

USE IT OR LOSE IT: TIME-LIMITED PROMOTIONS AND PURCHASE BEHAVIOR

Praveen Aggarwal, University of Minnesota Duluth
Rajiv Vaidyanathan, University of Minnesota Duluth

ABSTRACT

While researchers have examined the impact of retail promotions on purchase acceleration in the past, the distinction between time-limited and time independent promotions has not been made in this context. Thus, for example, Neslin et al (1985) found that coupons have no significant impact on purchase acceleration. In this paper, we argue that promotions of short durations (time-limited) such as store coupons will accelerate purchases whereas promotions of longer durations (time independent) such as manufacturer's coupons will have no such impact. We test this hypothesis for two categories of consumer goods using scanner panel data. In a separate study, we also examine the impact of semantic cues indicating the time-limited nature of promotions (such as "10 Hours Only Sale") on purchase willingness, intent to search further for deals and attitude towards the deal.

We find that limiting a promotion's temporal validity does have an accelerating impact on purchase decisions. Additionally, we find that time-limited promotions encourage buyers to curtail their information search for better deals. Our results imply that managers interested in accelerating consumer purchases (e.g., to liquidate inventory) would do better to use time-limited promotions such as store coupons and limited-time deals instead of manufacturer coupons or other time-independent price-off deals. Finally, we suggest directions for future research.

REFERENCE

Neslin, Scott A., Caroline Henderson, and John Quelch. 1985. "Consumer Promotions and the Acceleration of Product Purchases." *Marketing Science*, 4 (Spring): 147- 165.

Proceedings of the 2002 Academy of Marketing Science
(AMS) Annual Conference

Spotts, H.E. (Ed.)

2015, XXIII, 230 p., Hardcover

ISBN: 978-3-319-11881-9