

“C’est moi qui décide?” “Oui, c’est vous qui décidez”: Role of personality factors in influencing consumer response to self-determined promotions

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Abstract

The current global economic crisis has led to a number of changes in consumption behavior around the world, changes that have triggered actions on the part of retailers and other marketers to retain customers. Many of the actions from retailers have focused on promotions. In this paper, we investigate the case of consumer self-directed promotions, which allow the consumers to decide the items on which they will benefit from a reduction. Attention is paid to how certain personality factors—psychological reactance, consumer relationship proneness, experiential openness, and consumer frugality—may shape consumer attitudes to these promotions and the subsequent impact of those attitudes on certain outcome variables: retailer patronage intentions; shopping frequency at retailer; and retailer recommendation. Various testable propositions, which can form the basis for empirical investigation, are put forward.

Key words: consumer self-determined promotions; psychological reactance; relationship proneness; experiential openness; consumer frugality; retailer patronage; retailer recommendation

## INTRODUCTION

*NEW YORK (AdAge.com) -- It's no surprise that many people are cinching their belts. What's troubling marketers, however, is the prospect that the consumer psychology has changed during the deepest recession in half a century, and that the tightening will remain when the downturn ends. (Nat Ives, 2009, Marketers Fear Frugality May Just Be Here to Stay; P&G, Home Depot Fret That Recession Has Forever Altered Spending Patterns)*

*IT IS no surprise to learn that consumers are adjusting to tighter budgets by changing their shopping habits, especially against a background fear of rising unemployment...But retailers are adapting just as quickly, with new policies and new offerings, and the result is flowing through to their landlords, as more retailers struggle to keep up with high rents and falling trade. We Have All Caught Frugal Fever, a recent survey by the consumer research company Directional Insights, found that 49 per cent of consumers have changed the way they shop and live as a result of the global financial crisis, and it tends to be the baby boomers making the biggest changes. (Carolyn Cummins, Sydney Morning Herald, Australia, Consumers hit by frugal fever; Retrieved 19 March 2010, from <http://www.lexisnexis.com>)*

*A year ago, when Ms. Donley and her six closest friends got together, they would discuss the latest designer jeans at Nordstrom, Dior's new cosmetics and exotic vacations. More recently, as the value of their stock portfolios and homes has plummeted, the talk has turned to crock pot recipes, coupon clipping and their latest purchases at thrift shops. "It's definitely all of a sudden very cool to be cheap," Ms. Donley says. (Saranow, Jennifer 2008, "All of a sudden, it's 'cool to be cheap'"; The Globe and Mail (Canada)*

An outcome of the current global economic crisis is that both global brands and consumers have been changing their approaches to their customary ways of doing things, the former to their marketing efforts, the latter to their consumption strategies. Consumers have been making efforts to obtain the best value for their money, as indicated in the above vignettes, with some writers reporting even a change in consumer psychology (Ives 2009). Given this development, marketers have been exploring a number of different ways to continue to attract and retain these consumers who now are turning to brands that seem to offer them the best deals. It is against this background that French retail giant Carrefour initiated its promotional policy that allows consumers to choose the deals they will avail themselves of during certain weeks. The self-directed promotion, named *Promolibre*, works as follows.

Each week, retailer Carrefour decides the aisles in its stores in which it will offer deals. These aisles are referred to as *le rayon Promolibre animé*. So, the initial selection of the items

for promotions rests in the hands in the retailer. Once the aisles are decided for the week, consumers can then decide which products in those aisles they will purchase in order to obtain the promotional benefits. A condition is that consumers are current holders of Carrefour loyalty cards. Therefore, in order to benefit, consumers who do not have a Carrefour loyalty card would have to apply for one, which is readily available at the customer service counter in the Carrefour store. Once the card is obtained, it can be used immediately to obtain the promotional benefits. Both national and the Carrefour store brands can be part of the *Promolibre* program, and both food and non-food items can be promoted through *Promolibre*. Consumers are allowed to choose three “preferred” products from the *Promolibre* aisles and are reimbursed the cost of the least expensive item. They can be reimbursed the cost of up to 10 items of 30 preferred items purchased on the same shopping occasion. The reimbursed amount is placed in their loyalty accounts, styled *Compte Fidélité*, and after a certain amount is reached, loyalty checks are sent to the consumers, or they can be printed out from the consumers’ Carrefour loyalty pages. Consumers are limited to these deals twice per week. Do programs such as these attract consumers?

