

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



The Token-Effort Effect: How Minimal Redemption Effort Increases Price Promotion Effectiveness Over Straight Discounts By

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Venue : M802

Abstract

This research documents how introducing redemption tasks requiring a token (i.e., minimal) amount of effort—for instance, by asking the consumer to enter a promo code or solve a CAPTCHA to receive a discount—increases price promotion effectiveness compared to equivalent straight discounts (i.e., applied automatically). Eight studies, including two field experiments, provide robust evidence for the beneficial effect of token effort requirements on redemption rates. This counterintuitive effect occurs because the easy-to-attain redemption task induces a positive effort-based transaction utility. As such, this effect only occurs when the redemption task requires token-type effort but not when it is effortful. Our results also show that a token redemption effort can boost the promotional effectiveness of small discounts. This research offers costless and easy-to-implement managerial recommendations for effective price promotion management.

Dr Kuangjie Zhang is Associate Professor of Marketing at Nanyang Business School, Nanyang Technological University, Singapore. He holds a Ph.D. in Management from INSEAD. His research interests focus on pricing and numerical cognition as well as the domain of hedonic and experiential consumption. He is also interested in topics such as brand perception, prosocial behavior, and health communication. His research has appeared in leading academic journals (e.g., *Journal of Consumer Research*, *Journal of Marketing Research*, *Journal of Marketing*, *Journal of Consumer Psychology*, *Organizational Behavior and Human Decision Processes*, and *Journal of Experimental Psychology: General*) and managerial publications (e.g., *Harvard Business Review*). Kuangjie has won both the Research Excellence Award and the Teaching Excellence Award at Nanyang Business School. He was also nominated for the NBS Teacher of the Year Award in 2020 and the MSc in Marketing Science Teacher of the Year Award in 2022.

All interested are welcome.



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