



A Study on Customer Preference towards Coupon Code Based Promotional Activities

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ABSTRACT

Abstract –Sales promotion is a marketing strategy which has become a crucial factor in modern marketing as well as plays a vital role in traditional marketing. The purpose of promotion is to reach the targeted customers and persuade them to buy products. Promotion has been defined as the coordination of all seller intimated efforts to set up channels of information and persuasion to sell goods and services. The purpose of this study is to investigate the effect of sales promotion on coupon code based buying behaviour. This type of sales promotion are aimed at increasing customer purchases and indirectly helps to earn more profit for the company. The study examine to find out the impact on customer preference on coupon code based promotional activities. This study investigates the use of coupon on the decision process to purchase, as well as the consumers motivation, behaviours and attitudes towards coupon.

Keywords: Sales promotion, coupon marketing, buying behaviour and customer preference.

1. Introduction of the study

Marketing is the process of exploring, creating, and delivering value to meet the needs of a target market in terms of goods and services, potentially including selection of a target audience, selection of certain attributes or themes to emphasize in advertising, operation of advertising campaign, attendance at trade show and public events, design of products and packaging attractive to buyers, defining the terms of sale, such as price discount, warranty, and return policy; product placement in media or with people believed to influence the buying habits of others; agreements with retailers, wholesale distributors, or resellers; and attempts to create awareness, loyalty, and positive feelings about a brand. Marketing is typically done by the seller, typically a retailer or manufacturer. Marketing is the process of creating relationship between the buyer and seller.

Customer preference: Customer preference is a term that refers to customer's choices to maximize their satisfaction. Customers have some degree of control over the type of goods they buy, but they cannot always choose what they want. Customer preference is a theory that has been around for decades. It has been used to explain the behaviour of consumers. Customer preference can be applied in many different ways, such as marketing, advertising, product design, etc.

Coupon marketing is about the use of coupon codes, vouchers and discounts to attract and retain customers, taking advantage of customers interest in saving money on purchases. In marketing, a coupon is a ticket or document that can be redeemed for a financial discount or rebate when purchasing a product customarily, coupons are issued by manufacturers of consumer packaged goods or by retailers, to be used in retail stores as a part of sales promotions. They are often widely distributed through mail, coupon envelopes, magazines, newspapers, the internet (social media, email newsletter), directly from the retailer, and mobile devices such as cell phones.

2. Statement of the problem

With many of the major competitors offering the same or similar products at the same or similar prices, it is necessary for businesses to stand out from each other so that they can maximize profits. Various means of marketing are employed to attract customers and as promotion is both one of the major forms of marketing and in some regards, one of the forms of promotions with the quickest results, it is in the best interest of fashion, food industry to understand effective means of promotion and how promotional activities affects consumers and consumer behavior. It results in deviation of customer towards products which they don't originally planned to purchase. Manufacturer, retailers exploit the mentality of customer buying towards coupon code. It may denotes that this was the advantage of seller by offering outdated, defective product during the coupon sale. May customer get cheated or exploited after purchasing the offering products.

3. Objectives of the study

- To understand the purchasing and spending pattern of the respondents.
- To know the respondents opinion towards coupon code-based promotional activities in digital as well as print card basis.
- To know whether the customer gives more preference to the coupon code activities.
- To analyze consumer buying behaviour in coupon code sales
- To study whether the coupon code strategy makes the customer to buy more or less products.

4. Scope of the study

This study helps in projecting the coupon code based promotional activities. When the customer while selecting the product what is the role play by coupon code. Most people think coupons are just a ordinary discount, nothing more. Coupon had a significant impact for business as it easier to entice customer to try the products at a discounted price. It also shows that coupon code helps the customer to buy more and helps the seller to earn profit. The effectiveness can be measured by analyzing the influences that is created by coupon code in customer buying decision. It is the sales promotion activity, it is a concept that includes certain factors which will make a product successful.

5. Research Methodology

Research in a common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. Research is an art of scientific investigation. Research is an academic activity and as such the term should be used in a technical sense. the term research refers to systematic method consist of enunciating the problem, formulating a hypothesis, collecting the data, analysis the facts and reaching certain conclusion either in a form of solution towards the concerned problem or in certain generalization for some theoretical formulation.

