

IMPACT OF DIFFERENT PRICE DISCOUNT FRAMES AND LEVELS ON CUSTOMER PERCEPTION AND BEHAVIOURAL INTENTION

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Abstract. *Purpose* – this paper aims to examine the effect of framing price promotion on consumers' purchase intentions. The main purpose of this paper is to analyse the impact of percentage and monetary price discount frames, discount levels of 20%, 40%, 60% and 80% on customer behavioural intention and perception within a high-end hospitality industry context.

Research methodology – this study considers 8 manipulated sample scenarios that have been developed. In summary, the experiment consisted of 2×4 designs of the high-end hospitality industry. Two independent variables were included in the experiment: two discount formats (€-off, %-off) and four discount levels to instigate the impact it has on the behavioural intentions and perceptions.

Findings – research has proved that in the high-end hospitality industry, different price discount frames and levels have a significant impact on customer behavioural intentions and perceptions.

Research limitations – the results of this study show that the threshold for the discount rate may depend on the type of hotel. Therefore, in the future, the impact of a discount on several hotels of different levels should be assessed in one study.

Practical implications – the practical implication for service firms that want to use price discount promotions to encourage sales and increase revenue is that they should carefully consider the price range and the value or quality of image they intend to signal when using these different price discount frames and the service they are selling to determine the discount level to use.

Originality/Value – this paper is valuable to high-end service marketers that seek to use price discount promotions to encourage sales and increase revenue.

Keywords: price discount frames, price discount levels, customer perception, discount value, perceived quality.

JEL Classification: D46, M31, Z33.

Conference topic: Contemporary Issues in Economics Engineering.

Introduction

Nowadays customers use the Internet to easily find all the information about the product or service they are interested in purchasing. Customers are able not only to compare different companies but also to analyse their price range, production facilities, used materials, etc. As a result of the increased awareness, customers have become very price sensitive (Nusair, Yoon, Naipaul, & Parsa, 2010). Therefore, the concept of price promotion has been widely discussed over the last decades (Tripathi & Pandey, 2017).

The goal of this article is to investigate the joint effects of price discount frames and price discount levels on customer purchase intention, the perception of quality and value of saving in the high-end hospitality industry. The factorial experimental 2×4 design (two discount formats (€-off, %-off) and four discount levels (20, 40, 60, 80%)) were applied to instigate the impact of a price discount on the behavioural intentions and perceptions.

The price discount is considered to be the most common form of price promotion (Nusair et al., 2010), and is one of the most effective marketing promotions for increasing product sales (Christou, 2011; Chen, Marmorstein, Tsiros, & Rao, 2012; Yin & Jin-Song, 2014). Despite a positive effect of price discount on product attractiveness and intention to buy (Cai, Bagchi, & Gauri, 2015), there is also a negative effect, such as a decrease in customer perception of product quality and customer expectations for the brand (Chandran & Morwitz, 2006; Shiv, Carmon, & Ariely, 2005).

Discount levels affect the perceived saving value, purchase intention and the perception of product quality (Nusair et al., 2010; Yoon et al., 2010). According to previous research studies carried out in this field, depending on the category of industry under analysis, there are different price discount levels that cause either a positive or negative effect on customer purchase and behavioural intentions. Meanwhile, a large amount of studies has already been conducted in evaluating price promotion in the home equipment, apparel as well as in food industry (Mukherjee, Jha, & Smith, 2017; Gamliel & Herstein, 2011; González, Esteva, Roggeveen, & Grewal, 2016; Jue et al., 2012; Tseng, 2016).

Most of the previous research has focused on the effectiveness of price discounts perception of customer response to price discount presented in services (Hu, Parsa, & Khan, 2006; Jiang, Chou, & Tao, 2011; Yoon et al., 2010), or premiums (Chang, 2009; Han, Nunes, & Drèze, 2010; Yang & Mattila, 2013), but rarely on both. Therefore, in order to avoid a negative effect of price promotion, it is important for marketers to continuously investigate the optimal price discount level. Therefore, the pricing of hospitality products and services is significantly different from traditional consumer goods (Adhikari, Basu, & Raj, 2013).

