

## CHAPTER 5 : DISCUSSION AND CONCLUSION

### 5.0 Discussion

Empirical results revealed that 'Coupon Prone' has the most positive attitude towards the act of redeeming coupon compared to other segments. This result is not surprising as 'Coupon Prone' or 'Deal Prone' consumers do not redeem coupons just for the sake of economic benefits, but they experienced the sense of happiness bring upon to them from the redemption process and action itself as compared to other segments. In contrast, 'Value Conscious' has the lowest mean score on the attitude towards the act of redeeming coupon which significantly different from 'Coupon Prone'. One of the reasons could be the perceived quality of the products offered by coupons were low by 'Value Conscious'. As discussed earlier, 'Value Conscious' consumers are those who are very concern about the quality of the product they received relative to the price they paid. If the perceived quality is low, the 'worthiness' to redeem the coupon also reduced. On the other hand, 'Price Conscious' has the highest redemption intentions as compared to the other segments. As 'Price Conscious' consumers are defined as those who focus solely on the lowest price available to them for their purchase decision, they are likely to be more sensitive to all kind of price reduction promotion, including coupon promotion. The finding is consistent with previous studies; where Moran (1990) suggests that consumers who are having a propensity to coupons are tend to be more prices conscious. This statement also supported by Tat and Bejou (1994).

As for Subjective norms, Coupon Value and Coupon Expiration Date, the results revealed that there were no significant differences between the segments. However, from the mean

scores obtained for each segments, 'Coupon Prone' and 'Price Conscious' are generally more positive toward these few variables as compared to 'Value Conscious' and 'Brand Involved'.

Comparison across different demographic variables revealed that several demographic variables did contribute to the differences in consumers' redemption intentions directly or indirectly. In this study, Household Income, Ethic and Job Group did have differences in their redemption intentions while Household size has differences on their perception on coupon value which positively correlated to the redemption intentions.

Generally, the results revealed that the higher the household income, the lower the redemption intentions, this could be explained that those belong to higher household income groups would be less sensitive to the discount savings provided by coupons.

As for Job Group, Managerial / Professional has lower redemption intentions as compared to Student; this might be due to the coupon savings are perceived less worthy relative to the efforts needed to obtain and redeem it by managers and professionals who are always busy and have high work commitment relative to the students who are generally have more spare time and relatively higher financial constraints.

The results also revealed that there were differences in redemption intentions across ethnic groups. Malay ethnic has the highest redemption intentions which significantly different from Chinese and Indian. According to Bonnici, Campbell, Fredenberger and Hunnicutt (1996), one of the underlying factors that deterred consumers from using coupon is they feel embarrassed or lose face to use coupon during their shopping. In a recent study by Lai et al. (2010) comparing the culture and consumer behaviour between Malay and Chinese in

Malaysia, found Chinese ethnic is more concern about “face saving” and their personal social status as compared to Malay. The worries about “losing face” might be the reason why Chinese ethnic has a lower coupon redemption intentions compared to Malay.

Bigger the household size, the more positive their perception toward coupon value. This phenomenon might be due to higher consumption volume in big households as compared to smaller households. The economic savings provided by coupons are bigger due to their usage volume. The savings provided by coupons for small households maybe deemed as negligible by consumers because of their minimal consumption.

While the comparison of mean scores across gender, there were no significant differences on all variables.

As from previous literature, coupon type (distribution vehicle) determined the consumers’ perceived ease to obtain and redeem a particular coupon (Bawa et al., 1997; Reinstein & Traver, 1982). Zajonc (1968) also suggests that familiarity does play an important role in determining the consumers’ attitudes toward certain type of coupon usage. This means that the more familiar a consumer is to a type of coupon, the more positive his/her attitude towards redeeming it. The higher the exposure of consumers to a particular type of coupon, the more familiar to the consumers and the more positive their attitude will be toward that coupon. The findings revealed that both Free Standing Insert and Supermarket/Hypermarket Loyalty Programme are the most favourable coupon types, followed by Newspaper / Magazine Cut out / Rip-off page, E-coupon and M-coupon. The result is consistent with the previous research; Free Standing Insert is always perceived by

most of the consumers as requiring least efforts to obtain and redeem it (Bawa et al., 1997; Reinstein & Traver, 1982).