The system of collecting data for research projects is known as research methodology. Research Methodology represents the design of the research work. In the following paragraphs the research designs are briefly explained and the sampling methods and sampling designs are also explained.

5.1 Area of Research

This study is based on the customer preference towards coupon code based promotional activities with reference to Coimbatore city. Customers are the main respondents in this research.

5.2 Nature of Data

Primary and Secondary data is collected in order to obtain relevant information to conduct the research.

Primary data: Data was collected from the users of coupon code of Coimbatore city using a questionnaire in order to obtain relevant information. Secondary data: data was collected by browsing magazines, newspaper, article and papers related to coupon code.

5.3 Sources of Data

It includes both the primary data and secondary data. The questionnaire is prepared and issued to the customers to get the responses and it is required for the research. Secondary data is collected from journals, articles, books, and websites.

5.4 Sample Size

160 questionnaires were collected from different customers with reference to Coimbatore city.

5.5 Tools for Analysis

Questionnaires were created in order to receive the necessary response required from the sample to achieve the study objective. Therefore, sampling method is used in order to collect data. The main statistical tools used for analysing primary data:

- Weighted Average Score Method
- Chi-square Analysis

6. Limitations of the study

- The results and findings are confined to a limited area.
- The opinions of the respondents may be biased.
- The and resource constraint.
- Since the data was collected using questionnaire, there is possibility of ambiguous replies or omission of replies altogether to certain items in the questionnaire.

7. Review of Literature

- Kenneth (2017)¹ The study points Discount is a discount given from the seller to the buyer as a reward for certain activities of the buyer that are pleasing to the seller. On the basis of this, it can be concluded that a discount is a reduction in price given by a seller to attract consumers to buy a product within a predetermined period. The first factor affecting purchase decision of customers is promotion.
- Thaler (2017)² The study suggests that deal prone consumers are those who make their purchase decision primarily because it is a deal available to them, and not due to their need of the particular products or services.
- Kim, Nam & Jang (2017)³ The study says Coupon expiration date refers to the validity period of the coupon whereby the consumers can utilize the promised benefits. A number of studies have been conducted to investigate the relationship between the coupon expiration date and redemption intentions. However, the results are varied.
- Mothersburg (2019)³ The study states cashback is money that is returned in a certain amount, both in cash and virtual. Cashback usually has restrictions for cash and virtual refunds. Cashback, is an offer that has been used to withdraw attention to the Promotions used to make it profitable for consumers and consumers interested in Conducting transactions from cashback is a refund in the form of money or applications if A particular product is in the promotion category. Cashback is an offer where the buyer is Given a percentage of cashback or virtual money or even given a product but by fulfilling Certain purchase conditions determined by the cashback organizer.
- Kotler and Armstrong (2020)⁴ The study defines promotion activities is the form of marketing communication. Marketing communication is a marketing activity that spreads information, influences / persuades and reminds the target market of companies and products to be willing to accept, buy and be loyal to the products offered by the company. Promotion is also a determinant of success to a company.
- Tjiptono (2020)⁵ The study suggest sales promotion is a form of promotion mix that aims to attract new customers, influence consumers to try new products, encourage consumers to make more purchases, and beat competitors' promotions and increase purchases. Sales promotion is a form of direct persuasion through the use of various incentives that can be arranged to stimulate immediate product purchases or increase the number of items purchased by customers.
- Brata, Husain (2020)⁶ The study points high degree of correlation has positive relationship. This result of study shows the better promotion, the more positive of purchase decision of customers. Promotion is one of factors determining the success of sales strategy of a company. If a company has a better product quality, unfortunately customers do not get information about that. It will be difficult to make purchase decision of customers Individuals who respond to deal offers have been referred to as „deal prone“, and in the case of coupon offers, they are referred to „coupon prone“ consumers.
- Jung Lee (2021)⁸ 1 The study shows that price discount affect played an important mediating role in the relationship between price discount and consumer perception. A price discount is a very prevalent marketing strategy to attract consumer by providing an extra value or incentive which encourages consumers to purchase the promoted products immediately. Lefa tang (2021)² The study focuses on comparison

1 Discount by Kenneth (2017)- The study on discounting tool as a promotional tool to improve sales. Journal of marketing.

