

CHAPTER 1 : BACKGROUND OF THE STUDY

1.0 INTRODUCTION

Sales promotion is one of the important elements of the marketing mix for most marketing programmes. Sales promotion activities are indispensable to promote incremental sales, to create brand awareness, as well as build brand equity among the consumers. As sales promotion do incur substantial cost, it will be beneficial if the effectiveness of a sales promotion can be maximized through identifying the profitable segments in the market and target them with the appropriately designed promotion tools which meet their needs. The effectiveness of the right sales promotion tool for the right product on the right target market will directly impact on sales performance. Consumers are making purchase decision daily which are often influenced by various factors; the product price is often the most significant consideration in any purchase (Nagle & Holden, 2002). One of the common ways for marketers to compete is by making coupons offers (a price-oriented promotion) available to consumers (Huff & Alden, 1999).

A recent research conducted by NCH Marketing Services, Inc. revealed that there is a significant increase in overall coupon usage in recent years (Valasiss, 2009). Comprehension on the various aspects that have significant impact on redemption intentions will definitely give a better insight for managers to design the suitable coupon programme which is highly desired by the target market and also assist in more precise prediction on the coupon redemption rates. Consequently, the budget and incremental sales for a couponing campaign can be estimated. If the ambiguity of the couponing campaign

could be reduced, allocation of expenditures for other alternative marketing promotional activities can be decided earlier too (Reibstein & Traver, 1982).

Hence, the ability of the marketers to accurately identify the different segments in the market; understand their respective attitudinal characteristics toward the act of redeeming coupon and perception on coupon characteristics that have significant influences on their coupon redemption intentions, will greatly help marketers to achieve the above objectives.

1.1 RESEARCH TITLE

Attitudinal Characteristics, Coupon Characteristics and Redemption Intentions: A Segment-Level Analysis

1.2 RESEARCH QUESTIONS

1. Will there be any differences between
 - a) psychological-based segments
 - b) demographic-based segmentson their attitudinal characteristics toward act of redeeming coupon ?
2. Will there be any differences between
 - a) psychological-based segments
 - b) demographic-based segmentson their perception on coupon characteristics ?

3. What are the popular coupon types (perceived ease to obtain and redeem) among the consumers ?
4. Will there be any differences between
 - a) psychological-based segments
 - b) demographic-based segmentson their coupon redemption intentions ?
5. What are the important attitudinal characteristics and coupon characteristics that influence consumers' coupon redemption intentions ?

1.3 RESEARCH OBJECTIVES

- a) To explore if there are differences between segments of consumer on their attitudinal characteristics toward act of redeeming coupon
- b) To explore if there are differences between segments of consumer on their perception on coupon characteristics
- c) To investigate what are the popular coupon types (perceived ease to obtain and redeem) among the consumers
- d) To explore if there are differences between segments of consumer on their coupon redemption intentions
- e) To determine the relationship between attitudinal characteristics (attitude and subjective norms toward the act of redeeming coupon), coupon characteristics (coupon value and coupon expiration date) and redemption intentions

1.4 CONTRIBUTION OF THE STUDY

This study is seeks to contribute to the literature of couponing by exploring the differences on attitudinal characteristics (attitude and subjective norms toward the act of redeeming coupon), perception on coupon characteristics (coupon value and coupon expiration date) and coupon redemption intentions across: 1) psychological-based segments of consumers who are distinctively different on their purchase motivation and purchase decision-making and 2) demographic-based segments of consumers. This study also aims to examining the relationship between consumers' attitudinal characteristics (attitude and subjective norms toward the act of redeeming coupon), perception on coupon characteristics (coupon value and coupon expiration date) and coupon redemption intentions.