

Consumer's Evaluation on the Price of Gift Promotion —From a Perspective of Promotion Depth

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ABSTRACT

In a gift promotion campaign, consumers encounter price information about a main product and a gift. The research focuses on “gift promotion depth”—the percentage of the gift price by main product price. Promotion depth is an important factor in promotion decision (DelVecchio, 2005; DelVecchio et al., 2007), and is the measure commonly applied in assessing a gift promotion campaign. This research developed two experiments to investigate consumers' evaluations of the price information in gift promotions. Experiment 1 examined the theoretical inference related to gift promotion depth based on adaptation-level theory (Helson, 1964; Monroe, 2003) and assimilation-contrast effect (Sherif and Hovland, 1961; Herr, 1989; Monroe, 2003). Results demonstrated that when external gift promotion depth was higher than internal reference depth, the larger the distance between the two types of depth, the more negative the levels of reasonable perception of a gift promotion campaign was. The purposes of experiment 2 was to discern which theory, adaptation-level theory or range theory (Janiszewski and Lichtenstein, 1999; Niedrich et al., 2001; Volkmann, 1951), is most applicable for making evaluations of perceived value of the gift promotion campaign, with reference to a situational variable—the need for cognition. Through an experiment, this research found that the internal reference depth could be seen as a range rather than an average point, and people with a high need for cognition preferred to adopt a range of internal reference depth to make their evaluations. In summary, this research took a perspective of promotion depth to discuss the price effect of gift promotion and offer contributions to researchers and marketers.

Keywords: Gift promotion, promotion depth, adaptation-level theory, assimilation-contrast effect, range theory