

The Psychology of Digital Discounts: Perceived Savings and Impulsive Consumption

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Abstract: Price discounts are no longer just a part of the promotional mix; they're now digital triggers. Price discounts have become a form of digital stimulus, rather than simply a piece of the promotional mix. The aim of the conceptual study is to explore the potential for digital discount impacting on impulsive consumption using the lens of consumer perceptions of savings. The study builds on the notion that digital discount characteristics (discount magnitude, discount framing, scarcity and urgency cues, and discount credibility) are independent variables, and that perceived savings is the psychological process and impulsive consumption is the dependent variable. Based on the literature survey in behavioural pricing and previous research on impulse buying, the study theorises that digital discounts can influence the evaluation of the economic benefit, the emotional excitement and perceived attractiveness of the purchase. If a consumer feels that a digital offer offers significant and credible savings, the purchases' psychological attractiveness may improve, making them more likely to buy without deliberating. The paper offers a theoretical understanding of the possibility of monetary promotions influencing consumers' behavior in digital environments as a psychological trigger and directions for future research.

Keywords: Digital discounts, perceived discounts, perceived savings, impulsive consumption, impulse buying, consumer psychology, digital promotions, price perception, scarcity, e-commerce.

1. Introduction

With the surge of eCommerce, mobile apps, social commerce, and digital payment options, the way consumers interact with and assess price promotions has shifted dramatically. Traditional discount methods like physical advertisements, printable coupons, or in-store banners are replaced by personalised discount notifications, app-only discount vouchers, flash sales, countdown timers, cashback, percentage discounts, free shipping thresholds and limited-time promotions. This means that the psychological impact of receiving a discount has become a crucial part of digital consumer behaviour. Price discounts are more than just about cutting down the price of a product. They can shape the consumer's consumer value, savings, quality, attractiveness and buying opportunity. Numerous studies have shown that price discount data can influence perceived savings and perceived value, especially in an online context. For instance, Lee and Chen-Yu (2018) created a conceptual model that aligns price discounts with perceived savings, perceived quality, perceived value and purchase intention in online apparel shopping. It's vital to understand the psychological aspect of digital discounts, especially when it comes to impulse buying. The impulsive buying is basically impulsive, immediate and relatively unplanned buying. Digital environments can amplify such behaviour, as consumers are constantly hit with promotional stimuli when they are browsing, searching, scrolling, livestreaming, or interacting with social media. The feasibility of digital impulse buying has emerged as an important research field, as shown by a recent systematic literature review, which revealed a variety of antecedents, mediators, moderators, and consequences. Digital discounts

can thus work as psychological levers, in addition to being economic. When a consumer sees the words “50% OFF”, “₹500 SAVINGS”, “Only 2 Hours Left” or “Extra 20% OFF Today” he or she may think it's an offer that cannot be missed. The numerical discount can lead to a mental comparison between the original reference price and the discounted price, and the promotional framing can lead to a greater attention and emotional arousal. This is an important concern to note as research has demonstrated that a scarcity-based digital marketing strategy can lead to greater psychological arousal and impulse shopping. According to Wu et al. (2020), limited quantity and limited time scarcity methods can help to arouse consumers' perceived scarcity and then lead to online impulse buying. Further more recent studies also suggest that psychological mechanisms like excitement, urgency, perceived value and FOMO can interact with digital promotional stimuli in the promotion of impulsive buying. The present conceptual study concentrates specifically on the psychology of perceived savings, in this background. The main idea is that consumers might not just react to the actual size of the discount; their behavioural reaction would be related to how much they think they are getting. To one consumer, a discount of ₹1,000 might be very valuable, while to another, it might be relatively insignificant. Saving perception may thus be an important link between the digital promotional stimuli and impulsive consumption, and should therefore not be overlooked.

