

## **Localization of coupon industry: Dealing in local deals**

Prateek Tomar<sup>1</sup>, Prof. Kingshuk Bhadury<sup>2</sup>

<sup>1</sup>(MBA Student, Symbiosis Institute of Management Studies/SIU, Pune, India)

<sup>2</sup>(Professor, Symbiosis Institute of Management Studies/SIU, Pune, India)

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**Abstract:** The constantly changing nature of the coupon business from its initiation in 1887 by Coca-Cola to offerings rebates on cereals in mid 1900s in US with genuine use expanding in the Great Depression, according to Coupon Sherpa's Timeline has incited us to concentrate the new patterns in couponing and on this premises we based our Study for finding the requirement for decentralization of Coupon Industry, which is as of now working at a Pan-India level, for a superior client mindshare and fulfillment.

The survey was conducted to understand is there a new change that can be observed in the coupon industry towards the decentralization of the couponing. The main purpose of this research is to make people aware how decentralization is been adopted by the coupon industry and to what extent does this affect the mindshare and satisfaction among customer. Through this research we expect to find out the benefits and drawback of the decentralization of coupons and to what extent can an online aggregator can go towards the localization of coupons.

**Keywords:** Decentralization, Localization, Couponing, Redemption, Coupon Aggregator, Coupon Preference,

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### **1. INTRODUCTION**

Coupons continue to be the most favorite promotional tools for marketers to influence, incentivize and encourages customer towards trying new products. Coupons tend to have a positive influence and impact on customers as they aid in creating awareness, product trails and customer retention and at the same time generating sales in the short term by the call to action appeal.

Created by Atlanta businessman Asa Candler, in 1887, Coca Cola was the first product to get customer hooked via coupons. Candler's invention transformed Coca-Cola from an insignificant tonic into a market dominating drink. His hand-written tickets offered consumers a free glass of Coca-Cola, then priced at five cents. Between 1894 and 1913, an estimated one-in-nine Americans had received a free Coca-Cola, for a total of 8,500,000 free drinks. By 1895, Coca-Cola was being served in every state [1].

As the people are becoming habitual of frequent usage of online shopping and coupons in a gradual way, a constant development in coupon industry can be witnessed. E-commerce is expected to grow in Asia Pacific in the coming years. The number of digital buyers in Asia Pacific is projected to pass the one billion mark for the first time in 2018, which will account for 60 percent of all internet users in the region. Moreover, the share of total retail sales in Asia Pacific is forecast to double between 2015 and 2019. In line with the regional growth, India, a fast-growing emerging Asian market, shows optimistic projections for the e-commerce industry. Close to 240 million people are forecast to buy goods and services online in India by 2019. This means that about 70.7 percent of internet users in India will have purchased products online by then. The majority of digital shoppers in India are male. This growth in volume of digital buyers has a reflection on revenue as well. Retail e-commerce sales in India are forecast to grow tremendously, with projections to jump from around 16 billion U.S. dollars in 2016 to just over 45 billion U.S. dollars in 2021 [2].

It is important to note that Coupon discovery, delivery and redemption is undergoing significant change. For e.g., Direct-to-card coupon redemption method allows for adding coupons to the loyalty card of the retailer directly. Once you shop for the items (and added coupons for them earlier) they will automatically be honored at the POS when you swipe the loyalty card of the retailers. These are exciting times for shoppers and retailers with cloud, mobility, analytics and technology providing a better experience.

Likewise, couponing industry too has undergone evolution and transformation to keep pace with the technological advancement. There are new ways, through which retailers have started using coupons. Digital coupons now not only serve the purpose of deals and discounts, but helps in increasing customer loyalty and brand building.

The ever-changing nature of the coupon industry from its inception in 1887 by Coca Cola to offerings discounts on cereals in early 1900s in US with real usage increasing in the Great Depression, as per Coupon Sherpa's Timeline has prompted us to study the new trends in couponing and on this premises we based our study for finding the need for decentralization of Coupon Industry, which is currently operating at a Pan-India level, for a better customer mindshare and satisfaction.

## **2. LITERATURE REVIEW**

Numerous association have attempted to concentrate the effect of coupons on the purchasing conduct of the customer. Coupons, as 'Promotional codes', are presently a pillar of the internet shopping background. Coupons keep on being a standout amongst the most promotional tools for the advertisers to impact, boost and supports client towards attempting the item.

For example the research done by Judith A. Garretson (Graduate Teaching Assistant in Department of Marketing & Transportation, University of Arkansas, and Fayetteville, USA [3]) examines the impact of sales promotions on consumer's attitudes and intentions. More specifically, the influence of coupon face value on service quality expectation. Their result indicates the positive impact of coupons on purchase of services.

