

**What's the big deal? How sales promotions displayed by others online can influence online and offline purchase intentions**

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## **What's the big deal? How sales promotions displayed by others online can influence online and offline purchase intentions**

When consumers view a sales promotion in a store or online, they have the ability to disseminate it online and inform others. This may be beneficial to firms since promotions shared online may bypass skepticism towards advertising. This article investigates whether consumers evaluate online sales promotions that users post differently from firm-disseminated posts. We created a unique online environment where consumers could post sales promotions they came across. Our findings revealed that, over time, those who are most skeptical of advertising had greater intentions to purchase online and lower intentions to purchase in physical stores. Promotions disseminated by consumers may be perceived as advertising, but they can cause consumers to increase their online purchasing.

*Key words:* Sales promotions; Earned media; Advertising skepticism; Online advertising.

The rapid dissemination of large amounts of information online has given marketers a significant boost in their ability to increase the reach of their messages. Traditionally, advertisements were pushed on a few people who did not seek them and were resisting them (Kelly, Kerry, and Drennan 2010; Steenburgh, Avery, and Dahod 2011). However, consumers have increasingly become resistant to persuasion attempts (Campbell and Kirmani 2000), which makes it imperative that new forms of message delivery be explored. With the rise in social media, consumers not only have the option of searching for advertisements, and viewing them if they wished, but they can also share them with others (Dietrich 2018; Hoffman and Novak 1996; Zhu and Zhang 2010;). Prior work on social media has focused on the paid placement of advertising within social media (Dietrick 2018; Mabry and Portner 2010; Wu 2016). However, in advertising, and specifically the PESO model (paid, earned, shared, owned), consumer creation and dissemination of content is gaining prominence (Dietrich 2018; Lawrence, Fournier, and Brunel 2013). When consumers share information from person-to-person a form of electronic word-of-mouth (eWOM) occurs which has the potential to have an impact similar to traditional word-of-mouth (Rosario et al. 2016). Of particular note is that when promotional messaging is shared via social media, it can enhance the effects of eWOM (Rosario et al. 2016), because it may not be viewed as a persuasion attempt thereby passing a consumer's persuasion knowledge (Campbell and Kirmani 2000). We build on prior work by not only examining the impact of viewing sales promotions that others have placed within social media, but also examining this effect over time. Sales promotions seem to have the potential to capitalize on the nature of online dissemination. Digital platforms are available to consumers via their computers, tablets, and cellphones, just to name a few (Martin and Todorov 2010). The pervasiveness of digital platforms has enabled consumers to create their own messaging that would benefit the firm. For

example, by using a smartphone, a consumer can share information concerning an in-store promotion to consumers who may not have viewed the promotion, unless they had entered the physical store. Furthermore, sales promotions disseminated by consumers rather than by a firm may be less likely to encounter resistance from potential purchasers because they could be perceived as more relevant (Kelly et al. 2010).

Although the topic of user-generated content disseminated by consumers has received academic attention (Daugherty et al. 2008; Lawrence, Fournier, and Brunel 2013), the practice continues to be used by several firms in the marketplace. For example, Starbucks launched a pay-it-forward campaign that offered customers a free cup of coffee if they bought one for someone else, with customers being asked to send a tweet to a targeted user and include a mention of the “@tweetcoffee” account (Stern 2013). The idea behind this campaign was to attract publicity for Starbucks by promoting the simple act of buying someone else a cup of coffee. This example demonstrates the ability of the online environment to expand the reach of a sales promotion that would otherwise have been viewed by only a few people (e.g., shoppers in a store, or members of a viewing or listening audience).

It is unclear whether this promotion had a positive impact on the sales of Starbucks products, but several other retailers, such as Ikea and Wal-Mart, have experimented with user-generated content for their own sales promotions. Again, the impact of the dissemination of user-generated content on purchase intentions remains unknown, but the strategy itself raises certain questions, such as whether consumers will visit the physical store once they learn of the sales promotion, and whether this kind of information-dissemination will encourage them to shop more online (similar to the effects of viewing an in-store promotion while shopping). We also take the novel approach of exploring whether this form of dissemination is viewed as a

traditional advertisement if consumers are exposed to multiple posts over time, or whether they will view the recommendation among consumers similar to eWOM. If consumers view others within their network with less skepticism than traditional advertising, then the sharing of promotional messages among consumers may break through a consumer's persuasion defenses (Rosario et al. 2016). This article explores each of these questions. Specifically, we investigate the impact of viewing sales promotions via earned media on in-store shopping intentions, online shopping intentions, and perceptions of the message itself over a period of months. Content created and disseminated by consumers online has been demonstrated to have enhanced authenticity and trustworthiness (Lawrence, Fournier, and Brunel 2013). Where our study adds value and distinguishes itself as novel is that we explore content created entirely by the consumer (without any direction from the firm) and we examine the impact of repeated exposure to multiple content over a period of time, thereby examining whether effectiveness fades over time.

Our article is organized as follows. We first discuss the nature of the online environment to provide some context for the mechanisms that allow sales promotions to be disseminated among consumers. We then advance testable hypotheses concerning the effects of viewing sales promotions (both in-store and online) on purchase intentions (both in-store and online). Next, we present our methodology for testing these hypotheses. Two studies are used to test the hypotheses: the first study tests consumer perceptions towards sponsored posts; the second study is a longitudinal study that explores perceptions and purchase intentions over time. Findings for both studies are then discussed. We conclude with a summary of the theoretical and managerial implications.

