The Effectiveness of Promotional Cues for Organic Products in the German Retail Market

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Abstract: The market for organic products is constantly growing, but successfully promoting them remains a controversial issue. Marketing research shows that organic products such as fruits and vegetables cannot be advertised effectively via monetary promotions (e.g., discounts); however, how promotional effectiveness is affected by other promotional actions (e.g., offering premiums instead of discounts) or the product type promoted (e.g., promoting hedonic products such as organic ice cream instead of utilitarian products) has not been empirically investigated to date. Through a study conducted with 487 German participants, we demonstrate that monetary promotion is less effective for organic than for conventional products. In contrast, non-monetary promotion (via offering increased content) enhances promotional effectiveness more for organic than for conventional products. Increased heuristic processing can explain these findings, as consumers focus more on the heuristic cues offered by non-monetary promotion when confronted with organic, and in particular hedonic organic, products.

Keywords: consumer behaviour; discount promotion; heuristics; marketing; organic products; premium promotion

1. Introduction

The market for organic products shows a clear upward trend [1], transforming slowly from niche to mainstream [2]. Producing organic products requires less energy input [3] and fewer hazardous chemicals are used in production [4], thereby making them a more sustainable alternative to conventional (non-organic) products [5,6].

In Europe the market for organic products is strongly developed [7]. The availability and success of organic products, however, differ widely, depending on the characteristics of each country and the market environment [8]. Italy, Spain and Greece are the most important producers of organic products. Within the EU, the biggest markets for organic products are Germany and France, followed by Italy and the UK [9]. In Germany the market for organic products is particularly developed, representing about 5% of the overall food and drink consumption [10]. In contrast to other countries, in Germany large retail chains account for about 70% of organic products sold [11], whereas the market share of other distribution channels, such as farmers’ markets and local direct distribution networks, decreased [12].

Although organic products are more costly in terms of production and procurement, retailers additionally apply higher margins (30% to 50%, compared to 20% to 25% for conventional products) in highly industrialised markets such as the US and Germany [13–15].

This results in the paradox that the growing success of organic products might be slowed by retailers charging unusually high price premiums [1], hindering the transition towards a more sustainable consumption. Moreover, while the conventionalisation of organic products and offering them in common supermarkets broadens the reach of potential buyers, it risks, at the same time,
to violate the sustainable principles of organic production [16]. Retailers follow a profit maximising logic and can leverage their market power. Organic and other sustainable producers must compete with conventional producers and might be pressured to grow and or cut costs [17]. In addition, organic producers face a more stringent and more expensive regulation of their production processes. Some (particularly small) conventional producers are thus discouraged from converting to certified organic production [18].

While we are aware of these problems, we still argue that an increase of organic products would be desirable, and that a segment accounting for the majority of organic sales in Germany should not be neglected in this transition. With this paper, we thus want to contribute to a better understanding of the effects that traditional promotional cues employed by supermarkets do have on organic purchases. Notwithstanding, we do not consider organic producers, retailers and customers to be the only agents of this transition. Prices and profitability are largely determined by political regulation. Obviously, the market for organics would essentially benefit if conventional products had to pay their full costs, including externalized environmental damages, but a discussion of these and further measures, such as the role of education, go beyond the scope of this paper and is done elsewhere in this journal [7,18].

Many consumers are willing to pay price premiums for organic products [19,20], as they value the positive impact on the environment, personal health, food safety or better perceived quality, taste and appearance [21–23], or a combination thereof. Other consumers, however, still hesitate to buy organic alternatives, because higher prices represent one of the main purchasing barriers in this regard [24,25]. This is where our study steps in to analyse if the principal interest for organic products can reach a larger spread in the German retail context.

Frequently used instruments to increase consumers’ demand in that context are promotional strategies (e.g., offering discounts or premiums). High margins for organics would allow retailers to make use of such tools. However, increasing organic consumption through price promotion has been found to be questionable, as related research demonstrates insignificant effects on consumers’ purchase intentions [26,27], and in some cases even negative effects [28]. In contrast, Rong-Da Liang et al. [29] show that consumers consider the promotion of organic products via discounts, gifts or special displays as favourable. They further illustrate not only that increasing green assortments or permanently selling organic products at a low price can have a positive effect on consumers’ purchase intentions, but also that the effectiveness of promotions is lower for organic than for conventional products [30].

