

segmented not only by their group buying behaviour but also their attitudes toward this kind of online shopping. Further on, empirical research results will shed light on main triggers which affect group buyers.

Previous group buying research studies focused mainly on price (*Kauffman and Wang, 2001*), information searching (*Wang and Archer, 2007*), economies of scale (*Chen, Chen, and Song, 2007*), information visibility (*Chen et*

al. 2009) and incentive discounts (*Kauffman, Lai and Lin, 2010*). However, studies on group buying behaviour from shopper perspective are rare (*Wang, Zhao, and Julie, 2013; Stulec and Petljak, 2013*). Because group buying was mainly investigated from technical perspective, contribution of this paper will be in consumer behaviour perspective from two different group buying markets, which represents novelty in group buying research

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Bargain effectiveness in differentiated store environments: When a good deal goes bad

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SUMMARY

As the retailing industry has reached the maturity stage, being characterized by an overcapacity of rather homogeneous stores, the necessity of differentiation becomes increasingly obvious. Voss and Seiders (2003, p. 39) conceive of retailer differentiation as “an assessment of the relative superiority of a retailer’s offering compared to competitors”. Chaudhuri and Ligas (2009, p. 417) define a low-differentiation store as a “bargain basement ‘no frills’ environment” and see a high-differentiation store as a “high-end retailer which provides a more differentiated environment”. Academic proof of the servicescape serving as ‘physical evidence’ and providing informational cues that help customers develop their beliefs, feelings, and behavioural intentions toward the store’s offering, is ample (e.g., Baker, Parasuraman, Grewal, & Voss, 2002).

Thus, based on the outline above and applying a Stimulus-Organism-Response approach (Mehrabian & Russell, 1974), we expect that:
H1: Compared to a low-differentiation store, a high-differentiation store (S) will lead to a higher store affect (O), a higher evaluation of the store atmosphere (O), and higher approach behaviour (R).

Besides store differentiation, another way for retailers to enhance store affect is the use of bargains. However, the presence of a bargain and store differentiation may clash with each other. Chaudhuri and Ligas (2009) already pointed out that low-differentiation stores derive more positive store affect from merchandise value than high-differentiation stores. A theoretical explanation can be found in the ‘schema-triggered pre-existing’ affect for highly differentiated stores overshadowing the affect generated by bargains in the store (Myers-Levy

& Tybout, 1989; Fiske, 1982). Schemas are “existing knowledge structures” which people use to evaluate stimuli (Fiske, 1982, p. 60). According to Chaudhuri and Ligas’ own empirical findings (2009), consumers in less differentiated stores derive more positive affect from the presence of bargains and good deals since there are no other sources of affect. In a high-differentiation store on the other hand, consumers already derive positive affect from aspects of the store environment which can get in the way of a customer’s enjoyment of a bargain.

The proposition that a bargain is more appropriate in low-differentiation stores can also be explained by the theory of processing fluency, which refers to the experienced ease of processing an external stimulus (Schwarz, 2004). When people easily process the environment, they experience a positive affective state that can be misattributed to the stimuli rather than to the ease of processing (Winkielman, Schwarz, Fazendeiro, & Reber, 2003). So, since consumers expect a bargain to appear more often in a low-differentiation store, this situation can lead to processing fluency and more positive affect. However, since a bargain does not fit with a premium label or a high-differentiation store, a bargain in such a highly differentiated store can also lead to processing “disfluency” and less positive affect. Therefore, we expect that:

H2a: In a low-differentiation store, the presence of a bargain will lead to more positive customer reactions compared to no bargain.

H2b: In a high-differentiation store, the presence of a bargain will lead to more negative customer reactions compared to no bargain.

Pilot study

Our main study was conducted in a retail design research lab (grocery store). To verify that our store differentiation conditions have an influence on consumer reactions, we first conducted a pilot study. The simulated store was designed as either a low- or a high-differentiation store. Based on findings in other studies (e.g., Baker, Grewal, & Parasuraman, 1994), we chose to operationalize store differentiation through lighting levels, music and scent. In the low-differentiation store condition, no music, bright lighting, and no scent were present. In the high-differentiation store condition, classical music, soft lighting, and a pleasant ambient scent (water lily was chosen based on a pretest) were present in the store. This pilot study with 50 participants confirmed that store environment differentiation generates positive consumer affect, evaluations and approach behaviour.

Main study

In the main study, we examined the effect of the presence of a bargain on customer reactions and whether this effect depends on the differentiation level of the store. A 2 (low vs. high differentiation store) x 2 (no bargain vs. bargain) between-subjects lab experiment ($n = 121$) demonstrated that the presence of a bargain had no effect on customer reactions in the low-differentiation store, whereas in a highly differentiated store the presence of bargains negatively affects consumer reactions. Our findings in the high-differentiation store support the assumption that bargains do not fit with a premium strategy. Hence, retailers should be aware that offering a bargain does not always lead to positive consumer reactions, especially in highly differentiated store environments.

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