negative relationship between these two variables. Hence, the following relationship is expected:

H7: Sales promotions negatively influence the relationship between the financial risk perception of a product and consumer purchase intentions.

Based on the arguments above, promotion that reduces the basic product price can provoke an attitude of prudence that is related to consumers' cognitive dimensions and is therefore connected to the

utilitarian aspects presumably involved in a monetary promotion (Chandon *et al.*, 2000; Kwok & Uncles, 2005). Non-monetary promotions, as already mentioned, do not change basic product prices and are thus expected to have a less harmful effect on the relationship between perceived financial risk and purchase intentions, as their effect is related to non-functional benefits.

In addition, unlike monetary promotions that encourage perception of the economic benefits of a promoted product or service (Ailawadi *et al.*, 2009), non-monetary campaigns evoke perceptions of quality (Chandon *et al.*, 2000; Martínez & Montaner, 2006). This characteristic aims to combat negative risk perceptions (Apaydin & Koksal, 2011; Shimp & Bearden, 1982). Thus, the following hypothesis is proposed:

H8: The type of sales promotion moderates the relationship between the risk perception and purchase intention of the promoted product, with the perception of risk being stronger (weaker) for monetary (non-monetary) promotions.

Figure 1 shows the antecedents of purchase intentions and the moderating role of promotion type interacting with the direct hypothesized relationships.

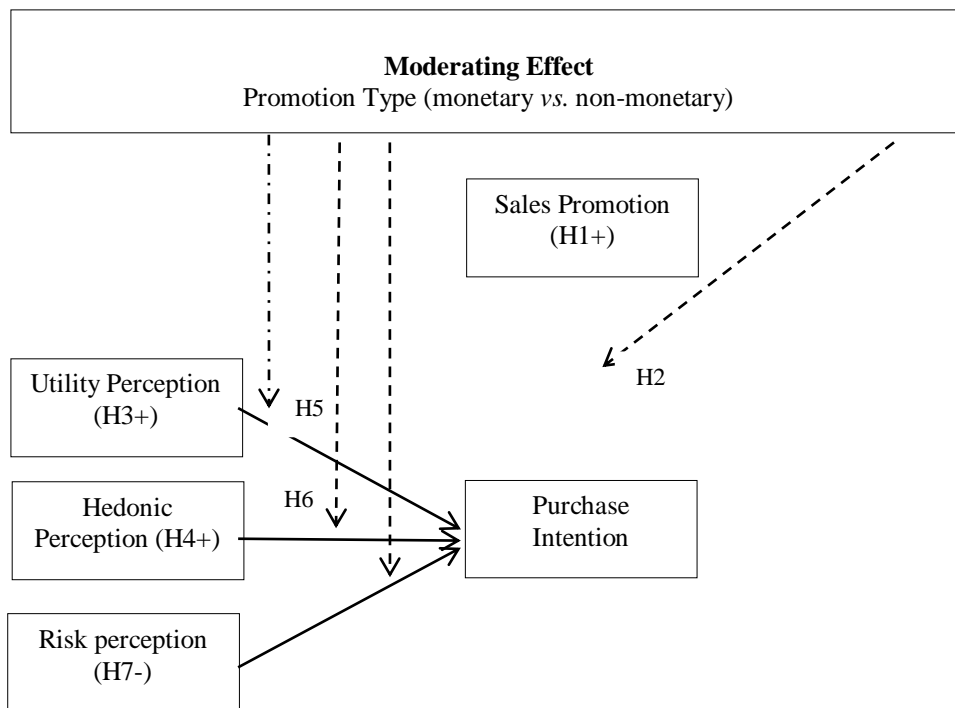


Figure 1. Proposed Conceptual Model

Method

Based on the proposed hypotheses, an experimental research design was chosen and was preceded by an exploratory and descriptive step aimed at defining the product, the discount (monetary promotion) and the awards (non-monetary promotion) to be used in the experimental stage.

Exploratory and descriptive stages

In the exploratory stage, data were collected from a secondary source, Groupon, a collective buying site whose products and offered discounts were analyzed over a period of 15 days. From this analysis, it was possible to identify the most common products and the average discounts offered on that group buying site. In the same period, in addition to the referenced site, the most frequent awards granted in prize contests promoted by the Brazilian retail market were surveyed based on information obtained from the National Operations Department of Commercial Promotions, an agency of the Brazilian Federal Savings Bank responsible for the supervision of such promotions.