According to various studies (Hu et al., 2006; Nusair et al., 2010), the unique characteristics of the hospitality industry, such as intangibility, inseparability, heterogeneity and perishability, cause difficulties in promotion and price discount strategies (Yoon et al., 2010). Consumers often use price as a key indicator in expecting quality services, thus price discount levels can have a strong impact on both perception of quality and purchase intentions (Hu et al., 2006; Huang, Chang, Yeh, & Liao, 2014; Parsons, Ballantine, Ali, & Grey, 2014; Repetti, Roe, & Gregory, 2015). Findings of several academic studies reveal (Nusair et al., 2010; Yang, Zhang, & Mattila, 2016), the ways of promotion of price discounts impact the behavioural intention and perception of customers differ in low- and high-end hospitality industry.

A wide range of studies claim that not only price discount has a certain impact on customer perception, but also the frame – in percentage (relative) or monetary (absolute) terms discount is presented (Biswas & Graw, 2008; Gamliel & Herstein, 2011; Gendall, Hoek, Pope, & Young, 2006). It has been found that framing the same price discount in a different way can influence customer perceptions related to the attractiveness of promotion (Munger & Grewal, 2001; Wadhwa & Zhang, 2015; Wieseke, Kolberg, & Schons, 2016), and may also influence purchase decision (Nusair et al., 2010). Some studies suggest that discount frames result in higher purchase intentions (González et al., 2016), whereas other research indicates that the discount format has no impact on purchase intentions (DelVecchio, Krishnan, & Smith, 2007) or results are mixed (Isabella, Pozzani, Chen, & Gomes, 2012; McKechnie, Devlin, Ennew, & Smith, 2012).

1. The relationship between price discount, consumer perception and purchase intention

Various academic studies have examined the relationships between price discount presented in different frames and levels, with customer perception of a particular product/service or brand. One of the most common relationships observed by academic researchers is the relationship between price discount and customer purchase intention. Purchase intention is an important construct deployed in academic marketing literature. According to various studies, purchase intention is the degree of consumer persuasion to purchase a particular product (Nusair et al., 2010).

Diverse studies have examined the impact of a price discount on consumer intention to purchase products and services (Chen, Monroe, & Lou, 1998; DenizciGuillet & Mohammed, 2015). Previous studies have revealed that the price discount has an influence on purchase intentions and shows that larger price discounts have no linear relationship between price discount and purchase intention (Lee & Stoel, 2014). These studies have examined the relationship between price discount and acceptance of the discount. They have found that expectancy increases by up to 50% and starts decreasing from 60% (Lee & Stoel, 2014). Gupta and Cooper (1992) claim of the existence of a price discount threshold which is a minimum change in price discount needed to change customer purchase intentions.

Many empirical studies have proved that there is a different effect caused by various price discount frames on consumer purchase intention depending on the industry (Yoon et al., 2010). Hospitality and non-hospitality services have been compared by Yoon et al. (2010) who find that in terms of different discount frames, customers of non-hospitality services, in terms of higher purchase intention, prefer the percentage format over dollar format. Meanwhile, the research conducted by Nusair et al. (2010) shows that customers of the budget hotel service evaluate monetary discount frame over the percentage off, as they consider such type of discount offers as more valuable because such discounts are perceived as giving larger savings and increasing consumer intention to make a purchase. Therefore, the following hypotheses were proposed:

H1: Purchase intention differs depending on the price discount level and price discount format.

H1a: Purchase intention differs depending on the price discount level.

H1b: Purchase intention differs depending on the price discount format.

In addition to discount framing, purchase intention of a certain product or service might be influenced by discount levels. The study conducted by Nusair et al. (2010) reveals the effect of price discount frames and levels on customer perception in low-end service industries. Restaurants, hotels, mailing and retail service industries were examined. Even though the discount level of 80% was perceived by customers as low service quality, still a high level of purchase intention in the hotel industry was observed. According to the findings obtained by Nusair et al.

(2010), customers that purchase low-end services do not expect a high quality of the selected service. According to Yoon et al. (2010), purchase intention is positively influenced until price discount reaches the highest level (80%). Interestingly, at the point of 60 per cent, customer purchase intention in budget hotels shows already a much steeper pattern, compared to the discount level of 20 and 40 per cent. Thus, we proposed as follows:

H2: Perceived quality has an impact on purchase intention.

