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Perceived value and trustworthiness of a multi-promotion offer

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Title: *Perceived value and trustworthiness of a multi-promotion offer*

Abstract:

A multi-promotion offer involves bundling several promotional techniques into one and the same communication. The relative efficiency of this kind of offer, in terms of impacting consumer choice, depends upon two antagonistic effects. On one hand, prospect theory predicts that bundling promotions will have a direct positive influence on the offer's perceived value, since consumers prefer gains that are presented separately (segregation principle). On the other hand, increasing the number of promotions should have an indirect negative effect on perceived value of the offer due to the fall in perceived trustworthiness. The study is based on a between-subjects experiment involving 210 adult consumers. What we will learn is that varying the number of cash discounts combined in a given offer without varying its specific value reveals a preference for mono-promotion offers. From this, we will derive managerial implications for the new instruments that are often found in the multi-promotion operations that both manufacturers and retailers organise.

Key words: multi-promotion offers, perceived value, perceived trustworthiness, experimentation, prospect theory

Introduction

Multi-promotion offers associate several promotional instruments into one and the same communication (i.e. a multi-sale with one free item, together with a coupon and an award). These constitute the lion's share of new promotional operations, with retailer offers (i.e. vouchers) being bundled with manufacturer offers (i.e. coupons) once the customer gets to the checkout stand (Canivet report, 2004). Manufacturers can even decide to combine several different offers to increase their perceived value (multi-sale plus award, for example). In France, the total number of promotional operations has been skyrocketing, having risen by 39% in 2003 and 26% in 2004 (BIPP). Major retail outlets resort increasingly to promotional offers (65.9% of all commercial actions in 2004 versus 60.8% in 2002). Special pricing techniques account for a large and growing proportion of all promotional schemes (73% in 2004 versus 56% in 2000, BIPP) - in particular, ones based on cumulative purchasing vouchers that loyalty cardholders can use to buy any product in a store.

For the moment and in the absence of academic studies in this area, manufacturers - who are largely the parties funding multi-promotion offers as part of their trade marketing operations - have started asking questions about the real efficiency of such actions (Gramont, 2004). One question is whether it is better splitting a budget into different promotional offers. The answer depends on (1) how consumers perceive the offers and their potential impact on consumer demand; (2) the additional in-store exposure that a retailer creates during such operations; and (3) the attribution effects on the two advertisers' respective images (manufacturer and retailer). Focusing solely on the first point, the present study aims to examine what effects multi-promotion offers have on consumer attitudes towards promotional offers with a given cash value.

From a consumer perspective, these promotional offers may satisfy customers' desire for 'bargains' but their overall efficiency can be diminished by the relative lack of trustworthiness they inspire. These two factors create antagonistic effects on the consumer's overall evaluation of the offer.

Bundling promotions can increase the perceived overall value of an offer. Prospect theory, which is often mobilised to study the effects of cash promotions (Thaler, 1985; Diamond and Campbell, 1989), tells us that an offer's presentation will influence consumer attitudes, and

that communicating its benefits separately creates a more favourable assessment than presenting an aggregation (Kahneman and Tversky, 1979).

On the other hand, consumers will be sceptical if they doubt the offer's trustworthiness and their ability to take advantage of it. According to an Ilec survey, only one-third of all interviewees feel that 'promotions mean a real drop in prices' and one out of every two respondents 'does not trust promotions due to the fear of being ripped off' (Ilec, 2004). The main reasons for rejecting a promotional offer are 'doubts about its real benefits' (28%), 'difficulty in understanding what has to be done to receive the benefits' (26%) and 'problems understanding what the benefits are' (24%). Doubts are especially strong when multi-promotion offers are concerned because bundling promotional instruments makes them harder to assess (Estelami, 1997). This complexity makes the consumer wonder about the advertiser's real motivations since according to attribution theory (Heider, 1958), a promotional offer that is perceived as being both interesting and complex provokes a search for justification. Since the perceived trustworthiness of a communication is a key element in consumer assessment (Speed and Thompson, 2000; Goldsmith et al, 2000; Romani, 2004; Bréchet et al, 2005), a not particularly sincere multi-promotion offer is likely to have a mediocre reception.

By focusing on this particular category of promotions – one that has not yet been studied in any great depth - the present research builds upon many earlier analyses of sales promotions' short-term efficiency (Bolton, 1989; Blattberg and Neslin, 1990; Blattberg et al, 1995). The aim is to monitor the net influence of the number of instruments that comprise a given promotion on consumer interest in the overall offer.

A between-subjects experiment was conducted with promotions that bundled, in one and the same communications brochure, a variable number of promotional instruments for a mass retail product. The findings confirmed that a promotion's perceived value comes from the utilitarian and hedonic values associated with it, and that beyond these effects, the overall evaluation of an offer is also directly influenced by the perceived trustworthiness of its promotional aspects.

