Effects of Persuasive Claims on Desirability and Impulse Purchase Behavior

Research-in-Progress

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ABSTRACT

Group buying websites are getting increasingly popular in the recent years. These websites typically work with merchants to offer group deals at attractive prices. They need a pre-determined minimum number of buyers for a deal before that deal is on. It is therefore important for marketers to understand how they can encourage consumers to buy these online group deals early. Using the right persuasive claims that reflect a deal’s scarcity or popularity can help in heuristics information processing and shape a consumer’s desirability in that deal. This desirability can in turn tempt him or her to purchase immediately. As consumers are usually not informed of the deals prior to visiting the group buying websites, such buys can be termed as “impulse purchases”, i.e. unplanned or unintended buys. In particular, we investigate how one’s need-for-uniqueness can influence the effectiveness of these persuasive claims. In view of the snob and bandwagon effects, marketers learn to appreciate which persuasive claims work better for what type of consumers.

Keywords
Scarcity, popularity, desirability, need-for-uniqueness, impulse purchase.

INTRODUCTION

Motivations

Consumers visiting group buying websites are usually not aware of the deals that are available beforehand. These consumers are said to be engaging in unplanned buys since they are most likely without any intention to own a particular deal prior exposure to the promotions. Such buys are termed “impulse purchases”. We define an impulse purchase as “an unplanned or unintended buy that occurs when a consumer experiences a sudden urge to own something immediately” (e.g., Rook, 1987; Rook and Fisher, 1995; Stern, 1962). Using the right persuasive claims on consumers can cause a deal to appear more desirable (Eisend, 2008), thereby reducing their hesitation and encouraging them to purchase immediately (Whittler, 1994).

Scarcity claim is one form of persuasive claim. Here, scarcity claim can be a restriction in either quantity or time (Gierl et al., 2008). For scarcity claim in terms of quantity, merchants can pre-determine the number of units available, such as in the case of “limited edition”. For scarcity claim in terms of time, merchants can indicate a deal’s availability period, such as “this deal is available for today only”. We define scarcity claim as “a written statement or a visual icon that indicates a quantity or time restriction that has been imposed on a deal’s availability” (e.g., Lynn, 1989; Stock and Balachander, 2005).

Another form of persuasive claim is popularity claim. Considering the difficulty of evaluating a product on an online platform (Wang et al., 2004), potential customers tend to look to existing customers for feedback of their experiences (Sundar and Nass, 2001). Popularity claims help to assure consumers by creating a belief that “if so many others think that this product is good, then it must really be good” (Nelson, 1970; Sundar et al., 2008). They can come in terms of qualitative or quantitative cues (e.g., Dean, 1999; Jeong and Kwon, 2012). Qualitative cues are descriptive statements like “the best-selling model”; while quantitative cues are statements with statistics such as “98% of customers who bought this deal like it”. We define popularity claim as “a written statement or a visual icon that indicates a high consumer demand for the product in terms of quantitative or qualitative cue” (e.g., Jeong and Kwon, 2012).

A consumer’s purchase decision can be influenced by persuasive claims (Eagly and Chaiken, 1993). In this study, we look at the influence of these claims on a deal’s desirability. We define desirability as “the extent a deal’s desirability. We define desirability as “the extent a deal is perceived as being attractive to an individual” (e.g., Lynn, 1992; Lynn and Harris, 1997). Scarcity claims cause a deal to be more desirable. According to the commodity theory, temptations that are less available tend to be more desirable. This is driven by the scarcity principle for appraising value where a scarcer deal has more value (Cialdini, 1985). Popularity claims also make a deal more desirable. This is because a deal that is well-received by many others is usually perceived to be a good one.
How Persuasive Claims Impact Desirability and Impulse Purchases

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How does one’s need-for-uniqueness help to shape the relationship between persuasive claims and a deal’s desirability?

