Retailers' Differentiated Promotional Practices: Balancing Consumer Fairness Perceptions Across Online and Offline Channels

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LES STRATÉGIES PROMOTIONNELLES DIFFÉRENCIÉES DES DISTRIBUTEURS : ÉTUDE DES PERCEPTIONS D'INJUSTICE DES CONSOMMATEURS DANS UN CONTEXTE OMNICANAL.

Résumé : Dans ce monde connecté, les distributeurs doivent repenser leurs stratégies marketing à travers leurs canaux en ligne et hors ligne. Malgré les avantages liés à l'adoption d'une stratégie omnicanale, le fait d'unifier ou de différencier ses pratiques promotionnelles demeure un sujet controversé pour les chercheurs et les praticiens. Cette recherche s'appuie sur la théorie de la justice et étudie les réactions des consommateurs vis-à-vis de ces pratiques promotionnelles. La première étude met en lumière l'injustice perçue à l'égard des pratiques différenciées. La seconde étude révèle qu'une forte pression temporelle renforce l'effet négatif exercé sur les perceptions de justice des consommateurs. La troisième étude démontre que ces perceptions d'injustice sont expliquées par la commodité perçue, la réactance et la perception de la capacité des autres consommateurs à pouvoir bénéficier d'une offre. Les résultats offrent aux distributeurs des directives stratégiques leur permettant d'adapter leurs stratégies promotionnelles et d'améliorer les perceptions de justice.

Mots clefs : Stratégies Omnicanales ; Pratiques Promotionnelles Différenciées ; Perceptions de Justice; Décisions en Marketing Mix ; Canaux en Ligne et Hors Ligne.

RETAILERS' DIFFERENTIATED PROMOTIONAL PRACTICES: BALANCING CONSUMER FAIRNESS PERCEPTIONS ACROSS ONLINE AND OFFLINE CHANNELS

Abstract : In today's technology-intensive landscape, retailers must rethink and effectively execute their marketing strategies across channels. Despite the several potential benefits of omnichannel retailing, the decision to unify or differentiate promotional practices across online and offline channels remains a controversial topic among researchers and practitioners. Building upon fairness theory, this multi-experimental research investigates consumer fairness perceptions of these channel-based (un)differentiated strategies. Study 1 provides preliminary evidence of consumers' aversion to channel-based promotion differentiation. Study 2 examines the time-limited constraints on fairness perceptions and provides empirical evidence that short, time-limited deals create a greater sense of urgency among consumers, negatively affecting their fairness perceptions. Study 3 further delves into cognitive processes and reveals that fairness perceptions are predominantly driven by perceived convenience, reactance and other consumers' ability to make use of a deal. Such insights offer retailers clear strategic guidelines to tailor their promotional approaches and to, ultimately, enhance consumer fairness perceptions.

Keywords : Omnichannel Retailing; Differentiated Promotional Practices; Consumer Fairness Perceptions; Retailers' Marketing Mix Decisions; Online and Offline Channels.

1. Introduction

Technology blurs the line between online and offline channels (Brynjolfsson et al., 2013). As a result, omnichannel retailing has become a current strategic priority for retailers to achieve strong competitive advantages (Ratchford et al., 2022). The decision to unify or differentiate marketing strategies across channels remains, however, a controversial topic among researchers and practitioners (Homburg et al., 2019). On the one hand, the customer experience literature recommends providing consumers with consistent information, such as promotions, across online and offline channels (e.g., Hossain et al., 2019). This aligns with consumer expectations, as 61% anticipate a retailer's online promotions to match in-store deals (Samuel, 2013). On the other hand, the marketing mix literature suggests that channel-based differentiation (i.e., online- and offline-exclusive promotions) can positively affect retailers' performance (Timoumi et al., 2022). In line with this, an Accenture (2013) study found that channel-based differentiation is prevalent, with more than 27% of retailers adopting such promotional practices.

Building upon fairness theory, this multi-experimental study aims at bridging these two fields of research by focusing on consumer fairness perceptions of channel-based promotion differentiation. Consumer fairness in a transaction context is defined as a judgment of whether an outcome and/or the process to reach an outcome is reasonable, acceptable, or just. Fairness judgments are guided by cognitive attributions based on the comparison between an outcome and reference point(s) to assess whether this outcome is fair or unfair (Bolton et al., 2003). Academic literature highlights the central role of fairness in the consumer decision-making process and in our economy (Evangelidis, 2023), establishing the boundaries for permissible actions by firms when they encounter changes in their environment (Haitao Cui et al., 2007).