2 Prone consumer by Thaler (2017)- Distinguishing coupon proneness from value. An acquisition- transaction a theory prospective. ³ Coupon expiration date by Kim, Nam And Jang (2017)- A model for evaluating the profitability of coupon promotions.

3 Cashback defined by Mothersburg (2019)- A study on cashback based promotional offers in services of findings of purchase behaviour across product classes. Journal of retailing.

4 Promotional activities by Kotler and Armstrong (2020)- Effects of promotional activities as sales emerging and its importance in marketing. Journal of marketing management.

5 Sales promotion by Tjiptono (2020)-A tools and techniques required for the effectiveness of sales promotion response in services.

6 Degree of correlation relationship by Brata, Husain (2020)- A comparative study on brand and brand equity of relating promotional activities practices in marketing. ⁸ Price discount and consumer perception by Jung Lee (2021)-towards the methodology for developing the coupons by means of systematic review. Journal of marketing 76(1).

of two types of price offers in Shifting consumers attitude and purchase intention regarding a particular offers by motivating it from consumer hold set to consideration set.

7.1 Research gap

A research gap is a question or a problem that has not been answered by any of the existing studies or research within the field. The previous study made in the nature as both positive and negative approach of coupon offers. The study analysis is done to prove the positive objectives of the study. The analysis is made to understand the purchasing pattern and the impact of coupon products is not done in the previous research.

8. Analysis and Interpretation of Data

Analysis of data is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusion, and supporting decision-making. Data analysis is a process for obtaining raw data and converting it into information useful for decisionmaking by users. Data are collected and analysed to answer question, test hypotheses or disprove theories.

Data interpretation refers to the process of using diverse analytical methods to review data and arrive at relevant conclusions. The interpretation of data helps researchers to categorize, manipulate, and summarize the information in order to answer critical questions.

The importance of data interpretation is evident and this is why it needs to be done properly. Data is very likely to arrive from multiple sources and tends to enter the analysis process with haphazard ordering. Data analysis tends to be extremely subjective. That is to say, the nature and goal of interpretation will vary from business to business, likely correlating to the type of data being analysed. While there are several types of processes that are implemented based on individual data nature, the two broadest and most common categories are “quantitative and qualitative analysis.”

The following tools were used:

- Weighted Average Score Method
- Chi-square Analysis

8.1 Weighted Average Score Method:

A Weighted average is an average in which each observation in the data set is assigned or multiplied by a weight before summing to a single average value. In this process, each quantity to be averaged is assigned a weight that determine the relative importance of each quantity, to be averaged is assigned a weight that determine the relative importance of each quantity. Weighting is the equivalent of having that many like items with the same value involved in the average. A weighted average score takes different scores, or grades, with assigned weights, or percentages. To calculate a weighted average with percentage, each category value must first be multiplied by its percentage. Then all these new values must be added together.

Formula:

Weighted average = (Number*weighing factor)/Total number of respondents.

Table 8.1 showing weighted average score for factors of opinion of the respondents

Factors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Weighted average	Rank
Less price makes high purchase	190	352	96	4	-	3.7	4
Increase purchase based on quality and brand	240	328	81	4	1	4.08	1
Saves money	120	340	153	-	-	3.83	3
Reduces expenses and reduction in price	155	372	87	12	1	3.91	2

Interpretation:

The above table portrays that the opinion of the respondents among factors of offers followed by increase purchase based on brand and quality, reduces expenses and reduction in price, saves money, less price makes high purchase.

Table 8.2 showing factors for choosing coupon products of the respondents

Factors	Highly satisfied	Satisfied	Neutral	Not satisfied	Highly not satisfied	Weighted average	Rank
Quality	195	308	126	4	-	3.95	5
Price	175	424	54	2	-	4.09	4
Brand	205	332	108	-	-	4.18	2
Quantity	195	368	100	4	2	4.20	1
Wish to buy expensive product	175	288	192	6	-	4.13	3

Interpretation:

The above table shows that factors for choosing coupon products of the respondents followed by the quantity, brand, wish to buy expensive product, price and quality.