Interestingly, price promotions for organic products have only been shown to lack effectiveness when they are monetary in nature (e.g., price reductions in the form of discounts). Less frequently used forms of price promotion, and in particular non-monetary promotions (e.g., a content premium or a bonus pack), have not been empirically investigated up to this point, and we suggest that this route could turn out to be more successful for the promotion of organic products.

Regarding conventional products, marketing research already demonstrates varying degrees of promotional effectiveness in terms of monetary promotion [31], whereas the non-monetary promotion of conventional products affects the promotional effectiveness generally positively, by increasing consumers’ purchase intentions [32,33]. Consequently, different promotional tools may lead to varying degrees of promotional effectiveness [34] for conventional vs. organic products.

Moreover, extant research [7,28,30,35] solely investigates the effectiveness of promotional tools when marketing utilitarian organic products such as fruits and vegetables [36]; hereby, utilitarian products are those purchased for their functional value, to perform a certain task or fulfil a certain need. However, many organic products, available nowadays in supermarkets, specialised stores and discounters, are hedonic in nature (e.g., organic chocolate, organic champagne, organic ice cream); hereby, hedonic products are desirable objects that provide pleasure, fun or enjoyment from buying the product. Importantly, research on the influence of the product type promoted (hedonic vs. utilitarian) demonstrates varying rates of price promotion success (e.g., monetary and non-monetary) [10,37–40]. These findings should also apply to hedonic and utilitarian organic products. Thus, research on
the promotion of organic products has focused on possibly disadvantageous advertising strategies (monetary promotion) and not differentiated between hedonic and utilitarian products.

Lee and Yun [41] demonstrate that related research lacks a profound theoretical framework for investigation. We therefore adapt a framework developed by Eisenbeiss et al. [42] and investigate the influence of the type of product promoted. Thereafter, we look at how product type (utilitarian vs. hedonic) influences how consumers process provided information, which can be more systematic (heuristic) when confronted with utilitarian (hedonic) products and subsequently lead to differences in promotional effectiveness. When consumers process information more heuristically, they make quick purchase decisions and rely on short-cut decision making rules without cognitively evaluating their purchase decision, whereas when engaging in more systematic information processing, consumers engage in analytical thinking and evaluate a product more thoroughly.

As product category (organic vs. conventional) might influence consumers’ information processing, in a similar vein to the product type being promoted, we can expand the Eisenbeiss et al. [42] framework accordingly. Through an online experiment, we demonstrate that the promotional effectiveness of discounts and premiums (saving levels: 10% vs. 20%) depends on product type (hedonic vs. utilitarian) [42] and product category (organic vs. conventional). Our findings suggest that discounts offer more systematic promotional cues, which consumers value more when confronted with conventional products (compared to organic products). In contrast, increased heuristic processing, which occurs when purchasing organic products, can explain the higher promotional effectiveness of premiums compared to discounts for organic products in general, and for hedonic organic products in particular.

2. Previous Research: Price Promotion, Product Type and Product Category

2.1. Price Promotion

Price promotion represents one of the most frequently used advertising strategies [43], and it can be categorised into monetary promotion, i.e., reducing the price of a product (discounts, price coupons) and non-monetary promotion, i.e., enriching a product (premium content, additional services) while keeping the price constant [31,44].

Several studies demonstrate a positive influence of monetary price promotion (via discounts) on sales and turnover [45,46], as it signals an economic advantage [47], thereby increasing consumers’ purchase intentions [48]. However, discount promotions can also affect promotional effectiveness negatively [39,49], as they can reduce consumers’ perceived brand image [47,50], perceived quality [51], deal attractiveness [42] and future purchase intentions [37] if the wrong type of product is promoted or excessive discount levels are offered [52,53].

In view of the uncertain success of monetary price promotion, recent related research emphasises the use of non-monetary promotion independent of the product type being promoted [49,54] and exclusive promotion, the latter of which offers a promotion to a limited target group only [55].

The most frequently used form of non-monetary promotion consists in offering a product premium (e.g., increased content) at no additional cost [47,56]. Although monetary and non-monetary promotions both offer economic advantages, consumers often prefer to receive a surplus of a product instead of a price discount [32]. In general, the price a consumer has to pay for a product is perceived as a loss, whereas obtaining the product is a gain [50]. Monetary promotion thus represents a reduction in loss, while the gain remains the same. Non-monetary promotion instead does not affect the loss but increases the gain (e.g. more of the product) [32,57], thus enhancing consumers’ purchase intentions.

