

Selling the Prospective Unsaleables:

Evaluating the attractiveness of a promotion in Clearance sales

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Abstract

Every year more than a Billion USD worth of packaged food remains unsold and ends up as waste at the retail stores. The problem of wastage due to product expiration remains unsolved for many firms and has implications for manufacturers and retailers. The present research identifies sales promotion strategies that may minimize the waste caused due to product expiration at the retailer before its sale. Specifically we understand the consumers' behavior towards prospective unsaleable food products (PUFPs) i.e. the packaged food products that are nearing expiration date. In this research, we first examine consumers' perceived risk for PUFPs. We develop the perceived risk hypothesis based on Regret theory. We further examine the influence of discount and displaying the expiry information on consumers' perceived deal attractiveness during a clearance sale. We develop the hypothesis based on the assimilation and contrast theory. Furthermore, we examine the possibility of using "Pay-What-You-Want pricing" as a promotional tool and based on the tenets of the norm-activation theory we propose using a cause related campaign or an environmental awareness campaign to increase the deal attractiveness and purchase likelihood of PUFPs during clearance sales. Finally, we conduct a field study by setting up sales counters with PUFPs at supermarkets to examine the actual

consumer responses to such promotions. We conduct five experimental studies and provide empirical evidence supporting our hypotheses. Findings of this research have significant managerial implications and theoretical contributions.