

The Influence of Coupons on Marketing in Different Situations

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Abstract:

In today's highly competitive business environment, enterprises are increasingly relying on coupons as a marketing tool to attract consumers, boost sales and market share. This study delves into the multi-dimensional impacts of coupons on both the general commodity market and the high-value commodity market. Through comprehensive analysis, it is found that coupons in the general market can attract potential customers, enhance customer loyalty, improve brand image and reputation, and collect customer data, but they may also lead to long-term profit loss, damage to brand image, market chaos, and failure to attract truly high-spending customers. For the high-value commodity market, the positive impacts of coupons include increased usage after customers receive specific information and enhanced corporate visibility; the negative impacts include potential damage to corporate reputation, but they can also reduce the profit loss caused by the issuance of coupons. This study aims to provide theoretical support and practical guidance for the formulation of marketing strategies by enterprises, helping them precisely design promotional strategies for high-value commodities, optimize resource allocation, and improve the input-output ratio of marketing activities. At the same time, it also offers a new perspective for enriching the theoretical system of marketing and brand management.

Keywords: Coupon; high-value goods; brand recognition; marketing strategy; consumer behavior.

1. Introduction

This study focuses on that this study focuses on the marketing practice of using coupons in the current business environment. In the highly competitive business environment of today, enterprises often employ various promotional methods to attract consumers,

increase product sales, and enhance market share. Among these, coupons, as a common marketing tool, are widely used in different industries and product categories. However, when coupons are applied to high-value goods, the resulting effects are complex and worthy of in-depth exploration. This study focuses on these scenarios, aiming to reveal the various

impacts of coupons on the high-value goods market and the general market, and to provide theoretical support and practical guidance for the formulation of marketing strategies by enterprises. And with the continuous development of the consumer market and the transformation of consumption concepts, the competition in the high-value goods sector has become increasingly fierce. Enterprises are facing the challenge of how to attract consumers' attention, stimulate their purchasing desire, and ultimately facilitate transactions. Coupons, as a promotional method that can directly reduce consumers' purchase costs, are favored by many businesses. From full-price reduction coupons in large shopping malls to various discount coupons on e-commerce platforms, from small sample coupons for food and beverages to limited-time discounts for high-end luxury goods, coupons are ubiquitous in various product sales. However, the combination of coupons and high-value goods is not a simple promotional act. High-value goods usually have a higher price threshold and a unique brand image, and consumers' purchasing decisions regarding them are often more cautious and rational. The intervention of coupons may have an impact on consumers' psychology, brand perception, and competition in the market, among other aspects. For example, consumers might be interested in the \$100 coupon for an expensive Lamborghini car, but whether this coupon can actually prompt consumers to enter the showroom, understand the product in detail, and ultimately make a purchase, or whether it will trigger consumers' re-evaluation of the brand image, are all issues worthy of in-depth study.

This research is of great significance for optimizing the use of coupons by both enterprises and individuals. For enterprises, this research holds significant practical guidance value. Enterprises can base their decisions on the

research results and formulate more precise promotional strategies for different market segments. They can reasonably determine the face value, distribution method, and usage conditions of coupons, in order to attract consumers, increase sales, and avoid damaging the brand image due to improper promotional methods. Moreover, the research results can also help enterprises better seize promotional opportunities in the market competition, optimize resource allocation, and improve the return on investment of marketing activities. For individuals, through the study of the impact of coupons on the general market and high-value product markets, it can enrich and expand the theoretical system of marketing strategies and consumer behavior relationships in marketing studies. At the same time, it provides a new perspective for brand management theory, exploring how coupons affect products in different situations.

This paper employs the literature analysis method to search and read relevant materials and documents. The advantage of this approach lies in its ability to effectively integrate real-life examples to summarize existing literature and conduct multi-angle analysis of the impact of coupons in different situations, which is conducive to the progress of the research. The ultimate research objective of this study is to review and supplement the impact of coupons in different scenarios by integrating existing literature and real examples. To achieve this goal, a literature review, case analysis, and theoretical argumentation were conducted.