Table 8.3 showing factors of expectation of the respondents while buying coupon offer

Factors	4	3	2	1	Weighted average	Rank
Fashion coupon	212	270	32	1	3.21	2
Food coupon	308	213	16	4	3.38	3
Promo codes	368	297	26	6	4.35	1
Cashback/payback	324	183	26	5	3.36	4

Interpretation:

The above table shows that factors of respondents expectation while buying coupon offer, followed by the promo codes, fashion coupon, food coupon and cashback/payback.

Table 8.4 showing Ranking for the reason behind purchasing of coupon products by the respondents

Factors	4	3	2	1	Weighted average	Rank
Habit of purchase	152	195	98	8	2.83	4
Habit of saving	160	282	124	-	3.53	1
Reduction in price	128	258	78	4	2.92	3
Getting more products	176	267	46	4	3.08	2

Interpretation:

The above table shows that factors of respondents's reason behind purchasing of coupon products, followed by the habit of saving, getting more products, reduction in price and habit of purchase.

8.2 Chi-square Analysis

The Chi square analysis is commonly used for testing relationships between categorical variables. The null hypothesis of the Chi-Square test is that no relationship exists on the categorical variables in the population; they are independent. There are several important considerations when using the Chi-Square analysis to evaluate a crosstabulation. Because of how the Chi-Square value is calculated, it is extremely sensitive to sample size. This can be addressed by always using categorical variables with a limited number of categories.

FORMULA:

CHI - SQUARE VALUE (Σ) = (OBSERVED VALUE -EXPECTED VALUE)²/EXPECTED VALUE

EXPECTED VALUE= ROW TOTAL*COLUMN TOTAL/GRAND TOTAL

DEGREE OF FREEDOM=(ROW-1) * (COLUMN-1)

Table 9.1 showing the relationship between the monthly income and amount spent of the respondents

Income	Amount spent				Total
	1000-2000	2000-3000	3000-4000	Above 4000	
Below 10000	14	4	0	0	18
10000-20000	58	32	1	1	92
20000-40000	17	11	1	3	32
Above 40000	10	5	0	3	18
Total	99	52	2	7	160

CALCULATION OF X²

O	E	(O-E)	(O-E) ²
14	11.14	2.86	8.17
4	5.85	-1.85	3.42
58	56.35	1.65	2.72
32	29.9	2.1	4.41
1	1.15	-0.15	0.02
1	4.03	-3.03	9.18
17	19.8	2.8	7.84
11	10.4	0.6	0.36
1	0.4	0.6	0.36
3	1.4	1.6	2.56
10	11.14	1.14	1.29
5	5.85	0.85	0.72
3	0.79	2.21	4.88
160	158.2	11.38	45.96

CHI-SQUARE VALUE (Σ) = (OBSERVED VALUE-EXPECTED VALUE)²/EXPECTED VALUE

=45.96/158.2

=0.29

Degree of freedom = (Row1) * (Column1)

=4.1*4.1

=9

Table value = 16.919 Chi square value = 0.29 Hypothesis:

H: There is no significant relationship between income and spending of the respondents.

H: There is a significant relationship between income and spending of the respondents.

Level of significance = 5% or 0.05

Degree of freedom = 9

Chi square value X² = 0.29

Table value = 16.919

Interpretation:

The calculated value (0.29) is less than value (16.919) at the level of 5% significance. Hence null hypothesis is accepted, thus there is no

significance relationship between income and spending of the respondents.

9. Findings and Suggestions

The objective of the study was to know about the customer preference towards coupon code based promotional activities, and to identify the factors influencing purchase decision, buying behaviour and to identify the effectiveness of coupon. The study has been analysed using techniques of weighted average score analysis, chi-square analysis. The final chapter is an attempt to summarise the findings of the study based on which few suggestions have been made.

9.1 Weighted Average Score Method

- The opinion on the respondent among factors of offer, followed by increase purchase based on quality and brand (rank first), reduces expenses and reduction in price (rank second), saves money (rank three) and less price makes high purchase (rank last).
- The factors for choosing coupon products of the respondent followed by the quantity rank first, brand (rank second), wish to buy expensive product (rank three), price (rank four) and quality (rank last).
- The factors of the respondent expectation while buying coupon offer, followed by the promo code (rank first), fashion coupon (rank second), food coupon (rank three) and cashback/payback (rank last).
- The factors of respondent's reason behind purchasing of offer products, followed by the habit of saving (rank first), getting more products (rank second), reduction in price (rank three) and habit of purchase (rank last).

