

Understanding Effectiveness of Coupon Promotion on Consumer Purchase Decision

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ABSTRACT

Coupons are the certificates that offers buyers savings in their normal purchase. It is one the sales promotion scheme which influence consumers purchase decision. Marketers perform various marketing practices to stimulate consumers to buy, among them coupon promotion plays significant role. Consumers avail benefits associated with coupons schemes while buying goods and may also intent to repeat if found attractive. In recent years coupons has emerged as a significant tool in increasing excitement of customers to undergo shopping of wide variety of product. The study analyzed impact of coupon on purchase decision of consumers residing in Chhattisgarh state. Different types of coupon scheme were considered in the research which includes online, paper, in-store and checkout. The data collected from 160 consumers through structured questionnaire adopting convenience sampling method. Reliability and validity tests were performed which was found appropriate. Multiple regression analysis was performed adopting IBM SPSS version 21 which provided significant results. The research assists retailers in designing strategies and business plans for exaggerating sales and satisfying consumers. Future researches may be conducted with similar or other promotional schemes thus contributing in improving academic and professional knowledge of researchers. Further, in order to get better outcome the research can be extended with different demographics.

Keywords: Consumer, Coupon, Online, Purchase and Retailer.

INTRODUCTION

Availability of wide range of goods and services in the market has stimulates consumer demand for products. Marketers design different strategies to sell their products taking into consideration marketing and non marketing factors. Among the considered factors promotion plays significant role is directly related in increasing sales volume. Coupon promotion is an effective tool which is adopted by retailer in different form in order to provide gain to the consumers generally in monetary terms. The consumers buying responses depends on the benefits they get with the promotional offers. Thus to exaggerate consumer shopping coupon promotion in the forms of mobile, paper, online etc are executed which is considered as a significant factor. The strategic implementation of the promotional strategies leads to gain competitive advantage over existing competitors and better customer satisfaction resulting customer retention and loyalty. This will contribute in raising company's profit margins in future.

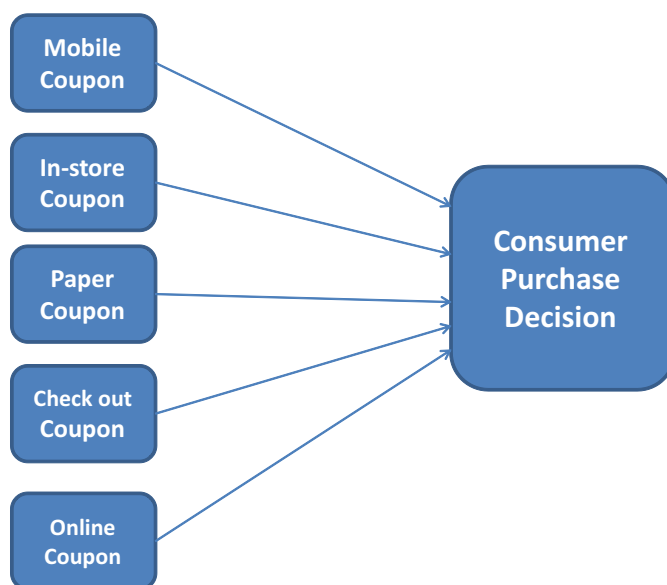
LITERATURE REVIEW

Traditionally, companies have been adopting coupon usage as promotional tool. In late 19 century coupon considered as a significant strategy and implemented on routine bases by the retailers. As competition in the

market is becoming fierce coupon is becoming popular technique. It is one of the significant sales promotion tool stimulating consumers buying. Traditionally coupons promotion was used to attract customers towards product purchase but in the recent time different forms of coupons are provided with product which adds benefits to the consumers. Initially coupons were distributed through newspapers or mails which is now extended to in-store, check out and online mode. The retailers are trying to examine consumer's response towards different forms of coupons. According to O' Guinn et al. (1998) coupon entitles a buyer to a designated reduction in price for a product or service. Fill (2002) defined coupon as vouchers or certificates, which facilitate consumer's reduction in price for specific product. Kotler and Armstrong (2010) explained coupon as a certificate entitling the bearer to a stated savings on the purchase of a specific product. Meloy (1988) expressed that coupon stimulates shopping and it was found that ten and more years customers get inclined to purchase due to coupon. Verdon 2001 explained that there is positive effect of coupon among retiree (senior).