Coupons offered by Loyalty Programme did command the uptake rate as high as Free Standing Insert in this study. This might be due to the high familiarity of the consumers with the coupons offered, as they will be exposed to the same type of coupons periodically by the vendors through direct mail. On the other hand, the high uptake rate of the coupons offered by loyalty programme is likely to be influenced by the store loyalty of the consumers too (Sheth & Pavartiyar, 1995).

As E-coupon is basically only available to those who are internet savvy, the distribution might be limited to those who have access to the internet and required to be printed out for redemption purposes. Lack of internet knowledge, internet access and hardware such as computer and printer might be the reasons that the uptake of E-coupon is lower as compared to Free Standing Insert, Loyalty Programme, Newspaper / Magazine cut out/rip-off page.

Nevertheless, the lowest uptake of M-coupon in this study can be interpreted as it is still in the infant stage and new to most of the Malaysian consumers. Although owning mobile phones are common among Malaysian consumers, the familiarity to M-coupon is still lacking among the consumers. The awareness on M-coupon and understanding on how to obtain and redeem M-coupon is still not widely spread. Consumers might be confused on the procedural of usage too. The results of this study has provided support on coupon delivery vehicles do have an impact on consumers' perceived ease to obtain and redeem a coupon, hence is positively related to the coupon redemption or usage.

Results from the multiple regression analysis have also confirmed that all four independent variables: attitude towards the act of redeeming coupon, subjective norms toward the act of redeeming coupon, perception on coupon value and perception on coupon expiration date are positively correlated to the dependent variable, redemption intentions. Coupon Value has the highest impact on Redemption Intentions, followed by Attitude, Subjective Norms and Coupon Expiration Date.

## **5.1 Conclusion**

In this study, psychological-based and demographic-based segmentation were utilized to derive the respective segments to explore the differences between the segments derived on their attitude and subjective norms toward the act of redeeming coupon, perception on coupon value and coupon expiration date, as well as their coupon redemption intentions.

Both psychological-based and demographic-based segmentation do provide, to a certain extent, significant results on the objectives of this study: to explore and identify differences between segments derived on the variables under investigation.

The findings of the study revealed that most of Malaysian consumers are 'Value Conscious' (57.5%). They have least positive attitude towards the act of redeeming coupon and also relatively low in coupon redemption intentions. While 'Coupon Prone' consumers have the most positive attitude towards the act of redeeming coupons, this segment only constituted 11.5% of the consumer population. 'Price Conscious' consumers do have the highest coupon redemption intentions among the psychological-based segments. However,

this segment only constituted 15.1% of consumer population, which is relatively low as compared to 'Value Conscious' consumers (57.5%).

As from the examination across demographic-based segments, the results revealed that the higher the household income, the lower the redemption intentions. Across the job groups, Managerial / Professional has significantly lower redemption intentions compared to Student. While the bigger the household size, the more positive their perception toward coupon value. Malay ethnic has the highest redemption intentions among all the ethnics which significantly different from Chinese and Indian.

Descriptive statistics revealed that coupons delivered through Free Standing Insert and Hypermarket/Supermarket Loyalty Programme have the highest uptake, followed by Newspaper/Magazine cut out/rip-off page, E-coupon and lastly, M-coupon.

Results from multiple regression have confirmed that all the attitudinal characteristics variables and coupon characteristics variables in this study do have positive relationship on coupon redemption intentions and made statistically significant contribution to Redemption Intentions, with the Coupon Value ( $\beta = 0.284$ ), followed by Attitude ( $\beta = 0.212$ ), Subjective Norms ( $\beta = 0.155$ ) and Coupon Expiration Date ( $\beta = 0.130$ ). The proposed model was capable of explaining 39.3% of the variance in coupon redemption intentions.

Results from both psychological-based and demographic-based segments complement each other in providing rich information for marketers to enhance their understanding on consumers' psychological and attitudinal characteristics toward coupon promotion, consumers' preferences of coupon characteristics, as well as to facilitate them to better

relate coupon redemption intentions to consumers' demographic attributes and psychological attributes.

## **5.2 Theoretical Implications**

Findings from this study has provided reinforcement to support the hypotheses established in earlier studies which proposed to model the coupon redemption intentions to consumers' characteristics and also coupon characteristics (Bawa et al., 1997; Ramaswamy & Srinivasan, 1998).