## **BACKGROUND**

### **Sales Promotions Viewed Online**

Online environments present a unique opportunity for advertisers to overcome some of the challenges of traditional advertising, which suffers from consumer skepticism (Obermiller, Spangenberg, and MacLachlan 2005), temporal distance (Kelly et al. 2010), and consumer resistance (Campbell and Kirmani 2000). Consumers are skeptical of the message legitimacy, so there is often a discrepancy between viewing an ad and purchasing the product (Obermiller et al. 2005). Traditional ads are paid for and controlled by firms which then leads to resistance on the part of consumers who view them as persuasion attempts (Campbell and Kirmani 2000). When promotional messages are not created by or controlled by the firm, the question becomes whether their impacts on attitudes and intentions differ from that of a traditional advertisement. The advertising skepticism literature has established that consumers have developed defenses against ads and generally view these messages with skepticism and resistance (Friestad and Wright 1995; Kelly et al. 2010; Obermiller et al. 2005). However, the online environment allows consumers to create and disseminate their own content. Prior work has revealed that consumers may be motivated by a sense of altruism towards others by creating online content in order to feel a sense of belonging to an online community (Daugherty et al. 2008). If the online message is created by a consumer, it is unclear whether viewers will maintain similar levels of skepticism towards it. Consumer motivations for user-generated content can differ significantly from those of the firm (Eastin and Daugherty 2005). We illustrate the contrast between consumer generated and firm-generated content in Table 1.

## **Assessing Promotions**

Each day, consumers are exposed to a multitude of product promotions, both online and in stores. It is estimated that the average consumer is exposed to over 10,000 brand messages a day (Saxon 2017). For consumers who do not purchase the product regularly, or who lack knowledge of the particular product category, it can be difficult to differentiate between a good promotion and one that provides little value above the regular price (Mulhern and Padgett 1995). Consumers have increasingly become skeptical of the promotions they see, largely because they are exposed to so many over the course of a lifetime (Friestad and Wright 1994), and this is no different in a social networking domain (Kelly et al. 2010). Consequently, consumers are likely to bypass sales promotions that may actually be beneficial to them (Friestad and Wright 1994; Kelly et al. 2010). The challenge for shoppers is to sift through the multitude of promotions and process the ones that are most relevant to them (Chandon, Wansink, and Laurent 2000). For a sales promotion to break through a consumer's defenses the consumer must have the ability (Friestad and Wright 1995) and the desire to process the information (Reijmersdal, Rozendaal, and Buijzen 2012). Ability stems from the capabilities of the consumer to recognize the persuasion attempt (Reijmersdal, Rozendaal, and Buijzen 2012). For traditional forms of advertising such as television or direct mail the persuasion attempt may be easily identified because they are transmitted through a medium where firms control the content and dissemination of their messages (Friestad and Wright 1994). Once consumers recognize the persuasion attempt, they would then need to be motivated to resist the persuasion attempt (Van Reijmersdal, Rozendaal, and Buijzen 2012). For example, a consumer may identify a sponsored message in a television show, but they are interested in the content, and then they pay attention to the message. In online environments, both the identification of the persuasion attempt and the

desire to resist it may be blurred. Messages created by consumers are viewed in a more positive light than traditional advertising (Lawrence, Fournier, and Brunel 2013), which indicates that it may not be recognized as a persuasion attempt or consumers may be less resistant to the persuasion attempt.

### **Dissemination via Social Media**

To break through the clutter, firms have turned to social media as a means of spreading their messages more effectively (Lawrence, Fournier, and Brunel 2013). The firm promotes a form of electronic word of mouth (eWOM) whereby consumers share information that may prove useful to others (Lopez and Sicilia 2014). Firms such as Whole Foods and Starbucks have invested heavily in their social media marketing campaigns, and are able to reach millions of consumers who have chosen to receive news and promotions from these firms. Starbucks goes a step further and encourages its customers to post pictures of their favorite beverages. As the director of Starbucks Social Media notes, “It’s a reflection of the personal relationship people have with the beverage” (Starbucks Newsroom, May 6, 2015). The rationale on the part of Starbucks and others is that by encouraging customers to post products and promotions on their own social media accounts, the message flows from one consumer to many consumers within a social network and, in that way, bypass the consumers’ traditionally held defenses towards advertising (i.e., skepticism). If the message breaks through consumers’ defenses, then the likelihood of responding increases. When the content is disseminated without compensation, it falls under the umbrella of earned media (Dietrich 2018).

In theory, communicating promotions via social media should benefit the firm because social media allows it to reach a diverse audience via social networks; however, it remains unclear whether this delivery method breaks through consumers’ defenses and changes their



purchase intentions. It is also unclear whether appreciation for promotional messages via social media holds up over time or whether, similar to traditional media, consumers become less enthusiastic as time passes. Finally, from a research perspective, online and physical retailers have often been grouped together in terms of sales promotions, but in the case of physical retailers, many of the sales promotions are visible only if the consumer is inside the store, while online retail options have the immediacy of allowing consumers to purchase right away via their cellphones or computers. To answer these questions, we created an original social media platform, and conducted a quasi-experiment to measure consumer intentions. Specifically, with respect to willingness to purchase, we investigated how, over time, the act of viewing sales promotions via social media can influence willingness to purchase online and/or in physical stores.