The key question now is how these differences in promotional effectiveness emerge through the different modes of information processing [58], and how consumers process information provided by the promotional format which can be either more systematic or heuristic. When consumers engage in systematic processing, they process information thoroughly, guided by analytical thought, whereas when they process information heuristically, they rely more on shortcut decision-making rules.
The promotional format (monetary vs. non-monetary) affects the importance consumers attribute to systematic and heuristic informational cues, such that they focus more on heuristic cues when considering non-monetary promotions [59].

More specifically, consumers tend to process informational cues thoroughly when confronted with monetary promotion (e.g., discounts), and they use systematic cues such as price level to determine their perceived sacrifice (loss); conversely, in the case of non-monetary promotion, consumers process price information less thoroughly and focus more on heuristic non-price-related cues such as quality or volume [60–63]. Moreover, consumers who are not sufficiently motivated or able to process information systematically process information rather heuristically, thereby focusing on available heuristic cues (e.g., extrinsic attributes or advertising cues other than price) [62].

2.2. Product Category (Conventional vs. Organic)

In general, consumer preferences for organic products evolve through the perception that these products have different and more desirable characteristics than conventional alternatives [63], in that they are seen as being healthier, safer and more environmentally friendly [64], but consumers also value hedonic benefits such as better taste [21] and an increased sense of well-being and superiority [65].

Tang et al. [66] show that consumers often rely on a single cue related, for example, to price or performance when making a purchase decision. The perceived benefits of organic products combine and lead consumers to develop a positive heuristic cue in favour of organic products [67], enabling them to make quick and satisfying purchase decisions. Furthermore, the term “organic” by itself can be processed as a heuristic cue by consumers [65]. Thus, heuristics are a crucial concept for understanding purchase decisions in favour of organic products, apart from more systematically processed price information [7].

The present research also emphasises the important role of organic labelling as an additional heuristic cue, allowing consumers to develop a simple heuristic choice in favour of organic products [68]. Organic labels (e.g., EU organic logo) or other quality labels issued by private institutions [69–71] are perceived as signals indicating higher quality by consumers [72], leading to a more positive perception of product attributes such as taste, environmental friendliness and perceived health benefits, as well as increased pleasure, enjoyment and trust [73,74]. Accordingly, related research reports higher willingness to pay for labelled organic products in comparison to non-labelled organic products [75], and that organic labels increase consumer appeal [30].

In conclusion, consumers tend to process information regarding organic compared to conventional products more heuristically, facilitated by the additional heuristic cues presented (e.g., organic labelling). This in turn might influence how they value informational cues when confronted with a promotional format emphasising systematic processing (e.g., monetary promotion) or heuristic processing (e.g., non-monetary promotion).

2.3. Product Type (Hedonic vs. Utilitarian)

Research differentiating between hedonic and utilitarian products demonstrates that the success of promotional actions often depends on which type of product is promoted. Hedonic products (e.g., chocolate) are consumed for luxury purposes or are desirable objects that provide pleasure, fun or enjoyment derived from actually buying the product [76]. In contrast, utilitarian products are consumed for a practical purpose and are used to perform a certain task, based on consumers’ needs.

Eco-friendly packaging has a more positive influence on consumers’ willingness to buy (WTB) when marketing hedonic rather than utilitarian products, but emphasising eco-friendly ingredients leads to higher willingness to pay a price premium for utilitarian products [37]. Consumers’ willingness to pay (WTP) for a brand offering charity incentives is higher when promoting hedonic products [77], as they are able to justify hedonic purchases better when connected to charitable incentives, whereas utilitarian purchases do not need to be justified to the same extent, as they serve a practical purpose [78]. Depending on a product’s nature, which can also be categorised as a “vice” or a “virtue,” promotion
via (monetary) price discounts and (non-monetary) bonus packs leads to differences in effectiveness, such that the promotional success of bonus packs is higher when advertising virtue products [79]. Furthermore, discounts have a more positive effect on purchase likelihood when promoting utilitarian rather than hedonic products [80].

Extant research demonstrates that consumers engage in more systematic processing when considering utilitarian products, and more in heuristic processing when confronted with hedonic products, leading them to value different informational cues when confronted with different price promotion tools [43,81]. As organic products offer relatively more heuristic cues, this might subsequently affect the consumers’ mode of information processing when confronted with different product types. Therefore, congruence between product category, product type and promotional format should increase promotional effectiveness, such that discount promotion might be more effective in the case of utilitarian (conventional) products, and premium promotion more effective for hedonic (organic) products.

