

The effect of promotional benefit on purchase intention moderated by the brain's tendency of consumers

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ABSTRACT

This study tries to measure the effect of promotional benefit on purchase intention, moderated by the brain's tendency of consumers. It used the consumers who had bought a mobile phone. The purpose is to reveal the consumer's purchase intention when discount price is higher than premium, the effect of discount price and premium on purchase intention, moderated by the tendency of consumer's left and right brain. This study used ANOVA One Way and General Linear Model (GLM) for analysis. The result shows that premium is more positively evaluated than the discount price. It indicates that the consumers tend to re-buy when the premium promotion offered is higher than discount price. The group of consumers who get the discount price and the right brain tendency tend to have a higher-purchase intention than the group of consumers that get discount price and left brain tendency. This is also for the group of consumers that get discount price and right brain tendency in which they tend to have a higher purchase intention than the group of consumers that get premium and right brain tendency.

ABSTRAK

Penelitian ini mencoba untuk mengukur pengaruh manfaat terhadap niat membeli, yang dimoderasi oleh kecenderungan otak konsumen. Penelitian ini menggunakan objek konsumen yang telah membeli ponsel. Tujuannya adalah untuk mengetahui niat membeli konsumen ketika mendapatkan harga diskon yang lebih tinggi dibanding premium, juga pengaruh harga diskon dan premium pada niat membeli, yang dimoderasi oleh kecenderungan otak kiri dan kanan konsumen. Penelitian ini menggunakan ANOVA One Way dan General Linear Model (GLM) untuk analisisnya. Hasil penelitian menunjukkan bahwa premium dinilai lebih positif daripada harga diskon. Hal ini menunjukkan bahwa konsumen cenderung untuk kembali membeli ketika promosi premium yang ditawarkan lebih tinggi daripada harga diskon. Kelompok konsumen yang mendapatkan harga diskon dan kecenderungan otak kanan cenderung memiliki niat membeli yang lebih tinggi dibanding dengan kelompok konsumen yang mendapatkan harga diskon dan yang berkecenderungan otak kiri. Ini juga sama dengan kelompok konsumen yang mendapatkan harga diskon dan berkecenderungan otak kanan di mana mereka cenderung memiliki niat membeli lebih tinggi daripada kelompok konsumen yang mendapatkan promosi premium dan berkecenderungan otak kanan.

1. INTRODUCTION

In reference to today's financial situation, lots of retailers have seen that their income has decreased. In order, they can balance the lost earnings; promotional strategies can be the best way for them to gain consumers. Yet, the potential part

of promotional strategies launched in the last few years has a negative ROI because they have merely focused on discount price, which has experienced the decrease of retailer's margin and manufacture (Palazon & Ballaster 2011).

It can be predicted that promotional activity

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has been launched without considering how the consumers react on certain promotional activity. Therefore, the developing and monitoring the right promotional activity needs to analyze the way how the consumers react to saving which they expect to be different and beneficial. To gain more specific segment with selling promotion, the retailers must identify the characteristics of consumers that have influenced their responses. Promotional activity of discount price and premium are considered a traditional approach to examine promotional behavior which related to individuals (Pechtl 2004) because tendency to buy, not an actual purchase or promotional commodity (Del Vecchio 2005).

Consumers show their tendency to hold out from promotion offers. The research has gone along with consumers' segmentation approach to identify the related demographical, psychographic, and economical variables which become consumers' segments. (Lichtenstein et al. 1990).

Specifically, the study on such topic mainly focused on how to handle the promotion correlated with making use of coupon (Swaminathan and Bawa 2005), rebate, or two kinds of promotion prices on retail: high-low strategy (HILO) and every day-low price strategy (EDPL). General conclusion has shown that consumers seem to worry about direct saving from price decreasing (Blattberg & Neslin 1990) and they reacted positively towards promotion strategy based on price decreasing.

Nowadays, considering on how to use non-monetary promotion (premium) that increases, it seems that lots of consumers are interested in selling promotion that can give them other benefits outside cost, i.e. entertainment and happiness (Blattberg & Neslin 1990). Discount price and premium are the strategies that are often used by retail companies for promotional activities.

Consumers are often unaware and easily influenced by discount price and premium, which cause them to re-buy the products. Discount price is often related to the numbers, which affect a consumer's cognitive or left brain tendency, while premium provides promotional activities without using numbers. Promotional activities provide bonuses, which affect consumers' affective or right brain tendency.