Zhang and Prasongsukarn (2017) have mentioned that quality is a standard of customers' measure of the product or service by giving grades, merits, attributes. Previous studies show that there is a relationship between price promotions and perceived product quality. Moreover, other researchers have also stated that perceived quality is a substantial factor contributing to customer retention in marketing (Zhang & Prasongsukarn, 2017).

The studies of Huang et al. (2014) and Parsons et al. (2014) show a positive relationship between price discounts and perceived quality. However, at the same time, the impact of sales promotion on the perceived quality has yielded mixed results. According to some studies, sales promotion can either increase or decrease the perceived quality. The results depend on the characteristics of sales promotion and promoted products (Choi & Mattila, 2014). Some studies (Parsons et al., 2014) show that low prices tend to make customers suspicious of the quality of the promoted product or service. That is why, hospitality operators try to explain the reasons for conducting a special price promotion (Mattila & Gao, 2016).

According to the results obtained by the academic study of Nusair et al. (2010), when the price discount is too large customers are in doubt regarding the product quality and consequently their willingness to purchase the service of low-priced industry decreases. It was discovered that a discount level of 60 per cent was the maximum discount point for fast food restaurants and retail services before the perception of quality were negatively affected. At the same time, the discount of 40 per cent for budget hotels and 20 per cent for mailing services were the highest discount levels before the perception of quality was negatively affected. The findings obtained from the research carried out by Yoon et al. (2010) indicate that there is only a little or no preference for discount formats in case of hospitality services, meaning that customer perception of quality is not affected by the discount format type.

According to Kirmani and Rao (2000), customer perception of service quality involves two issues. The first issue is customer perception of service quality based on the price and offered price discounts. The second issue involves price-quality signalling that refers to quality signals that are presented by companies in the brand name, price, warranty and advertising expenditures. The study conducted by Nusair et al. (2010) that customers have identified a positive relationship between the price of the product and product quality. Even though the study by DelVecchio, Henard, and Freling (2006) concludes that there is a negative impact on promotion when product price has more than 20 per cent discount, the results of the study performed by Jensen and Drozdenko (2004) show that the quality perception of promoted products is negatively affected only after the price level decreases by 40%.

Quality perception of a discounted product or service varies based on the type of industry. The study conducted by Yoon et al. (2010) reveals the effect of different price discount levels on consumer perception in hospitality and non-hospitality industries. Quality perception of hospitality firms is positive in nature when the discount level varies between 20 and 40%, or it remains steady when the discount is around 40 and 60%. A significant decline in quality perception is observed when the discount in both industries, hospitality and non-hospitality, ranges from 60 to 80%. Similarly, we hypothesized:

H3: Quality perception differs depending on the price discount level and price discount format.

H3a: Quality perception differs depending on the price discount level.

H3b: Quality perception differs depending on the price discount format.

2. The perceived value of the discount

Discount value is a benefit that the customer gets from the promotional discount (Nusair et al., 2010). Basically, promotional price discounts offer a large value to customers by reducing the cost of a product or service. According to the study of Wakefield and Barnes (1996), price discounts positively affect an overall perception of product value (Nusair et al., 2010).

According to Yoon et al. (2010), customer perception of discount value may vary based on the format in which the discount is presented. Meanwhile, the study of Nusair et al. (2010) on evaluating the effect of price discounts on consumer perception in low-end service industries, do not support the theory mentioned earlier. They indicate that the price discount frames presented in dollar-off and percentage-off formats are not influential components on consumer perception of the discount value. According to the findings, consumers of the four low-end service industries, including restaurants, hotels, mailing and retail, evaluate the savings from dollar-off and percentage-off discounts as equal. The results of the academic research can be explained by a low reference price for the services of all industries, meaning that the customers are able to quickly calculate real monetary savings in spite of the type of the price discount format. The results of low-end service industries are contradictory to the results of high-end services presented by Yoon et al. (2010) where significant differences have been found between the presentation formats of price discounts.