The article is divided into a theoretical framework, followed by methodology, findings, conclusions and future research directions.

Theoretical framework

Many studies have shown that assessments of a commercial offer depend on the way it is communicated to consumers (Della Bitta et al, 1981; Levin and Gaeth, 1988). The traditional approach to consumers, viewed as rational decision-makers possessing defined preferences that are independent of the particular descriptions of the options on offer, has been questioned over 25 years of studies on perception bias (Kahneman and Tversky, 1979) and on how consumers process information (Bettman and Zins, 1979; Bettman et al, 2000).

The effects of a multi-promotion offer are studied at two levels: value as perceived by consumers; and attitudes towards the promotional offer itself.

At an initial level, we discuss the effects of a multi-promotion offer on perceived value, which is comprised of utilitarian and hedonic dimensions (Chandon et al, 2000). Along these lines, prospect theory (Kahneman and Tversky, 1979) postulates that splitting up benefits can have a positive impact on perceived value. It remains that within the framework of a multi-promotion offer, the number and diversity of promotional instruments included in one and the same communication could also be damaging to the perceived value of the offer if there are doubts about its trustworthiness.

The determinants of attitudes towards a promotional offer are developed at a second level. Ever since Chandon et al (2000), it is customary to consider that perceived utilitarian and hedonic values determine attitudes towards promotional offers. Yet the perceived trustworthiness of a marketing communication is a fundamental element in consumer evaluations of a message, as witnessed in many studies on advertising communications (MacKenzie and Lutz, 1989; Goldsmith et al, 2000). This is why the direct and indirect effects of a promotional offer's perceived trustworthiness are included in studies of attitudinal determinants of attitudes towards promotional offers.

Determinants of the perceived value of a multi-promotion offer

A promotional offer's utilitarian and hedonic values

A consumer's evaluation of a promotional offer derives first and foremost from its contents, the perceived value resulting from its perceived utilitarian and hedonic values (Chandon et al, 2000).

The utilitarian value is part of a functional approach to consumption and relates to different aspects of spending (saving money, spending less when purchasing daily products) and consumption (accessing better quality products). It also integrates the cognitive and temporal resources mobilised in the choice process, with the promotional offer playing a signalling role that facilitates decision-making and diminishes the search for further information. Here utilitarian value is understood in its restricted, initial sense, to wit, as a reduction in monetary sacrifice.

The hedonic value stresses the emotional experience resulting from the exposure to and/or use of the promotional offer. Like the utilitarian value, it has three facets. First of all, the offer enables consumers to demonstrate socially their ability to shop intelligently. They take pride in getting a bargain and looking like 'smart shoppers' (Schindler, 1989). The promotional offer also creates a special environment, since it is visible and satisfies the consumer's need for exploration. Lastly, it is a source of entertainment – it can be fun to play a game or even fill in a coupon. The present article researches this smart shopper aspect, which is often applied to the hedonic dimension (Chandon et al, 2000).

The direct positive effect of splitting up benefits

The multi-promotion approach offers several benefits that can be expressed in identical cash terms or else in different units (free product, multi-sale, price reduction). Prospect theory (Kahneman and Tversky, 1979; Thaler, 1985) provides a theoretical framework accounting for the consumer's integration of these different components. According to this theory, the perceived cash value of a promotion offer comprised of several elements is subjective in nature and the result of a two-step process. Firstly, the different elements of the promotional offer are isolated and classified depending on whether they represent gains or losses for the consumer. These elements are subsequently evaluated and ultimately integrated. Evaluation functions present two special characteristics: they correspond to diminishing marginal effects; and the slope of a loss's value enhancement function is steeper than it is for a gain. From these two characteristics, we derive one major finding of prospect theory, which is that the

consumer sees greater value in a promotional offer that presents gains separately (segregation principle) but consolidates losses (integration principle).

Applied to the example of multi-promotion offers, the segregation principle, in which several gains are combined in one bundle, should lead to globally higher consumer evaluations. The reason a higher value is perceived is because people add up the findings of several evaluation phases, in line with the diminishing marginal returns function postulated for each promotional element.

In addition, due to their bounded rationality (Simon, 1955), consumers could refuse to commit to an evaluation process that is overly extensive and choose instead to rely on the number of combined promotions when assessing an offer's monetary dimension. A multi-promotion offer would therefore, once again, feature a higher utilitarian value.

Because it stresses several benefits at one, multi-promotion offers also increase the hedonic dimension of a perceived value. Compiling and processing the various promotional instruments bundled within a particular offer reinforces the pleasure consumers get from being able to shop smartly.