Taylor and Long-Tolbert (2002) found coupon as a motivating factor insists consumers to purchase more (in bulk) now and in future. Ramaswamy and Srinivasan (1998) and Colombo et al. (2003) analyzed that coupons are used in different ways by different customer segments. Blundo et al. (2005) stated that with increase in internet usage online coupons are increasing its popularity among consumers. Chandon et al. (2000) and Buil et al. (2013) investigated in their research and found that since long coupon has been employed as an effective monetary promotion adopted by marketers in their business practice. Park and Gomez (2004) examined consumer behavior on use of four coupon types: paper, in-store, check out and online while purchasing grocery product. Users of paper, check out and in-store were found to be high in comparison to online coupon. This might be either related to internet accessibility or online shopping. Achadinhaa et al. (2014) in their research discussed mobile coupon significance and explored factors contributing towards consumer intention to redeem mobile coupon (m-coupon). According to Cook (2003) identified that customers easily understand coupons are and are highly useful for trial purchase. Wayne (2002) in his research analyzed different coupon programs and their impact on consumers which resulted in incremental sales.

Figure 1 Research Model



RESEARCH OBJECTIVES

The research executed taking into consideration below stated objectives:-

- 1) To understand different types of coupon promotion influencing consumers purchase decision.
- 2) To examine relationship between coupon promotion and consumer purchase decision.

RESEARCH METHODOLOGY

The research intends to study coupon promotion and its relationship with consumer purchase at Chhattisgarh state. In order to accomplish stated objectives, descriptive research design was adopted. The major predictor variables in the research include online-coupon, paper-coupon, in-store-coupon and checkout-coupon whose effect was measured on criterion variable (consumer purchase). Further hypothesis were framed to understand the effect of coupon types on consumer purchase decision (Table 1).

Table: 1 Research Hypothesis

Hypothesis	Statements
H ₁	Mobile coupon has significant influence on consumer purchase decision
H ₂	In-store coupon has significant influence on consumer purchase decision
H ₃	Paper coupon has significant influence on consumer purchase decision
H ₄	Check out coupon has significant influence on consumer purchase decision
H ₅	Online coupon has significant influence on consumer purchase decision

For the study a sample of 175 respondents was approached initially to collect opinion through convenience sampling. Out of which 160 were retrieved back thus makes the final sample size. The data was collected through primary (self structured questionnaire) and secondary sources (websites, print and e-journal). Self structured questionnaire was deigned to collect the responses which consists of three sections which includes questions related to dependent variable (consumer purchase), independent variable (coupon promotion) and demographic information. Further, for measuring the responses Likert 5 point scale was adopted where 1 indicates strongly disagree and 5 strongly agree.

DATAANALYSIS & INTERPRETATION

Demographic Profile of Respondents

It has been found from (Table 2) that majority of respondents belong to age group below 25 years (48.1%). Among gender majority were females (60.4%). The respondent's occupation was mainly household (41.3%) and majority their income level lie up to 1.5 lakhs.

Table: 2 Demographic Profile of Respondents

Demographic Profile			
Item	Description	Frequency	Per Cent (%)
Age (in years)	Below 25	77	48.1
	26 to 40	30	18.8
	41 to 55	39	24.4
	55 and above	14	8.8
	Total	160	100.0
Gender	Male	63	39.4
	Female	97	60.6
	Total	160	100.0
Occupation	Business Man	32	20.0
	Service Class	48	30.0
	Professional	14	8.8
	Household	66	41.3
	Total	160	100.0
Annual Income (in lakhs)	below 1.5	75	46.9
	1.5 to 3.0	37	23.1
	3.0 to 4.5	35	21.9
	4.5 and above	13	8.1
	Total	160	100.0

Reliability Analysis

The reliability of the instrument was tested through Cronbach's Alpha coefficient which was found (Table 3) which is above the acceptable range Hair et al. (2010) for all construct thus the scale found reliable.

Table: 3 Cronbach's Alpha Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.773	18

Regression Analysis

Regression Analysis was conducted to know, how well predictor variable predicts the outcome (Malhotra & Dash 2011). The analysis was conducted stepwise to study relationship between coupon promotion and consumer purchase decision. All the obtained models were statistically significant at 5% level of significance, out of which the model containing the factors X₁ (mobile coupon), X₃ (paper coupon), X₅ (online coupon) found to be the best fit (Table 6) in the research. The above factors successfully established statistical relationship with consumer purchase decision. The other considered factors X₂ (in-store coupon) and X₄ (check-out coupon) were found insignificant in the study.