The study conducted by Nusair et al. (2010) reveals that price discount frames presented in a dollar-off format and percentage-off format are not influential components of customer perception of the discount value. At the same time, the findings of empirical research prove that customers perceive a different value of discount based on the type of service industry. Customers prefer discounts presented in the dollar-off format in fast food restaurant services, regular mail services and budget hotel services as such a discount frame offers more value and increases customer intent to make a purchase. In the retail service, customers view percentage-off format discounts as those that bring more value (Nusair et al., 2010).

The research completed by Yoon et al. (2010) finds an interesting difference between hospitality and non-hospitality industries. The discount level ranging from 60% to 80% in hospitality firms indicates a positive, direct and significant effect on the relationship of the customer value perception and the offered discount, while in non-hospitality industry, the slope of the curve of the same level shows a negative value. This finding indicates that customers may question the value offered by non-hospitality service industries when the discount reaches 60% and it also leads to questioning the quality of an offered service (Yoon et al., 2010).

Taking into account the contradicting results from various studies, it is important to measure how customer perception and purchase intention is influenced by price discounts presented in two price discount frames (\$-off and 5-off) and four levels (20, 40, 60, 80). Thus, we proposed as follows:

H4: Perceived value of savings differs depending on the price discount level and price discount format.

H4a: Perceived value of savings differs depending on the price discount level.

H4b: Perceived value of savings differs depending on the price discount format.

3. Research methodology

The main purpose of the empirical research is to analyse the impact of different price discount frames – percentage and monetary – and levels – 20%, 40%, 60% and 80% – on customer behavioural intention and perception within a high-end hospitality industry context.

In order to investigate the influence of price discount on customer behavioural intentions and perceptions, an experimental design method was implemented in this research paper. The experimental design consisted of two discount frames (€-off and %-off), four discount levels (20%, 40%, 60%, 80%) and one service industry. The focus of this study was the hospitality industry. Even though it plays one of the major roles in the growth of the world economy, so far only a few studies have examined the perception of customer response to price discounts presented in different frames in the hospitality industry. Taking into account that Nusair et al. (2010) and Yoon et al. (2010) have investigated the low-end hospitality industry, this research study focuses on the high-end hospitality industry.

Table 1. Demographic characteristics: no difference in gender distribution among respondent groups $\chi^2(7) = 1.869$; $p = 0.967$) (source: compiled by the authors)

		Quest								Total
		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	
Male	Count	16a	16a	17a	16a	15a	14a	17a	13a	124
	% within Quest	53.3%	53.3%	56.7%	53.3%	50.0%	46.7%	56.7%	43.3%	51.7%
Female	Count	14a	14a	13a	14a	15a	16a	13a	17a	116
	% within Quest	46.7%	46.7%	43.3%	46.7%	50.0%	53.3%	43.3%	56.7%	48.3%

Respondents were recruited through an online research company in December 2018. They were invited to participate in a research project regarding their buying behaviour of hospitality services via Booking.com. Research answers were collected in the period between the 1st and 15th of December, 2018. The answers of 240 online respondents' were used for further academic research analysis. The distribution by gender was almost equal: 51.7% (124 respondents) of male and 48.3% (116 respondents) of the female (Table 1). The largest part of surveyed consisted of representatives of the 18–45 age group. Age groups of under 18 years old and 46 and more years old represented 7.1% and 4.2% from total sample respectively. Monthly income category of 1000–1999.9 euro per month was dominant in this research, representing 32,5% or 78 respondents out of 240. Respondents with a monthly income of less than 1000 euro and 2000-3999.9 euro had very similar distribution: 28.7% or 69 people, 25 per cent or 60 people respectively. The smallest group of respondents was with a monthly income of 4000 and more euro per month – 13.8 per cent or 33 respondents.