2. The Conventional Impact of Coupons on Marketing

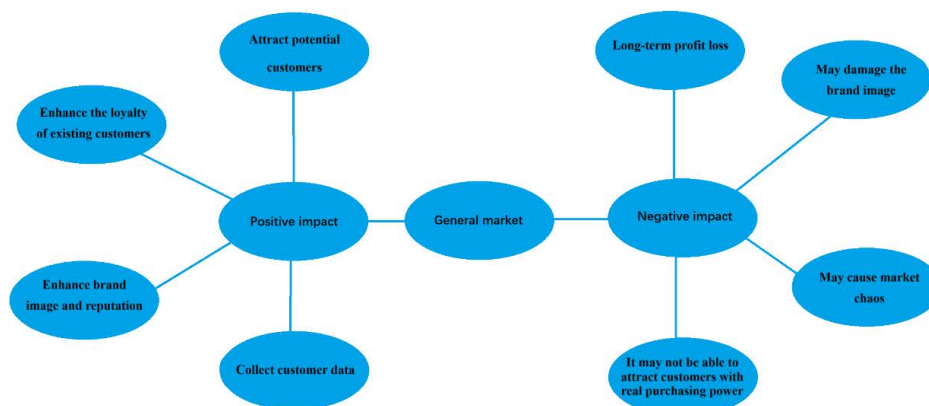


Fig. 1 The impact on the regular market

In the conventional market, the impact of coupons is mixed. As shown in Figure 1, the positive effects include attracting potential customers, enhancing the loyalty of ex-

isting customers, improving brand image and reputation, and collecting customer information. However, the negative effects include long-term loss of benefits, possible

damage to brand image, possible disruption of the market, and inability to attract customers with genuine purchasing power. This indicates that the role that coupons can play in the conventional market is extremely limited.

2.1 Attract Potential Customers

Discount coupons, as a powerful promotional tool, can attract potential customers who have not purchased the product or service before, allowing them to learn about the product or service after being attracted by the discount, and encouraging them to make their first purchase, thereby increasing the conversion rate from potential customers to regular customers. Without sufficient background information, customers will directly judge the value of the product based on the discount coupon [1]. In this way, enterprises can influence customers' perception of the product's value through discount coupons, facilitating the implementation of other marketing strategies.

For customers who have made multiple purchases of products or services, the top priority is to retain them and prevent them from being lured away by other competitors. This requires leveraging coupons to address both the rational and emotional aspects of customers, thereby enhancing their loyalty. From the customer's perspective, from a rational standpoint, coupons can enhance the utility, efficiency, and economy of their shopping and purchasing; from an emotional standpoint, they can provide them with internal stimulation, pleasure, and self-esteem [2]. Moreover, for products and services with fixed consumption cycles, such as beauty and hair care services, fitness courses at gyms, etc., by distributing coupons, it can prompt customers to choose themselves again during their next purchase.

For products that do not have high value or whose market prices are stable, when enterprises offer valuable coupons, consumers will feel the brand's practicality and care, thereby encouraging them to choose the brand again or recommend it to other potential customers when they have similar consumption needs in the future. This kind of word-of-mouth dissemination can attract more potential customers, enhance the brand's image in the customers' minds, and improve the brand's popularity and reputation in the market. Xx Through the investigation, it was found that after using the discount coupons, customers would have a deeper understanding of the brand evaluation. If they realize that they truly like this brand, they will still choose it even after the discount coupons are no longer issued [3]. Keeta, a newly emerged food delivery platform in Hong Kong, is a very good example. When entering the Hong Kong market, it issued a large number of high-value discount coupons, attracting a sufficient number of customers. Later, it gradually reduced the quantity and value of the discount coupons to select the first batch of loyal customers.

During the process of distributing discount coupons, enterprises can collect customers' contact information and shopping preferences. By analyzing the types of goods purchased by customers using the discount coupons and their purchase frequency, enterprises can better understand customer needs and conduct targeted marketing in the future. Regularly launching personalized discount coupon activities can continuously bring surprises and satisfaction to customers, as these discounts are unexpected and precise [4]. However, the prerequisite for precise targeting is to base it on the analysis of customer information. By collecting the customer contact information, they can send discount coupons for the goods with higher purchase frequency to the customers.

