

# The Interactive Effect of Type and Framing of Discounts on Consumers' Preference

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## **Abstract**

Price promotions are among the most common tools used by marketers to attract consumers and increase sales. These promotional tools are presented by marketers in different forms. This research investigates consumers' preference for probabilistic versus sure price promotions across two frames: the amount of discount frame and the reduced price frame. Across three experiments, we show that consumers have a relative preference for choosing a probabilistic discount when the reduced price (versus the amount of discount) frame is used. Moreover, when chances of getting a probabilistic discount are low, the probabilistic discount is preferred to a sure discount of equal expected value. As the chance increases, consumers' preference shifts to sure discount. We conclude by discussing the theoretical and practical contributions of our research.

**Keywords:** *price promotions; framing; probabilistic discounts*

**Track:** Pricing & Promotions