This study considers 8 manipulated sample scenarios that have been developed. In summary, the experiment consisted of 2×4 designs of the high-end hospitality industry. Two independent variables were included into the experiment: two discount formats (€-off, %-off) and four discount levels (20, 40, 60, 80%) to instigate the impact it has on the behavioural intentions and perceptions. The subjects were randomly assigned to one of 8 experimental groups. Each group received a separate case, in order to eliminate a comparative impact of different discount levels and frames. “Was!! €208, Now!! 20% cheaper” was the message given to the 1st group, “Was!! €208, Now!! 40%

cheaper” was received by the 2nd group, “Was!! €208, Now!! 60% cheaper” was given to the 3rd group. The message was given to the 4th group – “Was!! €208, Now!! 80% cheaper”. All the first four groups received price discounts presented in percentage frames, while the next four groups received price discounts presented in the monetary format: “Was!! €208, Now!! € 165”, “Was!! €208, Now!! € 125”, “Was!! €208, Now!! € 85”, “Was!! €208, Now!! € 40”.

The participants of each group were presented with a separate scenario for their price discount format. The scenario was the following: “You are planning a one-night trip to Barcelona and you need to book a room in a hotel. The search for a 5-star hotel on Booking.com shows a hotel called Royal Passeig de Gracia. This hotel has all the features and attributes you were expecting to get, in addition, it has a convenient location and high rates on Booking. The advertised rates for similar hotels seem to be around €208 per night. Hotel Royal Passeig de Gracia is currently offering a special promotion. Please, review the scenario and answer questions below” (Choi & Mattila, 2014).

In order to explore the customer behavioural intention and perception, three different dependent measures were evaluated in this research: customer purchase intention, the perception of quality and perceived discount value. Used scales were adopted from multiple researches analyzing the impact of price discounts, such as Nusair et al. (2010), Yoon et al. (2010), Alford and Biswas (2002). All the questions were measured on a seven-point Likert scale. In each scenario, the subjects responded to several questions measuring customer intention and perception of price promotion. Cronbach’s alpha of the variables showed a high level of reliability ($\alpha = 0.98$ for intention to purchase; 0.99 for perceived quality; and $\alpha = 0.98$ for perceived saved value).

The same range of questions was used for coupons presented in both percentage and monetary frames, as well as for four price discount levels of 20, 40, 60 and 80 per cent. In all, 240 respondents have been surveyed.

4. Findings

The main aim of the research was to estimate if various discount sizes and frames generate differences in consumer perception of value, quality and purchase intentions. The analysis was carried out using factorial ANOVA for each level of discount and discount frame.

Purchase intention depending on discount sizes and discount frames. In this case we found a statistically significant difference between purchase intention and the main effects – discount size ($F(1,232) = 133.19, p < 0.001, \text{Power} = 1.00$), discount type ($F(1,232) = 61.02, p < 0.001, \text{Power} = 1.00$) and interaction of discount size and discount type ($F(2,232) = 24.36, p < 0.001, \text{Power} = 1.00$). Purchase intention differs depending on discount size. The same level of intention was noticed between the cases of 20% ($M = 6.18$) and 40% ($M = 6.07$) $p = 1.00$ discount levels, and between 60% ($M = 4.30$) and 80% ($M = 4.30$) $p = 1.00$. However, a significant decrease in purchase intention occurs between 40% and 60% $p < 0.001$, which suggests that such type of hotels should not use higher discounts than 40%. Also, the discount type influences the intention to purchase. The respondents’ evaluation of the purchase intention was higher ($M = 5.67$) when the discount was presented in money than in percentage ($M = 4.86$) $p < 0.001$. The analysis revealed not only the main effects but the interaction effects as well. Monetary discount initiated a much higher purchase intention than discount in percentage when the discount was 20% ($M\$ = 6.96$ and $M\% = 5.41$) or 40% ($M\$ = 6.79$ and $M\% = 5.34$), yet in case of higher discount level, the type of discount had no impact (Figure 1). These results support hypothesis H_1 and sub-hypothesis H_{1A} and H_{1B} .

