

Consumers Spend More Money With the Same Coupon After Exerting High (vs. Low) Effort

Effort Makes Consumers Spend More Money: The Effort Paradox and Discount Coupons

¹GAERTH, Maximilian; ^{1,2}KOST, Bettina; ¹KRAUS, Florian
¹University of Mannheim, Business School
²Merck KGaA

Abstract

Across two experimental studies (one field study), the authors find that the effort with which consumers receive discount coupons can be an effective strategy to influence (1) consumers' likelihood to redeem a discount coupon and (2) the revenue generated from a promotional activity. Despite prior findings on the impact of effort on consumer judgment and decision making, the authors are the first to explore downstream consequences that can arise as a result of effort in the context of price discounts.

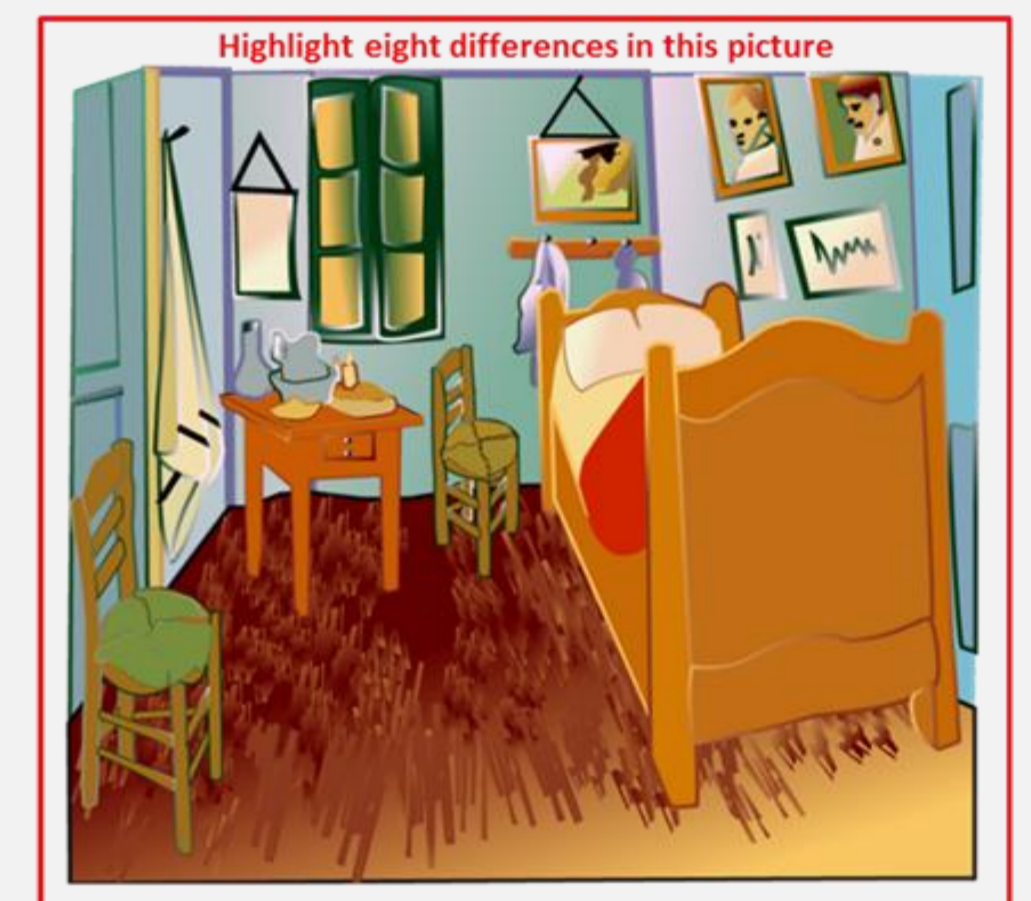
Introduction

- Effort can add value to a product (for a summary see Inzlicht et al., 2018).
- According to the IKEA effect, consumers value objects that they build themselves more highly and show a higher willingness to pay compared with non-builders (Norton et al., 2012).
- Effort increases the attractiveness of loyalty programs (Kivetz & Simonson, 2003) and consumers' choice of vice over virtuous rewards in loyalty programs (Kivetz & Simonson, 2002; Kivetz & Zhen, 2006).
- We adapt these findings and apply them to the context of discount coupons. Due to the value-enhancing role of effort, we expected that consumers would be more likely to redeem a discount coupon and spend more money with a discount coupon after exerting high (vs. low) effort to receive it.

Study 1

Design:

- Participants (N = 189, customers of a local café) completed a spot-the-difference-task to receive a 25% discount coupon.
- Participants either had to find two or eight out of eight differences between two pictures (see Figure below).
- A pretest (N = 70, Mturk) confirmed that the high effort version of the spot-the-difference task was evaluated as significantly more effortful (M = 6.12, SD = 2.04) than the low effort version (M = 3.86, SD = 2.31; $t(68) = -4.32, p < .001$).



Results:

- Average spending with the discount coupon in the high (vs. low) effort condition was 5.60% higher ($M_{\text{high}} = 2.83\text{€}, SD = 0.59$ vs. $M_{\text{low}} = 2.68\text{€}, SD = 0.44$; $t(169) = -1.71, p < .09$).

Study 2

Design:

- Participants (N = 274, MTurk) were randomly assigned to one of two conditions in a 2 (effort: low vs. high) between-subjects design.
- After completing one of the versions of a spot-the-difference task (identical to Study 1), participants indicated how likely they would be to redeem the coupon on a target product (i.e., Product XY) (1 = *not at all higher*, 9 = *very much higher*) ($\alpha = .97$).

Results:

- Participants in the high (vs. low) effort condition were more likely to redeem the discount coupon ($M_{\text{high}} = 6.64, SD = 1.86$ vs. $M_{\text{low}} = 6.19, SD = 1.85$; $t(272) = -2.01, p < .05$).

Conclusion

- Consumers purchase higher value products after exerting high (vs. low) effort to receive (the same) discount coupon.
- Consumers showed increased willingness to redeem a discount coupon after exerting high (vs. low) effort to receive the discount coupon.

References

- Inzlicht, M., Shenav, A., & Olivola, C. Y. (2018). The effort paradox: Effort is both costly and valued. *Trends in Cognitive Sciences*, 22(4), 337-349.
- Kivetz, R., & Simonson, I. (2002). Earning the right to indulge: Effort as a determinant of customer preferences toward frequency program rewards. *Journal of Marketing Research*, 39(2), 155-170.
- Kivetz, R., & Simonson, I. (2003). The idiosyncratic fit heuristic: Effort advantage as a determinant of consumer response to loyalty programs. *Journal of Marketing Research*, 40(4), 454-467.
- Kivetz, R., & Zheng, Y. (2006). Determinants of justification and self-control. *Journal of Experimental Psychology: General*, 135(4), 572-587.
- Norton, M. I., Mochon, D., & Ariely, D. (2012). The IKEA effect: When labor leads to love. *Journal of Consumer Psychology*, 22(3), 453-460.