

Summary

Using Consumer Empowerment to Increase the Effectiveness of Price Discounts

By Andreas Aigner, Robert Wilken, and Sylvie Geisendorf

Granting discounts is a prominent monetary pricing tactic employed to boost sales. Extant research, however, provides contradictory results on the effectiveness of varied degrees of discounts. Better-performing, non-monetary promotion became the focal point. We suggest a new format for reinforcing discount promotion which builds on the idea of empowering consumers, who get involved in creating a price discount. In two studies ($N = 708$), we show that these “empowered price discounts” (EPDs) are more effective than their (traditional) counterparts where the retailer selects the products to be promoted. Improved consumers’ perceptions of promotional benefits (in particular, the hedonic benefit “entertainment”) explain this effect (which is disproportionately high for hedonic products), while the discount level translates into higher promotional effectiveness through increased utilitarian benefits (“monetary savings,” “quality”). Conversely, EPDs reach a given degree of promotional effectiveness with lower discount levels (and hence higher margins for the retailer), compared to non-empowered discounts.