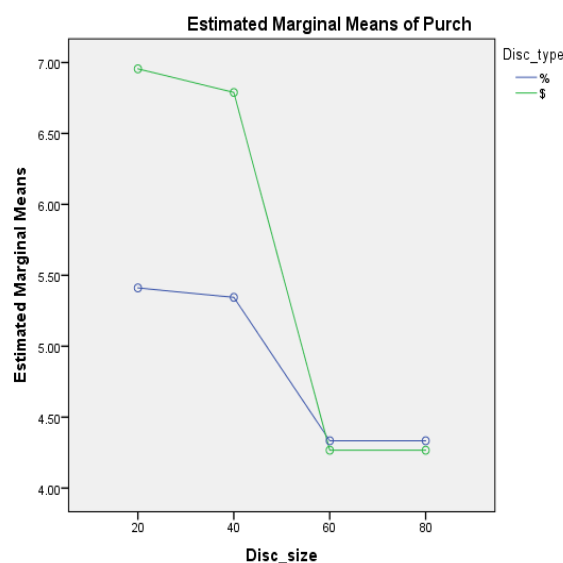


Figure 1. Purchase intention by the level of discount size and discount frame (source: compiled by the authors)

Perceived quality by discount size and discount frame. In this case we found a statistically significant difference between perceived quality and the main effects – discount size ($F(3,232) = 4118.61, p < 0.001, \text{Power} = 1.00$), discount type ($F(1,232) = 278.73, p < 0.001, \text{Power} = 1.00$) and the interaction of discount size and discount type ($F(3,232) = 45.79, p < 0.001, \text{Power} = 1.00$). The perceived quality differs depending on discount size. The same level of perceived quality was noticed between the discount levels of 20% ($M = 6.50$) and 40% ($M = 6.43$) $p = 0.743$. However, a higher level of discount stimulated a decrease in perceived quality 60% ($M = 2.81$) which significantly differed from perceived quality at 40% discount ($p < 0.001$). The highest discount level – 80% – influenced the even lower perception of quality ($M = 2.67$), which was significantly different from perceived quality at 60% discount ($p < 0.001$). Also, the discount type influenced the intention to purchase. The respondents perceived quality higher ($M = 4.88$) when the discount was presented in money than in percentage ($M = 4.32$) $p < 0.001$. The analysis revealed not only the main effects but also the interaction effects. Monetary discount caused much a higher purchase intention than discount in percentage when the discount was 20% ($M\$ = 7.00$ and $M\% = 6.00$) or 40% ($M\$ = 6.85$ and $M\% = 6.00$), but in case of a higher discount level, the type of discount had no impact (Figure 2). These results prove hypothesis H_3 and sub-hypothesis H_{3A} and H_{3B} .

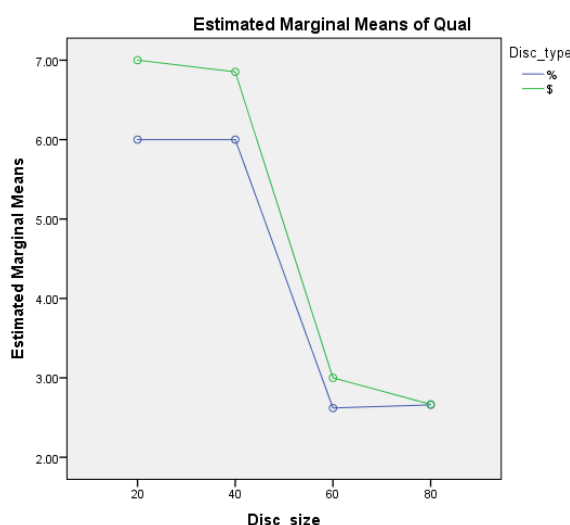


Figure 2. Perceived quality by discount size and discount frame (source: compiled by the authors)

The perceived value of savings by discount size and discount frame. In this case we found a statistically significant difference between the perceived value of savings and discount size ($F(3,232) = 506.12, p < 0.001, \text{Power} = 1.00$), but discount type ($F(1,232) = 2.55, p = 0.112, \text{Power} = 0.356$) and the interaction of discount size and discount type ($F(3,232) = 0.272, p = 0.846, \text{Power} = 0.102$) had no impact on the perceived value of savings. The same level of value of savings was noticed between the cases of 20% ($M = 4.96$) and 40% ($M = 4.97$) $p = 1.00$ discount levels and between 60% ($M = 6.58$) and 80% ($M = 6.53$) $p = 1.00$. However, a significant decrease in the perceived value of savings occurs between 40% and 60% $p < 0.001$. Thus we can conclude that sub-hypothesis H_{4A} is supported, while H_{4B} – rejected.