Extant research has covered the effects of channel-based price differentiation on various consumer and firm outcomes (e.g., Homburg et al., 2019). However, we still know little about the effects of channel-based promotion differentiation. Unlike price differentiation, the time-limited nature, validity period and discount size of promotions create a greater sense of urgency, encouraging quicker consumer decisions and potentially altering their fairness perceptions (Ahmetoglu et al., 2014). While emergent work has provided valuable insights into consumer responses to promotion differentiation, we identify three key shortcomings (see Table 1). First, although consumers may perceive differentiated practices differently due to heterogeneous channel preferences or inherent channel characteristics (e.g., Wolk & Ebling, 2010), previous studies often fail to assess the relative effects of online- versus offline-exclusive promotional practices. Second, prior studies mainly investigated communication-related conditions under which a differentiated strategy can be effectively introduced and rarely account for promotional-related conditions. Beyond providing explanations, promotional characteristics can alter fairness perceptions as consumers experience time pressure to make use of a deal (e.g., Swain & Hanna, 2006). Third, prior work have mainly considered perceived fairness as a mediator rather than an outcome variable and often fail to explore the consumer processes underlying fairness perceptions. Understanding these mechanisms would enable retailers to design their promotional strategies to enhance fairness perceptions. Three main questions arise from extant research and managerial debate around channel-based promotion differentiation:

RQ1. *Do consumers' perceptions of fairness differ between channel-based differentiated (i.e., online- and offline-exclusive) and undifferentiated promotional practices?*
RQ2. *Do time-limited promotional constraints (i.e., high vs. low time pressure of a promotional deal) moderate the impact of channel-based promotion differentiation on consumers' perceptions of fairness?*
RQ3. *Why do consumers' perceptions of fairness differ across channel-based promotional differentiation practices?*

2. Study 1: Is channel-based promotion differentiation (un)fair?

Fairness perceptions stem from the evaluation of whether an outcome is reasonable, acceptable, or just (e.g., Xia et al., 2004). In a channel-based differentiation context, consumers undertake a cognitive comparison process of online and offline retail mix dimensions (e.g., promotion, price) (Vogel & Paul, 2015). Price in one channel serves as a reference point to shape fairness perceptions of the discounted price in the other channel (Schneider & Zielke., 2021). Perceptions of unfairness arise when consumers observe a price disparity for the same product across channels (Xia & Monroe, 2005) as the outcome (e.g., the product) remains the same but the inputs (e.g., the price paid) differ across channels (e.g., Xia et al., 2004).

H1. *An undifferentiated promotional strategy (i.e., a deal available both online and offline) is perceived as a fairer practice than channel-based differentiated promotional strategies.*

Method. Study 1 investigates fairness perceptions of promotional strategies by using a single-factor (channel-based promotion differentiation: online-exclusive, offline-exclusive, both online and offline) scenario-based, between-subjects online experiment. A U.K. gender-balanced sample (n = 132; 45,45% female; M_{age} = 41) was recruited from Prolific and randomly assigned to one condition. Participants were asked to imagine receiving an electronic retailer's postal direct mail at home, revealing a promotional deal available "today only" for its entire smartwatch assortment. Respondents were told the deal was either exclusively available online, offline or both online and offline. Following Evangelidis' (2023) procedures, participants rated whether the promotional practice was fair or unfair (binary variable: 1 = fair, 0 = unfair). Participants were additionally asked to briefly explain, in their own words, why they perceived the practice as fair (or unfair) in an open-ended box to explore the underlying mechanisms explaining their perceptions of fairness and to uncover the reasons why consumers perceive differences in fairness between differentiated and undifferentiated promotional practices.

Test of hypothesis. Study 1 provides preliminary evidence of consumer aversion to channel-based differentiation. Results show an asymmetry in fairness perceptions depending on the promotional strategy ($\chi^2 2$ = 6.02, p = 0.049). Consumers perceive an undifferentiated promotional deal as fairer than an online-exclusive ($\chi^2 1$ = 5.85, p = 0.016) or an offline-exclusive deal ($\chi^2 1$ = 4.14, p = 0.042), in support of H1. Fairness perceptions of online- and offline-exclusive promotional strategies do not differ significantly ($\chi^2 1$ = 0.15, p = 0.695)

