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Contents

A Study on Customer Preference Towards Coupon – Code Based Promotional Activities in Various Selected Fields with Special Reference to Coimbatore City

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Abstract. The modern market is full of offers and discounts. Marketers use several promotional programs to entice customers to buy products and services. While advertising goals are long-term in nature and typically aimed at building a brand, sales promotion programs often have a single goal, namely to maximize sales in the short term. A coupon is a ticket or document that can be exchanged for a financial discount or discount on a product purchase. Coupons can attract customers to a business, increase engagement with existing customers, and generate new revenue. This study examines customer preferences for coupon code-based promotions in various areas including clothing, food, travel, entertainment, medical, beauty, and personal care. The purpose of the study is to analyze how coupon codes influence customers' purchasing decisions, as well as examine the overall level of customer satisfaction. This study covers almost all the areas where coupon code is used as a promotional activity to increase sales and can help entrepreneurs and business people in making important financial decisions in sales and marketing.

Keywords: Sales promotion · customer preference · coupon code · making financial decision

1 Introduction

The modern market is full of offers and discounts. Marketers use several promotional programs to entice customers to buy products and services. While advertising goals are long-term in nature and typically aimed at building a brand, sales promotion programs often have a single goal, namely to maximize sales in the short term. Consumer promotion programs are visible to audiences because they are frequently advertised in the media. A coupon is a ticket or document that can be exchanged for a financial discount or discount on a product purchase. Coupons allow you to instantly save on certain products. This means that consumers receive an instant price reduction at the time of purchase. They don't have to send anything to the manufacturer, they don't have to enter any competitions. They leave the store satisfied that they saved money.

Customer preferences for promotions based on coupon codes can vary depending on several factors, such as the type of product or service offered, the target audience, and the overall value of the promotion. Some customers may be more price sensitive and prioritize discounts over other factors, while others may be more focused on the convenience of promotion or the quality of the product or service offered.

Companies must understand the preferences and behavior of their target audience in order to develop effective promotions based on coupon codes. For example, offering a higher percentage discount may be more effective for price-sensitive customers, while a promotion offering a free trial or additional service may be more attractive to customers who prioritize convenience. Overall, understanding customer preferences and developing targeted promotions based on coupon codes can be an effective way for businesses to increase customer engagement, drive sales and build brand loyalty.

1.1 Statement of the Problem

Generally, Business or a product can be promoted in 'n' number of ways. But the most common and traditional way of promotion includes giving attractive offers via coupons. Frequent deals and special offers can entice customers to shop at your store instead of competitors' sites. One of the most important issues prevailing among the businesses is that they may not always target the right audience. So, this study concentrates on opinion and real time experience of the customers and analyse how it will be influenced in the sales of the business and thereby, helps to identify the targeted audience who likely to make purchase with coupon codes. Overall, the outcome of the study is to identify in what ways the customer is getting influenced using coupons and to find out their preference and overall satisfaction level while using it under various circumstances.

1.2 Objectives of the Study

- To determine the reach of coupon codes among customers.
- To analyse the effectiveness of coupon codes across different industries such as food, clothing, travel, medicine, entertainment, beauty and personal care.

1.3 Research Methodology

1.3.1 Area of the Study

Coimbatore is the area chosen to conduct this study where it is famous with textile industries and is one of the most industrialized cities of Tamil Nadu and is widely known as the "textile capital of South India". The city is home to a number of large textile factories, engineering firms, automobile parts manufacturers, healthcare institutions, educational institutions, etc. Coimbatore is also home to many small and medium enterprises (SMEs) that contribute to the growth and innovation of the city.

1.3.2 Source of Data

The primary data has been collected through the following basis by observation, through personal interview, by mailing of questionnaires. The secondary data has collected through research articles, newsletters, magazines etc.

1.3.3 Sampling Design

A research design is the systematic plan of action to be carried out in association with a proposed research work. It brings together both descriptive and analytical method of study. The number of respondents from whom the data was collected were 125 respondents.

1.3.4 Sampling Technique

The sampling technique used for collecting the primary data is purposive sampling method which comes under non-probability sampling. The study is conducted in Coimbatore district.

1.3.5 Tools Used for Analysis

To analyse the data, SPSS software was used. The following tools are used to analyse the collected data and they are

- Percentage Analysis
- Weighted Average
- Chi-Square Test
- Henry Garrett's Ranking

2 Review of Literature

Aia Jean Taguinod (2016) has conducted a study to understand the effects of coupon promotion on customer. This study aimed to determine the effects of using coupons on customer. These will measure as a how customers will perceive coupons as an influence to whether they will return to the shop. Coupons also play a considerable role in purchase decisions in that they motivate consumers to obtain more products in bulk or to purchase them ahead of time. It concluded that people come back with other groups to try the product.