2. Review of Literature

2.1 Digital Discounts and Consumer Psychology

Digital discounts are those offers that are sent via digital means like ecommerce platforms, mobile apps, social ads, digital wallets, email campaigns, and online marketplaces. These are percentage discounts, coupon codes, cash back, flash sales, bundle discounts, free shipping, bank offers and app exclusive promotions. Behavioural pricing would suggest that discounts could have an impact on the internal perception of value and price of the product by the consumer. The gap between the promoted price and a reference price is often measured by consumers and is interpreted as a possible gain or saving. Thus, the psychological reaction to a discount rate might not just be to the actual discount, but to the perceived attractiveness of the discount. In an online shopping context, Lee and Chen-Yu (2018) identified the perceived savings, perceived quality, perceived value, and purchase intention as important factors to be connected with price discounts. They have found that a discount can generate psychological reactions other than simply lowering monetary costs. This psychological process could be more immediate in the digital sphere because discount information is visually salient, and often reinforced by persuasive elements like countdowns, colour contrasts, recommendation engines, social proof, and personalised notifications.

2.2 Perceived Savings

Perceived savings are the consumer's subjective judgment of the amount of money or economic value that he or she thinks he or she has saved as a result of the promotional offer. It is not the same as objective savings (because value of the same numerical discount can vary across consumers due to the original price, reference price, product type, expectations, and trust in the offer). For instance, the ₹1000 discount on ₹5000 might seem very appealing while the same ₹1000 discount on ₹50,000 could not. Likewise, even if the same money is being saved in one transaction, the phrase “50% OFF” might sound more appealing than “Save ₹500”. Another study regarding online discounts indicates that customers might not take online discounts at face value. The literature on “discounting of discounts” suggests that people may be able to adjust or discount the advertised discount in response to their beliefs regarding the credibility of the discount and context of the promotion. So, perceived savings are not mechanically calculated but rather created psychologically.

2.3 Digital Discounts and Impulsive Consumption

Impulse purchasing behavior has gained significant focus in digital consumer research. Due to the rich set of stimuli present in the online environment (e.g., promotional offerings, product recommendations, personalised marketing, social influence, scarcity cues, quick payment options), online consumers are highly susceptible to impulsive buying behavior. A systematic review on digital impulse-buying research by Kaur (2024) confirmed the heterogeneity in antecedents and psychological processes of impulse buying in the digital domain. This suggests that impulse buying should be considered as a response to not only internal impulsiveness but also external and promotional stimuli. More specifically, sales promotions (SP) are the major reason why consumers may perceive a sales promotion as an extraordinary opportunity. A wide range of types of SPs has been employed to examine their effect on impulse

purchase behavior as both monetary and non-monetary promotions have been shown to affect the impulse buying behavior through psychological variables such as positive affect and purchase urge.

Moreover, a growing body of literature have now linked SPs to FOMO, digital payment mechanisms and impulse purchase behaviors, indicating that today's digital shopping environment intertwines promotional attraction, psychological urgency and convenience in transaction.

2.4 Discount Magnitude and Perceived Savings

Discount magnitude represents the size of the reduction in price conveyed to the consumers. Relatively large discount magnitudes lead to higher perceived economic benefit with respect to believable reference prices. However, the discount magnitude –perceived savings relationship is not necessarily linear. In certain instances, extremely large discounts may trigger perceptions of lower product quality and promotional credibility, whereby the advertised savings may be 'discounted' when the promotional claim is considered unbelievable. Thus, a discount magnitude affects psychological savings not solely due to its sheer size, but the consumer's judgment as to its credibility. Conceptually, greater discount attractiveness will lead to stronger perceived savings, which in turn may enhance psychological purchase attractiveness.

2.5 Discount Framing and Perceived Savings

Discount framing relates to how a promotion benefit is communicated, e.g., "50% OFF"; "Save 1,500"; "1,500 Cashback"; "Buy 2, Get 1 Free"; "Extra 20% OFF"; "500 OFF on orders above 2,000". Despite the economic equivalence of alternative frames, they will result in varied psychological outcomes. Consumers might consider a percentage-based promotion as the equivalent of substantial price cut while a monetary savings promotion provides a more direct mental image of money saved. Consequently, discount framing will determine the salience and accessibility of perceived savings and may shorten information evaluation process or trigger the information availability in the context of digital environment as a result of the visual framing.