The use of coupons means that the products or services will be sold at a lower price, which inevitably reduces the profit margin of the enterprise. If the discount offered by the coupons is too small, it will fail to play its role; if the discount is too large, it may lead to the enterprise incurring losses. In the mixed channel supply chain of third-party online retailers, offline stores, and manufacturers, in the face of competition, only reducing concessions can increase profits [5]. Moreover, if one relies on coupons for a long time, it may cause customers to get accustomed to the price after using the coupons. This not only fails to achieve the marketing goal but may also result in the loss of most customers once the use of coupons is stopped. Statistical mathematical models have proved that after the period of coupon distribution has passed, the sales volume of the products will decrease. And coupons are often issued after periods of low sales [6]. This has led enterprises into a vicious cycle. Without sufficient support behind it, using coupons may further worsen the situation. For luxury goods and products with stable market prices, the use of coupons does not bring positive effects. It may make the product brand seem cheap and may also trigger the mentality of „bargain doesn't mean good quality“. For example, some luxury brands were originally targeted at middle to high-end consumers. After excessive coupon distribution, the brand value will gradually be underestimated by consumers. Offering promotions to some price-insensitive customers may be perceived as a negative quality indicator due to these discounts, thereby reducing the purchasing demand [7]. This not only leads to customer loss and a decline in revenue, but is also likely to damage the product image, further resulting in a loss of profits for the enterprise.

If competitors also follow suit and use coupons for promotions, the market is likely to fall into a state of disorderly competition, thereby disrupting the price order of the market. Ten years ago, the „One More Bottle“ on beverage bottle caps became popular in China, leading almost all beverage brands to launch this campaign. But why did the „One More Bottle“ suddenly disappear? The bottle cap

of this „One More Bottle“ activity can be regarded as a coupon. Once this coupon was launched, it attracted consumers to rush to purchase it. Due to its significant promotional effect, it was imitated by competitors, and thus this activity became increasingly widespread, forcing other brands that did not participate to be forced to join. After everyone joined, they increased the supply of coupons to attract consumers. The result of this continuous internal competition was that no one made a profit. Therefore, all beverage brands had to unanimously stop using this method for marketing. Moreover, the large-scale distribution of coupons may lead consumers to hoard the coupons but not necessarily purchase the products. This will affect the sales forecasts and market supply-demand balance of the enterprise. For example, when enterprises discover that a large number of coupons have been collected, they increase production scale, but the actual number of purchasers is far lower than expected, which will lead to product overstock.

It may not be able to attract customers with real purchasing power. The usage of discount coupons by young consumers is lower than that of older consumers, and this disparity will increase as consumers get older [8]. Generally speaking, young people have more stable sources of income and do not have the pressures of raising children, supporting the elderly, or paying for a mortgage or car loan, and they are more willing to consume. On the other hand, the economic sources of the elderly are only from their children's support, and some have retirement pensions. However, the elderly have deeply ingrained habits of saving, which also makes them tend to consume less or almost not at all. The customers attracted by coupons may stop making purchases after obtaining the most favorable goods or services with the coupons, or they may only make purchases when they have coupons. In this way, they fail to attract customers with real purchasing power.

2.2 The Impact of Coupons on High-Value Products

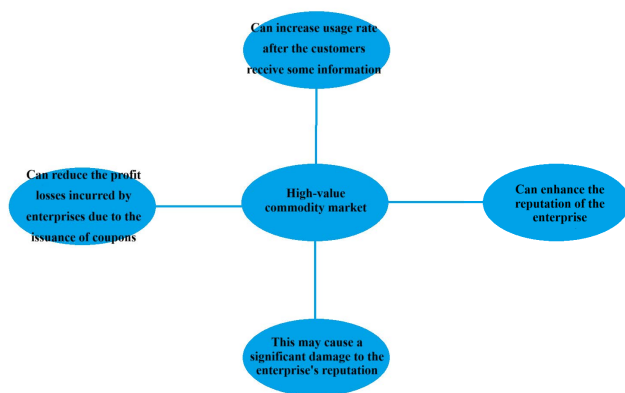


Fig. 2 The influence in high-value markets

In the high-value commodity market, the positive and negative impacts of coupons are relatively significant, as shown in Figure 2. The possible effects include increasing the usage rate for customers after they receive some information, enhancing the brand awareness of the enterprise, potentially causing a considerable damage to the enterprise's reputation, and reducing the profit loss caused by the issuance of coupons for the enterprise. Unlike in regular markets, coupons play a major role in the high-value commodity market, but improper use can also lead to significant losses.

Can increase usage rate after the customers receive some information

If the utilization rate of the coupons is too low after they are issued, most of the positive impacts of marketing will be difficult to achieve. The research has found that certain information can encourage customers to use coupons. However, different types of information have varying effects on different types of coupons. For instance, economic information is most effective in promoting high-value coupons, but not for low-value coupons of high-value products [9]. At the same time, social information has little impact on the use of high-value coupons, but it can significantly increase the usage rate of low-value coupons. Only when the usage rate of coupons is increased through customers' acceptance of the information can coupons truly bring value to the enterprise.