Hence the following hypothesis:

H1: For an unchanged cash value, bundling promotional instruments has a direct positive effect on perceived (a) utilitarian and (b) hedonic values

The indirect negative effect of bundling promotional instruments, analysed via perceived trustworthiness

In a context marked by a proliferation of manufacturer and/or retailer commercial operations, consumer scepticism is on the rise. Recent studies on perceived value and satisfaction with commercial offers have stressed the need to integrate trustworthiness into existing frameworks (Speed and Thompson, 2000; Larceneux, 2003; Gountas and Mavondo, 2005; Bréchet et al, 2005). Perceived trustworthiness is depicted here as a dimension of perceived credibility (Larceneux, 2003; Eisend, 2006).

In case of a multi-promotion offer, consumers are left to draw many inferences. In turn, this cognitive activity leads them to wonder why advertisers bundle a range of promotional instruments. Attribution theory (Heider, 1958) tells us that participants in situations characterised by major issues (perception of high economic value versus weak redemption efforts) and relative complexity will draw a greater number of inferences. A multi-promotion offer possesses these two traits, i.e. it increases the number of opportunities for gain whilst offering consumers a complexity that is both unjustified and costly at a cognitive level (Estelami, 1997).

As such, multi-promotion offers sometimes cause consumers to equate the greater number of promotions that the advertiser is using with a deliberate attempt at manipulating or even misleading them. Information relating to the different promotional elements can be abundant and difficult to digest, especially when communicated on a small space (on the product's packaging, in a brochure). The consumer can end up doubting the honesty of the information being supplied (suspecting a temporary inflation of the normal price or an exaggeration of the reference price) or the reality of the advantage on offer (suspecting that a lasting reduction in the regular price is being presented as a temporary promotion) (Chen et al, 1998). The perceived trustworthiness of a multi-promotion offer is therefore less than that of a mono-promotion offer, especially when the advantages seem over-stated (*bona fide* effect) (Gupta and Cooper, 1992). This reasoning indicates that bundling promotions often reduces an offer's perceived trustworthiness.

Recent studies have also envisaged a direct link between the perceived trustworthiness of a commercial offer and its perceived value (Sirdeshmukh et al, 2002; Chong et al, 2003). This is because perceived trustworthiness helps to reduce the risk that the consumer perceives and therefore increases the perceived value of the exchange. In the case of a multi-promotion offer, if consumers judge that the promotion is trying to mislead them, their perceptions of its utilitarian and hedonic values will suffer. On one hand, doubts about how possible it is to really obtain the alleged promotional benefit will diminish the perceived utilitarian value. On the other, consumers who question the offer's trustworthiness may no longer have any reason to feel validated once they have taken advantage of it. The 'smart shopper' effect disappears, and the consumer will associate the promotional offer with a lesser hedonic value.

To verify the existence of an indirect negative effect when promotional instruments are bundled, the following hypothesis should be tested:

H2: For an unchanged cash value, bundling promotional instruments has an indirect negative effect on the perceived (a) utilitarian and (b) hedonic values, due to its impact on perceived trustworthiness

Integrating the promotional offer's perceived trustworthiness may give cause to revise, and even abandon, hypothesis H1, which derives from the advantages detailed in the segregation principle, such as it applies to multi-promotion offers. The impact of such offers on perceived values depends not only on their direct positive effect, as specified in prospect theory, but also on an indirect negative effect linked to lesser perceived trustworthiness. The superiority of one effect over another cannot be determined *a priori*.

The determinants of attitudes towards a promotional offer

Chandon et al (2000) have shown that attitudes towards a promotional offer are determined by its perceived utilitarian and hedonic values. In addition, as postulated in Hypothesis H2, perceived trustworthiness has a positive influence on perceived values. Hence the following hypothesis:

H3: The perceived trustworthiness of a promotional offer has an indirect positive effect on attitudes towards the promotion via perceived (a) utilitarian and (b) hedonic values

The relationship between perceived credibility – of which trustworthiness is one dimension – and attitude has been validated several times within the framework of relational marketing studies that demonstrated the key role that credibility plays both in people's evaluation of a company, and also in their intention to establish a lasting relationship with it (Morgan and Hunt, 1994; Garbarino and Johnson, 1999; Aaker et al, 2004). This relationship between credibility and attitude is also valid in a more transactional context. For example, empirical studies in the field of communications have demonstrated the existence of a positive relationship between an announcement's credibility and attitudes towards it (MacKenzie and Lutz, 1989; Goldsmith et al, 2000; Larceneux, 2003; Romani, 2004). Extending these findings to multi-promotion offers leads to the idea that opinions of such offers will be favourable when they are perceived as being sincere. Hence the following hypothesis:

H4: The perceived trustworthiness of an offer has a direct positive effect on attitudes towards its promotional instruments

H4 is tantamount to considering that the mediating connection postulated in H3 is at best partial.