After identifying the products, discounts and prizes that are most common in the market, this study conducted descriptive research that culminated in the selection of the product that was found to be the most familiar and realistic from the view of the study participants, which is essential to ensure both the internal and external validity of a laboratory experiment (Wilson, Aronson, & Carlsmith, 2010).

For application in the descriptive stage, six different products were selected and applied individually by means of research instruments with response scales for the following factors: (a) interest in the product (Bruner & Hensel, 1998), (b) hedonic or utilitarian value perceptions (Voss *et al.*, 2003), and (c) financial risk (Stone & Grønhaug, 1993). The questionnaires were administered to 182 business management students at a higher education institution located in southern Brazil.

This research aimed to analyze a single product from the perspective of the feelings that the interviewees associated with the product. For this reason, rather than considering the concepts involved in the research (value and risk perceptions) from the product perspective, we aimed to address them from the perspective of interviewed consumers. Accordingly, products that could generate extreme behaviors were excluded, as such behaviors could affect the results of the survey; for example, a product with a high perceived financial risk would tend to be associated with weaker purchase intentions regardless of whether a sales promotion was applied (Chanvarasuth, Sarin, & Seago, 2002; Teimoury, Fesharaki, & Bazyar, 2010).

The selection of the product used in the experimental stage was based on observations of behaviors that are least related to the constructs (purchase intentions, hedonic and utilitarian value perceptions, and financial risk) by analyzing the mean and the variation in participants' responses to each behavior on the basis of standard deviations. Such an analysis identified the **netbook** as the product that showed the greatest variation in behaviors (purchase intentions, hedonic and utilitarian value perceptions, and financial risk). After the product to be used in the research was identified, the average discount offered for this product by the collective buying site was calculated. This information was obtained during the exploratory stage, as described above. This assessment showed an average discount of 37%, which was used in the monetary promotion experimental scenario. With this same purpose, the campaigns of prize contests authorized by the National Operations Department of Commercial Promotions were examined, revealing the predominance of contests to win brand new cars. Thus, this good was used in manipulating non-monetary sales promotion scenarios.

Experimental stage

The present study was characterized as a laboratory experiment in which two variables were manipulated – the presence of a sales promotion (with or without) and the type of promotion (monetary, discount; non-monetary, prize contests). A within-subjects design was used to analyze the presence of sales promotions, whereas the type of promotion was examined using a between-subjects design.

The participants were randomly assigned to the two possible scenarios. They first received an advertisement for the netbook. The advertisement consisted of a brief description of the product and its stated value, followed by five questions aiming to assess the respondents' purchase intentions. In this scenario, the type of promotion was not manipulated.

Once completed, the questionnaires were collected, and the participants received an advertisement for the same product again with the same features, but in this case, a price discount promotion was included (a monetary promotion). For the non-monetary promotion scenario, the participants received an advertisement for the same product showing the same characteristics and price, but this case featured a prize promotion indicating that those who purchased the product could win a brand new car. In addition to this information, the respondents' purchase intentions, hedonic and utilitarian value perceptions, and financial risk perceptions were measured using the scales mentioned above.

Data collection

The study sample included 600 students selected by quota sampling. It is worth noting that samples of students are recommended when testing the application of a theory in which the homogeneity of respondents is essential (Calder, Philips, & Tybout, 1981). The data were collected in September and October of 2013 in a Higher Education Institute located in Rio Grande do Sul. Only business administration students participated in the research.

Research instrument

The survey instrument was composed of the following constructs: (a) the intention to purchase the product (both with and without a sales promotion) measured using a five-item scale (Bruner & Hensel, 1998), (b) perceptions of the hedonic (five items) and utilitarian (three items) value of the product (adapted from Voss *et al.*, 2003) and (c) the perceived financial risk (three items) of the promoted product (Stone & Grønhaug, 1993). In the Appendix A you will find all the items of the scale used in the study, the average rates, standard deviations, factor loadings and reliability (simple and composite) and in the Appendix B the correlation matrix.

Strange variable control

To control for extraneous variables, none of the offered products were associated with a brand. This measure aimed to avoid the influence of this variable on the participants' purchase intentions given that previous studies have reported such a relationship (Aaker, Kumar, & Day, 1998; Keller & Lehmann, 2006). The researcher's personal supervision of the administration of questionnaires helped to control for interactions among respondents, which could be a variable that would interfere with the results. Another major variable that was controlled because of the artificiality of the experiment was the financial resources available to participants, as this variable is an important element of increased purchase incidence (Hausman, 2000; Iyer, 1989). Possible sociodemographic influences on the research results were also controlled, such as income, sex and age, because the use of student samples in this type of study allows for homogeneous samples and enhanced internal validity of the experiment (Peterson, 2001).