This research has its objective to see the consumer's purchase intention when discount price is higher than premium and to find out the effect of discount price and premium on purchase intention moderated by left brain and right brain ten-

dency of the Indonesian consumers.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Sales Promotion

Sales promotion is a factor that determines the success of a marketing program. In addition, sales promotion is all activities that communicate a product or service to the target market so that they act to do things immediately. It is related to a concept of sales promotion. It is a collection of incentive devices in which some of them are short-termed and programmed to stimulate faster and bigger product by the consumers or traders (Kotler & Keller 2012). In addition, sales promotion is a short-termed pushing to purchase or sell a product or service. From such definitions, it can be concluded that sales promotion is incentive devices, which are used to stimulate purchasing, or selling a product or service faster and bigger and it is usually short-termed.

Discount Price

The definition of discount price according to modern marketing management is as follows: price is the total money (added with several possible goods) which is needed to earn some combinations from goods also including the services (McDaniel, Lamb and Hair 2001). Price is something that is given as a trading device to get product or service. Based on such a definition, it is clear that a product that is purchased by a consumer is also related to the service provided by seller. Besides, the seller also wants some benefit taken from the price.

Three concepts that explained the price's role as benefit that is expected from a product cannot be separated from the maximum value. Thus, the buyer will be interested in purchasing the product. Acquisition value on product is an expected benefit on product when maximum price proportionate with actual price. Transaction value is the expected benefit on product when paying actual price compared to the buyer's reference price with actual price.

Price is the only mixture of marketing which is resulted from earnings. Price is also the most flexible marketing mixture element. Price can be quickly changed, like other product feature, which has problem on product's distribution. In the same time, determination and price competition are main problems faced by marketing division. A company often uses promotion and discount price to increase the trading and stimulate the purchas-

ing. Many companies fit their price list and provide discount on several specific reasons, like early debt payment, specific amount of purchasing, and end season purchasing.

Premium

Premium is defined as merchandise or service offered as present from the company to help salespeople on creating consumer's purchasing. Premium is included into promotion category which is oriented to consumers (consumer promotions), where consumer promotions have several goals, which are to push consumers to try a new product, persuade consumers to stay away from competitor's product, push consumers to make stock for established products, retain and rewarded the loyal consumers, and establish relation with consumers (McDaniel, Lamb and Hair 2001).

By using the above promotions, the companies can get both advantages and the disadvantages. An example of the advantage from premium is that the consumers like free or discounted products while the disadvantage is that the consumers buy the product because of the discount, not because the product (McDaniel, Lamb, and Hair 2001).

Premium-based promotion represents an effective strategy to attract consumers in order to buy a product, which the consumers have, no interest on the product previously. However, in order to fulfill the promotion selling purpose, premium helps product trial process, from the new product trial, related product trial, until brand switcher, then helps the traffic building process until re-purchasing.

Brain Tendency

The theory of right brain and left brain differentiation has been popular since 1960. A researcher named Roger Sperry found that human's brain has 2 parts, right and left brain which have different function. From his service, he was given a noble prize in 1981. Besides, he also found, when the right brain is working, the left one rests and vice versa.

Right brain's function is on emotional quotient (EQ) development, such as socialization, communication, interaction with others, also emotional control. In the right brain is located intuitive ability, feeling ability, integrating, singing, creativity, imagination, lateral thinking, unstructured, painting, colors, and tend to avoid detailed thought. Right brain has long-term memory. If

damage occurs in the right brain, such as stroke or brain tumor, then the brain's function, which is, distracted for example visual ability and emotion.

An expert named Doug Hall once said, ones brain's work affects personality. A person with dominant right brain tends to be a humorist, simple, fun, extravagant, intuition believer, messy, self-confident, believes, feeling as solution solver, adventurous, big dreamer, freed, spontaneous. On the contrary, a person with left brain tendency tends to be serious, complex, boring, judgment, believes on fact, neat, organized, chooses science, careful, has general knowledge, rule maker, conservative, and predictable.

Purchase Intention

Purchase intention is often used to determine consumer's behavior. Before purchasing, usually, the consumers will collect product's information based on personal experiences or environments. After collecting the information, the consumers will begin to judge the product, evaluate, and decide if they will buy the product.

Purchase intention is described as a situation of a person before doing an action which can be the basis to predict the behavior or action (Fisbein & Ajzen 2010). Purchase intention is a behavior, which exists as a respond towards object, which shows costumer's intention to do the purchasing (Henry 1995). Several meanings of purchase intention are as follows: purchase intention is also indicated as how big the intention of a person to do the purchasing, purchase intention shows measurement of a person's willingness to buy, purchase intention related to act of continuous purchasing.

Purchase intention is consumer's self-instructor in order to perform a purchasing of a product (John & Percy 1998), planning, relevant act making such as recommendation, influencer, choosing, and finally make a decision of purchasing. Motivation as a power to push from an individual which insist them to act (Schiffman and Kanuk 2007).