9.2 Chi-square Analysis

✓ In above analysis, the calculated value 0.29 is less than value 16.919 at the level of 5% significance. Hence null hypothesis is accepted, thus there is no significance relationship between income and spending of the respondent.

Suggestions

Better to provide more coupon offer. Coupon offers can attract the customer easily while shopping. Coupon products depends upon the seller. Not sure we always get good/expected products. Providing of coupon makes sales high. Customer would be happy if it has more quality in offer products. If the coupon offers increases the sales automatically increase. Coupons are provided for the specific products only. It would be better if coupons are given for all kind of products. As giving importance to coupon make sure should satisfies the customer also. Coupon sale should be more during festive season and beginning of the month, so that people can make use of it. Most of the people like to use discount coupon so shops can introduce wide range of free coupon. Coupons attract new residents when they are actively in the market for products and services.

Conclusion

Coupons can also introduce new product lines and help sell excess or unwanted stock to make room for newer products. Coupons can be used to strategically encourage customers to buy a new, more profitable product to help boost your profit margin. Also, coupons can create loyalty with existing customers by using the discount as a reward to ensure they continue to buy from the store. Best of all promotional activities customer also prefers coupon code system. So, it can be concluded that very few consumers expect to pay full price for products and services when purchased online/physical but most of the consumers prefer in receiving coupon offers that make the customer feel happier as they can purchase branded products/dream products of their wish in their lower price. Both the customer and the seller happy while making coupon dealings.

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Annexure

1. Name

2. Gender

a. Male b. Female

3. Age

a. Below 20 b. 20-30 c. 30-40 d. Above 40

4. Occupation

a. Student b. Employee c. Business d. Other

5. Educational Qualification

a. School b. UG c. PG d. Other

6. Family income

a. Below 10000 b. 10000-20000 c. 20000-40000 d. Above 40000

7. Family size

a. 1-3 b. 3-5 c. More than 5

8. Type of family

a. Nuclear family b. Joint family

9. Residential area

a. Rural b. Urban c. Semi urban

10. Which product you purchased recently in physical/online?

a. Dresses b. Cosmetics c. Gifts d. Other

11. How much amount do you spent in purchasing?

a. 1000-2000 b. 2000-3000 c. 3000-4000 d. Above 4000

12. Which one of the following will you prefer while buying?

a. Product with discount b. Product without discount c. Both d. Depends on shop/product

13. How frequently you buy products?

a. Weekly once b. Monthly once c. 6 months once d. Yearly once

14. How much do you spent in purchasing of discounting products?

a. 500-1000 b. 1000-2000 c. 2000-3000 d. Above 3000

15. Do you purchase more if branded products get coupon offers?

a. Will buy more b. Depends on period/time c. Depends on brand d. Rarely purchase

16. How frequently do you purchase coupon products?

a. Weekly b. Monthly c. Yearly

17. Which type of coupon do you prefer?

a. Digital coupon b. print/physical coupon c. Both d. Other

18. From which medium you get to know about offers?

a. News paper b. Television advertisement c. Social media d. Web banners

19. State your experience after the usage of offer products

a. Get benefit through offer products b. There is no benefit c. Cheated in the name of offer d. Nothing to say

20. What do you think about offer in online?

a. Good b. Bad c. Average

21. How much %percent you will prefer?

a. Below 20% b. 25% c.35% d. Above 35%

22. Do you think coupon offers increases purchase in these following?

Factors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Less price makes high purchase					
Increase purchase based on brand and quality					
Saves money					
Reduces expenses and reduction in price					

22. Rank the factors for choosing coupon products

Factors	Highly satisfied	Satisfied	Neutral	Not satisfied	Highly not satisfied
Quality					
Price					
Brand					
Quantity					
Wish to expensive product buy					

23. State the reason while purchasing offer product

Factors	4	3	2	1
Habit of purchase				
Habit of saving				
Reduction in price				
Getting more products				

24. Rank the coupon code that you expect while buying

Factors	4	3	2	1
Fashion coupon				
Food coupon				
Promo codes				
Cashback/payback				

25. Any suggestion