Results

The first step before analyzing the results was the purification of the database. At this stage, we excluded outliers from the final sample. For this purpose, the data were scanned to identify questionnaires with a large number of non-responses (4), univariate outliers (5) and multivariate outliers (2). After excluding these questionnaires, the research proceeded with 589 respondents whose incomes were primarily between R\$1,000 and R\$3,000 (56.4%), whose ages largely ranged from 19 to 25 years (47.4%), and who were primarily female (58.7%). Table 1 presents the demographic information in detail.

Table 1

Descriptive Analysis of Sample

<i>Gender</i>	Valid Percentage (%)	<i>Frequency</i>
Female	58.07	341
Male	41.93	239
<i>Income*</i>	Valid Percentage (%)	<i>Frequency</i>
Up to R\$1.000	18.04	106
From R\$1.001 to R\$3.000	56.4	325
From R\$3.001 to R\$5.000	14.9	86
From R\$5.001 to R\$10.000	5.7	33
Above R\$10.000	4.3	25
<i>Age</i>	Valid Percentage (%)	<i>Frequency</i>
19 to 25 years	47.4	274
26 to 35 years	38.4	222
36 to 45 years	11.6	67
Over 45 years	2.6	15

Note. Source: The authors' data obtained in this research.

* At the time of data collection \$1.00 was R\$2.23.

Sales promotions and purchase intentions

First, we evaluated the experiment manipulation check. Two variables were manipulated: sales promotion (with or without) and type of sales promotion (monetary *vs.* non-monetary). Participants were asked if they had noticed differences between the first questionnaire (without promotion) and the second (monetary or non-monetary promotion). Respondents from non-monetary promotion scenarios mentioned that the distribution of the prizes was the discrepant element. Respondents from monetary scenario mentioned that the discount was the discrepant element.

After the manipulation check was confirmed, the first hypothesis predicted that the sales promotion techniques would positively influence consumer purchase intentions and that the discount promotion (monetary) technique would more strongly influence this behavior than the prize promotion (non-monetary) technique.

A t-test was thus performed to evaluate the influence of sales promotions, regardless of type, on consumers' purchase intentions, and an analysis of variance (ANOVA) was conducted to test the hypothesis that predicted a greater and statistically significant difference for the group exposed to a monetary promotion (discount). Figure 2 below presents the results obtained.