2.6 Scarcity, Urgency and Impulsive Consumption

In digital retailing, scarcity cues (e.g. Countdown timers; "only 3 left" or "offer ends tonight"; "sale closes in 10 minutes"; etc.) have been widely used to trigger urgency perception among the online shoppers. By referring to time and quantity restrictions, scarcity tactics may enhance arousal and trigger impulsive purchase intentions accordingly. A study in the current literature by Wu et al. (2020) has confirmed that limited-time and limited-quantity scarcity will intensify consumers' perceived arousal and, thus, promote impulse buying in the digital market. Some other research also demonstrated that various forms of scarcity enhance impulse buying by leading to psychological urgency. Thus, scarcity will bolster the discount-perceived savings and impulsive behavior association, turning the discount from latent economic appeal to an apparent urgent need.

2.7 Discount Credibility

Discount credibility refers to the belief consumers have in the authenticity of the promotional discount as a true economic benefit. When the original price seems exaggerated (e.g. Artificially inflated original prices), when the discount is overly significant, or when the product is sold at similar price points habitually, consumers may feel skepticism towards the authenticity of the discount. The relevant research literature on the discounting of discounts indicated that consumers are prone to reduce their perceived savings when the credibility of the offer is questioned. Discount credibility conceptually demonstrates the fact that an offer must be perceived as a believable savings before a significant psychological savings emerges.

2.8 Digital Convenience and Impulsive Consumption

The discounting effects would be reinforced when the online purchase can be easily completed by the consumers. Digital platforms feature many capabilities that remove shopping hurdles, such as saved customer information, e-wallets, one-click purchases, 'Buy Now, Pay Later' options, recommendation services and personalized alerts through mobile phones. Correspondingly, the literature on conditional promotions has shown that other factors like payment conditions or shopping condition would also influence how consumers perceive sales promotion and the likelihood of them adding items to their cart online. Thus, digital convenience may reduce the time available for consumers' deliberate thinking and accelerate the thought process from "I am saving money" to "I should buy this".

3. Objective of the Study

To develop a conceptual framework explaining how digital discount characteristics influence impulsive consumption through consumers' perceived savings.

4. Statement of the Problem

Online digital discount programs have become commonplace in e-commerce and mobile commerce. Consumers are bombarded with an onslaught of ongoing messages about sales promotions, including percentage discounts, flash sale offers, cash back incentives, coupon codes, limited-time promotions, and personalized discounts. Although these sales promotions are generally utilized to promote sales, they extend beyond just simple price-level reductions since they might also affect a consumers' subjective perceptions of value and their associated perceived savings. A principal concern is that consumers may make purchases not because of some inherent need they previously recognized but rather the perception the discount is an opportunity to save money on a product. There is a psychologically complex but powerful aspect at play whereby some consumers can feel they're getting a great deal because they are spending money at a discounted price. While the impulse buying process, sales promotions, scarcity, FOMO, hedonic motivation and digital payment systems are extensive topics of research, the nature of the psychological processes whereby perceived savings can justify an impulse purchase need further conceptualizing. Therefore, this research study addresses the research problem how the characteristics of a digital discount might affect perceived savings, which can lead to impulse purchases?

5. Research Gap

Various studies provide an array of evidence that digital discount stimuli and online store characteristics can contribute to impulse buying behavior. Systematic literature reviews of research on impulse purchasing behavior have indicated a wide array of factors that can influence impulse buying that range from the promotions, technology, emotional, social to individual differences. Despite a growing body of research, there are still several conceptual gaps as listed below. First, much of the academic literature on digital discounts treats the term as just another type of promotion and failed to differentiate objective discounts value and subjective consumers' perceived savings. Second, many research studies either address the discount effects such as scarcity, sale promotions, FOMO or digital payment mechanisms in isolation from other discount characteristics. Therefore, an integrating framework which links the several features of digital discount stimuli to a key psychological process is needed. Third, while the role of perceived savings has been established in price discount research, it is not always positioned as the primary mediating mechanism between digital discounts and impulsive consumption. As research suggests on the discounts in online apparel stores, perceived savings and value are related to purchase intentions but the relationship between perceived savings and impulse purchase behaviors specifically, have not been well-analysed. Fourth, with the advancement and growth of various digital promotion technologies (discount amount, discount frame, discount scare or urgency's credibility), a modern conceptual model that takes these into consideration is needed. Thus, in this research we proposed a conceptual model where digital discount characteristics lead to perceive savings, which in turn leads to impulse buying.