## DEVELOPMENT OF HYPOTHESES

In this article, we investigate the dissemination of online sales promotions. These promotions can differ based on who created them and how the message was disseminated. These two factors can also impact how the message is interpreted and acted upon. Our hypotheses are informed by the dichotomy in message creator and disseminator as displayed in Table 1.

Table 1 – Message Creation and Dissemination

		Message Created By	
		Firms	Consumers
Message disseminated by	Firms	<i>Quadrant 1</i> This is the traditional form of advertising where the firm creates an advertisement and disseminates it using marketing channels. This form of creation and	<i>Quadrant 2</i> A consumer creates a message and the firm disseminates it. This interaction between the firm and the consumer occurred when Unilever created the Dove Men Care #RealStrength

		dissemination has been the topic of most studies related to advertising.	campaign, and asked men to communicate how care made men stronger using the hashtag #RealStrength. The firm would then communicate these stories via their advertising.
	<b>Consumers</b>	<i>Quadrant 3</i> The firm creates the message and consumers disseminate it, either with compensation or without. This occurs with much of viral advertising when consumers share advertisements with others. Pepsi achieved success in this manner with their <i>Uncle Drew</i> advertisements.	<i>Quadrant 4</i> A consumer creates a message and disseminates it to others without the prompting or sponsorship from the firm. An example would be a consumer who takes a picture of the special holiday promotional drink promotion at the local coffeehouse and then disseminates this within her social network.

In the first and third quadrant we have messages created by the firm. This form of advertising is seen as deliberate and consumers are resistant to these forms of persuasion (Wojdyski and Evans 2016). Although the advertisements may entertain or be disseminated by consumers (quadrant 3), their sponsorship creates a resistance to them. The resistance against sponsored messages manifests itself in a consumer’s persuasion knowledge (Friestad and Wright 1994).. Based in part on attribution theory (Heider 1958), the persuasion knowledge model argues that consumers attribute each marketing communication to the firm’s intention to profit from consumers. Over time consumers are exposed to numerous messages which they did not seek or care for and, as a result, they built up resistance which causes them to ignore or discount the message. Due to a consumer’s persuasion knowledge, we argue that consumers who identify a sponsored promotional message will show resistance to it and view it negatively. Stated formally:

**H1:** When consumers identify a promotional message created by the firm, they view it more negatively than they would a promotional message that is not identified as created by the firm.

In online networks, consumers are able to create content and share it directly with other consumers, a contrast to traditional media such as television where content is created and then disseminated to consumers rather than among them. The content may be purely organic, such as a picture of enjoying oneself at a local bar, or the content could be created in response to an appeal by a firm. Termed consumer-generated advertising (CGA), consumers may be invited to create content as part of a larger campaign by the firm (Lawrence, Fournier, and Brunel 2013).

Once consumers create their own content, then the authenticity and trustworthiness of the message increases (Lawrence, Fournier, and Brunel 2013). This may be because consumers view posts created by other consumers as more organic and less likely to be a persuasion tactic (Lawrence, Fournier, and Brunel 2013). Earlier, the persuasion knowledge model was used to make the argument that consumers become defensive when they encounter promotional messaging. This is based on consumer attribution of the promotional message to be of primary benefit to the firm and not the consumer. A message created by consumers clouds that attribution or, quite possibly, is seen as altruistic rather than a persuasion attempt that benefits the firm (Daugherty, Eastin, and Bright 2008). For this reason we propose the following hypothesis:

**H2:** When consumers view a promotional message created online by another consumer, they view it less negatively than they would a promotional message that was created by a firm.

The most organic form of earned media comes in the form of messages that are created and disseminated by consumers. Similar to the act of blogging, consumers craft the message and

choose to disseminate it (Edelman and Intelliseek 2005; Kent 2008). One of the features of this type of message creation and dissemination is that consumers craft the message that they feel is most relevant to them (Kent 2008). By extension, this increases the likelihood that consumers also view the message as relevant (Edelman and Intelliseek 2005).

If consumers' persuasion knowledge is predicated on the belief that the message is attributed to a firm that is attempting to profit from them, then the message created and disseminated among consumers would bypass this apprehension. The consumers who create and disseminate a message may be not perceived as having a profit motive in the same manner as the firm. Rather, a consumer's message creation may be viewed as more of a desire to disseminate information than to take advantage of those who view it. We expect that, when compared to firm disseminated posts, consumer-disseminated promotions will be viewed more positively because they were created by fellow consumers and disseminated based on the motivations of the individual and not of the firm. Thus, a consumer's built-in sense of resistance to persuasion is less likely to be activated for posts created and disseminated by other consumers. We hypothesize:

**H3:** When consumers view a promotional message created by and placed online by another consumer, they perceive it less negatively than they would a promotional message identified as sponsored.

