EFFECTS OF COUPONS ON CONSUMER PURCHASE BEHAVIOR: A META-ANALYSIS

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ABSTRACT

77% of the United States population uses coupons and shoppers saved more than $3 billion last year by doing so. Coupon users report an average of 11.5% savings on their grocery bill with coupons, prompting manufacturers to respond by offering more than $250 billion in coupon savings in 2003. No doubt, therefore, that 'coupons' have been investigated extensively, and from a very divergent perspective (Chatterjee et. al 2000; Cheema et. al 2002; Heilman 2002).

In this study, we have tried to investigate whether coupons affect how, why or what we intend to purchase. We also speculate that the effect of coupons (if present) may be moderated by different factors such as the method of distribution of coupons, the country in which data is gathered, type of product on which a coupon is issued, type of study conducted, type of data collected and the type of coupon that is redeemed. Our effective sample size was thirty-two studies with sixty-seven effect sizes (r values).

The consumer's behavior towards the coupon, the main dependent variable, is operationalized through three main constructs: Coupon usage, Product Perception and Purchase. On the other hand, we framed our main independent variable as Perception Towards Coupon, which can be operationalized by three main constructs: Coupon Attitude, Coupon Perception and Coupon Knowledge. According to the literature, coupon attitude includes items such as coupon proneness; coupon perception can be measured by coupon value perception and coupon value consciousness and finally, coupon knowledge is measured by items such as price knowledge.

The following variables turned out to be significant: 'Coupon Attitude' and 'Coupon Knowledge' (both independent variables); 'Coupon Use' (dependent variable), 'Manufacturer Coupons' and 'Subjective Outcomes' (both contextual); this implies that there exists notable disagreement among researchers as to the effects of these variables in influencing the relationship between coupons and purchase behavior of individuals. While our major challenge in this exercise has been to conceptualize, categorize and classify the plethora of independent, outcome and contextual variables, we have attempted to be as objective as possible. As such, we believe that we have been able to explain the results of our study fairly intuitively.

We believe that a reasonably broad perspective on how the consumer perceives coupons and how their behavior may or may not be moderated by certain factors will make the retailer/manufacturer of coupons more knowledgeable and enable him/her to design a more effective marketing strategy. This, in turn, will lead to better use of marketing dollars. For example, if research reveals that primary data is not as reliable as secondary data or that, neither of them can have a significant impact on the effect size, then issuers of coupons can think of alternative ways as to how they can capture data on customer response. Secondly, managers should concentrate on electronic coupons, a field that is relatively untouched; this might throw new light on the direction and magnitude of effect sizes as well as existing relationships on behavior. Thirdly, the study is an indication for both retailers and managers that they should pay more attention to standardizing scales for measuring the impact of coupons on purchase behavior. On the other hand, our obvious limitation was the relatively smaller number of studies that we found relevant for our analysis, despite our best efforts. Nevertheless, there have been past instances of meta-analyses performed with even fewer studies (Sultan et. al 1990 with 15 articles; Szymanski et. al 1995 with 16 studies; Dant et. al 1996 with 17 studies etc. in comparison to ours, with 22 studies). Thus, future research might circumvent this issue by broadening the horizon of research to include other promotional tools (such as paper advertisements, televisions commercials and so on).