Contributions

This paper makes three theoretical contributions. First, group buying websites are reshaping online shopping (Wei et al., 2011). This research therefore adds on to the growing literature in the fast emerging area of group buying behaviors (Banker et al., 2011; Jing and Xie, 2011) and proposes a new theoretical model to help group buying websites understand what persuasive claims work well in order to push out the right information to consumers. Second, it looks at an interesting moderator, i.e. one’s need-for-uniqueness, to see how it can shape a deal’s desirability when an individual is being exposed to the different persuasive claims. It incorporates “snob” (being different from others) and “bandwagon” (following others) effects to better understand how the various persuasive claims can be tapped into to drive impulse purchases. Third, this study provides more in-depth investigation of scarcity and popularity claims. It looks at scarcity claims in terms of quantity and time cues, and popularity claims in terms of qualitative and quantitative cues. Although scarcity and popularity claims are posited to increase a deal’s desirability, it is interesting to further dwell into these variables and analyse whether their respective cues have the same amount of influence on desirability.

There are three practical contributions. First, this research provides insights as to what persuasive claims (i.e., scarcity claims and popularity claims) are more effective in encouraging consumers to buy online group deals. Showing only information that is of most value to promote sales is necessary to ensure the long-term survival of group buying websites. Second, the research model further guides group buying websites in understanding how the two types of persuasive claims (i.e., scarcity claims and popularity claims) can be used to attract consumers with different need-for-uniqueness. For example, scarcity claims are likely to work better on individuals who place high value on being unique, while popularity claims tend to work better on those with lower need-for-uniqueness. Third, findings from the study enable group buying websites to have a holistic understanding of the factors that can urge consumers to commit to a deal by manipulating their desirability for that deal. Ensuring the continual success of group buying websites is a win-win situation for the websites, merchants and consumers. While consumers get to try out value-for-money deals at a lower risk, group buying websites can convince more merchants to come on-board the platforms to promote their products or services, thereby increasing the sales and revenue of these merchants, and moving their inventories faster.

THEORETICAL BACKGROUND

Heuristics Information Processing

Scarcity claim is one form of trigger to heuristics information processing. Research by Whittler (1994) showed that consumers buy scarce deals because of fear. These consumers worry that prices will increase when the stock runs low. Primers such as scarcity in quantity or time can be used to activate scarcity choice heuristics in consumers. When consumers
are confronted with scarcity accompanied by their fear of out-of-stock conditions, they tend to stop further comparison processes and immediately decide to buy the scarce deal. Mallalieu (2006) has found that consumers who are on the brink of their buying decisions will be strongly affected by scarcity claims and tend to show high possibility of buying the scarce deal. Popularity claim is another form of trigger to heuristics information processing. An individual typically looks to others who have purchased the deal as a source of information for post-purchase feedbacks (Sundar and Nass, 2001). Generally, the use of popularity claims in terms of qualitative (e.g., “the best-selling model”) or quantitative (e.g., “98% of the customers are satisfied with this deal”) cues creates a belief that “if so many others think that this product is good, then it must really be good” (Nelson, 1970; Sundar et al., 2008). They help to assure consumers and give them the confidence boost necessary to tempt them into committing to the purchase.

**Moderator – Need-for-uniqueness**

How much a person is influenced by the persuasive claims can be further shaped by his or her need-for-uniqueness. To gain respect, admiration and a form of social identity, individuals can show uniqueness relative to people around them (Fromkin 1972; Ruvio 2008; Simonson and Nowlis 2000). They can seek unusual products that are likely to be considered good choices by their family, friends or colleagues to signal their uniqueness. In extreme cases, consumers may even go against norms and risk social disapproval. They then gain social respect as innovators or fashion leaders later on (Tian et al. 2001). Therefore scarcity claims tend to work better on individuals with high need-for-uniqueness, while popularity claims work better on those with low need-for-uniqueness. It is very important for merchants to have a very clear idea of how to increase a deal’s desirability to consumers with different personal traits.