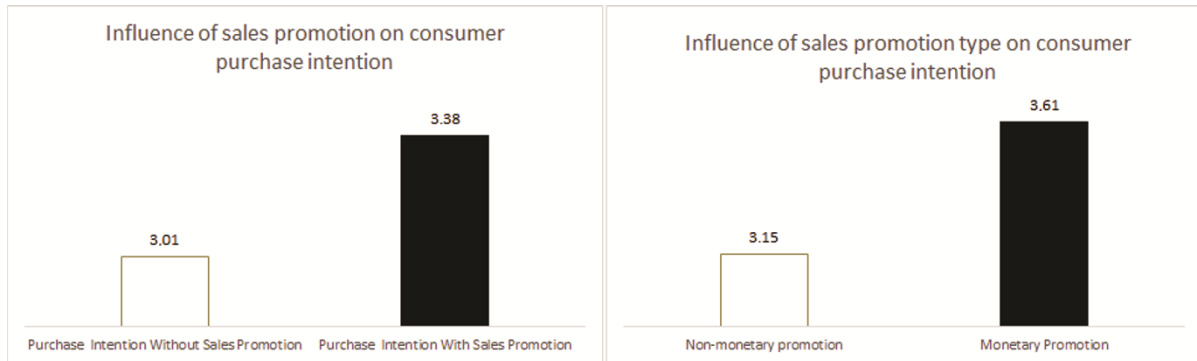


Figure 2. Analysis of Sales Promotions on Consumer Purchase Intentions

First, the results indicate that regardless of the type of sales promotion (monetary or non-monetary), these promotions affected consumers' purchase intentions (mean **without promotion** = 3.01, SD = 1.18, mean **with promotion** = 3.38, SD = 1.24, $t = -9.346$; $p < 0.001$). The results also show that the monetary promotion had a stronger influence on consumer purchase intentions than non-monetary sales promotion (mean **monetary promotion** = 3.61; SD = 1.26; confidence interval = 3.475 to 3.747; mean **non-monetary promotion** = 3.15; SD = 1.19; confidence interval = 3.013 to 3.305; $F = 5.082$; $p < 0.001$), thus confirming H1 and H2. We emphasize that this analysis was conducted using GLM Anova and included gender and age covariates to determine whether they influence the behavior of the effect of sales promotion type on consumer purchase intentions. The results demonstrate that the covariates mentioned did not influence the results, given that their inclusion did not induce a change in behavior (**gender**: $F = 3.406$; $p = 0.065$; **income**: $F = 0.616$; $p = 0.521$; **age**: $F = 2.523$; $p = 0.113$).

This result is consistent with the findings of previous studies demonstrating a positive effect of sales promotions on consumer behavior (Alvarez & Casielles, 2005; Gupta, 1988), and it reinforces the theoretical assumption that sales promotions are a key strategy for influencing consumer buying behavior (Blattberg & Neslin, 1990), stimulating demand and encouraging brand switching (Davis, Inman, & McAlister, 1992; Gupta, 1988).

Moderating effects of promotion type and the relationship among consumption value, perceived financial risk and purchase intentions

The parameters of the equation model presented appropriate indices: chi-square = 322.489; degrees of freedom = 101; probability level = 0.001; chi-square/degrees of freedom = 3.19; CFI = 0.967; NFI = 0.953; and RMSEA = 0.061.

Multigroup structural equation modeling was used to analyze the hypotheses predicting moderating effects. This approach allows for categorizing a variable (nominal or ordinal) into two or more groups to form a moderator hypothesis (Krull & MacKinnon, 2001). In the present case, the moderator hypothesis suggests a difference in the intention of paths between the established constructs, given the level of intensity related to the type of sales promotion. Promotion type (monetary and non-monetary) was manipulated by applying distinct scenarios in which one group was exposed to a discount (monetary) promotion and the other to a prize (non-monetary) promotion.

After the groups were separated, to test the moderating effect of promotion type, the parameters were simultaneously estimated for each group.

H3 and **H5** predicted a direct relationship between the perception of utilitarian product value and the intention to buy the promoted product and a moderating relationship between sales promotion type (monetary vs. non-monetary) in the relationship between utilitarian value perceptions and purchase intentions for the promoted product, respectively. The results from the direct relationship of the two constructs, without the interaction of sales promotion type, were positive and significant ($\beta = 0.475$, $p < 0.001$) and thus confirm H3. This finding supports the assumptions of Chandon *et al.* (2000) and Kwok

and Uncles (2005), who suggested that sales promotions can be viewed through the lens of visible (extrinsic) utilitarian benefits. Figure 3 shows the findings of the H5 tests.