Qualitative findings. This study adopts an abductive approach to explore the mechanisms underlying fairness perceptions (Janiszewski & van Osselaer, 2021). Participants' explanations were coded following a thematic content analysis (Neuendorf, 2018). Three main explanations commonly occurred in the data: differentiated deals were considered as unfair because (1) it is less convenient for consumers to make use of the deal (e.g., "*It may be less convenient for someone who is working, busy, or unable to easily get to the store*"); (2) such practices would force consumers to choose a specific channel rather than allowing them to choose according to their own preferences, their freedom of choice is threatened/restrained (e.g., "*It sort of pushes you to make a decision*"); and (3) it would discriminate against the other consumers who do not have the necessary skills or confidence to use the channel where the deal is exclusively available (e.g., "*Offering the deal is unfair because it is based on consumer ability and willingness to use the technology*"). Finally, participants explained that fairness perceptions would also depend on promotional-related characteristics, such as the discount level of the deal (e.g., "*It depends on the discount level which isn't mentioned"*) or the length of the validity period (e.g., "*Perhaps a longer promotion would be fairer*"). Respondents expressed that short, time-limited constraints contribute to their unfairness perceptions as they experience time pressure to make use of the promotional deal (e.g., "*The pressure is high due to the short time the deal is on*").

3. Study 2: The moderating role of the time pressure to make use of a deal.

Study 2 addresses the time-limited conditions (i.e., high vs. low time pressure) under which a differentiated deal can be effectively introduced. Prior research show that high time constraints alter cognitive information processing, shifting decision-making from systematic to heuristic processing (e.g., Chaiken, 1980; Dhar & Nowlis, 1999). In a price differentiation context, consumers engage in the cognitive task of comparing price disparities across channels (Vogel & Paul, 2015). Under high time pressure, their ability to engage in detailed comparisons of price information is restricted, leading them to rely on price-quality heuristics to assess the fairness of the price difference (Dhar & Nowlis, 1999; Suri & Monroe, 2003).

H2. *The effect of the retailer's (un)differentiated promotional strategy on consumer fairness perceptions is moderated by the time pressure of the deal, such that when the time pressure is high (low), the impact of the promotional strategy on perceived fairness is lower (higher).*

Method. Study 2 uses a 3 (channel-based promotion differentiation: online-exclusive, offline-exclusive, both online and offline) x 2 (time pressure of the promotional deal: high, low) scenario-based, between-subjects online experiment. A U.S. gender-balanced sample (n = 356; 55,06% female; M_{age} = 41) was recruited from Prolific and randomly assigned to one condition. Procedures and manipulation were identical, as described in Study 1, with slight differences. Participants were informed that they needed to purchase a new laptop. In addition, this study specified the deal as a 50% discount, consistent with prior research (e.g., Hardesty & Bearden, 2003). As regards manipulation of the time pressure, the promotional deal was available to all consumers and lasted either one day (high time pressure) or one month (low time pressure), consistent with standard managerial practices. Finally, participants judged the fairness of the promotional deal using a 3-items, seven-point Likert scale adapted from Bolton et al. (2010).

Test of hypothesis. To test H1 and H2, a two-way ANOVA revealed a significant main effect for both factors: the time pressure of the deal ($F(1, 354)$ = 10.05, p = 0.0017) and the channel-based promotion differentiation ($F(2, 353)$ = 6.52, p = 0.0017), supporting H1. Post hoc tests using Tukey method show that consumers perceive the undifferentiated deal (M = 6.52, SD = 0.79) as fairer than the offline-exclusive deal (M = 6.05, SD = 1.26; p = 0.0011). Fairness perceptions do not differ significantly between the undifferentiated deal (M = 6.52, SD = 0.79) and the online-exclusive deal (M = 6.27, SD = 1.15; p = 0.1759), as well as between the online-exclusive deal (M = 6.27, SD = 1.15) and the offline-exclusive deal (M = 6.05, SD = 1.26; p = 0.2492). Although not hypothesized, findings show that a low time pressure (i.e., one-month promotional deal) is perceived as fairer (M = 6.46, SD = 0.93) than a high time pressure (i.e., one-day promotional deal) (M = 6.11, SD = 1.19; p = 0.0017). The interaction effects between the two factors are not significant ($F(2, 353)$ = 1.20, p = 0.3023); H2 is not supported.

4. Study 3: The mediating role of perceived convenience, perceived reactance and perceived other consumers' ability to make use of a promotional deal.

This study further delves into the mechanisms underlying fairness perceptions. Study 1 revealed that offline-exclusive practices are perceived unfair as consumers must dedicate more time and effort compared to an undifferentiated deal. Prior studies show that undifferentiated practices enhance convenient consumer shopping decisions (e.g., Emrich et al., 2015; Chung et al., 2022). Moreover, as Berry et al. (2002) suggest, convenience perceptions are likely to affect consumer evaluation of marketing practices, including satisfaction and perceived fairness.