Anam Bhatti (2018) has conducted a study on sales promotion and price discount effect on consumer purchase intention with the moderating role of social media in Pakistan. The study concentrated on the social media effects of Price discount and the consumers purchase intentions. The study has been conducted to determine the influence of the sales promotion and the price discount on the consumers purchase intention in Pakistan. The study has overcome some issues such as the sales promotion and the social media that had an influence on the consumers purchase intention. This study concludes that the social media moderated the relationship between the sales promotion and the consumers purchase intention.

Anuraj Nakarmi (2018) has conducted a study to understand the effects of sales promotion consumer behavior. This study aims to find out the practice of the sales promotion that has great impact on consumer behavior. This study focused on how different types of sales promotional activities have different impact on consumer's buying behavior. This study concluded with the importance of understanding of consumer's buying decision.

Mukaram Ali Khan, Amna Tanveer, Syed SohaibZubair (2019) has conducted a study that focused on various tactics used to attract as well as retain customers through sale promotion strategy. The Objective of this study is to analyze different coupons codes used by various customers. They identified the impact of various sale promotion strategies and consumer buying behavior. The study concluded that buy one get one free, price discounts and coupons were positively related with consumer buying behavior.

Huan Liu, Lara Lobschat, Peter C. Verhoef, Hong Zhao (2020) examined the influence of a permanent discount strategy on customer purchase behavior. It mainly focused on customer expectations of discounts interacted with current discount levels in their influence on spending. The study concludes that order coupons positively influence customer spending and purchase quantity at an increased rate. It is found that both product-specific price discounts and order coupons offered in a digital environment significantly influence customers' actual spending and purchase quantity, but in quite different ways.

Janani Rajasekar, John Britto (2022) has conducted a study on coupon code based promotional activities in garment retail shops in Trichy. It focused on how coupon code influenced people and the various kinds of coupons that reached among customers. The study concluded that coupons have a great market in retail industry and every kind of people are attracted towards the coupon.

3 Result Analysis

Table 1. Respondents demographic profile

Demographic profile	Occupation	Respondents	Percentage (%)
Gender	Male	54	43.2
	Female	71	56.8
	Total	**125**	**100**
Age	18–25 years	96	76.8
	26–35 years	14	11.2
	36–45 years	3	2.4
	More than 45 years	12	9.6
	Total	**125**	**100**
Occupation	Student	12	9.6
	Self employed	13	10.4
	Private sector employee	95	76
	Public sector employee	5	4
	Total	**125**	**100**
Area of Living	Rural	25	20
	Urban	78	62.4

Table 1. (*continued*)

Demographic profile	Occupation	Respondents	Percentage (%)
	Semi-Urban	22	17.6
	Total	**125**	**100**
Usage of coupons	Yes	119	95.2
	No	6	4.8
	Total	**125**	**100**

Source: Primary data.

Interpretation

Table 1 shows the demographic profile that out of 125 sample respondents taken for the study, the majority of the respondents 71 (56.8%) of them were female, the majority 96 (76.8%) of the respondents were within the age group of 18–25 years, the majority 95 (76%) of the respondents are Private sector employee, the majority 78 (62.4%) of the respondents resides in urban area, and majority 119 (95.2%) of the respondents have used coupons to make a purchase.

Table 2. Different types of coupons used by the respondents

S. No.	Types of coupons	No. of Respondents	Percentage (%)
1	Discount coupon	101	80.8
2	Buy one Get one	52	41.6
3	Free shipping	53	42.4
4	Lottery coupon	27	21.6
5	Referral coupon	43	34.4
6	Gift card	53	42.4
7	URL coupon	25	20
8	Cash back coupon	37	29.6
	Total	**125**	**100**

Source: Primary Data.

Interpretation

It was inferred from the Table 2, that out of 125 respondents taken for the study, 101 (80.8%) of the respondents use discount coupon while purchasing products and services, 53 (42.4%) of the respondents use free shipping and gift card coupon while purchasing products and services, 52 (41.6%) of the respondents use buy one get one coupon to make purchases, 34.4% of the respondents use referral coupon to make purchases, 37 (29.6%) of the respondents use cash back coupon to make purchases, 27 (21.6%) of the

respondents use lottery coupon to make purchases and 25 (20%) of the respondents use URL coupon while purchasing products and services.