Methodology

Our methodology involved comparing the perception of different promotional offers' value and trustworthiness with people's attitudes towards said offers. The control factor was the implementation of varying numbers of promotional instruments, whose differential effect we measured within the framework of a between-subjects experiment based on randomly allocated respondents. The control offer was presented in a sales brochure.

Promotional instruments

The numerous promotional instruments involved could be classified by the nature of each particular advantage; at what point it concretises; and the person it targets (Bernadet, 1993). To maintain a framework that would be homogeneous in terms of the way that consumers treat the offer, the only promotional instruments considered were ones belonging to a specific category. This is because benefits expressed through different metrics are hard to integrate into an overall evaluation (Klein and Oglethorpe, 1987).

The manipulated instruments involved cash since several studies have shown that prospect theory implications vary depending on whether or not the promotional offer is cash-based (Beach and Mitchell, 1978; Diamond and Campbell, 1989; Diamond and Johnson, 1990). The three promotional instruments we chose all belonged to the price reduction techniques that account for the lion's share of the promotional offers found in our survey (73% in 2004 according to BIPP). These are also the most interesting techniques for consumers, since they offer an immediate reduction at the checkout stand (79%) as well as extra quantities of goods (69%) (Ilec 2004).

The promotional offer was comprised of a basic offer plus several discounts. The basic offer, identical for all combinations, started with two containers of product (2 x 300 ml). Such multi-sales enable higher value promotions and constitute a common sales practice in this product category (shampoos). The first reduction, offered by the manufacturer, was a price discount, expressed in absolute value and detailed on an immediate discount voucher that was stuck on the package and could be torn off at the checkout stand. The second reduction was free product without any changes in package size ('including x% free'), communicated through a lower net price by indications featuring on the packaging. For example, the indication '30% free product' on the packaging corresponded to a net price of €4.55. The third reduction was a credit added to a purchasing voucher. This was expressed in Euros ('chain loyalty card, €0.65 on your account') and could only be used the next time the person went through the checkout stand. In terms of the choice of promotional instruments, it is noteworthy that the first two techniques constituted immediate price discounts. The third, on the other hand, was a differed benefit - even if it offered much more of an immediate discount than a coupon that could only be used in the future - because it was conditional on the consumer repurchasing the product at a later date. The first two instruments were offered by the manufacturer and displayed on the packaging whereas the third, offered by the chain, featured in the brochures found alongside the product.

Promotional values

The overall cash value of the consumer advantage was worth 30% of the regular purchasing price, or €1.95. This level was chosen so that each promotion's value offer would remain attractive even when three instruments were combined ('10% free product' being a realistic promotional offer). 10% of the sales price is the threshold beyond which it has been shown that manufacturer discounts significantly increase consumers' purchasing intentions (Gupta and Cooper, 1992). This value was split between the promotional instruments. Depending on how many instruments were bundled into a given offer, each had a different level. For the free product promotion, the levels were '30% free', '15% free' and '10% free'. For the immediate discount voucher or for credit on the loyalty card, the amounts were €1.95, €1.00 and €0.65. To be realistic, when two cash discounts were presented side-by-side, their values were rounded up or down (to €0.95 and €1 instead of €0.975).

Experimental design

The experimental plan covered all possible combinations of a given number of instruments. The promotional offer's total cash value remained a constant. In total, there were seven combinations (Table 1). Three offers featured a single promotion (packages A, B and C); three featured two promotions (packages D, E and F); and one featured all three promotions at once (package G).

<Insert table 1>

The experimental protocol was as follows: after a brief introduction, we presented an excerpt from the brochure (in colour, see Appendix A1 for example of combination G) featuring one of the seven promotional offers being tested. After a time of observation, the respondent would assess the promotional offer in terms of the two dimensions of perceived value (utilitarian and hedonic), then express an attitude regarding the offer and judge its trustworthiness.

Measurements

Answers were given using a seven point Likert scale (from 1 – don't agree at all, to 7 – agree entirely). The measurement items comprising our four constructs (perceived utilitarian and hedonic values, perceived trustworthiness and overall attitude towards the offer) derived from literature sources and were not re-tested (Appendix A2). The hedonic and utilitarian dimensions of the perceived value were measured using the scale developed by Chandon et al (2000), with three items specified for each. The three items measuring the offer's perceived trustworthiness were adapted from Brechet et al (2005). In line with Rosenberg and Hovland (1960), attitudes towards the offer were measured across three dimensions (cognitive, affective and conative), at the rate of one item per dimension.