Furthermore research done by Richard L. Oliver (Professor of management, Owen School of Management, Tennessee, USA [4]) focuses on the difference in redemption of Offline coupons to online coupons. His findings indicates that offline redemption of coupons is customer-initiated while internet shoppers are usually prompted to enter code towards the conclusion of the checkout process. This prompting may influence shopper perceptions and behaviors such as shopping cart abandonment. His result shows a strong negative effect on price fairness, satisfaction, and purchase completion in the code-absent group and positive effects on fairness and satisfaction in the code-present group.

Additionally studies were directed on Mobile-coupon (m-coupon), an augmentation of customary coupons which is open on cell phone, According to paper "The Potential of Mobile Coupons: Current Status and Future Promises" [5], m-coupons has risen as one of the promising device in advertiser's munitions stockpile. Since cell phone is an exceedingly customized medium, it improves the chance to alter and contact potential clients in a viable way.

On this bases additionally studies were directed on giving Secure E-coupon System to Mobile Users [6] since E-coupon for versatile business can give portability to clients and circulation adaptability for guarantors. Be that as it may, the vast majority of the existed e-coupon plots for the most part apply open key cryptosystem to accomplish the security, which won't be executed in cell phones because of the unpredictable calculations.

Also according to studies done on how proximity and context drive coupon redemption [7]. It was found that even though proximity drives coupons redemption, city center campaigns seem to be much more sensitive to distance than suburban areas. The further away the distribution place from the restaurant, the less does the amount of monetary incentive determine the motivation to redeem.

## **3. RESEARCH METHOD**

The study was conducted to understand on what parameters does a customer makes decision whether to go for Pan India franchisee coupons or local franchisee coupon. So, the study focuses on the finding the need for decentralization of Coupon Industry. Study was based on taking into account four most popular coupon Aggregator namely [www.couponindia.in](http://www.couponindia.in), [www.nearbuy.com](http://www.nearbuy.com), [www.mydala.com](http://www.mydala.com) and [www.couponraja.in](http://www.couponraja.in).

The model used for the purpose of our study is the SERVQUAL model (Parasuraman, Zeithaml and Berry, 1988) where the two sides of the study were the Pan-India coupon aggregator side and the Local coupon provider side. From the analysis of the data, it will be possible for the researchers to understand customer's expectations and perceptions towards choosing coupons for him/her self. Also, a thorough study was done to search for the problems faced by both the parties.

## **4. OBSERVATION AND DISCUSSION**

### **DEALING IN LOCAL DEALS!**

The survey was conducted to understand isthere a new change that can be observed in the coupon industry towards the decentralization of the couponing. The main purpose of this research is to make people aware how decentralization is been adopted by the coupon industry and to what extent does this affect the mindshare and satisfaction among customer. Through this research we expect to find out the benefits and drawback of the decentralization of coupons and to what extent can an online aggregator can go towards the localization of coupons. Because of the evolution in search engine function retailers are able to provide maximum optimization in coupons to the customers. Maximum preference is given to the Food and beverage category of products which clearly means that coupon industry is most popular in this category and customers are now comfortable in using coupons when it comes to eating outside. The least preferred category is Beauty and Health because coupons are not widely available in this category of products.