Hypothesis

Based on the previous theoretical framework, the research model can be drawn as in Figure 1. The hypotheses from this research is stated that is positively evaluated (Chandrashekar & Grewal 2003). When the discount is high, it is not possible that the consumers would widely process the information because there is an uncertainty of a deal's benefit (Chandrashekar & Grewal 2003).

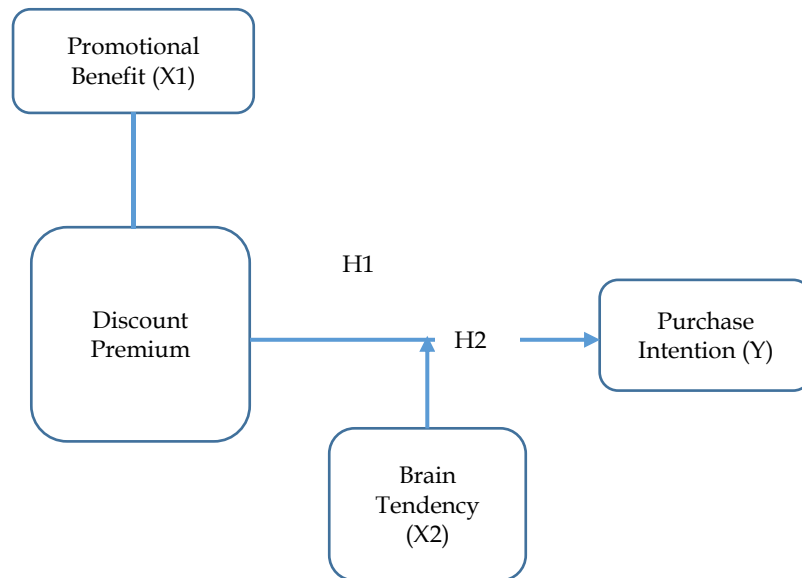


Figure 1
Research Model

Therefore, the probability that consumers have high and low deal is prone to do different calculation of information on a very low stage. Both of them would be very interested in high profits offered by using discount. Therefore, it can be observed that discount will be evaluated better than premium and deal prone will not moderate the selling promotion effectiveness, which is different from high profit on a beneficial stage. From the description above, the hypothesis can be stated as follows: H1: when the condition of consumer's discount price is high, consumer's purchase intention tends to be higher than premium.

The consumers will be unaware of being influenced by promotion activity like discount price and premium which cause the consumers to repurchase a product (Palazon & Ballester 2011). The psychologists explain that ones whose left brain tendency tends to put logics and facts forward, while ones whose left brain tendency tends to think rationally than emotionally and they would put forward brain than feelings which is called cognitive, while ones whose right brain tendency uses feelings, and they put social functions forward on the daily activity which is called affective.

Discount price is often related to offers in the form of discount and numbers, surely for the consumers whose left brain tendency will affect their cognitive behavior on purchasing a product. On the other hand, premium often gives promotion activity bonuses or presents without the use of numbers, surely for the consumers whose right brain tendency will affect their affective behavior

on purchasing a product. From the description above, we can make hypotheses H2a: especially for right brain tendency, discount price has a higher influence on purchase intention than premium brain tendency. H2b: especially for discount price group, right brain influenced purchase intention more than discount price does.

3. RESEARCH METHOD

The population in the research includes all Indonesians who got discount price and premium when purchasing a mobile phone.

The sample is determined by using table's development from experts, one of them are Hair, et al. Minimum number of the experiment sample is 15 from each group. Therefore, for the experimental design, the number is 120 people and 30 people for each group. The sample is those from the faculty of economic studies Esa Unggul University's students, West Jakarta who got premium and discount price. They were determined by using median split as a form of respondent group randomization, which would be given treatment.

Data analysis technique used in the research includes ANOVA and GLM because independent variable was done using categorical data and dependent variable using single continuous-data which have the goal test if, on average, more than one sample is significantly different, and to test if the samples have equal population's variants. This research was also done using data analysis quantitatively such as factor analysis to test the validity and reliability.

Manipulation	Right Brain Tendency	Left Brain Tendency
Discount Price	A (30)	C (30)
Premium	B (30)	D (30)

Figure 2
Experiments Design

Measurement

This study is a causal research which has purpose to determine the differences by manipulating one or two variables or by using a control towards other connecting variables. (Hair et al. 2005) The method used in this causal research is experiment or trial and error. The design is between subject 2×2 : 2 (promotion: discount price, premium) \times brain tendency (left brain and right brain) as factors of experiment (see Figure 2).

The definition of purchase intention as the operational variable is referred to Chandon et al. (2005) as the indicator from Espejel et al. (2008) that can be found four questions.