As discussed, when the mechanisms that characterize the online environment were outlined, we noted that the inclusiveness of this environment allows consumers to view information that they otherwise would not have seen. Consumers may post ads for purchases they made because they believe that others will benefit from making the same purchases. However, when the act of posting a sales promotion is repeatedly performed by multiple

consumers, those who see it may cease to view it as a simple act of benevolence. Our earlier examples illustrated the push by multiple retailers to encourage consumers to disseminate their sales promotions online. The motivation by firms is to create earned media by consumers who promote the firm to others without direct payment or control by the firm. Those who disseminate information may do so out of benevolence or other non-profit related motives which separate them from firms. For this reason, firms often lack credibility related to the altruistic sharing of information online. This argument is captured in our first three hypotheses. However, what is missing is the time element. Specifically, we do not know if messages disseminated by consumers will continue to bypass their persuasion knowledge defenses when repeated over time. We draw upon the diffusion of innovations literature to make the argument that those who consistently disseminate promotional messages online may lose credibility. Based on the literature on the diffusion of innovations, those who encourage adoption of innovations, amongst others, are often referred to as change agents (Rogers 2003). Their influence over others stems in part from their social accessibility or the ability of others to relate to the change agents and the organic nature of their activities (Rogers 2003). The change agent is not regarded as having the same motivation as a professional agent when it comes to encouraging the adoption of an innovation. However, over time the actions of the change agent may become similar to that of professional agents. Professional agents spread messages that benefit the firm through repetition. For firms to enhance their level of persuasion and reinforce their messages, they must show consumers the same advertisements multiple times (Schmidt and Eisend 2015). However, this repetition strategy often has the opposite effect and instead builds up consumer resistance to the message (Schmidt and Eisend 2015). Non-professionals who behave in the same manner may also be negatively impacting the persuasiveness of the message. In terms of encouraging

adoption of innovations, agents whose behavior is similar to professional change agents have been argued to have lost their credibility in the eyes of their followers (Rogers 2003). A similar perception may form towards those who disseminate multiple messages that benefit firms. Consumers may not have the profit motive that firms have, but their motivations would likely cause declines in their perceived credibility. Over time, we expect that when consumers see other social media users regularly disseminate sales promotions online, the repetition is likely to diminish the sincerity that is an intrinsic part of earned media, and the effort is more likely to be viewed in the same light as a traditional advertisement—with skepticism. We propose the following:

**H4:** Over time, consumers view the sales promotions that others have posted online as being similar to a traditional advertisement.

It is important to establish how the act of posting a sales promotion online is perceived by consumers because consumers are generally skeptical of advertising (Kelly et al. 2010; Obermiller et al. 2005). We refer to skepticism towards advertising as the consumer's general tendency of mistrust of advertising claims and representing a basic marketplace belief that varies across persons and is related to general persuasibility (Obermiller and Spangenberg 1998, p. 159). It has been established that some consumers are more skeptical than others, and those who have higher levels of skepticism are less likely to be persuaded by advertising (Obermiller et al. 2005; Obermiller and Spangenberg 1998). This aspect relates to our study because skepticism towards advertising is likely to have an impact on sales promotions viewed online when the post seems, to the skeptical consumer, similar to a traditional advertisement. If skepticism towards advertising is high, and the act of viewing a friend's online post of a sales promotion is viewed as a retail advertisement, consumers would be less likely to take advantage of such promotions.

However, skepticism itself does not equate with dismissal of the claims or dismissal of the messages in their entirety (Obermiller et al. 2005). It simply means that consumers are less likely to believe the advertised claims. This situation represents a challenge to marketers and one that might benefit from an online environment.

We draw upon theories of asymmetry and signaling to argue that the nature of viewing online promotions benefits online purchase intentions versus offline ones. First, the theory of asymmetry explains that the seller and the buyer in a transaction have different levels of information pertaining to quality. The seller knows the true quality of the products while the buyer, who does not have as much information as the seller, can only infer the true quality (Akerlof 1970). The classical example occurs in the realm of used auto sales when the seller knows the true quality of a car while the buyer must infer the quality so that he can estimate the price of the car. When asymmetry exists the buyer risks overpaying for a poor quality product and demands a price discount, or the seller may receive a lower price than the product is worth. To alleviate asymmetry, consumers look for signals that differentiate good quality from bad quality. For example, a seller may offer a money back guarantee which signals to the buyer that the product is of good quality or the seller risks numerous consumer returns (Kirmani and Rao 2000).

In the context of sales promotions, asymmetry is prevalent. Some promotions are better than others, but consumers may be unable to distinguish between good and bad promotions. Good promotions provide consumers with significant value above the cost of purchasing the product without the promotion, while bad promotions provide little to no value above the cost of the product without the promotion. For example, a consumer who purchases a \$40 shirt for only \$20 may view this deal as a good promotion. However, if the shirt is priced at \$20, but only if

the consumer spends a total of \$100 in the store, then this deal may be considered a bad promotion because the consumer would have to spend more in order to obtain the shirt at the lower price. To differentiate between a good and a bad promotion, consumers rely on signals that good promotions are more likely to provide. This is where online promotions may have an advantage. An online promotion can be assessed on the same platform on which it is viewed. In an online environment, consumers can read the reviews of a product they wish to purchase or compare the sales price to other retailers without expending much energy. In online environments, signals such as reviews or price comparisons are easily accessible. When the sales promotion takes place in a physical store, the costs and risks of verifying the authenticity of the deal are higher than those online. Consumers may have to go to the brick-and-mortar retailer to see whether the promotion is available, and even if they do so, they are unlikely to receive quality assurances in the form of reviews and price comparisons. The signals that would differentiate a good promotion from a bad one may not be as accessible in a physical environment as they are in an online environment.

