

# Purchase Quantity Restrictions: Good or Bad? An Abstract

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**Abstract** Retailers often promote products at a discount with a requirement to buy more than one unit of the product. An example of such a practice is Domino's two medium pizzas for \$5.99 each, when you buy minimum two pizzas. A research question then is how do consumers evaluate such promotions with minimum purchase quantity requirements? Based on research on reactance, we argue that with promotions such as "must buy minimum 4," consumers feel coerced into buying multiple units of the product, leading to a reactance. The reactance manifests in a scrutiny of the restrictive components of the deal leading to a focus on the price information rather than using the promotion itself as a signal of value (Suri & Monroe, 2003; Sheng et al., 2007). Hence, we predict that:

**H** Minimum purchase quantity restrictions decrease the perceived transaction value, in turn, leading to a decrease in perceived acquisition value.

**Study 1** Ninety-six participants from Amazon's Mechanical Turks participated in a single factor (one shirt vs. two shirts vs. one shirt – buy minimum two) between subjects design. Controlling for the price and quality across the conditions, we measured the value derived from acquiring the product (acquisition value) and the value derived from the financial terms of the deal (transaction value) and purchase intention adopted from Grewal et al. (1998). Results indicated that transaction value was lowest for the "buy minimum two" ( $M = 5.39$ ) followed by the "single shirt" ( $M = 6.23$ ) and "two shirts" conditions ( $M = 6.63$ ). There was a significant difference between "single shirt" and "buy minimum two shirts" ( $t = 1.89, p = .06$ ) as well as between the "two shirts" and the "buy minimum two shirts" conditions ( $t = 3.48, p < .01$ ). Similar results were observed for acquisition value. Results from the serial mediation analysis suggest that the overall serial mediation path was significant ( $\beta = .19$ ; CI, .03–.37). Thus, transaction value and acquisition value serially mediate (in that order) the effect of restrictive price promotions on purchase intention.

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**Study 2** We conducted a second study to examine whether the same effects hold when (a) participants are not given a goal to buy certain quantity and (b) when minimum purchase quantity requirement is raised. Ninety participants from Amazon's Mechanical Turks participated in a single factor design with three conditions – one shirt vs. four shirts vs. one shirt – must buy minimum four. Results from serial mediation analysis revealed that transaction value mediated the effect on purchase intention ( $\beta = -.13$ ; CI,  $-.37$  to  $-.02$ ). The overall serial mediation path was also significant ( $\beta = -.35$ ; CI,  $-.75$  to  $-.10$ ). Findings from these two studies suggest that (a) transaction value is a strong predictor of purchase intention when minimum purchase quantity restrictions are placed and (b) a decrease in transaction value leads to a decrease in acquisition value which ultimately explains the lower intent to purchase.

References Available Upon Request