

Price Promotion for a Preordered Product, The Moderating Role of Time of Release: An Abstract

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Abstract Preordering has emerged as a common strategy for manufacturers and retailers to facilitate the launch of a new product in the competitive marketplace. In product preorder strategies, retailers often utilize price discounts to increase sales. However, in the context of preordering, temporal construal effects which explain how psychological distance affects individuals' thoughts and behavior (Trope & Liberman, 2003) may marginalize the influence of price discounts when a product's delivery is perceived to be in the distant future. This is because a distant time of release is construed at a high level of abstraction, where low-level details, such as discount level, are overlooked.

Using an online sampling panel, a pretest and study in the context of preordering a tablet PC demonstrate that while discount promotions have a positive influence on consumer purchase, intentions and word of mouth when the preorder product release is near (1 week until release), such positive influence is insignificant when the release is distant (4 weeks until release). This study adds an important caveat to previous work suggesting that discounts have positive impacts on customers purchase intentions. Results suggest that retailers have to be careful when designing an advertising message with a price discount for a temporal product release, preferring to use such promotions when a product's time of release is perceived as near.

References Available Upon Request

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