For these reasons, we believe that promotions that consumers post online will benefit online shopping, but will not benefit shopping in a physical store for those who are skeptical of advertising. To summarize, over time viewing of sales promotions that others post online is likely to invoke feelings that the post is similar to a traditional advertisement (H4). Consumers who are skeptical of advertising will view these posts with skepticism, and physical retailers may not be able to alleviate this skepticism and differentiate good promotions from bad ones. However, online retailers would be better able to alleviate the skepticism and signal the quality of the promotion. Thus, when skepticism arises, consumers will shop less in physical stores and more in online stores after viewing sales promotions online. Stated formally:



**H5:** Over time, when consumers view sales promotions that others have posted online, those who are high in skepticism towards advertising are less likely to purchase from a physical store.

**H6:** Over time, when consumers view sales promotions that others have posted online, those who are high in skepticism towards advertising are more likely to purchase from an online store.

## **METHODOLOGY**

Our hypotheses were tested using two different studies. H1 to H3 propose that consumers evaluate promotional posts more favorably if these items were created by fellow consumers rather than created by the firm. In other words, encouraging consumers to promote the firm online may be a useful method for bypassing consumers' defenses. We sought to take a more comprehensive approach by not simply evaluating consumer reactions to a single experimental post but also by evaluating the effects over time in a more natural setting. To that end, we conducted two different studies. Study 1 was designed to test the ability of consumers to differentiate between paid and earned media; we then made subsequent evaluations of each type of media. Study 2 was designed to test the perceived effects over time of viewing promotions created and posted online by consumers. Participants were exposed to multiple posts over a period of four months. We wanted to discern how consumers would view these kinds of sales promotions and whether viewership would have any impact on their purchase intentions over time.

### **Study 1**

In order to test H1 to H3, we created an online experiment wherein participants would view an online post and were told that it either originated and was disseminated by a firm

(Condition 1), created by a firm and disseminated by consumers (Condition 2), or created by and disseminated by consumers (Condition 3). For a review of this post see Appendix A. Study 1 is illustrated in a conceptual model (Figure 1).

Participants were recruited from three introductory marketing classes taught by the same instructor on the same day. A total of 98 participants were recruited from two undergraduate marketing classes at a college in the U.S. Mid-Atlantic Region. The students were given course credit for their participation and they completed the study online.

They were asked to rate their skepticism towards advertising using the skepticism towards advertising measure by Obermiller and Spangenberg (1998). We used this measure to control for levels of skepticism so that we could determine how participants viewed the post. To assess their perceptions of the post as an ad, we asked each participant: “Whether the post seemed like an advertisement” (1 = Very Much to 7 = Not at All),. Then we gave them a six item measure of sentiment (i.e., 1 = Very Much to 7 = Not at All) as a measure of their reactions towards the advertisement. Using this 7-point Likert-type scale, we asked the participants to rate their feelings on six statements that pertained to the posted ad (Table 2). Most of the variance (73.5%) was explained by two factors. Using a varimax rotation, all six items loaded onto one of the two factors at a minimum level of .815. The two factors were: credibility and informativeness. The reliability for the six items is represented by a Cronbach’s Alpha of 0.737.

[TABLE 1 HERE]

## **Findings**

We used the Scheffe post-hoc procedure to test for differences between groups. Participants in the first condition felt that the firm created and disseminated post seemed most like an advertisement (N = 30, m = 4.60). The group who viewed the post and were told that the

firm created the post but consumers disseminated it thought the post was slightly less like an advertisement ( $N = 39$ ,  $m = 4.36$ ); it is significantly different from the first condition. In the final condition, where the post was created and disseminated by consumers, the participants felt that the post was the least similar to an advertisement ( $N = 31$ ,  $m = 3.74$ ). This difference between the first and third condition was significant ( $F = 2.67$ ,  $p < 0.05$ ).

We next tested for differences in how each group assessed each post. We created a six item measure of the mean scores of our measure of sentiment towards the post and used an analysis of variance with a Scheffe test. The first group assessed the firm created and disseminated post and then gave their sentiment towards it ( $m = 3.04$ ). Their response was compared to the group who evaluated a firm-manufactured post that was disseminated by other consumers ( $m = 3.25$ ), and to the group who evaluated a post that had been both created and disseminated by other consumers ( $m = 3.54$ ). A one tailed-test revealed that the posts created and disseminated by consumers were viewed significantly more favorably ( $F = 4.752$ ,  $p < 0.05$ ) than the post created and disseminated by the firm. It is interesting to note that no significant difference was revealed between consumer sentiment towards the post created by the firm but disseminated by consumers and the post that was both created and disseminated by consumers. In both cases, the participants felt that the consumer-disseminated post was more believable, trustworthy, and better than a traditional advertisement. These findings support our first three hypotheses, which argue that consumers will evaluate earned media less negatively than paid media. Of particular note is the fact that one of the posts was simply a consumer disseminating a post created by a firm, and that post was evaluated more positively than the one created by the firm but not disseminated by consumers. We evaluated whether skepticism towards advertising

influenced consumer sentiment, but there were no significant differences among any of the groups.