Choices relating to the stimulus

The stimulus used was a common phenomenon. The product chosen, shampoo, is part of the drugstore-personal hygiene-beauty product category that regularly engages in multi-

promotion offers. The normal price (€6.50) for the batch of two bottles of the particular shampoo used (for brittle hair) reflected the average price on the market for this type of shampoo. The promotional offers were also adapted to a real promotion and corresponded to practices observed in the store for this category of product.

The offer was neutral and mentioned neither the brand nor the chain because this could have influenced the findings. Indeed, perceptions of a promotion vary depending on the perceived image of the brand; familiarity with the brand; and purchasing frequency (Gupta and Cooper, 1992).

The sample

The sample was comprised of customary shampoo buyers in large retail outlets. There were 30 respondents per combination, or a total of 210 respondents (30 x 7). Respondents were allocated randomly to the different combination deals. An absence of values for two respondents led to their being eliminated for certain analyses. The data was collected via face-to-face interviews conducted in the Paris metropolitan area (France) in October 2005. The sample was 51% men. Average age was 31.

Findings

Having verified the scales' reliability, variance analyses were used to study the effects of a multi-promotion offer on perceived value and trustworthiness, with a structural equation model integrating the explanatory factors in overall attitudes towards the promotional offer.

Measurement quality

The measurements offered acceptable reliability with Cronbach's alpha values above the customary threshold of 0.7 for perceived utilitarian value (Cronbach's alpha = 0.859), perceived hedonic value (0.794), attitudes towards the offer (0.835) and perceived trustworthiness (0.882). The concepts were measured by factorial scores (PCA) extracted from their representative items. Variables can be considered as having possessed a normal distribution, since the coefficients of skewness (from -0.339 to 0.000) and kurtosis (-0.330 to 0.267) were not significant at a level of 5%.

<Insert table 2>

Table 2 presents scale means and standard deviations, by combination and number of promotional instruments. The data is analysed using multivariate variance (MANOVA, MANCOVA) followed by ANOVA and contrasts whose outcomes can be found in Table 3. MANCOVA allows us to test the effect of independent variables on several dependent variables, which may be correlated (Hair et al, 2006). Two co-variables are taken into account: gender and age (categorised into two classes via a median split). The interactions between the co-variables, and between the co-variables and the scales, were neither significant nor integrated subsequently. A MANOVA on the first three combinations (A, B, C) allows us to conclude that the three instruments did not offer any significant difference in terms of evaluation for each of the four constructs (Wilks Lambda = 0.913; $F = 0.94$; $p = 0.489$).

The following analyses were based on the number of instruments (1, 2 or 3) and not the combinations thereof.

<Insert table 3>

The effects of multi-promotion offers on perceived value

A MANOVA on perceived utilitarian and hedonic values indicated that the effects of the number of promotional instruments were globally significant (Lambda = 0.944; $F = 2.98$; $p = 0.019$). The ANOVAs confirmed the validity of this finding for the two components of perceived value, i.e. the utilitarian value ($F = 5.59$; $p = 0.004$) and the hedonic value ($F = 3.03$; $p = 0.05$). Contrasts [1.2-3] were significant ($p = 0.000$ and 0.016 respectively). The presence of more than one promotional instrument reduced both the utilitarian and the hedonic value, in contrast with hypothesis H1 according to which the number of promotional instruments should have increased the perceived value associated with the offer. Hypotheses H1a and H1b were therefore rejected.

The ANOVA on perceived trustworthiness, explained by the number of promotions, indicated that the effect was significant ($F = 5.22$; $p = 0.006$) and that all contrasts between the offer of

one and several promotional instruments were significant: $p[1.2] = 0.007$; $p[1.3] = 0.010$ and $p[1.2-3] = 0.002$ (*c.f.* means presented in Table 2).

Incorporating perceived trustworthiness as an explanatory co-variable for perceived value (MANCOVA) had a major effect both in terms of improving the adjustment's overall quality, with an adjusted R^2 that rose from 0.045 to 0.215 for the utilitarian value, and also in terms of reducing the explanatory power of the number of promotional instruments. Indeed, trustworthiness had very high overall explanatory power (Lambda = 0.765; $F = 30.91$; $p = 0.000$), for both the perceived utilitarian value ($F = 43.74$; $p = 0.000$) and the perceived hedonic value ($F = 44.31$; $p = 0.000$). Inversely, number of promotional instruments no longer had a globally significant effect (Lambda = 0.975; $F = 1.29$; $p = 0.271$). This was only marginally significant for perceived utilitarian value ($F = 2.46$; $p = 0.088$) and not at all significant for perceived hedonic value ($F = 0.77$; $p = 0.466$). Hypothesis (H2) that the number of promotional instruments has, via perceived trustworthiness, an indirect negative effect on perceived value, was therefore corroborated.