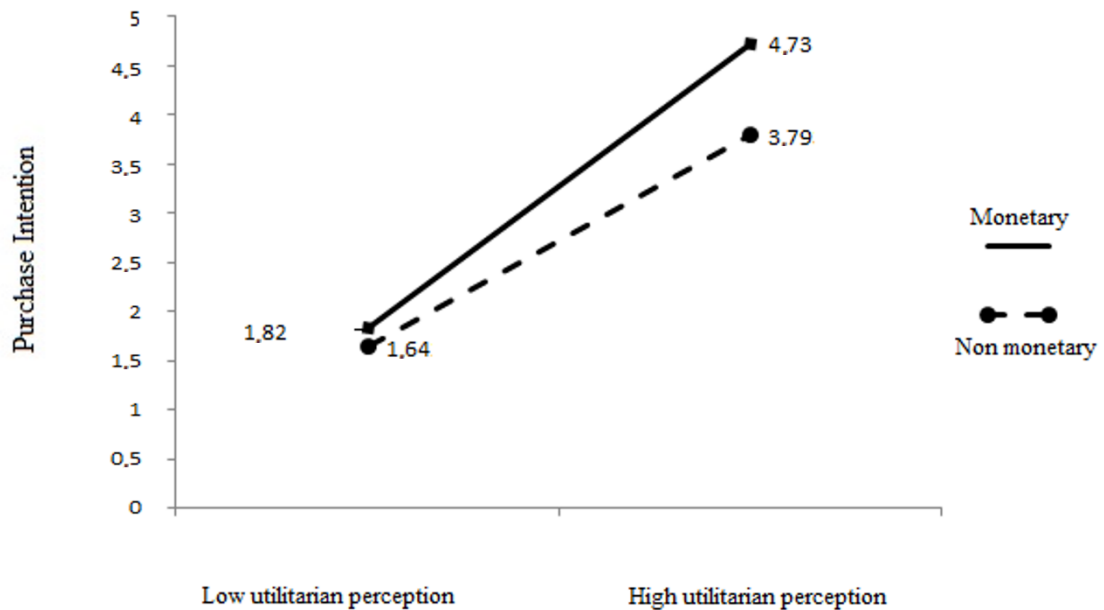


Figure 3. Moderation in H5

Figure 3 indicates that the slope is greater for the monetary promotion ($\beta = 0.712$; $p < 0.001$; confidence interval = 0.621 to 0.787) than for the non-monetary promotion ($\beta = 0.310$; $p < 0.001$); *i.e.*, the expected effect is observed. It should be noted that the chi-square indicator referring to the significant difference between models was significant ($\chi^2 = 28.260$; $p < 0.001$; confidence interval = 0.186 to 0.409), which confirms H5. Considering that monetary promotions are related to price and, accordingly, to a visible and practical benefit, one could state that this relationship is associated with the utilitarian rather than hedonic aspects of the product. This assumption is reinforced when we consider the claims by Hirschman and Holbrook (1982) and Ailawadi, Beauchamp, Donthu, Gauri and Shankar (2009) that the price, which is fully linked to the discount (monetary) promotion, provides a utilitarian benefit composed of the instrumental, functional and cognitive features that generate a consumer response.

H4 and H6 evaluated the direct effect of hedonic value perceptions and purchase intentions and the moderating effect of sales promotion type on the relationship between hedonic value perceptions and purchase intentions for the promoted product. The direct relationship between the constructs hedonic value perceptions and purchase intentions was confirmed by the findings ($\beta = 0.268$; $p < 0.001$), thus supporting H4. Figure 4 presents the testing of H6 to assess the moderating effect of the type of sales promotion on the relationship between hedonic value perceptions and the intention to purchase the promoted product.