## **Study 2**

Study 2 is illustrated in a conceptual model (Figure 2). To explore H4 and H5, we developed an experiment to test the impact of viewing sales promotions posted online by other consumers on purchase intentions over time. We created a web-based application that allowed users to register and post pictures of sales promotions they encountered (see Appendix B). The format of the website was similar to *Facebook.com*, where users could post pictures for others to view, and each picture was attached to an author who had a user profile. The users' profiles listed their interests and gave a brief biography. Only registered users were allowed to view the website. A total of 120 users were recruited from two upper year marketing classes. All participants were between 18 and 23 years of age. In exchange for their participation, the students received course credit in their respective classes. The study was conducted between the months of February and May. We were interested in whether the web-based application would encourage consumers to purchase more, and we wanted to limit the impact that seasonality (specifically, the Christmas shopping period) would have on consumer purchases.

The participants were told they would be studying marketing via social media. They were then asked to complete a survey that contained measures to assess their price consciousness (Lichtenstein et al. 1993), hedonic shopping motivation (Arnold and Reynolds 2003), skepticism towards advertising (Obermiller and Spangenberg 1998), and the frequency with which they visited Facebook, Twitter, or Instagram. All our variables are listed in Table 2. We included measures of price-consciousness and hedonic shopping motivation to control for the impact that these constructs might have on our model. Consumers who are high on price-consciousness may

be more deal-prone than others and may therefore react differently to sales promotions compared to others. Our hypotheses differentiate between shopping online and shopping in a physical store. We believe that consumers who view shopping as a hedonic experience are more likely to shop in physical stores and may react differently to deals in physical stores than in online stores.

[TABLE 2 HERE]

Once the initial survey was completed, each participant (user) was instructed to take one picture of a deal that, in their opinion, constituted a good value. The determination of a good value was up to the discretion of the user, and all users were told that they had knowledge that others did not have. They were given the following example to illustrate the use of their own judgment: “If you eat cereal every day, then you are familiar with the prices of the cereals you eat, so when the price drops, you are in a better position to determine that this is a good deal, compared to someone who rarely buys cereal.” The users were then required to take a picture of the sales promotion they saw and post it on the website; this process was repeated for four months, and some users posted more than once a month. Users were invited to post pictures of sales promotions in physical and online retailers.

The range of promotions that users posted was highly diverse: one user posted a deal where consumers could get a free stack of pancakes at a local restaurant, while another posted a deal that the local SPCA had temporarily lowered the cost of adopting cats. At the end of each of the four months, each user was asked how often they had viewed the website, whether the website seemed similar to an advertisement, how willing they were to shop online, and how willing they were to shop in brick-and mortar retailers. All of the monthly measures were single-item measures. We used single items measures to reduce the number of withdrawals in our longitudinal study. The use of single-item measures may be viewed as problematic. However,

when measuring a concrete attribute such as attitude towards an advertisement, or in this case towards a post, the use of a single-item measure has been recommended (Bergkvist and Rossiter 2007).

We developed three longitudinal models with time as a random variable in order to test our hypotheses. In Model 1, our dependent variable was the single-item measure: “This website seems similar to an advertisement.” In Model 2, our dependent variable was the single-item measure: “I intend to shop more at physical (brick-and-mortar) retailers.” In Model 3, our dependent variable was the single item measure: “I intend to shop more at online retailers.”

$$\begin{aligned}
 Ad_{it} &= \beta_{0i} + \beta_{1i}Time_{it} + \beta_{2i}Time_{it} + e_{it} \\
 \beta_{0i} &= \gamma_{00} + \gamma_{01}PC + \gamma_{02}SC + \gamma_{03}SkAd + \gamma_{04}Visits + \gamma_{05}Facebook + \gamma_{06}Twitter + \gamma_{07}Instagram + e_{it} \\
 \beta_{1i} &= \gamma_{10} + \gamma_{11}PC + \gamma_{12}SC + \gamma_{13}SkAd + e_{it} \\
 (1) \quad \beta_{2i} &= \gamma_{20} + e_{it}
 \end{aligned}$$

$$\begin{aligned}
 PStore_{it} &= \beta_{0i} + \beta_{1i}Time_{it} + \beta_{2i}Time_{it} + e_{it} \\
 \beta_{0i} &= \gamma_{00} + \gamma_{01}PC + \gamma_{02}SC + \gamma_{03}SkAd + \gamma_{04}Visits + \gamma_{05}Facebook + \gamma_{06}Twitter + \gamma_{07}Instagram + e_{it} \\
 (2) \quad \beta_{1i} &= \gamma_{10} + \gamma_{11}PC + \gamma_{12}SC + \gamma_{13}SkAd + e_{it} \\
 \beta_{2i} &= \gamma_{20} + e_{it}
 \end{aligned}$$

$$\begin{aligned}
 OStore_{it} &= \beta_{0i} + \beta_{1i}Time_{it} + \beta_{2i}Time_{it} + e_{it} \\
 \beta_{0i} &= \gamma_{00} + \gamma_{01}PC + \gamma_{02}SC + \gamma_{03}SkAd + \gamma_{04}Visits + \gamma_{05}Facebook + \gamma_{06}Twitter + \gamma_{07}Instagram + e_{it} \\
 (3) \quad \beta_{1i} &= \gamma_{10} + \gamma_{11}PC + \gamma_{12}SC + \gamma_{13}SkAd + e_{it} \\
 \beta_{2i} &= \gamma_{20} + e_{it}
 \end{aligned}$$

