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## When Is Less More? Studying Bargain Effectiveness in Upscale Store Environments

Two independent types of value have been established in the retail literature – merchandise value based on the quality and price of a store’s offerings and differentiation value based on the extent of atmospheric cues in the environment (Ligas & Chaudhuri, 2012). Evidence on the effects of merchandise and differentiation value of retail stores is ample. Chaudhuri & Ligas (2009, p. 417) suggested using an experimental manipulation to investigate whether consumers appreciate bargains more in a low-differentiation store environment than in a high-differentiation store environment. The current study attempts to fill this research gap by examining the combined effects of merchandise value and differentiation value on behavioural intentions via the concept of store affect. Put differently, this study investigates what happens when a store offers *both* types of value to a high degree. To this end, we examine how offering a bargain, or ‘good deal’, may affect consumers’ affective and behavioural approach responses for high and low differentiation store environments. In a first experimental pilot study (n = 50), in a simulated store environment in a behavioural laboratory, we find that – in line with previous research (e.g., Helmefalk & Hultén, 2017; Baker *et al.*, 2002) - store environment differentiation with sensory atmospheric cues has a positive effect on consumer reactions, leading to a more positive store affect and to more approach behaviour. In a second experimental (main) study (n=121), relying on the pre-tested ‘high’ versus ‘low’ differentiated simulated store environments, we find that in a highly differentiated store environment, the presence of bargains negatively influences store affect and in turn approach behaviour as well. This finding is in keeping with processing ‘disfluency’ theory (Schwarz, 2004; Whittlesea, 1993). The result of a lack of significant effects of the presence of bargains in the low differentiation store environment can be interpreted in terms of the particular nature of the bargain used in this study. Plausible price reductions, presented in traditional presentation formats, such as a dollar-off announcement (Krishna *et al.*, 2002), indicated with a sale sign are not likely to be powerful enough to excite today’s ever more value conscious consumer. Our moderated mediation analyses point out that bargains have neither a direct effect nor a conditional direct effect on approach behaviour, but merely an *indirect* effect. This result highlights the role of store affect as underlying mechanism of the effect of a bargain on approach behaviour, providing support for the theoretical foundation of schema theory and conceptual fluency theory. In differentiated store environment, customers do not (primarily) expect to encounter bargains (Zielke, 2018). Such a mismatch, or incongruence, requires them to assimilate or accommodate the cues they encounter with their pre-existing schema. The difficulty in processing this information, or the disfluency, comes with negative affect. This negative affect can be misattributed to the stimulus itself (i.e., the store containing contradictory cues), instead of the processing context, resulting ultimately in more negative responses, along the SOR theory as well.