3. Research Model and Hypotheses

The Eisenbeiss et al. [42] framework enables us to test how consumers’ information processing influences the promotional effectiveness of two different promotional formats (i.e., discounts and premiums). We expand the framework by distinguishing between organic and conventional products: Promotional effectiveness might depend not only on the relationship between the product type promoted (hedonic vs. utilitarian), the preferred mode of information processing (heuristic vs. systematic) and the promotional format (premiums with a focus on hedonic benefits, discounts with a focus on utilitarian benefits), but also on product category (organic vs. conventional).

Organic products offer more heuristic cues compared to conventional products. Conversely, consumers engage in less systematic processing when in a purchasing situation regarding organic products, thus leading to a decrease in the importance of the systematic cues provided (which are predominant when promoting a product via discounts), which thus might make discount promotion more effective in the case of conventional products. We thus hypothesise:

**Hypothesis 1 (H1).** The product category interacts with the promotional format (discounts vs. premiums) in shaping promotional effectiveness, such that (a) premiums [(b) discounts] are more [less] effective for organic, compared to conventional, products.

Apart from cross-over effects with the chosen advertising format, the product category might also influence how consumers process the saving level offered by the promotional formats. In general, a higher savings level (e.g., 20% instead of 10%) should increase promotional effectiveness, as it offers more savings value to consumers. However, the offered savings value represents a predominantly systematical cue, leading consumers to engage in more analytical thinking (e.g., calculating the money saved). As consumers predominantly focus on systematic cues when confronted with conventional products, in contrast to organic products, the positive effect of higher vs. lower savings levels on promotional effectiveness should thus be higher for conventional products. Therefore:

**Hypothesis 2 (H2).** The product category (organic vs. conventional) interacts with the savings level (lower vs. higher) in shaping promotional effectiveness, such that increased saving levels increase promotional effectiveness more strongly for conventional than for organic products.

Hypothesis 1 extends the framework provided by Eisenbeiss et al. [42], i.e., the distinction between organic and conventional products, albeit each organic (or conventional) product can be characterised further through the hedonic-utilitarian distinction—the original focus of the framework. Therefore, we can specify and further refine our predictions by merging both distinctions, resulting in interaction effects (between product type and product category). In particular, higher congruence between consumers’ preferred mode of information processing—systematic in the case of utilitarian
and conventional products (and heuristic in the case of hedonic and organic products)—might increase promotional effectiveness. Thus, the combined characterisations should present themselves as follows:

**Hypothesis 3A (H3A).** The interaction specified in H1A is moderated by product type (hedonic vs. utilitarian), such that the higher promotional effectiveness of premiums (compared to discounts) for organic categories is more pronounced for hedonic than for utilitarian products.

**Hypothesis 3B (H3B).** The interaction specified in H1B is moderated by product type (hedonic vs. utilitarian), such that the higher promotional effectiveness of discounts (compared to premiums) for conventional categories is more pronounced for utilitarian than for hedonic products.

A similar argumentation regarding the systematic cue inherent in any promotion (the savings level), and again using the mentioned framework, leads to our last hypothesis:

**Hypothesis 4 (H4).** The interaction specified in H2 is moderated by product type (hedonic vs. utilitarian), such that the positive effect of savings level on promotional effectiveness for conventional and organic categories is more pronounced for utilitarian products than for hedonic products.

### 4. Empirical Study

#### 4.1. Sample and Procedure

To identify organic and conventional products, which also appropriately represent hedonic and utilitarian products, we asked 150 German consumers, recruited through an online panel provider, to participate in our pretest. First, we asked how they perceive different categories of utilitarian (milk, noodles, peppers) and hedonic (champagne, chocolate, ice cream) products, according to the intended eight-item scale developed by Voss et al. [82]. Second, we described the distinction between hedonic and utilitarian products and asked the participants to rate the products on a bipolar scale ranging from (1) “absolutely utilitarian” to (7) “absolutely hedonic.” Two clearly hedonic categories (higher than the scale mean), namely chocolate ($M_{\text{Chocolate}} = 5.07$ (1.04), $T = 23.802$; $M_{\text{ChocolateOrganic}} = 5.25$ (1.12), $T = 22.976$) and ice cream ($M_{\text{Icecream}} = 5.17$ (1.02), $T = 27.637$; $M_{\text{IcecreamOrganic}} = 5.22$ (0.94), $T = 30.247$), and two clearly utilitarian categories, milk ($M_{\text{Milk}} = 3.28$ (1.45), $T = 11.743$; $M_{\text{MilkOrganic}} = 3.43$ (1.42), $T = 12.566$) and noodles ($M_{\text{Noodles}} = 3.49$ (1.55), $T = 10.935$; $M_{\text{NoodlesOrganic}} = 3.45$ (1.66), $T = 9.045$), emerged, corresponding with our bipolar measurement.