This paper aims to present a basis for conducting research into global brands’ use of consumer self-directed promotions such as *Promolibre*, which allow consumers to decide the items on which they will benefit from a reduction, and to bring a psychological perspective to bear on the discussion. What are some of the personality factors that might impact consumer response to these types of retailer promotions? What are some of the outcome variables that are affected? This paper draws on research in social psychology to postulate a conceptual model that can form the basis for exploration on how consumers respond to self-directed promotions, which are particularly relevant during economic downturns. In what follows, we develop the conceptual model and its attendant propositions and later discuss the

methodological approach to data collection and analysis, as well as managerial and research implications.

### **Conceptual model and propositions**

This section of the paper deals with the development of our conceptual model. The model, as depicted in Figure 1, posits that there are certain personality variables that impact a person's attitude toward consumer self-directed promotions. These attitudes subsequently drive outcome variables that include: retailer patronage intentions, retailer shopping frequency, and retailer recommendations. The basic framework, then, is that consumer characteristics (psychological reactance, consumer relationship proneness, experiential openness, and consumer frugality) moderate the attitudes that consumers have about consumer self-directed promotions, which impact certain outcomes in which marketers are likely to be interested.

#### *Psychological reactance*

Psychological reactance occurs when an individual's real or perceived personal freedoms are threatened or reduced. It is a motivational state closely related to resistance, which is "the expression of the fundamental human need to preserve core meaning structures from too-rapid change and avoid the loss of personal identity in the process (Dowd, 1993). Psychological reactance theory, which was first developed by Brehm (1966), describes a state when an individual that perceives his or her behavioural freedoms to be negatively impacted to attempt to gain back those freedoms. This can occur in the form of the individual actually engaging in the prohibited behaviour, engaging in a similar behaviour, or acting aggressively toward whomever is perceived to have reduced the individual's personal freedom.

Reactance may arise from a motivation to regain control of one's situation (Dowd, 1989). In the past, researchers believed that psychological reactance was situational, however more recent research suggests that individuals may differ in their propensity to

express reactance. Some individuals have high levels of reactance and others have low levels of reactance, whereas individuals with moderate levels of reactance may suggest an individual with a healthy sense of autonomy and identity, particularly in cultures where personal control is perceived as important (Dowd, 1993). Researchers have studied the relationships among psychological reactance and other personality constructs such as need for aggression, dominance, impulsivity, affiliation, and others (Dowd and Wallbrown, 1993). While some studies have suggested a relationship between psychological reactance and an internal locus of control (Brehm and Brehm, 1981), others have suggested a relationship between psychological reactance and an external locus of control (e.g., Mallon, 1992).

The above leads us to posit the following:

*H1. Psychological reactance will be positively related to attitude toward consumer self-directed promotions.*

#### *Consumer relationship proneness*

Research suggests that some consumers are more predisposed than others to develop and engage in relationships with retailers (Christy, Oliver, and Penn, 1996; De Wulf, Odekerken-Schroder, and Iacobucci, 2001). Related constructs include loyalty proneness (Lichtenstein, Netemeyer, and Burton, 1990), coupon proneness (Bawa and Shoemaker, 1987), and deal proneness (Lichtenstein et al., 1990). Similarly, research suggests that consumers are more likely to develop relationships with products that possess certain types of traits including social visibility and personification (Morris and Martin, 2000). The term consumer relationship proneness specifically refers, however, to a consumer's relatively stable and conscious tendency to engage in relationships with sellers of a particular product category (De Wulf et al., 2001; Bloemer, Odekerken-Schroder, and Kestens, 2003).