Can enhance the reputation of the enterprise

Some discount coupons for high-value goods may not be designed with the intention of actually getting them used. Instead, they might just be intended to increase the company's visibility. For instance, the 100-yuan discount coupon for Lamborghini is almost worthless to those who actually want to purchase a Lamborghini. However, the appearance of this coupon quickly drew much discussion due to its absurd design. This led the Lamborghini company to conduct an effective advertising campaign at almost no cost, thereby increasing the company's popularity.

This may cause a significant damage to the enterprise's reputation. Although such low-value coupons can indeed enhance the brand's visibility, for individual customers, they might consider these coupons as a form of humiliation, thereby reducing or ceasing their purchases of the products. Moreover, such low-value coupons may cause consumers to question the brand's image, thereby diluting the brand's positioning and value perception to some extent. In the high-value product market, this impact is greater than in the ordinary market because there are far more price-insensitive customers in the ordinary market than in the high-value product market, resulting in different degrees of influence on the enterprise's reputation.

In the regular impact of coupons, it is mentioned that the

issuance of coupons inevitably leads to problems such as reduced profits and customer apathy. However, low-value coupons can mitigate these negative effects. Firstly, the essence of coupons is to enable customers to purchase the desired goods at a lower price, and a lower price means less profit. In the short term, the lower the value of the coupon, the less profit is lost. Irreplaceable low-value coupons will not cause customers to become accustomed to using coupons and then reduce their purchasing desire after the coupons are stopped from being issued.

3. Suggestion

At present, there are numerous discussions and studies in the academic community regarding the impact of coupons on marketing. However, there is a lack of multi-angle and multi-situational discussions, especially regarding high-value products. There are also relatively few research papers on this topic. Moreover, conventional coupons have limited effect in today's market because many enterprises frequently and on a large scale use them, and their nature has been thoroughly studied. Additionally, customers have become somewhat numb to coupons. Therefore, in the current market, coupons must be designed meticulously and reasonably based on product, environment, and other information. This article focuses on the impact of coupons on ordinary products and high-value products, discussing them in detail under different scenarios. Based on the effects of ordinary coupons, it explores what special effects coupons have on high-value products from multiple perspectives and summarizes the impacts of coupons. Most coupons may have the following effects: attracting potential customers, enhancing the loyalty of existing customers, improving brand image and reputation, collecting customer data, causing long-term profit losses, potentially damaging the brand image, potentially causing market chaos, and potentially failing to attract customers with genuine purchasing power. For high-value products, the impact of coupons may be: increasing usage rates after customers receive some information, enhancing the company's reputation, potentially damaging the company's reputation, reducing profit losses caused by the issuance of coupons, etc.

For non-high-value goods, the design of coupons should initially offer a large discount, a large number of distributions, and a low acquisition threshold. It is suggested that everyone can obtain a small amount as a reference. However, this can only last for a very short period of time, with the aim of attracting a large number of new customers but not allowing them to become accustomed to it. Subsequently, gradually reduce the number of distributions and the discount, and increase the acquisition difficulty, so that customers gradually reduce their dependence on coupons and prevent the generation of resistance. This is similar to

the coupon strategy of the newly launched food delivery app Keeta in Hong Kong.

For high-value goods, the use of coupons should be handled with extreme caution and should not be similar to those for non-high-value goods. Special coupons can be designed, such as a 10-yuan voucher for a product worth 100,000 yuan, and through such an absurd design, it can attract widespread discussion and achieve promotional effects. Or a 99,999-yuan voucher for this product can be designed, and some other marketing strategies can be adopted in the acquisition method. However, this may increase the cost.

In conclusion, the choice of which coupon to select should be analyzed based on the current situation, so as to pick the most suitable one. The right choice can bring considerable favorable impacts to the enterprise, while the negative effects caused by the wrong choice will also result in considerable losses for the enterprise.

4. Conclusion

The research findings of this study indicate that different coupons should be used in different scenarios. Further conclusions drawn from this are that in the market of non-high-value goods, coupons should be used intensively for a short period and then gradually reduce the intensity of their use, while in the market of high-value goods, some special and even seemingly absurd coupons must be employed. This research provides many valuable references for future studies in this direction, mainly influencing the one-sided views of enterprises and the academic community on coupons. Future research should focus more on in-depth exploration from multiple perspectives and in various scenarios.

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