## Control Group

In order to show causality, 12 months after our initial experiment, we repeated the experiment but removed the treatment. Participants did not view the website that we had created for Study 2, but were asked the same questions at the same time as the treatment group. The

control group was employed during the same time period as the original group (February to May). Participants were recruited from a marketing class and were given course credit for participation in the study; a total of 36 students took part. At the beginning of the study, we again measured each consumer's price-consciousness, hedonic shopping motivation, skepticism towards advertising, and the frequency with which they visited Facebook, Twitter, or Instagram. At the end of each month, participants were asked whether they intended to shop more at physical and at online retailers.

## **Findings**

We analyzed 156 participants: 120 in our main study and 36 in our control group. Descriptive statistics for our main study along with correlation coefficients are listed in Table 4. All the results from our main study are listed in Table 5, along with the Cohen's effect size for each of our three models. An analysis of both the random and fixed effects of the control group found no significant relationships. Participants in the control group did not increase the amount they intended to purchase online or decrease the amount they were spending in physical stores. The non-significance of the control group supports our assertions regarding causality.

[TABLE 4 HERE]

[TABLE 5 HERE]

We next tested H4 to H6, this time using the format of our primary study. When our dependent variable was similar to traditional advertising, we found significant random and fixed effects. The random effects were significant for our intercept (Parameter Estimate of Intercept = 2.05,  $p < 0.001$ ) but not for the slope. This result indicates that we had a great deal of variation within the first month, but that this variation gradually subsided. Over time, our participants were more likely to view the website posts as being similar to an advertisement ( $\beta_{2i} = 0.60, p < 0.05$ ),

which supports H4. Our findings revealed that participants who had high levels of skepticism towards advertising were less likely to shop at physical stores over time ( $\gamma_{13} = -0.19, p < 0.001$ ), which supports H5. The intercept of our random effects model was significant ( $p < 0.01$ ), which indicates that participants initially had different levels of purchase intentions for physical stores. The slopes were not significant, which supports the expectation that our model would explain variations over time. In our final hypothesis (H6), we made the argument that, over time, consumers would be more likely to make purchases online after viewing the sales promotions posted by other consumers. We found support for this hypothesis ( $\gamma_{13} = 0.10, p < 0.05$ ), and our random effects model revealed similar results as those in the first two models. The intercept was significant ( $p < 0.001$ ), but the slope of this model was not.

## **GENERAL DISCUSSION**

Findings from both studies provide insights into how consumers evaluate the sales promotions they view online. Study 1 revealed that consumers evaluate firm disseminated posts more negatively than posts that are disseminated by other consumers. In fact, the participants who assessed both types of consumer-generated posts did not differentiate between those that were created by the firm and those created by consumers. In this case, the key factor that differentiated between paid media and earned media was the source of the post. When the source was another consumer, then the promotional post was evaluated more favorably than when the post took the form of a sponsored advertisement. Once this distinction was made, our focus turned to an analysis of the limits of this phenomenon and its effects over time. When consumers post promotions online, they often do so because they have evaluated a given promotion and believe it to be a good deal. Consumers have their own body of knowledge regarding pricing and product quality, and the motivation to post the sales promotion online often stems from their



judgment that the promotion will benefit others or will reflect positively on the poster (Toubia and Stephen 2012). An individual does not have a profit motivation, which, as Study 1 revealed, helps enhance the evaluation of the post.

Taken in isolation, the results of Study 1 reveal that encouraging a consumer to post promotions online would be a useful method of bypassing consumers' persuasion defenses. However, Study 2 revealed that this effect does not persist indefinitely. Over time, consumers are more likely to view the posts placed by consumers as just another ad ( $\beta_{2i} = 0.596, p < 0.05$ ), and this effect is enhanced when skepticism towards advertising is high. Thus, the novelty of viewing sales promotions posted by others is not lasting. This may reveal that over time the viewership of promotions online becomes classified as another persuasion attempt and is viewed as a traditional ad. Another significant question pertains to whether viewership of the posts had any impact on behavior. It can be argued that the online environment provides consumers with information that they otherwise would not have. For example, a consumer who goes into the local supermarket and posts a social media picture of beer that is on sale is providing information to their online network, and the members of the network might not otherwise have had that information unless they physically visited the store. Alternatively, it can be argued that viewership of sales promotions may cause consumers to move away from purchasing in physical stores. The online marketplace provides an instant mechanism for consumers to purchase products they see online, thus negating the time lag between viewing the promotion and purchasing the item in a physical store. Our findings support the latter argument. For consumers who possessed high levels of skepticism towards advertising, viewing sales promotions that others have posted online would decrease their propensity to shop in physical stores and increase their propensity to purchase online.