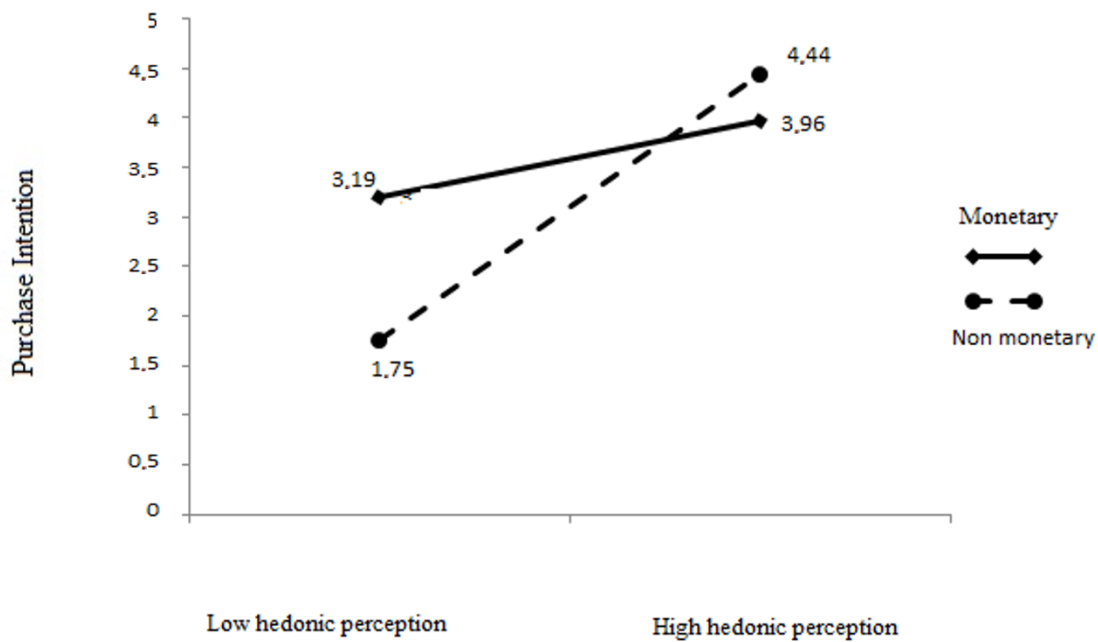


Figure 4. Moderation in H6

Figure 4 shows that the slope was positive and significant for the non-monetary sales promotion ($\beta = 0.550$; $p < 0.001$; confidence interval = 0.457 to 0.653) and not significant for monetary promotion; i.e., the indices support H6, as there was a significant difference between the models ($\chi^2 = 32.061$; $p < 0.001$). The results again support the assumptions of Chandon *et al.* (2000) and Kwok and Uncles (2005) that linked hedonic and utilitarian values to sales promotion type (monetary and non-monetary). This finding was evidenced by the confirmation of H6.

The hedonic value dimension is linked to the emotional and experiential aspects, such that hedonic goods are appreciated without consideration of their practical aspects (Chandon *et al.*, 2000). Considering that the monetary promotion is highly connected to price and, consequently, to a visible and practical benefit of the product, this type of promotion is related to utilitarian rather than hedonic aspects of the product. Instead, hedonic perceptions are more strongly related to non-monetary (prize contest) promotions. Hence, sales promotion technique generates the perception of exploration and self-expression (Schindler, 1989). Research conducted by Büttner, Florack and Göritz (2015) showed that consumers with experiential shopping guidelines choose non-monetary campaigns when compared to task-focused consumers.

Thus, the discount promotion associated with the perception of hedonic value generates a state of discomfort in the consumer, leading to an increased sense of prudence (Davidoff, 1983) and negatively affecting the hedonic features. Conversely, non-monetary sales promotion, which adds value rather than decreasing value, is successful by offering a benefit such as a free gift or the possibility of winning a prize (Apaydin & Koksall, 2011; Shimp & Bearden, 1982), raising the purchase stimulus through the sense of entertainment (Chandon *et al.*, 2000), a characteristic associated with hedonic perception (Voss *et al.*, 2003).

Moreover, a large discount (monetary promotion) may dampen a major feature of hedonic products, which is the exclusivity associated with such products (Hirschman & Holbrook, 1982; Spangenberg, Voss, & Crowley, 1997). Furthermore, this negative effect may represent a significant obstacle to generating the need for pleasure and excitement that is essential to encouraging hedonic consumption (Dhar & Wertenbroch, 2000; Ramanathan & Menon, 2006). Finally, the findings presented in the present study allow us to suggest that monetary promotions weaken the dimensions of hedonic behavior highlighted by Arnold and Reynolds (2003), including the sense of belonging to certain groups and adherence to innovative styles. This effect occurs because a substantial rebate on the basic price of

a product may facilitate and increase its appeal to a variety of social groups and classes. This is reduced in monetary sales promotions since the benefits offered don't have direct benefits on the price (Alvarez & Casielles, 2005; Büttner *et al.*, 2015).

H7 and H8 proposed a direct and negative effect from sales promotions on the relationship between the risk perception and purchase intention of the promoted product and a moderating effect from the type of sales promotion on the relationship between risk perception and purchase intentions, with monetary promotions having a stronger effect on risk perceptions. The direct relationship of these constructs was negative and significant.

The findings support H7 ($\beta = -0.149$; $p < 0.001$), reinforcing previous observations that this perception is negatively associated with consumer purchase intentions. Similarly, the fear of monetary loss linked to the perception of financial risk is reinforced, even under the effects of sales promotions (Dholakia, 2000; Huang, Schrank, & Dubinsky, 2004).

Finally, Figure 5 presents the testing of **H8**, which predicted a more positive relationship between perceived financial risk and consumer purchase intentions for non-monetary promotions.