As the chosen hedonic and utilitarian products were offered either in an organic or a conventional version, we further introduced the distinction between organic and non-organic products and asked the participants to categorise the presented products on a bipolar scale ranging from (1) “absolutely non-organic” to (7) “absolutely organic.” Consequently, the clearly organic products milk ($M = 5.93$ (1.24), $T = 24.871$), noodles ($M = 5.95$ (1.35), $T = 19.161$), chocolate ($M = 5$ (1.67), $T = 14.684$) and ice cream ($M = 5.30$ (1.54), $T = 18.972$) were identified. The non-organic counterparts scored ($M = 2.89$ (1.70), $T = 8.858$; $M = 3.37$ (2.01), $T = 7.320$; $M = 2.50$ (1.06), $T = 11.519$; $M = 3.27$ (1.74), $T = 10.279$). After establishing the distinctiveness of the used hedonic and utilitarian organic and conventional products, an online experiment was conducted, using an online panel provider, which generated a total sample of 532 German participants. After excluding 18 participants, who answered the questionnaire in less than 2 min, and 27 straightliners, 487 questionnaires were retained.

The extant literature regarding organic products often focuses on one type of consumer, namely either the core organic consumer who buys organic products very frequently or the non-core organic consumer who never or very infrequently buys organic products. Both types of consumers are present in most retail settings. We asked the participants to state their income, age, gender and level of education. A total of 56% of participants completed high school and 25% completed a graduate degree. A total of 68% of participants reported an annual gross income level under 39,999 €, 11% between 40,000
and 49,999€, and 21% participants 50,000€ or more. Participants between the age of 26 to 32 and 33 to 40 were the most prominent age groups (40%), and the sample consisted of 179 men and 308 women.

We further asked for the participants’ shopping frequency regarding organic products, on a scale from (1) “never” to (7) “several times a week” (taken from Hoppe et al. [83]). In total, 62 participants stated that they never buy organic products or will not buy organic products in the future, 146 stated “sometimes per year”, 146 stated “sometimes per month” and 135 stated “sometimes per week” (or more).

To test our hypotheses, we chose a between-subject design and assigned each participant to one treatment group, representing one of the two utilitarian or hedonic products, either in the organic or non-organic category, and offered at the same price. The products were taken from actual supermarket ranges. In the case of ice cream and chocolate, organic and conventional products were of the same kind (e.g., milk chocolate) and brand, and for milk and noodles the chosen products were of the same type but represented by similar brands in the same price category.

The vast majority of available organic products (including those investigated herein) are equipped with organic labels indicating the organic nature on either the products’ packaging or via instore presentation. Hence, we asked our pretest participants to evaluate the most common organic labels in Germany (the official German label, the EU label and two labels issued by private institutions) in terms of familiarity, trust and expectations, as suggested by Janssen and Hamm [84]. Interestingly, the official German label emerged as the highest ranked label in every category, whereas the EU label scored lowest. Therefore, the presented organic products were equipped with the German organic label.

In all experimental groups, the respective product was either offered for a discount (10% or 20%) or with a product premium (i.e., increased content of +10%/+20%, of similar magnitude to the savings level manipulation). This resulted in a 2 (hedonic–utilitarian) × 2 (organic–non-organic) × 2 (discount–premium) × 2 (low–high level of savings) design, and thus 16 treatment versions. The questionnaire further included manipulation checks, asked the participants to evaluate the promotion, and collected demographics.