Researchers have studied the relationships among consumer relationship proneness and several constructs, including need for social affiliation (Bloemer, Odekerken-Schroder,

and Kestens 2003; Vazquez-Carrasco and Foxall, 2006) and product category involvement (Odekerken-Schroder et al., 2003). Odekerken-Schroder, De Wulf, and Schumacher (2001) found that consumer relationship proneness is a mediating variable between the impact of need for social affiliation and behavioural intentions. While most studies have focused on product contexts, Bloemer, Odekerken-Schroder, and Kestens (2003) examined the role of consumer relationship proneness in a service setting. Parish and Holloway (2010) examined the relationship between consumer relationship proneness and relationship marketing and customer management activities. They found consumer relationship proneness to be associated with both trust in and commitment to the service provider. The above leads us to posit the following:

*P2. Consumer retailer relationship proneness will be positively related to attitude toward consumer self-directed promotions.*

#### *Experiential openness*

A construct of interest in the model is that of experiential openness. Openness to experience, which is one of the five broad factors that comprise most personality traits, is viewed as the need for novelty, variety, and complexity, as well as an intrinsic appreciation for experience (McCrae, 1994). It is a psychological construct centered on intellectual engagement and aesthetic experience (Johnson, 1994). The opposite of an individual high in openness, then, would be an individual who has a preference for familiarity, simplicity, and closure (McCrae, 1996). Closed individuals follow the rules and also expect others to follow the rules, and have little use for intellectuals or scholars (McCrae, 1996).

Self-directed promotions, by their very nature, allow individuals increased freedom of choice and variety, and are characteristically flexible, as compared to the more traditional types of promotions, which are simple, straightforward, and well-known to most people. Self-directed promotions allow consumers to make decisions as to which promotions they will take

advantage of during a particular shopping period. Hence, this freedom of choice should appeal to those consumers who have a need for new experiences. This leads to the following prediction.

*P3. Experiential openness will be positively related to attitude toward consumer self-directed promotions.*

#### *Consumer frugality*

With the current prolonged global economic downturn has come declining per capita consumption. This declining consumption or “new frugality”, according to a 2010 report by Booz & Company based on a survey of 2,000 consumers in the U.S., is becoming entrenched among consumers and is changing their consumption patterns in ways that are likely to continue well after the economy starts to recover (Booz & Company, 2010). This is likely not only in the U.S., but in many countries experiencing the economic slowdown.

Frugal consumers are more value- and price-conscious and derive pleasure from saving money (Lastovicka, Bettencourt, Hughner, and Kuntze, 1999; Christiansen and Snepenger, 2005; Rick, Cryder, and Loewenstein, 2007). Frugal consumers are less materially-oriented and more geared toward outcomes that are long-term in nature (Lastovicka et al., 1999; Bearden, Money, and Nevins, 2006). They are also less easily influenced by others, and are less likely to engage in excessive spending (Lastovicka et al., 1999; Bearden et al., 2006). Frugality has been explored in a variety of contexts. Recent research found that frugality among college students contributes to a lower level of drinking (Rose, Smith, and Segrist, 2010).

It would be expected, then, that consumer frugality is positively related to attitude toward promotions in general, that is, the broad category of promotions, and we would suggest that consistent with this, consumer frugality and the more narrowly defined category of consumer self-directed promotions are positively related.



*P4. Consumer frugality will be positively related to attitude toward consumer self-directed promotions.*

*Attitudes and outcome variables*

Among the variables of interest to retailers who are implementing different promotional programs to attract and retain consumers are retail patronage, shopping frequency, and recommendations of the retailer to others. In implementing their various promotional programs, retailers undoubtedly are interested in getting consumers to visit their stores; to visit their stores more frequently, possibly to the extent of becoming loyal to the store; and to get consumers to recommend their stores to other consumers. Our model posits that attitudes toward the retailer's self-directed promotions will have an impact on these desired behaviors through their impact on attitudes towards the retailer offering these kinds of promotions. This results from the idea that among the various cues that consumers can use in evaluating a retailer is the kind of promotional activities that the retailer undertakes. Prior studies on the impact of different retailer cues on customer behaviour have focused on cues such as physical and atmospheric cues, customer service, and so on (see, for example, some recent studies such as Ballantine, Jack, and Parsons 2010; Seock 2009). This model focuses on self-directed promotions as another cue that consumers can use in their evaluations of retailers.

In our model, the kind of promotions, self-directed, is posited as another cue that will influence how consumers perceive the store. This kind of promotion gives freedom to consumers to select the promotions that they want to take advantage of. Thus, consumers will respond favourably to them, particularly in the cases of high psychological reactance, high consumer relationship proneness, high experiential openness, and high consumer frugality. This stems primarily from the freedom of choice inherent in these promotions. The resulting attitude toward the self-directed promotions will also have an impact on consumers' attitude

toward the retail store offering these kinds of promotions. This leads us to the following proposition.

