

RESEARCH PROPOSITIONS FOR EXAMINING THE EFFECTS OF DIRECT CONSUMER PREMIUMS

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Abstract

This paper reviews the sales promotion literature on the attitudinal and behavioral effects of direct consumer premiums, and presents research propositions that deserve further attention. Previous research deals primarily with the behavioral effects of monetary promotions (e.g., price-off coupons) in promotion time periods. Nonmonetary promotions and the delayed effects of promotions on individuals' attitudes and behavior toward promoted products in postpromotion time periods have received almost no research attention, but have been the focus of much discussion and disagreement. Direct consumer premiums (also referred to as package-related, free-premiums) are a key element in the nonmonetary sales promotion mix of U.S. packaged goods manufacturers. Most promotion researchers agree that premiums can stimulate favorable effects in promotion time periods. However, there is disagreement as to how promotion time period gains influence postpromotion attitudes and behavior toward promoted products. Many researchers have proposed that premium promotions have unfavorable delayed effects which lead to decreased probabilities of product selection in postpromotion time periods. Other researchers have suggested that premium promotions have little, or no, long-term effects on attitudes and behavior in postpromotion time periods. Finally, some researchers have argued that premium promotions lead to increased probabilities of product selection in postpromotion time periods.

There is a lack of theory-based research on the way individuals perceive and respond to premium promotions. Two behavioral theories, classical

conditioning and cognitive dissonance, provide competing and opposite predictions for the delayed effects of premiums in postpromotion time periods. Although there is little empirical work that supports the applicability of either theory in a premium promotion context, the theories provide guidelines for investigating the effectiveness of premium promotions and address important strategic issues. For example, principles derived from cognitive dissonance theory provide counterintuitive predictions for the delayed effects of premiums (i.e., what appears to be a poor strategy in promotion time periods may be an excellent strategy when delayed effects in postpromotion time periods are taken into account).

This paper attempts to provide theoretical and practical insights for empirical examinations of the effects of direct consumer premiums. Based upon a review of the literature, this paper presents seven propositions worthy of future research. The proposed areas of research incorporate longitudinal studies, premium promotions vs. monetary promotions, different product contexts, classical conditioning principles, cognitive dissonance principles, consumer-franchise-building activities, and individual differences.

(References Available Upon Request)

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