4.2. Measures

To ensure the effectiveness of the savings level in both discount and premium treatments, the manipulations were checked against one item adopted from Berkowitz and Walton [85], i.e., “How did you perceive the value of the offer?”, ranging from (1) very low to (7) very high. The perceived difference between the discount level was significant (N = 228; M_{DiscountLow} = 3.17 vs. M_{DiscountHigh} = 3.99, F = 26.612, p < 0.01, \eta^2 = 0.11), as was the perceived difference between the premium levels (N = 259; M_{PremiumLow} = 3.30 vs. M_{PremiumHigh} = 3.90, F = 13.165, p < 0.01, \eta^2 = 0.05). The bipolar measurement regarding the categorisation of hedonic (HED) vs. utilitarian (UT) products showed a significant difference (M_{HED} = 2.13 vs. M_{UT} = 4.69, F = 433.179, p < 0.01, \eta^2 = 0.47), as well as the categorisation of organic and non-organic products (M_{Organic} = 2.61 vs. M_{Non-Orgainc} = 5.09, F = 386.74, p < 0.01, \eta^2 = 0.44), whereby the means were significantly higher (lower) than the scales’ centre (respectively <4 and >4, scales ranging from 1 to 7).

As a measure of promotional effectiveness (our dependent variable), we used a three-item scale (“I like this type of promotion a lot”, “I wish there were more promotions like this”, “With this type of promotion, I feel like buying the product”), taken from Chandon et al. [86], (\alpha = 0.92).

4.3. Results

We performed an analysis of variance (ANOVA) with promotional effectiveness as the dependent variable, and promotional format (discount vs. premium), product category (organic vs. conventional), product type (hedonic vs. utilitarian) and savings level (10% vs. 20%) as factors. Table 1 summarises the ANOVA results.
Table 1. ANOVA Results.

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>F Value</th>
<th>p Value</th>
<th>η²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected Model</td>
<td>12</td>
<td>1.85 **</td>
<td>0.04</td>
<td>0.045</td>
</tr>
<tr>
<td>Intercept</td>
<td>1</td>
<td>4357.00 ***</td>
<td>0.00</td>
<td>0.902</td>
</tr>
<tr>
<td>Savings Level [SL]</td>
<td>1</td>
<td>6.55 ***</td>
<td>0.01</td>
<td>0.014</td>
</tr>
<tr>
<td>Product Category [PC] (Organic vs. Conventional)</td>
<td>1</td>
<td>0.26</td>
<td>0.61</td>
<td>0.001</td>
</tr>
<tr>
<td>Product Type [PT] (Hedonic vs. Utilitarian)</td>
<td>1</td>
<td>0.29</td>
<td>0.59</td>
<td>0.001</td>
</tr>
<tr>
<td>Promotional Format [PF] (Discounts and Premiums)</td>
<td>1</td>
<td>0.02</td>
<td>0.88</td>
<td>0.000</td>
</tr>
<tr>
<td>PC × PF</td>
<td>1</td>
<td>3.59 *</td>
<td>0.06</td>
<td>0.008</td>
</tr>
<tr>
<td>PC × SL</td>
<td>1</td>
<td>0.31</td>
<td>0.58</td>
<td>0.001</td>
</tr>
<tr>
<td>PC × PT × PF</td>
<td>2</td>
<td>3.75 ***</td>
<td>0.02</td>
<td>0.016</td>
</tr>
<tr>
<td>PT × PF × SL</td>
<td>3</td>
<td>0.50</td>
<td>0.69</td>
<td>0.003</td>
</tr>
</tbody>
</table>

* p < 0.1, ** p < 0.05, *** p < 0.01. P values are based on one-sided tests for treatment factors. N = 487.

As expected, the main effects of product category, promotional format and product type remained insignificant, implying that our choice of objects representing the two levels of each example was balanced and there was no systematic influence on promotional effectiveness. As also expected, a higher vs. lower savings level led to higher promotional effectiveness in general (F = 6.553, p < 0.05, η² = 0.01).

We found a (marginally) significant interaction between promotional format and product category (organic vs. conventional; F = 3.592, p = 0.059, η² = 0.01). The positive effect of premiums was stronger for organic rather than conventional products (M_Organic = 4.44 vs. M_Conventional = 4.13), in support of Hypothesis 1(a). Discount promotion increased promotional effectiveness more in the case of conventional products (M_Organic = 4.11 vs. M_Conventional = 4.53), thereby supporting Hypothesis 1(b). Moreover, by comparing the effectiveness of the promotional formats (discounts vs. premiums) for organic products only, we found that premium promotion is superior to discount promotion (M_Premium = 4.44 vs. M_Discount = 4.11).

