

Impact of Individual, Brand, and Promotion Characteristics on Coupon Redemptions: An Abstract

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Abstract The concept of shopper marketing is getting increasing attention from both academics and practitioners (Silveira and Marreiros 2014). Shankar (2011) defines shopper marketing as “the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path to purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation.” Coupons play a unique role as a shopper marketing tool because coupons can even act on prospects who are currently not in a shopping mode.

Researchers in the past have hypothesized and tested the relationship between coupon redemption intentions and attitude/subjective norms (Shimp and Kavas 1984), past behavior (Bagozzi et al. 1991), and coupon characteristics (Krishna and Shoemaker 1992). These researchers tested the relationship between coupon redemption intentions and psychological, economic, and past behavioral variables using traditional frequentist approach. Their hypotheses testing approaches, however, do not capture the heterogeneity of the impact of these variables on coupon redemption intentions. We augment the existing research, by allowing the parameter estimates to vary across customers.

We developed an instrument to capture consumers’ redemption intentions of coupons on two different product categories (coffee and detergent). For each of these two categories, we collected data on redemption intentions for three different face values (low face value, medium face value, and high face value), two brands (a brand they normally purchase and a brand they occasionally purchase), and three methods of distribution (mail-in coupons, on-pack coupons, and freestanding inserts). We used the scales developed by Shimp and Kavas (1984) to measure attitude toward the act of redeeming coupons and subjective norms. We pretested the instrument and refined it before collecting the data.

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For both product categories, attitude, subjective norms, and past coupon redemptions have a positive impact on coupon redemptions for most of the customers. Also, people are more likely to redeem coupons of higher face value and for the brand they normally buy. Unlike the frequentist approach, here we allow the impact of independent variables to vary across customers by employing Bayes estimates. The parameter estimates for both the categories are similar, thus making our findings more robust.

The contributions of this research are twofold: (1) we develop a comprehensive model of coupon redemptions taking into account individual level, brand level, and promotion characteristics, and (2) we capture the varying impact of these variables on different customers. In this research we focus on one type of shopper marketing program. Future research needs to extend this by investigating the effectiveness of different types of shopper marketing programs.

References available upon request.