Following this analysis, we can therefore conclude that the negative influence of bundling several promotional instruments, concretising in a drop in trustworthiness, exceeds all of the other potentially direct positive effects on value that we could have postulated. In other words, bundling promotional instruments in one and the same offer lessens perceived value for consumers. Note that this is not a monotonic relationship since it materialises as soon as two promotions are bundled but is not amplified with the addition of a third one.

The effects of trustworthiness and perceived values on attitudes towards promotional offers

A structural equation model carried out under Amos was used to test the role that perceived value plays as a partial mediator of the effects of trustworthiness on attitudes. A standardised auxiliary variable was incorporated to cover single or multi-promotion offers. The structural model featured acceptable adjustment indicators ($\text{Chi}^2 = 188.26$; $df = 62$; $\text{Cmin}/df = 3.04$; $\text{RMSEA} = 0.099$; $\text{NFI} = 0.973$; $\text{TLI} = 0.974$ and $\text{CFI} = 0.982$). Both the perceived utilitarian value ($\beta = 0.575$; $\text{CR} = 6.85$) and the perceived hedonic value ($\beta = 0.590$; $\text{CR} = 6.23$) were strongly and positively influenced by perceived trustworthiness. Attitudes were mainly determined by the perceived utilitarian value ($\beta = 0.605$; $\text{CR} = 8.11$) then by perceived

trustworthiness ($\beta = 0.352$; CR = 4.68), since the coefficient of the perceived hedonic value was not significant. The withdrawal of a direct link between perceived trustworthiness and attitudes turned this into a significant relationship ($\beta = 0.197$; CR = 3.56), confirming that perceived hedonic value does not play a mediating role. These findings corroborate the hypothesis that perceived trustworthiness has a direct effect on attitudes (H4) and that utilitarian value has a mediating effect (H3a) - but disprove the idea that perceived hedonic value plays a mediating role (H3b).

The specific effect of certain promotional offers

In-depth analysis of the findings for each combination shows that two were perceived significantly less positively than the others: combination D (immediate discount voucher plus credit on loyalty card) and combination G (immediate discount voucher plus credit on loyalty card plus free product). Their means were much lower than the other combinations, particularly in terms of perceived utilitarian value and general attitudes towards the promotional offer (*c.f.* means presented in Table 2). These two combinations both combined an immediate discount voucher stuck on the product package (offered by the manufacturer) with a credit on the chain's loyalty card (offered by the retailer).

Given the similarity in the promotional offers being made (discount voucher versus purchase voucher) and seeing as the amounts involved were similar (€0.95 and €1.00 for combination D) or even identical (€0.65 and €0.65 for combination G), it is possible that respondents saw this as a single discount listed twice in the promotional message.

In short, the perceived value of a promotional offer depends on the number of types of promotion being implemented. Bundling different types of promotion reduces an offer's perceived value. This effect can be explained by its perceived trustworthiness, something that also plays a key role in shaping attitudes towards the promotion.

Implications

The rapid development of multi-promotion offers, as demanded by retailers, raises questions about the efficiency of such instruments, since manufacturers must weigh possible negative

effects on consumer demand against the benefits of the in-store support being offered in exchange for their funding retailer promotions.

Analysing this from the consumer's perspective alone, our study has shown that bundling several promotions into one offer provides no value for the consumer and can even lead to a deterioration in the offer's perceived value and in attitudes towards it. Inversely, what consumers like mostly is when any and all advantages are integrated into a single benefit. This is in line with findings of studies that show a preference for simple promotions with immediate effects (Ilec, 2004). The source of this effect resides in the strong scepticism towards promotions nowadays, especially towards complex promotions. This has led to a fall in perceived trustworthiness – itself a key determinant of perceived value.

Hypothesizing a constant benefit for consumer, this finding means that manufacturers, who are the main sources of funding for multi-promotion operations, should not agree to split up their budgets if they are not being offered greater in-store visibility. This conclusion is particularly crucial for manufacturers due to the other issues we have raised, notably relating to the promotional advantages' attribution effects. Even if the offer can sometimes harm perceived quality (Dodson et al, 1978; Lichtenstein and Bearden, 1986), it often constitutes an economic advantage that customers appreciate and therefore contributes positively to the advertiser's image. It remains that if the consumer attributes the promotional offer more to the chain than to the manufacturer, especially when the communication revolves around a chain's loyalty card (Ilec, 2004), the manufacturer can no longer expect to derive short-term benefits from said offer. In turn, this creates a greater need for an immediate effect on volumes.

