An Analysis of Price Bundling and Framing: The Impact of Discount and Availability Messaging Among Traveling Sport Consumers

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Price bundling is a popular pricing strategy in various industries. The practice of price bundling can also be found in the sport industry, where sporting events have a wide range of demand. For instance, high demand events (e.g., MLB All-Star Game) attract out of town sports fans. In certain cases, high demand for an event can make accommodations scarce. Bundling tickets and hotel rooms helps traveling fans secure lodging, avoiding uncertainty as the event draws closer. On the other hand, bundling can be an effective tool for lower demand events (e.g., some MLB regular season weekday games). In these cases, ticket sales can be challenging, but the way discounts are framed in bundled offers may influence purchase intentions (Gilbride, Guiltinan, & Urbany, 2008; Johnson, Herrmann, & Bauer, 1999).

Mental accounting (Thaler, 1980, 1985, 1999) helps explain how a consumer evaluates a transaction (i.e., a gain or loss) based on price bundling. For example, when item availability is an issue, perception of scarcity creates urgency to obtain a product (a gain) because it may soon be unavailable (a loss) (Aggarwal, Jun, & Huh, 2011; Gupta & Gentry, 2016, Byun & Sternquist, 2012). Likewise, for a discounted bundled package, consumers may feel as if they evaded a loss (i.e., paying extra; Arora, 2008; Thaler, 1985).

Although bundled packages of tickets and hotel rooms are common, the effectiveness of availability and discount message framing on consumer behavior in this context is unknown. Therefore, the purpose of this study is to examine the influence of message framing in price bundling within the context of sporting events with varying levels of demand. Based on previous literature, the authors hypothesize that when encountering limited availability, consumers will prefer a bundled offer. The authors also hypothesize that discount message framing will result in different levels of perceived value, influencing purchase intentions.

A 2 (bundled offer vs. unbundled offer) x 2 (limited availability vs. no mention of availability) model was developed to test the impact of item availability within price bundling. Additionally, a 4 (joint, integrated vs. joint, segregated vs. ticket leader, segregated vs. hotel leader, segregated) x 1 (a bundled price) model was developed to examine the effectiveness of discount framing. Data collection is in process. Respondents are currently being recruited via Amazon Mechanical Turk and randomly assigned to bundling scenario groups.

To examine the effectiveness of item availability, respondents will rank their degrees of perceived scarcity and urgency to buy (Gupta & Gentry, 2016), anticipated losses (Byun & Sternquist, 2012), and willingness to purchase (Grewal, Monroe, & Krishnan, 1998). To investigate the effect of discount framing, respondents will be assessed on perceived transaction and acquisition value (Grewal et al., 1998), attitudes (Lee, Choi, & Li, 2014), and purchase intentions (Dodds, Monroe, & Grewal, 1991; Maxwell, 2002). Two ANOVAs will be used to determine group differences in room availability and in discount framing messages. This study will advance our understanding of the impact of bundling and message framing in an environment where demand fluctuates.