6. Research Methodology

A conceptual research design is used for this study and it involves no primary data collection and no formal statistical testing, hypothesis testing, or empirical analysis. The study involves a structured review and synthesis of existing and relevant literature that cover digital discounts magnitude, Behavioral Pricing, Perceived Savings, Impulse Purchase, Scarcity, Promotional Framing, Discount Credibility and Digital Consumer Psychology. Academic literature was conceptually investigated for identification and derivation of variables and the relationships between variables. Special attention was provided to the research conducted on impulse buying behavior in an online context, the effect of price discounts, perceived savings, the use of scarcity as a promotional appeal, the influence of sales promotions, digital payment methods, and consumer psychology. Stimulus-Organism-Response theory, Behavioral Pricing principles and a modern perspective on digital impulse purchasing behavior, formed the basis on which the proposed model is conceptualized. The theoretical model proposed herein does not necessarily presuppose empirical causal effects but intends to propose theoretically-justified pathways for future investigation.

Table 1
Variables of the Conceptual Model

Variable Type	Construct	Role
Independent Factor 1	Discount Magnitude	Represents the size of the digital price reduction
Independent Factor 2	Discount Framing	Represents how the saving is communicated
Independent Factor 3	Scarcity and Urgency	Represents limited-time/limited-quantity promotional pressure
Independent Factor 4	Discount Credibility	Represents consumers' belief that the advertised saving is genuine
Psychological Mechanism	Perceived Savings	Consumer's subjective perception of economic benefit
Dependent Factor	Impulsive Consumption	Spontaneous, unplanned and immediate consumption triggered by promotional stimuli