**RESEARCH MODEL AND HYPOTHESES**

Figure 1 presents the research model. This model investigates the use of persuasive claims by marketers to understand the effect of these claims on an online group deal’s desirability and in turn, how this desirability can induce impulse purchases.

Heuristics information processing states that heuristics information can act as a stimulus to trigger a response from consumers. One type of heuristics information is scarcity claims. In this study, we define scarcity claims in terms of quantity or time restriction. For quantity restriction, consumers tend to look at whether a product is fully stocked or scarce on shelf displays as a gauge to the value of that product on those displays (e.g., Kahn and Wansink, 2004; Nowlis et al., 2010). When a product is not fully stocked, this can in turn influence one’s preference for the product. For time restriction, marketers can limit consumers’ ability to get the products by making them available for a limited time only. Whether the restriction comes in terms of quantity or time, there is only one objective, i.e. to make the product appears scarce and hence increase its perceived value (Brock, 1968; Cialdini, 1993). Generally, scarce products are perceived to be more valuable and desirable (Brock, 1968; Cialdini, 1985; Lynn, 1991). We posit:

- H1: Group buying websites that show their deals with scarcity claims will increase consumers’ desirability in the deals, compared to those websites without such scarcity claims.

Another type of heuristics information is popularity claims, e.g. “the deal is popular”. In this study, we define popularity claims in terms of qualitative (e.g., “the best-selling model”) or quantitative (e.g., “98% of the customers are satisfied with
this deal”) cues. People are influenced by the action of others because they believe that others’ decision reflect information that they do not possess (Banerjee, 1992; Huang and Chen, 2006). This means that potential customers rely on existing consumers as their source of information during the pre-purchase phase (Sundar and Nass, 2001). Popularity claims create an impression that “if so many others think that the product is good, then it should be good” (Nelson, 1970; Sundar et al., 2008). They provide assurance to consumers and give them the confidence boost necessary in making the purchase decisions. Naturally, a good quality product will also be more desired by consumers. Hence we posit:

- H2: Group buying websites that show their deals with popularity claims will increase consumers’ desirability in the deals, compared to those websites without such popularity claims.

Impulsive purchase behavior is often stimulus driven (Rook and Fisher, 1995). Studies have shown that restrictions in a product’s availability can cause a rise in purchase intentions (Cialdini, 1987; Eisend, 2008; Wu et al., 2012). An online group deal that appears to be more desired will encourage consumers to commit impulsively (Whittler, 1994). Moreover, purchases from group buying websites can be regarded as impulse purchase as consumers are most likely without any intention to own a particular deal prior exposure to the promotions (Rook, 1987; Stern, 1962). We hence posit:

- H3: Consumers’ desirability in online group deals will increase their impulse purchase of those deals.

Consumers value the exclusivity of possessing scarce products. How much value an individual places on such exclusivity can be measured by the extent of his or her need-for-uniqueness. For a person with high need-for-uniqueness, being one of the few who can own a particular product is likely to increase the product utility (Herpen et al., 2005). This can be explained by the “snob effect” which can be supported by scarcity claims. Here, owning a scarce product can emphasize one’s uniqueness and be different from others. On the contrary, for one with a low need-for-uniqueness, the “bandwagon effect” which can be supported by popularity claims might have greater impact on him or her. In this case, one wants to be part of the group and conform with the people he or she hopes to be associated with (Leibenstein, 1950). Basically, bandwagon effect makes everyone wants to come on-board, causing a product to appear more desirable and hence resulting in higher purchase intentions. The need-for-uniqueness can therefore help to moderate the relationships between persuasive claims use by marketers and a deal’s desirability. We posit:

- H4: Group buying websites that show their deals with scarcity claims will increase consumers’ desirability in the deals for consumers with high need-for-uniqueness compared to those with low need-for-uniqueness.

- H5: Group buying websites that show their deals with popularity claims will decrease consumers’ desirability in the deals for consumers with high need-for-uniqueness compared to those with low need-for-uniqueness.