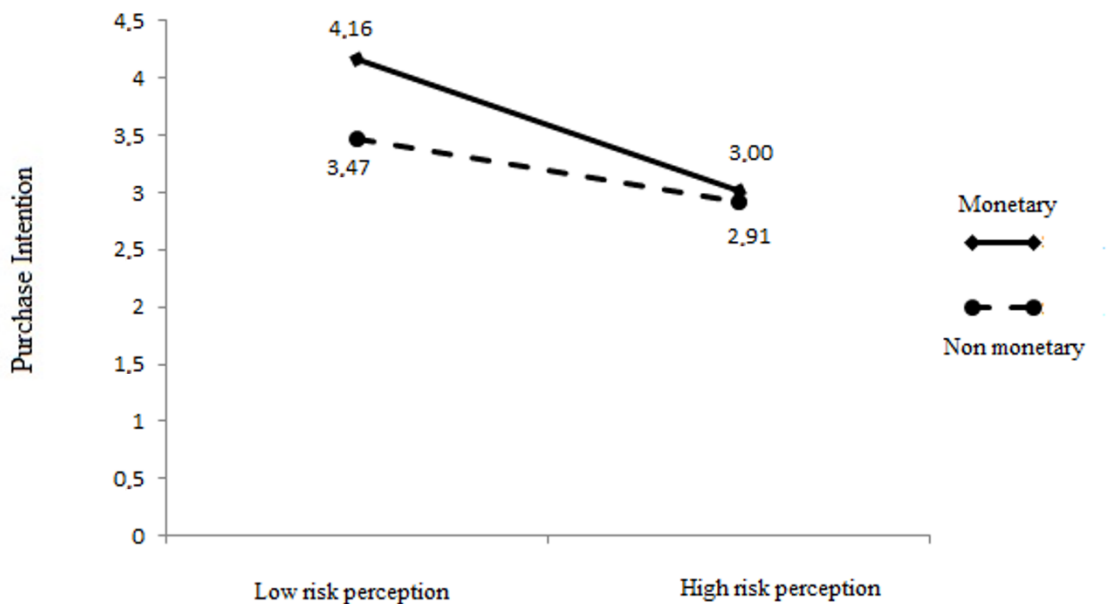


Figure 5. Moderation in H8

A significant and negative relationship between financial risk and purchase intention was observed for the group exposed to a monetary promotion ($\beta = -0.158$; $p = 0.36$; confidence interval = -0.264 to -0.068), whereas the relationship was not significant for the group exposed to a non-monetary promotion ($\beta = -0.028$; $p > 0.05$; confidence interval = -0.117 to 0.047). It is worth noting that there was a significant difference between the groups ($\chi^2 = 4.395$; $p < 0.05$), thus confirming what was suggested in H8.

The results found for H8 reinforce the assumption that a discount (monetary) promotion can encourage perceptions of psychological risk and social risk (Jacoby & Kaplan, 1972), corroborating the proposal by Garretson *et al.* (1999), who claimed that the perception of product or service quality should always come first and that promotional tools should be secondary. This study also found that the discount attached to a service is negatively associated with perceptions of quality, suggesting that this finding may also apply to a discounted product.

Final Remarks

The present study aimed to analyze consumer behavior in relation to sales promotions by examining the positive or negative relationships that could explain such behavior and by evaluating the moderating effect of promotion type (either monetary or non-monetary) on this process.

In the academic sphere, this study offers a contribution from at least three perspectives. **First**, the literature on sales promotions seeks works investigating moderators that may either enhance or minimize the impact of these promotions on consumer behavior (Alvarez & Casielles, 2005; Low & Mohr, 2000). **Second**, there is an academic demand to examine marketing actions that may be positively related to hedonic and utilitarian product value perceptions (Alzate & Guilherme, 2003; Hightower, Brady, & Baker, 2002). **Third**, this study contributes to filling the gaps in the literature requiring analyses of the potential effects on the perception of risk associated with a product or service (Garretson, Burton, & Clow, 1999; Simon & Victor, 1994).

For the business context, the findings point to important guidelines for business managers. (a) **The results show that sales promotions, especially monetary promotions, can be a key element in inducing the sales of stocked products** as well as a tool for differentiation among highly competitive product categories (Jones, 2008). Thus, managers can consider the use of this promotional tool for encouraging consumers to try new products (Nbudisi & Moi, 2005), increasing the purchase of promoted goods (Cotton & Babb, 1978) and boosting short-term sales volume (Blattberg & Neslin, 1990). (b) **The results indicate that a monetary promotion is more suitable for products that carry utilitarian value** because this type of promotion establishes consistent linkages between the product and offer (Chandon *et al.*, 2000; Kwok & Uncles, 2005), thus enhancing the effectiveness of this promotional tool in increasing product sales. (c) **Non-monetary promotions are more appropriate for products with hedonic value**. Therefore, we suggest that for products carrying largely hedonic attributes, monetary promotions should be avoided while non-monetary actions are encouraged. Another interesting assumption is linked to the use of this tool to launch new products, given that this feeling is related to hedonic value perceptions (Kim, 2008; Venkatraman & Price, 1990), and the findings revealed a positive relationship between this perception and the intention to purchase a promoted product. (d) **Non-monetary promotions are more effective for reducing the perception of financial risk; i.e.**, discount promotions are not the most appropriate tools for encouraging the purchase of a product that evokes the perception of financial risk. It is emphasized that such an initiative should be considered based on the assessment of other variables related to the segment in which a company operates and the level of competitiveness of the product category, in addition to the profile of consumers served.