H3. *The effect of the retailer's (un)differentiated promotional strategy on consumer fairness perceptions is mediated by perceived convenience.*

Exploratory results show that promotion differentiation would trigger perceptions of reactance and unfairness perceptions. The reactance theory suggests that consumers experience negative psychological reactions when they perceive threat(s) to their freedom of behavior (Miron & Brehm, 2006). Channel-based differentiation practices are likely to evoke stronger reactance than undifferentiated practices, as they restrict consumer autonomy to purchase freely through their preferred channel (Vogel & Paul, 2015). Prior work related to promotions argues that consumers perceive such tactics as attempts by retailers to change their behaviors to make use of an offered reward (i.e., a discounted price) (Dholakia, 2006; Melancon et al., 2011).

H4. *The effect of the retailer's (un)differentiated promotional strategy on consumer fairness perceptions is mediated by perceived reactance.*

This research reflects an altruistic consumer perspective by examining their cognitive empathy for the behavior and reactions of other consumers to marketing practices (Davis, 1983) and by emphasizing the importance of collective equity when designing customer journeys. According to the social exclusion theory, consumers may feel excluded when they face structural barriers, preventing them from fully participating in a marketplace (Pantano et al., 2022). For instance, geographical constraints (e.g., Nakata et al., 2019), technological ability (e.g., Pantano et al., 2022), age-related issues and disability conditions (e.g., Dennis et al., 2016) shape consumer sense of inclusion during their shopping activities. In line with this, Study 1 reveals that an undifferentiated strategy is perceived as fair because it requires fewer specific skills or resources to make use of the deal compared to channel-based differentiated practices.

H5. *The effect of the retailer's promotional strategy on consumer fairness perceptions is mediated by consumers' perceived ability of other consumers to make use of the deal*.

Method. Study 3 uses a single-factor (channel-based promotion differentiation: online-exclusive, offline-exclusive, online and offline) scenario-based, between-subjects experiment. A U.K. gender-balanced sample (n = 246; 52,85% female; M_{age} = 42) was recruited from Prolific and randomly assigned to one condition. Following the same procedure in Study 1, participants were asked to imagine watching a TV advertisement from a travel agency, offering a promotional deal on their vacation packages. They were asked to assess the fairness of the deal using a 3-items, seven-point Likert scale adapted from Bolton et al. (2010), before rating their perceived convenience, reactance and ability of other consumers on scales developed by Emrich et al. (2015), Dillard & Shen (2005) and Meuter et al. (2005), respectively.

Test of hypothesis. Mediation analyses were conducted (model 4; Hayes, 2018). Results reveal that an undifferentiated deal is perceived as fairer (M = 5.65, SD = 1.28) than an offline-exclusive deal (M = 4.63, SD = 1.63; β = 0.382; p < 0.05). In addition, an online-exclusive deal is perceived as fairer (M = 5.62, SD = 1.33) than an offline-exclusive deal (M = 4.63, SD = 1.63; β = 0.541; p < 0.05). However, fairness perceptions of online-exclusive (M = 5.62, SD = 1.33) and undifferentiated practices (M = 5.65, SD = 1.28; β = 0.159; p = 0.367) do not differ.

Perceived fairness is negatively associated with reactance (t = - 4.7191; β = - 0.265; p = 0.000) and positively associated with convenience (t = 2.1857; β = 0.139; p = 0.029) and other consumers' ability (t = 6.8034; β = 0.559; p = 0.000). The offline-exclusive deal is perceived as less convenient (M = 3.89, SD = 1.57) than the undifferentiated (M = 5.13, SD = 1.23; β = - 1.285; p < 0.000) and the online-exclusive deal (M = 5.49, SD = 0.96; β = - 1.653; p < 0.000). An offline-exclusive deal evokes more reactance (M = 3.54, SD = 1.67) than an undifferentiated deal (M = 3.14, SD = 1.45; β = 0.484; p = 0.036). The undifferentiated deal is perceived as less discriminatory (M = 5.44, SD = 0.77) than the online-exclusive (M = 5.07, SD = 1.07; β = 0.352; p = 0.020) and the offline-exclusive deal (M = 4.80, SD = 1.07; β = 0.661; p < 0.001). All the other effects were not significant. In conclusion, fairness perceptions are predominantly driven by perceived convenience, reactance and other consumers' ability, supporting H3, H4 and H5.