The plurality of advertisers (manufacturers and stores) thus raises a question as to whether the main effect of the promotion's attribution will benefit the image of the brand or the chain. Previous findings seem to show that consumers do not like ambiguous signals (ones that simultaneously feature purchasing and discount vouchers) and that simplification is required. Yet targets can differ at the operational level - not everyone buying a brand is a holder of the loyalty card of the chain where they are shopping, and vice versa. Hence the need for further research into new promotional instruments. What we need to study is the respective power of the brand versus the chain in terms of the choices that window-shopping consumers make.

One theoretical implication of the present study is that contrary to earlier findings, prospect theory, based on a segregation principle in which greater value is attributed to advantages that have been communicated separately, is not enough to explain people's assessments of multi-promotion offers. As soon as an offer contains more than one promotion, perceptions deteriorate. The findings are the opposite of what we would expect from this theory, both in the direction of the relationship and also in terms of its monotonicity.

Several reasons can be advanced to explain this observation. The first is that the form of the function could be sigmoid and not concave, with a minimal threshold after which people give thought to the promotion. Splitting the total discount amount between different promotions could render each insufficient. The second reason relates to the actual promotional instruments chosen, to wit, the fact that we only used cash promotions that were easy to compensate. The total discount amount was identical but the cognitive cost associated with the information processing required increased with the number of promotional instruments, diminishing in turn the perceived overall value. The third reason resides in the offer's simple 'signalling effect'. The presence of a promotional offer sufficed in and of itself to spark a purchase without people taking the time to process its value. In other words, the objective was reached in this case merely through the presence of a single promotional instrument.

The second interesting theoretical finding is the confirmation of the key role that perceived trustworthiness plays in assessments of perceived value, and its impact, both direct and indirect, on attitudes towards an offer. Beyond the promotional benefit that an offer promises, consumers wonder about the real possibility of obtaining the advantages mooted. This effect is present with promotional offers conditioned by subsequent actions (need to repurchase the item or remit proof of purchase) or by chance (games, scratch cards). It is also present, as demonstrated in our study, in offers whose promotional benefits are viewed as being certain, unconditional (purchasing voucher, discount voucher) and even immediate. One parallel with advertising effects models (MacKenzie and Lutz, 1989) is that amongst the determinants of attitudes towards an offer, a technique's credibility is at least as important as the credibility of the advertiser and the message. In line with an idea put forward by Gupta and Cooper (1992), trustworthiness must continue to be integrated into future studies of promotional effects.

Despite its contributions, the present project contains a number of limitations. Firstly, the findings cannot be directly extrapolated to the whole of the French population because the

sample is not representative. Secondly, the methodology chosen is based on the stimuli's neutrality (absence of brand and chain), and this may have undermined the experimental framework's realism. The presence of brands could increase the advertisement's perceived trustworthiness, influenced by the credibility of the advertiser (MacKenzie and Lutz, 1989). The product category under study is a standardised market characterised by a wide variety of products and by repetitive and only moderately involved purchasing behaviour. In markets associated with greater involvement, there could be greater cognitive processing of promotional information, and this could lessen the influence of perceived trustworthiness. Three other points concerning the limits of the experiment per se should also be stressed. Since the control variables are exclusively comprised of cash promotional instruments (purchasing vouchers, discount vouchers, price cuts expressed in 'free product'), extending this to other techniques (competitive games, awards) could constitute a future research direction. Another limitation concerns the fact that the three instruments bundled in combination G were all set at 10%, a discount rate that some respondents may have considered insufficient and therefore ignored. A final limitation relates to consumers' particularly negative reaction to the combination of 'purchasing vouchers and discount vouchers'. Twinning such similar promotions significantly reduces the perceived trustworthiness of the offer. One possible explanation resides in the possible confusion between these two promotions due to their identical face values. After some complementary testing, however, we rejected the hypothesis of confusion between the amounts¹. At the same time, the idea of even greater confusion between the two techniques, due to low levels of involvement and people's superficial processing of the offer, cannot be definitively rejected. Possible confusion between the two types of discount vouchers relates to the broader issue of coordination between manufacturer and retailer promotions.

The new promotional instruments that retailers implement as part of loyalty policies appear relevant, however. Purchasing vouchers conveyed via a store's loyalty card system get the highest average scores for perceived value and attitude. This is why we are witnessing new

¹ A reviewer suggested the possibility of some confusion between two promotions where the amounts involved are the same. This could lead to a possible under-estimation of the value of the total offer. We therefore compiled information on a further 30 consumers and marginally altered the credit and coupon values (€0.60 and €0.70). Our findings did not change significantly.

combinations that sometimes mix cash and non-cash promotions. It would be worthwhile testing these to ensure maximum efficiency.