To test Hypothesis 2, we compared promotional effectiveness at two saving levels (10%/20%) for various product types and categories. As there was no significant interaction effect between product category (organic vs. conventional) and savings level (F = 0.309, p = 0.579, η² = 0.001), we must reject Hypothesis 2. This indicates that saving levels increase promotional effectiveness, independent of the promoted product category.

In accordance with Hypothesis 3A, we found a significant interaction between promotional format, product category and product type (F = 3.747, p = 0.024, η² = 0.016). Figure 1 illustrates the respective means by product category, separately for discounts (DL) and premiums (PR) and separately for hedonic (HED) and utilitarian (UT) products.

Interestingly, in the case of utilitarian products, promotional effectiveness is of equal magnitude for organic and conventional products, and this finding holds true for monetary and non-monetary promotions. In contrast, regarding hedonic products, promotional effectiveness differs considerably as a function of promotional format and product category.

As mentioned previously, and in line with Hypothesis 3A, premium promotion was more effective for organic—and in particular hedonic (compared to utilitarian)—organic products (M_Hedonic = 4.52 vs. M_Utilitarian = 4.37). Therefore, organic products should be promoted via premiums, not via discounts. However, we must reject Hypothesis 3B, because our results show that, in contrast to extant knowledge, discounts were more effective for hedonic rather than for utilitarian conventional products (M_Hedonic = 4.72 vs. M_Utilitarian = 4.29). In addition, discounts were more effective for utilitarian organic than for hedonic organic products.

To test Hypothesis 4, we investigated if the effectiveness of the offered savings level (as systematic cue) is influenced by product category and the type of product being promoted. The interaction of these factors was insignificant (F = 0.495, p = 0.686, η² = 0.003), and so we must therefore reject Hypothesis 4,
as in contrast to the hypothesised effects, savings level has a positive effect across product types and product categories.

![Figure 1. Promotional effectiveness by promotional format, product category and product type.](image)

To control for the sample characteristics in terms of socio-demographic variables, we performed an additional analysis of promotional effectiveness, our core dependent variable, which used gender, income and level of education as random factors and the participants’ age as the covariate. Since this information was voluntary, it should be noted that this additional analysis is based on a reduced data set (n = 409).

The incorporation of the socio-demographic variables revealed that within our sample, gender had a significant influence on promotional effectiveness (F = 6.745, p = 0.01, η² = 0.017). Women reacted more positively to promotional strategies than men (M Men = 4.11 vs. M Women = 4.51), which is similarly reflected in both categories (organic products: M Men = 4.13 vs. M Women = 4.46; conventional products: M Men = 4.10 vs. M Women = 4.49). Thus, while women show a higher tendency to purchase organic products [87–90] in general, the promotional effectiveness, our focal variable, is not affected.

Further, the participants level of education had a significant influence on promotional effectiveness (F = 2.254, p < 0.03, η² = 0.28); higher educated consumers reacted more positively to the presented promotional strategies in case of conventional (M HighSchool = 4.19 vs. M GraduateDegree = 4.34) and organic products (M HighSchool = 4.11 vs. M GraduateDegree = 4.32), which is in line with previous findings [91].

Further, there was a significant influence of income on promotional effectiveness (F = 2.559, p = 0.027, η² = 0.032). The promotional effectiveness was higher in high (50,000€–69,999€) than in low (<29,999€) income groups; this is true for both organic (M High = 5.06 vs. M Low = 4.11) and conventional (M High = 4.65 vs. M Low = 3.99) products. The similar differences in promotional effectiveness (between high and low income groups) for both organic and conventional products might exist because German consumers show a high acceptance of organic products in general [10,92,93]. Lastly, the covariate age did not significantly impact promotional effectiveness (F = 0.354, p = 0.552, η² = 0.001).

5. Discussion and Conclusions

Focusing on the German retail market, we recruited 487 German consumers to empirically investigate the impact of different promotional formats, when marketing organic in contrast to conventional products, whilst accounting for variations due to the type of product promoted (hedonic vs. utilitarian). As we only recruited German consumers, our interpretations are based on this particular sample.
We found that the promotional effectiveness of premiums and discounts is influenced by the promoted product category. Premium promotion is superior to discount promotion for organic and in particular hedonic organic products, independent of the offered savings level. When congruence between consumers’ mode of information processing (heuristic), product category (organic) and product type (hedonic) occurs, it facilitates heuristic processing and thus allows consumers to make quicker and more satisfying purchasing decisions in favour of organic products. In contrast to extant literature, we empirically demonstrated that hedonic and utilitarian organic products can be promoted effectively via non-monetary promotion (i.e., content premiums), and promotional effectiveness is even higher for hedonic than for utilitarian organic products.