5. General Discussion

Theoretical Implications. This research provides three main contributions. First, unlike prior work that mainly examined either online- or offline-exclusive promotional practices (e.g., Darke & Dahl., 2003), this research assesses the relative effects of differentiated strategies and presents significant differences in fairness perceptions. The offline-exclusive deal is perceived as less convenient than the online-exclusive deal, negatively impacting perceived fairness. Second, unlike channel-based price differentiation, promotional-related characteristics create a greater sense of urgency, encouraging quicker decision-making and altering perceived fairness. By addressing the time-limited conditions of a promotional deal, this research finds that shorter, time-limited deals lead to higher time pressure, hurting perceived fairness. Third, prior research provides limited findings into the reasons why consumers perceive differentiated promotional practices differently. To better understand when and whether retailers should engage in a customer journey model that intentionally features differentiated promotional cues, this research reveals that fairness perceptions are predominantly driven by perceived convenience, perceived reactance and perceived other consumers' ability. This research extends prior findings on convenience (Berry et al., 2002) and reactance (Miron & Brehm, 2008) revealing converging effects in the context of channel-based (un)differentiated promotional strategies.

Managerial Implications. This research provides retailers with strategic guidelines to tailor their promotional approaches and enhance fairness perceptions. First, retailers should carefully reconsider the use of offline-exclusive tactics given their negative impact on perceived fairness. By assessing the relative effects of online- versus offline-exclusive deals, this research recommends retailers to avoid considering differentiated strategies as equivalent. While online-exclusive deals are perceived to require more ability than undifferentiated promotions, offline-exclusive practices are perceived as less convenient, more discriminatory, and more likely to evoke reactance than undifferentiated strategy. Second, retailers are encouraged to extend the validity period of their promotions as longer periods are perceived as fairer, enabling consumers to make more deliberate decisions. Finally, this research recommends proposing more inclusive and convenient promotional practices. In their communication, retailers should also emphasize consumers' freedom to choose even if their promotional strategies are differentiated. Clear and transparent communication will foster consumer acceptance of promotion differentiation.

Limitations. Despite the robustness of the findings across the three studies, this research presents limitations, offering opportunities for future research. First, repeated exposures to channel-based promotion differentiation may amplify negative effects on fairness perceptions. Further research using longitudinal consumer data is needed to understand how promotional strategies may affect consumer decision-making over time. Second, this research investigates fairness perceptions of one multichannel retailer's promotional strategy and did not consider competitor effects. Field experiments could strengthen the external validity of these results by testing channel-based promotion (un)differentiation strategies in real market conditions. Such investigations might offer a more precise consumer evaluation of competitive strategies as it is reasonable to expect stronger effects in the absence of channel-based differentiation by competing retailers. Third, this research focuses on industries (e.g., electronics/appliances and tour operating industries) where channel-based promotion differentiation is a common practice and where online and offline channels are both relevant and equally valued by consumers. Examining these effects in other contexts could enhance the generalizability of the findings, especially in industries where channel-based promotion differentiation is less prevalent.

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Appendix

Table 1: Summary of research on consumer reactions to channel-based price and promotion differentiation.

		Channel-based differentiation strategy			Model variables (uniformly renamed)		
Authors	**Retail mix dimension**	*Online-based differentiation*	*Offline-based differentiation*	*Undifferentiated across online and offline channels*	*Mediator(s)*	*Moderator(s)*	*Outcome(s)*
Choi & Mattila (2009)	Price	X	X	X		Communication and social-related	Perceived fairness
Fassnacht & Unterhuber (2016)	Price	X	X			Product, price and communication-related	Perceived fairness, Purchase and loyalty intentions
Homburg et al. (2019)	Price	X		X	Perceived fairness	Communication, purchase and service-related	Purchase intention
Schneider & Zielke (2021)	Price	X		X	Perceived fairness		Purchase intention
Keller, Vogelsang, and Totzek (2022)	Price & Promotion	X		X	Perceived transparency, value and fairness	Promotion-related (discount level)	Purchase intention
Chung et al. (2022)	Promotion	X		X	Customer experience, satisfaction and perceived convenience		Purchase intention
Darke & Dahl (2003)	Promotion		X		Perceived value and fairness	Promotion and social-related	Satisfaction
Kim & Lee (2020)	Promotion			X		Brand-related	Purchase intention
Mookherjee Lee, and Sung (2021)	Promotion	X	X		Emotions (regret & disappointment)		Product return and loyalty intentions
Vogel & Paul (2015)	Promotion	X			Perceived value, fairness and self-determination		Loyalty intention and relationship quality
This essay	*Promotion*	*X*	*X*	*X*	*Perceived convenience, reactance, and other consumers' ability*	*Promotion-related (time-limited promotional constraints)*	*Perceived fairness*