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A1: Visual corresponding to combination G



A2: Scale items

Perception of promotional benefits (Chandon et al, 2000)

Utilitarian benefits of the promotional offer (Cronbach's alpha = 0.859)

U1 We really are saving money

U2 We got a bargain

U3 We did end up spending less

Hedonic benefits of the promotional offer (Cronbach's alpha = 0.794)

H1 I'm proud of myself for taking advantage of this

H2 It makes the buyer look good

H3 I feel like I've been clever

Attitudes towards the promotional offer (Cronbach's alpha = 0.835)

A1 This is an interesting offer

A2 I do like this offer

A3 It's the type of promotional offer I might want to buy

Perceived trustworthiness of the promotional offer (Cronbach's alpha = 0.882)

S1 The offer is credible

S2 The offer is sincere

S3 The offer is not trying to mislead me

Table 1: Experimental design

Packages							
<i>Type of discount</i>	A	B	C	D	E	F	G
Credit on loyalty card	€1.95			€0.95	€0.98		€0.65
Immediate discount voucher		€1.95		€1.00			€0.65
inc. % free product			30%		15%	15%	10%
List price	€6.50	€6.50	€4.55	€6.50	€5.44	€5.44	€5.85

Table 2: Descriptive results by type and number of promotional instruments

Promotions	Perceived utilitarian value		Perceived hedonic value		Perceived trustworthiness		Attitude towards promotion	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Credit	0.39	0.81	0.34	0.94	0.31	0.76	0.26	0.69
Immediate discount	0.17	1.09	0.18	0.98	0.10	1.11	0.25	1.27
Free product	0.23	0.73	0.13	0.82	0.35	0.78	0.09	0.79
Credit + immediate discount	-0.31	1.28	-0.23	1.10	-0.42	1.14	-0.35	1.09
Credit + free product	-0.08	1.00	0.24	0.87	0.18	0.84	0.15	0.88
Immediate discount + free product	-0.09	0.89	-0.45	1.08	-0.23	1.13	-0.05	0.92
Credit + immediate + product	-0.30	0.97	-0.22	1.00	-0.31	0.97	-0.32	1.15
1 promotion	0.26	0.88	0.22	0.91	0.25	0.89	0.20	0.94
2 promotions	-0.16	1.06	-0.14	1.05	-0.15	1.06	-0.09	0.98
3 promotions	-0.30	0.97	-0.22	1.00	-0.31	0.97	-0.32	1.15

Table 3: Multivariate and univariate analyses of the effect of the number of promotional instruments on the components of the promotional offer's value

Combinations		Adjusted R ²	Contrasts							Trustworthiness		
			Combinations 1-2-3			(1)-(2)	(1)-(3)	(1)-(2,3)	(2)-(3)	Lambda Wilks	F	p
			Lambda Wilks	F	p	p	p	p	p			
(A,B,C)	MANOVA		0.913	0.94	0.489							
	ANOVA											
	- Utilitarian value			0.11	0.895							
	- Hedonic value			0.70	0.500							
(1,2,3)	- Trustworthiness			0.48	0.622							
	- Attitude			0.26	0.774							
(1,2,3)	ANOVA											
(1,2,3)	- Trustworthiness			5.22	0.006	0.007	0.010	0.002	0.469			
	MANOVA		0.944	2.98	0.019							
	ANOVA											
(1,2,3)	- Utilitarian value	0.045		5.59	0.004	0.006	0.005	0.000	0.484			
	- Hedonic value	0.065		3.03	0.050	0.017	0.086	0.0158	0.961			
(1,2,3) and trustworthiness	MANCOVA		0.975	1.29	0.271					0.765	30.91	0.000
	ANOVA											
	- Utilitarian value	0.215		2.46	0.088	0.048	0.098	0.033	0.784		43.74	0.000
	- Hedonic value	0.229		0.77	0.466	0.219	0.571	0.315	0.764		44.31	0.000

with gender and age as covariables, two classes from a median-split

Table 4: Test of the mediator effect, via values, using a structural equation model

Relation	Model 1		Model 2	
	β	C.R.	β	C.R.
Trustworthiness <----- Several promotions	-0.255	-3.42	-0.254	-3.33
Utilitarian value <----- Trustworthiness	0.640	7.42	0.575	6.85
Hedonic value <----- Trustworthiness	0.631	6.43	0.590	6.23
Attitude <----- Utilitarian value	0.751	8.99	0.605	8.11
Attitude <----- Hedonic value	0.197	3.56	0.063	1.13
Attitude <----- Trustworthiness			0.352	4.68
Chi ²	216.90		188.26	
df	63		62	
Chi ² /df	3.443		3.036	
NFI	0.969		0.973	
TLI	0.968		0.974	
CFI	0.978		0.982	
RMSEA	0.108		0.099	