The model summary (Table 4) explains the coefficient of determination value (R² = 0.120) shows that the factors were a good fit for this statistical model and around 12% of variance can be explained by this

relationship. It was evident from (Table 5) that the study do not have autocorrelation problem as Durbin-Watson value was observed ($d = 1.872$) which is closer to ideal value of 2 (Panda S. 2014). The ANOVA for significance test states constructive implication of model with F-stats as Durbin-Watson test (Table 4) was performed to check the model autocorrelation. The value obtained ($d = 2.020$) suggests that there is no autocorrelation problem in the study model as the obtained value is nearly equal to the ideal value of 2 (Panda S., 2014). The ANOVA for significance test displays the constructive implication of the model with the F-Stats of 4.187 (Table 5).

Table: 4 Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.346 ^a	.120	.091	1.284386927047286	1.872
a. Predictors: (Constant), X5, X4, X1, X2, X3					
b. Dependent Variable: Y					

Table: 5 ANOVA

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.537	5	6.907	4.187	.001 ^b
	Residual	254.046	154	1.650		
	Total	288.583	159			
a. Dependent Variable: Y						
b. Predictors: (Constant), X5, X4, X1, X2, X3						

Table: 6 Regression Analysis

Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.824	.484		7.905	.000
	X1	-.448	.129	-.313	-3.476	.001
	X2	.129	.128	.086	1.007	.316
	X3	.357	.146	.233	2.445	.016
	X4	-.162	.144	-.090	-1.126	.262
	X5	-.314	.143	-.194	-2.201	.029
a. Dependent Variable: Y						

RESULTS & FINDINGS

The research examined relationship between coupon promotion (predictor) and consumer purchase decision (criterion) through multiple regression analysis (SPSS Ver. 21).The hypothesis were framed for the considered coupon promotion which after undergoing statistical analysis resulted in acceptance of X₁, X₃ and

X₃ hypothesis and on the other hand rejection of X₂ and X₄ hypothesis. Thus, it was evident that among the considered coupon promotion: mobile coupon, paper coupon and online coupon were having positive relationship with purchase decision while in-store coupon and check out coupon were negatively associated (Table 7). This evaluates that among five types of coupon promotion consumer considers mobile, paper and online coupon promotion during purchase, may be due more accessibility of these mode of communication among consumers.

Table: 7 Hypothesis Testing

Hypothesis	Statements	Outcome
H ₁	Mobile coupon has significant influence on consumer purchase decision	Accepted
H ₂	In-store coupon has significant influence on consumer purchase decision	Rejected
H ₃	Paper coupon has significant influence on consumer purchase decision	Accepted
H ₄	Check out coupon has significant influence on consumer purchase decision	Rejected
H ₅	Online coupon has significant influence on consumer purchase decision	Accepted

CONCLUSION

Promotional tools are always considered as driving force towards purchase among consumers, as it stimulates urge to buy goods by providing benefits either related to cost or value. This leads to selling increased sales volume and customer satisfaction with purchase. The research identified types of coupon promotion and their effect on consumer purchase. Adopting statistical technique (Regression Analysis) resulted in interpreting significant coupon promotion scheme influencing purchase decision. Mobile coupon, paper coupon and online coupon were having positive effect with purchase as usages of mobile, readership of newspaper and internet accessibility has increased. Thus, consumer inclination towards coupon is increasing which stimulates their purchase decision now and in future time. Strategic planning of retailers may achieve their marketing objectives.

FUTURE SCOPE OF STUDY

The study analyzed the effect of coupon promotion on consumer purchase. As coupon promotions are implemented in different ways by the retailers thus accordingly their significance exists among consumers. The research assists retailers, entrepreneurs and business analyst in designing strategic business plan for selling of products on the bases of which strategies and policies can be framed. As promotion is one of the marketing tool which stimulates buying thus along with coupon other sales promotion tools may be considered for wider scope. Future researches may be conducted with related sales promotion tools for better outcome which will help in understanding consumer psychology.

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