The subject of sales promotions and its investigation still have extensive room for debate because, despite being a widespread and important management technique, this subject has scarcely been studied in the academic context (Alvarez & Casielles, 2005; D'Astous & Landreville, 2003; Jones, 2008). From this perspective, the current study seeks to contribute to a better understanding of behaviors related to sales promotions and their relationship with consumer purchase intentions. Nevertheless, the study has methodological limitations that must be considered. The analysis of risk perception was restricted to the dimension of financial risk. It is suggested that future studies evaluate other dimensions of risk within the proposed relationships. Similarly, as noted earlier, the interaction between products and services and their relationships with sales promotion techniques and perceived risk should be analyzed to verify possible differences in these relationships. It would also be interesting to evaluate other samples and sales promotion techniques (monetary and non-monetary) to assess the consolidation of the results found here. In this sense, based on the findings of this study, it would be worth analyzing and comparing how these constructs are affected by both sales promotions and advertising actions.

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Authors' Profiles

Fernando de Oliveira Santini

Rua Guilherme Schell, 350, 90640-040, Porto Alegre, RS, Brazil. E-mail address: santiniconsultores@terra.com.br

Cláudio Hoffmann Sampaio

Av. Ipiranga, 6681, Prédio 50, 90619-900, Porto Alegre, RS, Brazil. E-mail address: csampaio@pucls.br

Marcelo Gattermann Perin

Av. Ipiranga, 6681, 90619-900, Porto Alegre, RS, Brazil. E-mail address: mperin@pucls.br

Lelis Balestrin Espartel

Av. Ipiranga, 6681, 90619-900, Porto Alegre, RS, Brazil. E-mail address: lbespartel@pucls.br

Wagner Junior Ladeira

Av. Unisinos, 950, Cristo Rei, 93022-000, São Leopoldo, RS, Brazil. E-mail address: wjladeira@unisinos.br

APPENDIX A**Items of the Scales, Averages, Standard Deviation, Factorial Loads, Levels of Simple Reliability (Alpha) and Composite Reliability**

Variables	Avg	Standard deviation	Purchase intention (without promotion)	Purchase intention (with discount)	Hedonic perception	Utilitarian perception	Risk perception
Unlikely – Likely	2.96	1.36	.796				
Non-existent – Existent	3.02	1.32	.846				
Improbable – Probable	3.01	1.28	.855				
Impossible – Possible	3.12	1.32	.836				
Uncertain – Certain	2.95	1.27	.806				
Unlikely – Likely	3.40	1.38		.820			
Non-existent – Existent	3.39	1.34		.848			
Improbable – Probable	3.36	1.32		.842			
Impossible – Possible	3.45	1.34		.826			
Uncertain – Certain	3.33	1.30		.802			
Not fun – Fun	3.34	1.24			.765		
Dull – Exciting	3.01	1.25			.833		
Enjoyable/ – Unenjoyable	3.16	1.16			.833		
Not delightful - Delightful	2.82	1.25			.813		
Unpleasant – Pleasant	3.28	1.25			.787		
Not functional – Functional	3.76	1.22				.801	
Unnecessary - Necessary	3.60	1.27				.788	
Impractical -Practical	3.53	1.14				.822	
If I bought it ____, I would be concerned if this was a wise investment.	3.28	1.34					.856
Buying a ____ can involve significant losses.	2.69	1.29					.795
If I bought ____, I would be concerned if it was worth.	3.20	1.32					.892
Cronbach's Alpha			.940	.963	.886	.815	.818
Composite reliability			.964	.978	.932	.885	.891

APPENDIX B**Correlation Matrix**

Variables	PI	H	U	PR
Purchase Intention (PI)	.894**			
Hedonic perception (H)	.403	.903**		
Utilitarian perception (U)	.557	.357	.846**	
Risk Perception (PR)	.,234	-.092	-.181	.885**

Note. ** = $p < .001$; diagonal = average variance extracted.