However, regarding utilitarian products, the promotional effectiveness of discounts was of equal magnitude for organic and conventional products, indicating that discount promotion works equally well for utilitarian organic and utilitarian conventional products.

As a consequence, companies trying to promote organic products effectively should emphasise promotional formats offering more heuristic cues than systematic cues, as in the case of non-monetary promotion (e.g., premiums, bonus packs). In contrast, monetary promotion is less effective for hedonic organic products, which may be due to the fact that it encourages consumers to focus more on systematic cues (e.g., monetary savings) so that they engage more in analytical thinking.

The expanded Eisenbeiss et al. [42] framework appeared as a good basis on which to analyse the influence of product category on promotional effectiveness. However, the somewhat inconclusive results, in respect to the influence of the offered saving level, show that the interaction between saving level, product type and product category cannot be fully explained, albeit the “product category” factor might overshadow the hypothesised interaction effects. We used investigative procedures commonly used in marketing research [94,95], to identify how consumers react to different promotional formats and different product categories apart from other influencing factors. Additional factors (e.g., price fairness and price knowledge) might be relevant in revising the framework, as it could not fully account for the sum of our results, in particular when consumers evaluated utilitarian products. Therefore, the expanded framework should serve as a starting point for developing a broader research agenda, to investigate more extensively the influence of product category (organic vs. conventional) on different promotional strategies.

This study has several limitations. First, we tested our hypotheses in an experimental setting, which thus limits the external validity of our findings. While this procedure is common in marketing research, real purchase data—as a result of applying our suggested promotion strategies in practice—could be a valuable next step. Future research should also extend the investigation towards broader issues such as the consumer demand for sustainable distribution and production processes.

We investigated the effectiveness of different promotional tools to reach all kinds of consumers, as organic consumers exist across all demographic segments [96], and most retail chains welcome a broad target audience. However, including other shopping environments (e.g., specialized stores, farmers’ markets) could refine the framework and its applicability and thus bring further insights.

Furthermore, consumers’ price sensibility regarding organic products might change over time, so long-term studies could account for such variations. Moreover, only the effectiveness of the promotional formats “discount” and “premium” was investigated, and so future research could test the impact of other monetary and non-monetary promotional strategies on promotional effectiveness, in particular formats that combine heuristic and systematic cues such as exclusive promotion [55] or daily deal promotion [42], as they might turn out to be additional, meaningful promotional options for organic products.

The insignificant interaction between savings level, product category and product type might also be related to the low price level of the products selected for the experiment, as consumers might perceive the savings value as generally limited when buying low-priced products. Future research could therefore extend the framework and its application, by considering more expensive organic and conventional products such as (organic) meat or fish. Higher price levels might strengthen
the consumers’ reaction towards examined promotional strategies [49]. The framework can also be used to investigate the impact of promotional strategies on products with similar characteristics to organic products (e.g., Fairtrade and Kilometre Zero products), as this might offer additional, more generalisable insights and demonstrate how to effectively promote different kinds of sustainable products to consumers.

The domestic organic market in Germany is fairly extensive, and traditional retailers are dominant, which contributes to a market development that is not uncritical. Follow-up studies in other countries, in particular with different consumer purchasing powers, lower demand for organics and different market structures should be carried out to understand to what extent our empirical results can be generalised.

Further, not only retailers and producers can make use of promotional strategies. Thus, investigating how public institutions can take advantage of promotional strategies outside of regular market environments could bring additional insights.

We tested the effectiveness of different promotional formats for marketing organic and conventional products in a retail setting servicing all types of consumers. However, the consumers’ price acceptance and buying frequency in terms of organic products varied considerably, which might thus also affect the promotional effectiveness of different promotional formats in different purchasing environments.

Obviously, a sustainability transition cannot be achieved by simply choosing suitable promotional strategies. However, if consumers increasingly decide to buy organic and other more sustainable products (which can indeed be incentivised through promotion), the general awareness for sustainability will increase and thus incentivise manufacturers and retailers to change their production and distribution processes accordingly. Promotional strategies can be used to increase consumer demand for more sustainable products, and to attract consumers who would not choose to buy organic products otherwise. In this way promotion should be regarded as one among the tools to advance a sustainability transition.


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