## **Theoretical Implications**

The findings add to our knowledge of how consumers evaluate the promotional messages they view online. One of the central tenets of advertising skepticism states that consumers possess built-in knowledge that allows them to identify and resist persuasion attempts (Kelly et al. 2010). The online marketplace challenges that traditional body of knowledge because the persuasion attempt (in the form of a promotional message) is disseminated by another consumer. Early on, consumers treat the message as novel and view it more positively than they would a firm disseminated message. When the message is disseminated by consumers, it constitutes earned media, and it has been disseminated by someone whose motivation to spread the message likely differs from the motivation of the firm.

This adds to our knowledge of consumers and advertising because it indicates that a consumer may act as a signal in order to differentiate good information from bad and break through resistance to persuasion. Our study is based on the belief that consumers are resistant to persuasion attempts. This may cause consumers to bypass many good sales promotions. However, when consumers (versus a firm) disseminate sales promotions online, they give the sales promotion greater legitimacy even for those with high levels of skepticism towards advertising. Similar to a review that helps consumers determine the value of a seller, a consumer in effect acts as a means of validating the sales promotion when they disseminate it online. In effect, the consumer becomes a signal that differentiates good sales promotions from bad ones.

## **Managerial Implications**

Firms that use mechanisms such as social media to spread information about their sales promotions should be wary of using the online environment to bypass resistance to persuasive messages. Initially, consumers may see an online post regarding a sales promotion and assess it

differently than they would a traditional ad, but as more posts appear, they start to view them as traditional ads and the effectiveness of the post diminished. This is not to say that the benefits above traditional forms of advertising cannot be incurred by encouraging consumers to post sales promotions online (promotions that consumers or the firm creates). They may not drive consumers to physical stores, as revealed by our results, but they can encourage consumers to purchase more online. If consumers assess that the promotion *is* valuable, the immediacy of the online marketplace allows shoppers to rapidly take advantage of the deal. Conversely, firms that use online sales promotions in the hope of drawing consumers to their physical stores would be best served by augmenting their in-store options with an online component. What this means is that firms can provide opportunities for consumers to create promotional messages, but then integrate these messages with online purchases. For example, a retailer may encourage consumers to take pictures of in-store sales promotions and place a hashtag or other marker that links the picture of the sales promotion with an online purchase.

### **Limitations and Future Research**

Our research sought to explore the impact of viewing sales promotions online on shopping intentions and on the message itself. In order to assess intentions and evaluations over time, we needed to create a controlled environment. The online environment we created compelled each user to post one deal they saw per week, which also compelled the user to visit the website each month. The online environment was designed to mimic a social media platform; so in order to run the experiment, we sampled from multiple classes. This sampling created a situation where some of the users knew each other, while many did not know others at all. Prior work has demonstrated that messages originating from opinion leaders are evaluated differently than messages originating from other acquaintances (Wu et al. 2011). However, because we were

exploring the impact of viewing sales promotions in aggregate, we did not measure the strength of the ties among users. Thus, we cannot make any claims that one or more users had a disproportionate influence over others.

Another limitation involved the fact that we had no information on the purchases consumers made. Even though they indicated that they intended to purchase more online and less in-store, it is possible that consumers shifted the spending they would have made in the physical store to the online version of the store. For example, instead of purchasing \$50 in groceries from the local supermarket, a consumer might spend \$50 online from the same store. Thus, spending for that store did not increase or decrease. We consider this scenario an unlikely one, given the numerous options consumers have in terms of online retailers, but we acknowledge that this situation is possible.

Our hypotheses tested relationships that arose from Table 1. However, we did not examine quadrant 4 where consumers create the message and the firm disseminates it. As discussed earlier, an example of this would be the Dove “Real Strength” campaign where the firm disseminates stories that consumers had provided. Our focus was on content dissemination by consumers; however, we acknowledge that dissemination by the firm is a possible future research area.

## **Conclusion**

The online environment has created a mechanism whereby consumers can disseminate and view sales promotions. Traditional forms of advertising from the firm to the consumer such as television or print ads can be costly and are losing their effectiveness due to skepticism toward advertising. Social networks allow consumers to disseminate content as they see fit. It would be naïve to assume that consumers do not use this ability to share information on firms. When a new

Air-Jordan's is released fans of the product took to social media to show off their new kicks (Alcantara 2018). During National Donut Day (the first Friday of every June), consumers took to social media to spread the message and in the process increased online engagement with firms such as Dunkin Donuts and Krispy Kreme (Stadd 2013). It is highly likely that the line between traditional advertising and a more organic form of promotion will continue to blur. Our study investigated how firms can benefit from the dissemination of sales promotions online by others. The work is important because it identified both benefits and drawbacks to the firm from this type of content dissemination. Intuitively, it may seem that the sharing of sales promotions online may be only a positive occurrence for the firm; our results reveal that this may not be the case. Over time, consumers view dissemination of sales promotions online as simply another form of persuasion attempt and it does little to draw consumers into physical stores. A benefit for the firm is that this type of dissemination of content increases intentions to purchase online. Firms can use this information to leverage their online marketplace, while avoiding the pitfalls of simply using peer to peer networks to advertise.

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