These results present several insights. The discount, larger in size than 40%, has a direct impact on a lower service quality perception. Meanwhile, in terms of the perceived value of savings, the discount value larger than 40% has a direct positive impact on the discount value perception. Also, the differences in price discount presentation were found. If the price discount is higher than 40% it does not have any direct impact on the discount presentation format (monetary or percentage), but if the price discount is lower than 40% the monetary format of the discount placement has a positive impact on the price discount perception. To summarise, we recommend that the service types under analysis use 20% discount and present it in monetary format.

The quality perception has a direct impact on purchase intention in such types of service ($R = 0.777, p < 0.001$), also there is a strong relationship between the perceived value of savings value perception and the intention to buy ($R = -0.539, p < 0.001$) (Table 2). Thus we can accept H_2 .

Table 2. The relationship between the price discount value perception and the intention to buy

		Qual	Val_Sav
Purch	Pearson Correlation	0.777**	-0.539**
	Sig. (1-tailed)	0.000	0.000
Qual	Pearson Correlation		-0.902**
	Sig. (1-tailed)		0.000

We have to emphasize that the perception of service quality has a very strong and opposite relationship with the perceived value of savings ($R = -0.902$, $p < 0.001$).

Discussion and conclusions

This study contributes to a better understanding of consumer behaviour attitudes towards price discounts in several ways. Firstly, the research data confirm the importance of discounts for consumers' intention to buy (Cai et al., 2015; Yin & Jin-Song, 2014). The study revealed that the intention to buy services is influenced by both the size of the discount and the form of the discount, which is consistent with the results of previous studies (Hu et al., 2006; Jiang et al., 2011). However, the interaction of discount size and discount type explains the ambiguity of the results of previous studies (Isabella et al., 2012; McKechnie et al., 2012). The form of a discount is important in case the discount rate promotes the purchase (up to 40%), but it becomes insignificant if the discount does not encourage the purchase. Therefore, it is very important to determine the threshold of the discount size at which the consumers' intention to buy no longer increases. Some authors have already previously laid emphasis on the importance of discount thresholds (Marshall & Leng, 2002; Parsons et al., 2014) and determined the absence of a linear relationship between the size of the discount and the intention to buy (Lee & Stoel, 2014). Our study has confirmed that the threshold discount can be 40% discount or its equivalent in cash. Meanwhile, the use of higher discounts can lead to unwanted results in the high-end hospitality industry.

Our study has confirmed a strong relationship between the perceived quality of the service and the intention to buy. It is this relationship that explains why a discount of 60% or larger leads to a significant reduction in the intention to buy a service. High-end hospitality service quality perception is equal in the case of the discount rate of 20% or 40% but declines significantly when the discount reaches 60% or more. These findings are in line with the results obtained by Jensen and Drozdenko (2004), but contradict the results given by Nusair et al. (2010) and Yoon et al. (2010) who claim that 60% discount in the hotel business is right. Therefore, it can be stated that the discount threshold depends largely on the hotel level.

The level of the hotel and its services provision, in general, can explain the negative association between the perceived value of savings and the intention to buy. The high-end hospitality service is very likely to be a hedonic product. When buying hedonic goods, consumers seek pleasure or other positive emotions, while the value of savings plays a secondary role. Meanwhile, a discount of 60% or larger raises doubts about the quality of the service and the future hedonic value.

As with any study of social science, the current study has several limitations demanding further clarification with future research. The results of this study show that the threshold for the discount rate may depend on the type of hotel. Therefore, in the future, the impact of a discount on several hotels of different levels should be assessed in one study. In addition, in the future, the study may be conducted on other services of different levels, such as airline tickets, restaurants, spa and beauty surgery. Discounts for very different sizes were used during the study. Meanwhile, a more detailed study covering a range of 30–50% would enable to more accurately determine potential discount thresholds and their interaction with the discount form. Apart from that, our study did not include the impact of demographic criteria. Certain demographic characteristics of the respondents are likely to influence the perception of the discount and the intention to buy high-end services.

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