It was concluded that, majority 101 (80.8%) of the respondents use discount coupon while purchasing products and services.

Table 3. The source of coupon preferred by the respondents

S. No	Source	No. of Respondents	Percentage (%)
1	In-Store promotions	70	56
2	Online websites	81	64.8
3	Newspaper/Magazines	36	28.8
4	E-mail	32	25.6
5	Social media promotions	43	34.4
6	Friends/Family	43	34.4
	Total	**125**	**100**

Source: Primary Data.

Interpretation

It was inferred from Table 3, that out of 125 respondents taken for the study, 81 (64.8%) of the respondents find coupon from Online websites to make purchases, 70 (56%) of the respondents find coupon from In-Store promotions to make purchases, 36 (28.8%) of the respondents find coupon from Newspaper and Magazines to make purchases, 32 (25.6%) of the respondents find coupon from E-mail to make purchases, 43 (34.4%) of the respondents find coupon from both social media promotions and friends and family to make purchases.

It was concluded that, majority 81 (64.8%) of the respondents find coupon from Online websites to make purchases.

Table 4. The types of coupons used by the respondents in different fields

S. No	Coupon	No. of Respondents	Percentage (%)
1	Food and Beverages	69	55.2
2	Clothing and Accessories	102	81.6
3	Travel and Experience	35	28
4	Entertainment	48	38.4
5	Medicine	26	20.8
6	Beauty and Personal care	38	30.4
	Total	**125**	**100**

Source: Primary Data.

Interpretation

It was inferred from Table 4, that out of 125 respondents taken for the study, 102 (81.6%) of the respondents use clothing and accessories coupon to purchase clothing products and services, 69 (55.2%) of the respondents use food and beverages coupon to buy food products and services, 48 (38.4%) of the respondents use entertainment coupon to get entertainment services, 38 (30.4%) of the respondents use beauty and personal care coupon to buy beauty products, 35 (28%) of the respondents use travel and experience coupon to get travel services and 26 (20.8%) of the respondents use medicine coupon to buy medicinal products and services.

It was concluded that, majority 102 (81.6%) of the respondents used clothing and accessories coupon to purchase clothing product and services.

Table 5. Rank of the occasions prefered by the respondents to use coupon

TABLE 5.1: No. of respondents rank on each occasion

S. No	OCCASION	1	2	3	4	5
1	Festivals and celebrations	36	7	29	22	31
2	Special events	11	41	26	28	19
3	Purchasing expensive items	13	19	36	25	32
4	Unique reward	16	29	34	29	19
5	Reward for previous purchases	14	24	33	23	31

Source: Primary data

TABLE 5.2: Ranking the following occasion on the basis of its Garrett value

S. No	DESCRIPTION	1st	2nd	3rd	4th	5th	Total	%	Rank
1	Unique reward	1200	1740	1700	1160	456	6256	62.56	I
2	Festivals and celebrations	2700	420	1450	880	744	6194	61.94	II
3	Special events	825	2460	1300	1120	456	6161	61.61	III
4	Reward for previous purchases	1050	1440	1650	920	744	5804	58.04	IV
5	Purchasing expensive items	975	1140	1800	1000	768	5683	56.83	V

Source: Primary Data

Interpretation

It is inferred from Table 5, Unique reward was ranked as first with the score of 62.56 Garrett points, Festivals and celebrations is ranked as second with score of 61.94 Garrett points, Special events is ranked as third with the score of 61.61 Garrett points, Reward for previous purchases is ranked as fourth with the score of 58.04 Garrett points and purchasing expensive items is ranked as fifth with the score of 56.83 Garrett points.

It was concluded that, majority of respondents prefer Unique reward to use coupons while purchasing, with Garrett points of 62.56.

Table 6. Positive reasons on the impact of coupon by the respondents

S. No	Reasons	No. of Respondents	Percentage (%)
1	Value oriented spending	22	20.4
2	Encourage to shop again	43	39.8
3	Minimize your expenditure	35	32.4
4	Repeat orders	8	7.4
	Total	**108**	**100**

Source: Primary Data.

Interpretation

It was inferred from Table 6, that out of 125 respondents taken for the study, 43 (39.8%) of the respondents prefer coupon as it encourages to shop again, 35 (32.4%) of the respondents prefer coupon to minimize their expenditure, 22 (20.4%) of the respondents believe that coupon creates value-oriented spending and 8 (7.4%) of the respondents prefer coupon to repeat their orders.

It was concluded that, majority 43 (39.8%) of the respondents prefer coupon as it encourages them to shop again.