4. DATA ANALYSIS AND DISCUSSION

In this research, there are two hypotheses. From the results, it can be concluded that, that all hypotheses are acceptable. For example the value of Sig. > 0.05 so that H1 is refused, meaning there is no influence of discount price and premium toward purchase intention. The hypotheses was done in relation to the test about the difference of average Y deviation of every cell formed by level factor Promotional_Benefit and Brain_Tendency. It shows that there is difference between average purchase intention [Y] deviation on every cell formed by [Promotional_Benefit] degree and [Brain_Tendency] Ho = (AB) $ij = 0$, $Hi \neq Ho$. Hypotheses testing was done using statistic Test - F on line a*b. Obtained result is Fo = 248.802, Sig = 0.000 = value -p, db = 1/116 value-p < 0.05 . Thus, Ho is refused and therefore, it is supported.

Based on General Linear Model ANOVA testing, the result and intercept calculation, there is a significant level that can be seen on the column in which the difference existed in it. Thus, it can obtain the foundation on hypotheses decision-making: intercept calculation showed differences among discount price right brain tendency and discount price left brain tendency toward purchase intention obtained β_3 . The significant level

on β_3 is 0.000, meaning that the significant value is < 0.05 so that the hypotheses H2a is accepted. Intercept calculation showed differences between discount price right brain tendency and discount price left brain tendency toward purchase intention, in which it was obtained a β_3 . The significant level on β_3 is 0.000, which means the significant value is $< 0, 05$ thus the hypotheses H2b is accepted.

Discussion

Based on the previous theories, references, and evidences, it is noted that higher discount is more positively valued than premium (Chandrashekar & Grewal 2003), while both of the consumers of the two tendencies would be interested by higher profit. The hypothesis 1 testing on data analysis shows that there is no conditional effect of discount price and premium on purchase intention. Yet, the data obtained data from analysis indicates that premium is more positively valued than discount price so that it can be reflected on analysis result of the plot figure. For example, the promotional benefit with code 1 such as discount price and code 2 such as premium has average group of higher premium than group of discount price.

Again, the theories provide evidence that the consumers are unconsciously influenced by promotion activity such as discount price and premium, which caused them to re-purchase the product (Palazon & Ballester 2001). Discount price is then often related to numbers that influenced a costumer's cognitive or left brain tendency, while premium gives promotion activity without using numbers. It provides presents or bonuses, which influence the costumer's right brain tendency or the affection.

The intercept table shows that there is difference result on every cell on the manipulation table. Thus, the value that should be seen the significant table is the one that has difference result.

The first difference is between average right brain with the discount price cell and left brain with discount price, obtained from the statistical test result that especially for average right brain discount price and significantly it is higher to affect purchasing intention than the group of left brain discount price. This means that the hypothesis is acceptable and it fits especially for group of discount price and right brain has more effect on purchase intention than the group of discount price and left brain.

Again, the first difference is between average right brain discount price cell and right brain premium price, which obtained statistical test result, especially for the average right brain discount price. It has significant higher effect on purchase intention than the group of right brain premium price. It means that hypotheses are acceptable and fits especially for the group of discount price and right brain that have more affection on purchase intention than the group of premium and right brain.

In considering the evidence above, it is said that all fit to the Palazon & Balaster's (2011) research that showed that discount price and premium cause the costumers to repurchase the products. In psychology studies, it can be explained that that someone who has left brain tendency tends to put logics and facts forward, while someone who has left brain tendency tends to think rationally than emotionally and they use their brain more than feelings which is called cognitive. Discount price is often related to the offers in the form of discount or numbers. These are absolutely true for the consumers who have left brain tendency so that they can affect their cognitive nature to repurchase the products.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Overall, it can be concluded as the following. First, the result of this research shows that premium is more positively evaluated than discount price, which means the consumers tend to re-purchase the product with offered premium promotion from discount price. Besides that, the group of consumers that obtained discount price and right brain tendency tends to have higher purchase intention than the group of consumers that obtained discount price and left brain tendency, also the group of consumers that obtained discount price and right brain tendency that are also to have higher purchase intention than the group of consumers that obtained premium and right brain

tendency.

It is very useful for companies that often give premium promotion activity and discount price for designing and developing a strategy which is more effective. In this case, the discoveries show that premium is more positively evaluated than discount price, which means the consumers tend to re-purchase the products when they get premium promotion being offered by discount price.

The group of consumers that got discount price and right brain tendency tend to have higher purchase intention than the group of consumers that got discount price and left brain tendency, also for the group of consumers who got discount price and right brain tendency tend to have higher purchase intention than the group of consumers who got premium and right brain tendency.

For further studies, they can use instrument on integrated marketing communication (IMC) that is the development and implementation process on various forms of persuasive communicative programs to costumers in which the consumers tend to be continuously. IMC's purpose is to influence or give a direct effect on the target market behavior. IMC beliefs that every source which can connect costumers or costumers with a company's product or service that is a potential path to deliver messages for incoming years.

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