Results revealed that the differences between psychological-based segments have minimum differences in their mean scores for the attitudinal variables and coupon characteristics under investigation. Although there were significant differences between psychological-based segments on Attitude and Redemption Intentions, however the effect size were minimal, which were calculated using eta squared, was 0.046 and 0.044 respectively.

On the other hand, demographic-based segments revealed differences across the segments derived with medium effect size for Redemption Intentions in Ethnic groups (eta squared = 0.063) and Job groups (eta squared = 0.074) and also a small size effect (eta squared = 0.046) for Household Income groups. Household Size also has a significant difference, yet small effect size (eta squared = 0.041) for Coupon Value. This implied that demographic variables maybe have a more pronounce basis to be used to differentiate segments which are more sensitive and responsive to coupon promotion among the consumers in Malaysia in relative to the consumer's psychological attributes.

### **5.3 Managerial Implications**

Couponing campaign could be a successful one to increase the incremental sales if the target market is highly coupon prone. However, in the context of Malaysia, from the findings of the this study, most Malaysians fall under the category of ‘Value Conscious’ (57.5%) as compared to ‘Coupon Prone’ (11.5%), ‘Price Conscious’ (15.1%) and ‘Brand Involved’ (15.9%). The findings also revealed that the attitude of ‘Value Conscious’ (57.5%) towards the act of redeeming coupons is the lowest among the four psychological-based segments. ‘Value Conscious’ also has relatively low redemption intentions (Mean = 3.97) as compared to ‘Coupon Prone’ (Mean = 4.43) and ‘Price Conscious’ (Mean = 4.45). In order to capture a broader market, managers may consider apportioning their promotion funds appropriately but not to allocate all their funds into couponing campaign. They may consider allocating a proper amount for advertising or other means of promotion in order to create brand awareness and build their brand equity to increase the perceived value of their products among consumers, especially to the ‘Value Conscious’ group, which will then help to widen their target markets. Instead of only capturing the ‘Coupon Prone’ and ‘Price Conscious’, they will have higher chances to attract the ‘Value Conscious’ to participate in the coupon promotion if they are able to increase the perceived value of their products to ‘Value Conscious’.

On the other hand, the results from demographic-based segments revealed that the couponing promotion likely to be a more successful one if the target markets are students; from low household income group (monthly household income below RM2,000); has big household size (5 or more family members) and Malay ethnic.



As for the coupon distribution vehicles (coupon types), the study results revealed that Free Standing Insert and Hypermarket/Supermarket Loyalty programme are the most favourable among Malaysia consumers. However, marketers should also consider their own product category and target market before deciding on the coupon distribution vehicles. Among all product categories, fast food has the highest coupon redemption rates. As such, the use of coupon as a promotional tool for fast food to increase incremental sales would be likely more fruitful as compared to other product categories.

#### **5.4 Limitation of the Study and Further Research**

There are a few limitations to this study. First, due to time and financial constraints, the sampling frame was limited to consumers in the Klang Valley and Kuala Lumpur (urban community). As such, the results could not be generalized to reflect the overall Malaysian consumers, as the rural area population was not being included in this study. The distinctive dissimilarity in socio-economic status, lifestyles and the psychographic profile between urban and rural consumers might cause the differences on their coupon redemption intentions.

Secondly, this study was done generally across a few product categories: fast food, household cleaning products, canned food/drinks and personal care products. However, previous coupon studies argued that coupon redemption behaviour varies with product categories. Differences arise possibly due to different factors: average price level, purchase frequency, coupon availability, brand loyalty, etc. (Bawa & Shoemaker, 1987; Webster, 1965). Blattberg and Neslin (1990, pg.291) also found that coupon redemption rate differ

widely across product categories and coupon type/distribution vehicle. In order to have higher chances of success in a couponing campaign, the coupon sensitivity of consumers on a particular product category and the most appropriate coupon distribution vehicle to the target market must be carefully examined by managers during the planning process. Further research will be needed to investigate on the effectiveness of coupon as a promotional tool for a particular product category will provide better insights for managers to design their couponing campaign. Also, it is suggested that further research can be done on consumers' preferences on different types of promotion tools, such as price-oriented promotion (coupon, in-store price discount) to non-price promotion (buy 1 free 1, sweepstakes) to provide better ideas for managers to decide on the best promotional tools or mix of promotional tools to increase their market shares.