Chi Square Analysis

Hypothesis:

H0: There is no significant relationship between the gender and the various coupon codes on food and beverages.
H1: There is a significant relationship between the gender and the various coupon codes on food and beverages.

Table 7. Chi-square values-Gender and types of food coupon

Features	Chi square value	P value	Significance/Non significance
Percentage off	0.989	5.365	NS
Buy one get one	0.999	3.279	NS
Cashback	0.393	15.837	NS
Free delivery	0.509	14.222	NS
Initial purchase coupon	0.36	16.332	NS

(S-Significant @ 5% level (p Value ≤ 0.05) and NS-Not Significant @ 5% level (p values ≥ 0.05).

Interpretation

It is concluded from Table 7, that the null hypothesis (H0) is accepted for the gender and types of food coupon. Features like percentage off (0.989), Buy one get one (0.999), cashback (0.393), free delivery (0.509) and initial purchase coupon (0.360) shows a non-significant relationship as the above-mentioned values are greater than the significant value (0.05).

Hypothesis:

H0: There is no significant relationship between the discount percentage and influence of travel coupon.

H1: There is a significant relationship between the discount percentage and influence of travel coupon.

Table 8. Chi-square Values-Discount percentage and Influence of travel coupon

Features	Chi-square values	P values	Significant/Not significant
Percentage off	0.51	24.918	NS
Zero cancellation	0.05	32.829	S
Promo code coupon	0.09	30.907	NS
Free Membership	0.22	28.002	NS
Cashback	0.47	25.221	NS

(S-Significant @ 5% level (p Value $\leq$ 0.05) and NS-Not Significant @ 5% level (p values $\geq$ 0.05).

Interpretation

It is concluded from Table 8, that the null hypothesis (H0) is accepted for the discount percentage and influence of travel coupon. Features like percentage off (0.51), promo code coupon (0.09), free membership (0.22) and cashback (0.47) shows a non- significant relationship as the above-mentioned values are greater than the significant value (0.05). Whereas the null hypothesis (H1) is rejected for zero cancellation (0.05) as the value is equal to the significant value (0.05).

Hypothesis:

H0: There is no significant relationship between the gender and significance on clothing and accessories coupon.

H1: There is a significant relationship between the gender and significance on clothing and accessories coupon.

Table 9. Chi-square values-Gender and Significance on clothing and accessories coupon

Features	Chi square values	P value	Significant/Non-Significant
Upto 50–70% on men, women and kids fashion products	0.629	12.657	NS
10% off on first order	0.803	10.256	NS
Extra 10% off on new arrivals	0.296	17.388	NS
Free shipping for Members	0.516	14.12	NS
Earn upto 6–8% cashback	0.504	14.27	NS

(S-Significant @ 5% level (p Value ≤ 0.05) and NS-Not Significant @ 5% level (p values ≥ 0.05).

Interpretation

It is concluded from Table 9, that the null hypothesis (H0) is accepted for the gender and types of Clothing and accessories. Features like Upto 50–70% on men (0.629), women and kids fashion products (0.803), 10% off on first order (0.296), Extra 10% off on new arrivals (0.296), Free shipping for Members (0.516), Earn upto 6–8% cashback (0.504) shows a non-significant as the above-mentioned values are greater than the significant value (0.05).

Hypothesis:

H0: There is no significant relationship between the gender and types of entertainment coupons.
H1: There is a significant relationship between the gender and types of entertainment coupons.

Table 10. Chi-square values-Gender and types of Entertainment coupon

Features	Chi square values	P values	Significant/Non-significant
Student offer	0.49	14.466	NS
UPI Offer	0.007	31.553	NS
Credit cards	0.46	25.311	NS
Pay later	0.012	30.067	NS
Return policy	0.59	24.365	NS

(S-Significant @ 5% level (p Value ≤ 0.05) and NS-Not Significant @ 5% level (p values ≥ 0.05).

Interpretation

It is concluded from Table 10, that the null hypothesis (H0) is accepted for the gender and types of entertainment coupon. Features like student offer (0.490), UPI offer (0.007), credit cards (0.46), pay later offer (0.012) and return policy (0.59) shows a non-significant relationship as the above-mentioned values are greater than the significant value (0.05).

Hypothesis:

H0: There is no significant relationship between the age and significance on medical coupons.

H1: There is a significant relationship between the the age and significance on medical coupons.