METHODOLOGY

A laboratory experiment with a 2x2x2 factorial design will be used to test the research model (see Table 1 for the manipulations within each experimental group). Subjects will be college students recruited from a large university in Southeast Asia. Only those with prior online shopping experience will be selected to participate in the study. All participants will be given a common task of purchasing new stationaries for school from a fictitious website. Just before they complete their shopping, the participants will be shown some group deals. For each deal, they are then asked to indicate on a dichotomous scale (buy/no-buy response) whether they want to buy the deal.

Scarcity claim is manipulated at two conditions: present and absent. Participants assign to the treatment with scarcity claim will either see the cue, “Limited Edition” (i.e., quantity cue), or “Available Only Today” (time cue). Popularity claim is manipulated at two conditions: present and absent. Participants assign to the treatment with popularity claim will either see the cue, “Best-Selling Deal” (qualitative cue), or “98% of customers who bought this deal liked it” (quantitative cue). Need-for-uniqueness is set at two levels: high and low. Participants answer survey questions (e.g., “I am often on the lookout for new products or brands that will add to my personal uniqueness.”) to measure their need-for-uniqueness. Using their scores, participants will be assigned to either the group with high need-for-uniqueness or low need-for-uniqueness. For those with a middle-point score, they will be asked an additional dichotomous question (yes/no response) of “Do you strive to be different from others around you?”. Participants who indicate “yes” will be placed in the high need-for-uniqueness group, while those who indicate “no” will be placed in the low need-for-uniqueness group.

Table 1 provides a summary of the eight experimental groups.
Desirability is measured using survey: e.g., “This is an attractive deal.”. Impulse purchase is measured using: 1. a dichotomous scale (buy/no-buy response), and 2. the amount of time (captured automatically by the system) a participant use in selecting their response. A consumer’s level of impulsiveness when deciding whether to buy the deals is further measured using survey: e.g., “I had the urge to purchase this deal other than or in addition to my specific shopping goal.”.

**DISCUSSION AND IMPLICATIONS**

This research provides a very holistic view on how to manipulate information push to consumers to effectively drive sales. Depending on one’s need-for-uniqueness, marketers know which information (scarcity or popularity claims) to provide in order to tempt purchases on their group buying websites. As these websites typically require a pre-determined minimum number of buyers for a deal before that deal is on, it is therefore crucial for them to know how they can capture sales as early as possible. Only then can group buying websites survive in the long run and not become just another passing online fad.

There are three theoretical implications. First, this study taps into the area of online group buying behaviors that is relatively less researched on and proposes a model to facilitate group buying websites in understanding how to capture sales fast. Second, it looks at an interesting phenomenon – how persuasive claims can be used effectively by marketers to urge consumers to buy immediately. Third, instead of investigating the persuasive claims from a high-level perspective, these persuasive claims have been disserted into their respective cues. We can then contrast the extent of influence that those cues have on a deal’s desirability and their eventual impact on one’s impulsive purchase behavior.

There are three practical implications. First, the findings from this study serve to guide group buying websites on how to design their information push, down to the level of which cue to use, so as to get consumers to purchase early. Second, it provides deep understanding of how a consumer’s desirability in a deal can be tweeted when he or she is being exposed to cues from the various persuasive claims. Third, this research paints a very complete picture to help group buying websites push for quicker and more sales by increasing a deal’s desirability. In this way, while consumers enjoy value-for-money online group deals, merchants who sell through group buying websites can move their inventories faster and clear existing stock.

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**Table 1. Experimental Groups**

<table>
<thead>
<tr>
<th>Need-for-Uniqueness</th>
<th>High</th>
<th>Scarcity Claim</th>
<th>Present</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Absent</td>
<td>“Best-Selling Deal” / “98% of customers who bought this deal liked it”</td>
<td>N.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Absent</td>
<td>“Best-Selling Deal” / “98% of customers who bought this deal liked it”</td>
<td>N.A.</td>
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REFERENCES