7. Conceptual Framework

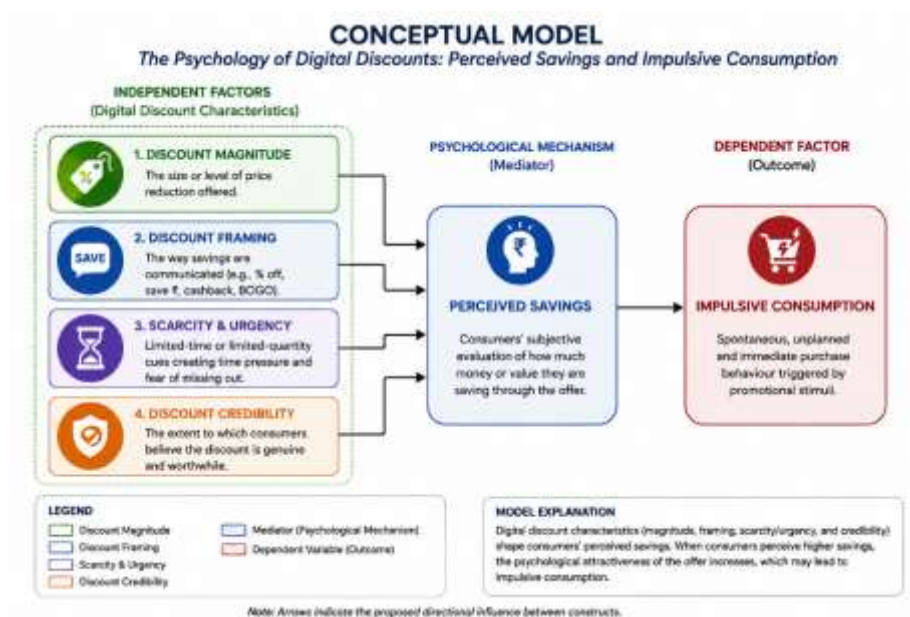


Fig 1 – Conceptual Framework

8. EXPLANATION OF CONCEPTUAL FRAMEWORK

8.1 Discount Magnitude Perceived savings

Discount magnitude refers to how big is the discount that is offered in numerical terms. The larger is the discount, the more salient is the economic benefit, which can lead to higher perceived savings by consumers. For instance, when consumers are shown “70% OFF,” the purchase could appear as being highly convenient. The psychological evaluation made by the consumer is not based on the actual amount of monetary savings, but on the magnitude communicated by the retailer. Therefore, conceptually: Higher perceived discount attractiveness => higher perceived saving => higher purchase attractiveness. However, very large discounts can decrease credibility in promotion. The psychological impact of discount magnitude thus is expected to be contingent to the consumers’ belief about the credibility of the claims.

8.2 Discount Framing Perceived savings

Discount framing describes how a particular economic saving benefit is communicated to consumers. For example, "Save 1,000" versus "Get 40% OFF" versus "1,000 Cashback" even though each message implies an economic benefit. A good promo framing makes the saving clearly visible. It reduces the cognitive effort of the consumers to evaluate the offer and to make the perceived saving more attractive to the consumer. So, "Promotional framing => easier recognition of benefit => higher perceived saving."

8.3 Scarcity and urgency Perceived savings

Scarcity and urgency cues are thought to increase a discount's appeal and its perceived value by conveying a sense of limited opportunity. If there is a discount in a limited timeframe (e.g. "2,000 Off - Only 30 Minutes Remaining") the consumer is thinking not only of the economic benefit that they are achieving but of losing this opportunity. Thus, scarcity creates a perception of opportunity cost: "I will lose my saving if I don't act now!" Hence, a greater sense of urgency leads to an increase in consumers' emotional arousal and to a reduction of their capacity to reflect, which implies a higher chance of impulsive purchases (due to a number of studies on scarcity in online shopping context). "Scarcity and urgency => opportunity loss perception => higher emotional arousal => impulsive purchase."

8.4 Discount Credibility Perceived savings

For a discount to promote perceived savings, the promotion must be credible for consumers. Consider the following offers from two different sellers:

Seller A: 5,000 - 2,500

Seller B: 5,000 - 2,500, and retailers on the web know it is commonly 2,800.

Even if both sellers offer 2,500 saving, the consumer would likely have lower perceived savings from seller B due to scepticism about the initial reference price. "A credible discount => high perceived saving, whilst a questionable discount => discount scepticism => low perceived saving." This is further supported by prior research in the area which indicates that "consumers may 'discount the discount'" when they are doubtful about whether the savings are entirely valid.

9. Perceived Savings Impulsive Consumption

Perceived saving is our core psychological mechanism in the research model. When the perceived savings by the consumers from promotional activity are significant the offer could be viewed as, "saving money" rather than "spending money". For example, "I am saving 1,500!" from an item costing initially 4,000 and being offered at 2,500 (1,500 saving). That may provide consumer a psychological justification for their purchases: "I am not losing 2,500, it is actually a saving of 1,500." This psychological justification may reduce psychological friction associated with spending and increase a propensity to make spontaneous purchasing. Thus, we propose that Perceived Saving can explain as the psychological bridge between the promotional offer (or promotional cue) and impulsive consumption.

10. Discussion

The conceptual discussion has suggested that digital discounts may not be perceived merely as monetary devices, as a saving offer is translated into psychological meaning before it drives consumer behavior. An individual gains economically when buying something at a discount, but subsequently appraises that gain through personal reference price, expectancies, emotions, sense of urgency and the credibility of the promotional message. The first conceptually important insight is that savings are not only about objective dollars and cents. The retail firm can display a high value discount in a misleading way – in a subjective sense consumers may gain little if the presented reference price is unrealistic or when a company uses false promotion (research in the field of behavioral pricing also supports consumers perception importance regarding sale advertised: The second conceptual insight is that size of the discount may impact attentiveness toward a product, but is not sufficient in driving impulsive behavior. The consumer's response to a huge offer may be high only when the message is believable and the offer relevant; thus, it relies on evaluation process instead of mathematical computation. The third insight refers to framing. Retailers using digital media may present offer as a percentage off, fixed amount off, cash-back, coupons, bundled purchase, or a condition like get free shipping over a certain amount. Different presentation has different impact on saliency of economic gain and subsequent psychological