Table 11. Chi-square Values-Age and significance on medical coupon

Features	Chi square values	P values	Significance/Non significance
Old patient	0.16	29.105	NS
Use code	0.47	25.237	NS
Emergency offer	0.07	19.79	NS
Reward coupon	0.121	21.507	NS
Referral Coupon	0.22	27.943	NS

(S-Significant @ 5% level (p Value $\leq$ 0.05) and NS-Not Significant @ 5% level (p values $\geq$ 0.05).

Interpretation

It is concluded from Table 11, that the null hypothesis (H0) is accepted for the age and significance on medical coupon. Features like old patient offer (0.16), use code offer (0.47), emergency offer (0.070), reward coupon (0.121) and referral coupon (0.22) show a non-significant relationship as the above-mentioned values are greater than the significant value (0.05).

Hypothesis:

H0: There is no significant relationship between the age and significance on beauty and personal care coupon.

H1: There is a significant relationship between the the age and significance on beauty and personal care coupon.

Table 12. Chi-square values-age and significance on beauty and personal care coupon

Features	Chi squares values	P values	Significance/Non significance
Exclusive coupon	0.001	37.813	S
Trail coupon	0.29	17.492	NS
Buy one get one	0.001	39.511	S
Newbies	0.002	35.852	S
Warranty	0.003	34.917	S

S-Significant (P Values $\leq$ 0.05) and NS-Not Significant (P values $\geq$ 0.05).

Interpretation

It is concluded from Table 12, that the null hypothesis (H0) is rejected for the age and significance on beauty & personal care coupon. Features like exclusive coupon (0.001), buy one get one (0.290), newbies (0.002) and warranty (0.003) shows that there is a significant relationship as the above-mentioned values are less than the significant value (0.05). Whereas, the null hypothesis (H1) is accepted for trail coupon (0.290) as the P value is greater than the significant value (0.05).

Table 13. Satisfaction level upon various channel used by the respondents to receive coupons

S. No	Platform	5	4	3	2	1	Total	Average
1	E-Mail	49	41	21	10	4	125	3.968
		245	164	63	20	4	496	
2	Social Media	30	59	26	5	5	125	3.832
		150	236	78	10	5	479	
3	Mobile Apps	37	49	30	7	2	125	3.896
		185	196	90	14	2	487	
4	Text Messages	32	43	33	12	5	125	3.68
		160	172	99	24	5	460	
5	Print Media	28	40	41	11	6	126	3.579
		140	160	123	22	6	451	
6	Referral	31	45	36	7	6	125	3.704
		155	180	108	14	6	463	
7	Program	25	39	44	10	7	125	3.52
		125	156	132	20	7	440	
	Total							**3.739**

Source: Primary Data.
Formula used: (W = 26.179/7 W = 3.736).

Interpretation

Table 13, which the calculated value of weighted average score is 3.739 close to the Referral platform (3.704) which has a highest satisfaction level upon various channel used to receive coupon and Program channel (3.52) having the least satisfaction level upon various channel used to receive coupons. Followed by E-Mail platform (3.968) with second highest satisfaction level, Mobile apps (3.896) with third highest satisfaction level, social media (3.832) with fourth highest satisfaction level, Text messages (3.68) with fifth highest satisfaction level and Print media (3.579) with average satisfaction level upon various channel used to receive coupons.

 It was concluded that, majority of the respondents have highest satisfaction level from Referral platform upon various channel used to receive coupons.

4   Recommendations

In the study area, shoppers in rural areas are much less aware of coupon codes and the various benefits of using coupon codes compared to shoppers in suburban and urban areas. And new strategies need to be implemented to promote this in rural areas. Consequently, companies can also promote coupon codes through free sample distribution and cash back bonuses, as well as through interactive games. Companies should improve promotion of coupon codes through newspapers/magazines, social media and email. Hence, companies must start implementing various plans to maximize promotion through these platforms. This can be achieved by using various strategies such as coupon reminders and exclusive discounts. Customer satisfaction levels with coupon codes through the use of print media channels, referrals and programs. Therefore, companies can use various ways to promote their coupon codes in various other ways.

5   Conclusions

Consumers can take advantage of coupon codes to get discounts on products or services they want to purchase. From the study, it could be observed that coupon codes are used by a large number of customers. This stimulates the sale of new products. Apart from attracting new customers and re-engaging existing customers, promotional activities based on coupon codes also help brands increase sales of new products and services. Coupons and discount codes give shoppers an extra incentive to spend money on new products. It also increases brand loyalty among customers. This will also serve as one of the bases for future business expansion, where there is a significant number of potential customers. This also reduces companies' advertising costs.

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