*P5. There is a direct relationship between attitude toward self-directed promotions and attitude toward the retailer offering the self-directed promotions.*

Prior research has also established links between attitude and behavioural intentions (see, for example, recent study such as Jiang et al. 2010). Based on that stream of research, we expect that there will be a relationship between attitude toward the retailer and related behavioural intentions involving the retailer. So, we contend that attitude toward the retailer will have an impact on behavioural intentions such as retailer patronage, retailer shopping frequency, and recommendations of the retailer to other consumers. This leads to the following expectations.

*P6. There is a direct relationship between attitude toward the retailer offering self-directed promotions and retailer patronage intentions.*

*P7. There is a direct relationship between attitude toward the retailer offering self-directed promotions and retailer shopping frequency.*

*P8. There is a direct relationship between attitude toward the retailer offering self-directed promotions and retailer recommendations.*

### **Proposed Methodological Approach**

The model discussed above can be tested by using a survey approach to data collection, since none of the antecedent variables have to be manipulated, as would be required if an experimental approach were used. Questionnaires can be developed where included questions would be the items for the various scales that measure the antecedent variables. Participants could be obtained through various methods, including via the Internet. Once those variables are measured, another section of the survey could contain information on a fictional self-directed promotion that would mirror Carrefour's *Promolibre*. Participants would then be asked to read the information on the promotion and then respond to questions that would

measure the outcome variables. Structural equation modelling could be used to assess the links in the model. In a subsequent study, participants could also be asked to assess the current promotional offer by Carrefour, and the measures of the antecedent and outcome variables could also be taken, in an effort to assess the links in the model. Efforts would be made to minimize the impact of prior knowledge of, and attitude toward, the brand on consumer perceptions. Hence, studies with a US audience would be appropriate, since Carrefour does not currently have operations in the US. A US study and its results could, however, provide information for US retailers or multi-brands packaged good companies such as Procter & Gamble that might be interested in self-directed promotions.

## **Discussion**

### *Managerial implications*

Many retailers trying to respond to the changing psychology of consumers are certainly interested in understanding the ways in which different kinds of promotional activities are likely to impact consumption behaviour. Therefore, understanding the underlying antecedents that affect attitudes toward these kinds of promotions and, by extension, attitudes toward the retailer offering them is a start to making sure that retailers cater effectively to consumers. These variables could be used as the bases for segmentation and effective targeting of consumers for these kinds of promotions.

In general, self-directed consumer promotions are a recent phenomenon, thus there has been little research to determine whether, in fact, they work. Hence, the model proposed in this paper could be the basis for assessing, at a minimum, whether self-directed consumer promotions have an impact on attitude toward the retailer offering these kinds of promotions and on subsequent behavioural intentions, such as retailer patronage, shopping frequency at the retailer store, and recommending the retailer to other consumers. Therefore, testing of this

model and its subsequent results can play a role in helping retailers and possibly multi-brands packaged goods companies in designing their promotional strategies.

### *Research implications*

The current model presents the opportunity for research to test the various propositions that have been outlined above. In addition, as discussed in the proposed methodological approach section, initial research could be based on experimental or quasi-experimental designs. The antecedents and consequences outlined in the model represent only a few of the possible ones that may be related to attitudes toward self-directed promotions; hence, additional research may be conducted in an effort to unearth information on some of the other related antecedents and consequences. In the case of the *Promolibre* program offered by Carrefour, a primary condition to benefit from the program is that consumers are current holders of the Carrefour loyalty card. To what extent might this retailer, and possibly others thinking of implementing such a program, can they encourage consumers to engage in retail store switching by extending the offer to holders of competing stores' loyalty cards? Such a policy could be the basis of future research.

There are various other features of a self-directed program that could also form the basis for additional research. For example, timing of the reimbursements and the manner in which reimbursements are made could have an impact on customers' response to these kinds of promotions. In addition, in the *Promolibre* case, the retailer still retains the right to determine the aisles in which items will be placed on promotions, and there are limits to the number of items that can be purchased as well as on the number of times each week that consumers can avail themselves of the promotions. So, research can be conducted to determine the features of self-directed promotions that will generate the maximum response from consumers, and how altering different features impact consumer response.

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**Figure 1. Conceptual model of personality effects on self-determined promotions**