processing and thereby it alters perceived savings. The fourth insight is about the effect of scarcity and urgency. A discount in general means consumer has the option to purchase at lower price; on the other hand, an available discount means an immediate opportunity to purchase a given offering which is being depleted gradually. Such differentiation might matter psychologically and research have proved the effectiveness of short-lived and limited-quantity promotion on increased physiological arousal, buying intentions and impulse behavior ([ref]). The fifth insight concerns the merging of convenience of digital payment and buying with promotional devices: consumer may see the advertisement, adding the product to cart and check out the purchase in a few minutes span. Modern research relates digital sales to digital purchase mediums: e-wallets, Buy-it-now, Pay-later and their implication on buying impulses. Digital environment therefore makes prompt purchase achievable. The sixth insight suggests that perceived savings might create psychological justification of buying. Consumer may experience a conflict where spending is translated into psychologically meaningful process of saving. This applies for items originally not on a consumer's purchase list where discount could transform unwanted items into desired products through economic reason (again referring to studies [ref]). In general, my research posits that the consumer behavioral intention of impulsively buying digital offered products may not just come from being fascinated with the opportunity of "cheap" purchase, but from seeing such offer as "money saved", the greater the gain is, the more persuasive the offered items is, with credibility and sense of urgency, even leading consumers to feel no deliberation and take instant buy action.

11. Future scope of study

The framework laid out in above conceptual argument is ready for hypothesis generation to be tested with quantitative or experimental designs in the future. First, researchers can empirically test whether perceived saving act as mediating factor between digital sale characteristic and impulsive buy intention. Secondly, future research could examine difference in sale formats like percentage saving, cashback or coupon on perceived saving and further investigate their impact on impulsive purchase. Thirdly, experimentally determine if framing (size of saving/cashback value vs percentage) can cause different level of saving perception while objective offer stays the same. Fourthly, additional psychological motivations like FOMO, emotional arousal, perceived value, predicted regret, urgency also have to be studied further by the researcher. Fifthly, what impacts (e.g., demographics of sex, age, wealth, deal proneness, digital literacy, prior shopping experience) different from proposed ones does these proposed relationships have? Sixthly, investigate how purchase channels that consumer is interacting with like e-commerce platforms, social e-commerce, live streaming e-commerce and mobile purchase app affect them. Seventhly, explore long term effects of sales, like promotional fatigue (the reduction in consumers attention to sale promotions with repeated exposure) or lowered ability to discern the real benefit from sale offers. Lastly, investigate the possible negative sides in purchasing driven by perceived saving and over buying, such as undesired purchases and over spending leading to financial difficulties and subsequent regret.

12. Conclusion

Modern digital purchase has transformed simple price reduce to strategic sale devices designed for enticing consumers into unplanned purchases. This paper argued that how consumer would respond to sale is not only depend on dollar amount offered, but on how and when they perceive the sales opportunity and whether the offered items will provide them certain psychic benefit. Discount size, format (percentage off vs cashback), existence of a sense of urgency, credible messaging and availability of choice that make the whole product available with great saving then leads to psychological meaning of gain and hence stimulate impulsivity without rational considerations. Therefore, psychology of digital sale could be summarised as: Digital Discount -> Perceived Saving -> Psychological Attractiveness -> Reduced Deliberation -> Impulsive Consumption Finally, although conceptual, this paper theoretically illustrates why individuals often end up buying something they didn't want in the first place solely because it seems that wayward purchase is a 'money saving' offer. All suggested relationships are needs to be empirically validated in the subsequent research projects.

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15. Conflict of Interest

The authors declare that there is **no conflict of interest** associated with the development, interpretation, or presentation of this conceptual study.

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