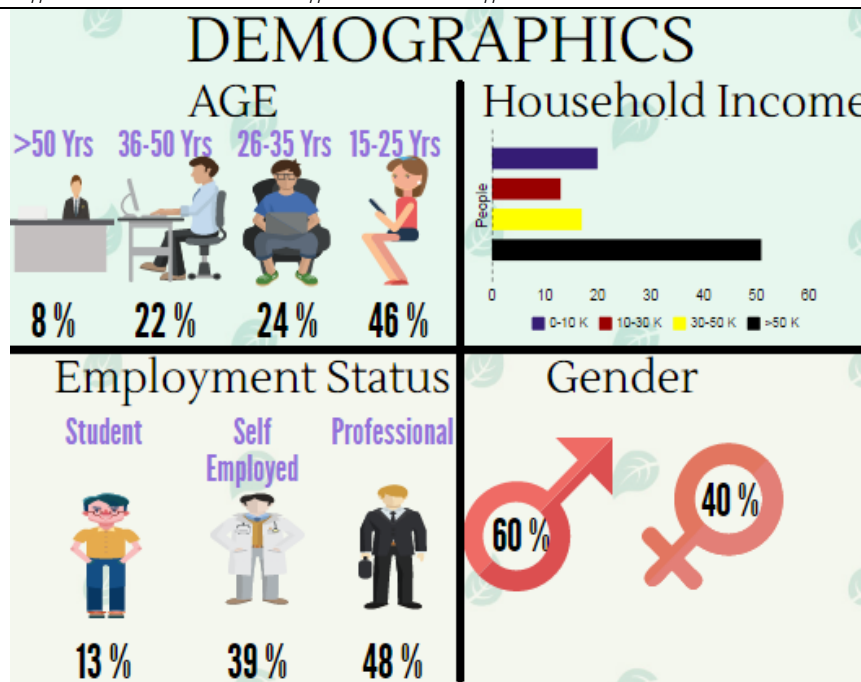


Figure 1. – Demographics

The survey was directed by taking reactions of 200 respondents having a place with different socioeconomics for better comprehension of patterns. According to our study 76% of working proficient and students has a place with 18-35 age group. This empowers us to comprehend and foresee the pattern as India set to end up distinctly the most youthful populace by 2020 [8], they are going to be the driving force for changing trends. Likewise to catch the conduct of client who utilizes coupons with month to month pay of Rs 50,000/- or more our half of respondents have salary above Rs 50000/- and among our respondents 60% are male and 40% female. Higher the wage there are less chances that clients will go for coupons since they are agreeable on buying at the asked cost. The respondents who lie between 0-10000 and 10001-30000 are more likely to user coupons.

#### 4.1 MOST POPULAR COUPONS SEARCHES

Because of the evolution in search engine function retailers are able to provide maximum optimization in coupons to the customers. Maximum preference is given to the Food and beverage category of products which clearly means that coupon industry is most popular in this category and customers are now comfortable in using coupons when it comes to eating outside. The least preferred category is Beauty and Health because coupons are not widely available in this category of products

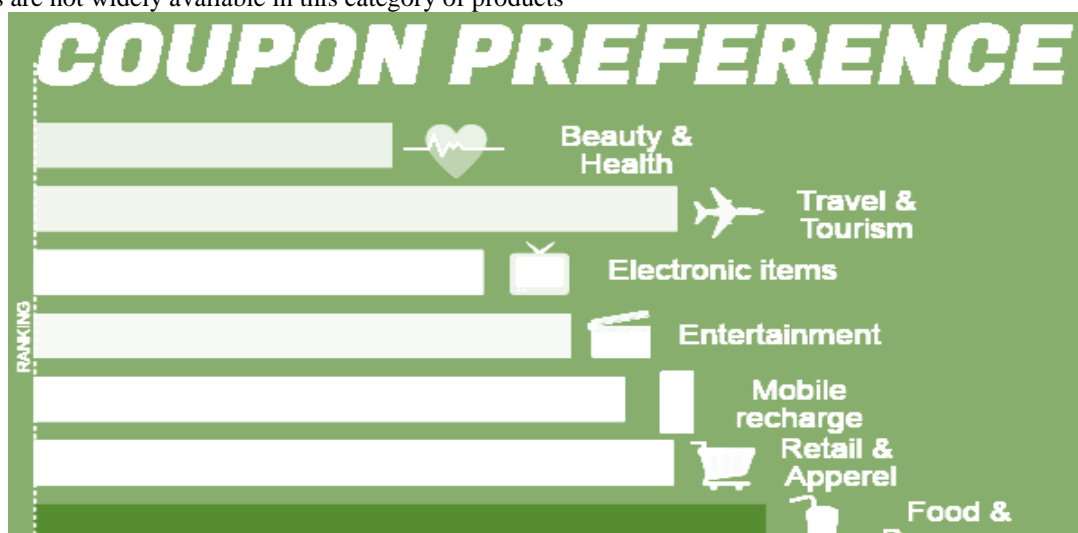


Figure 2. – Coupon Preference

The preference of respondents for availing coupons in Food and Beverage category can be attributed to the fact that people tend to use food and beverage service mostly with family and friends. Hence the sense of saving comes into picture. Also, 45% of our respondents tend to prefer going to pan India franchise twice a month, so getting a coupon helps them save and well as avail services from multinational eat outs.

As per a companion of mine who is an exceptionally conspicuous online customer, one can state that he is an extremely energetic online customer. While examining about the coupon inclinations of his, he expresses that the reason he favor coupons of food and is because he gets a kick when he can visit the place which is normally not in his monthly budget, that too a Pan India establishment since he feels the coupons of Pan India establishment is accessible effortlessly. He also states that while purchasing anything online he first try to find out there coupons and also tends to book those flights and movies of which he can find coupons as it gives him a sense of a valuable deal and savings.

#### 4.2 WEBSITE PREFERENCE AMONG CUSTOMERS

As per our survey 44% customers only visit coupon websites once in a month with 30% of working professional visiting coupons aggregator websites once a week. This is attributed to the reason that working professional tend to visit food and beverages restaurant at least once on weekends and prefer shopping in the weekends. 26% of respondents visit coupons site once in each fortnight which can be credited to students who jump at the chance to spare all the more every time they burn through cash.

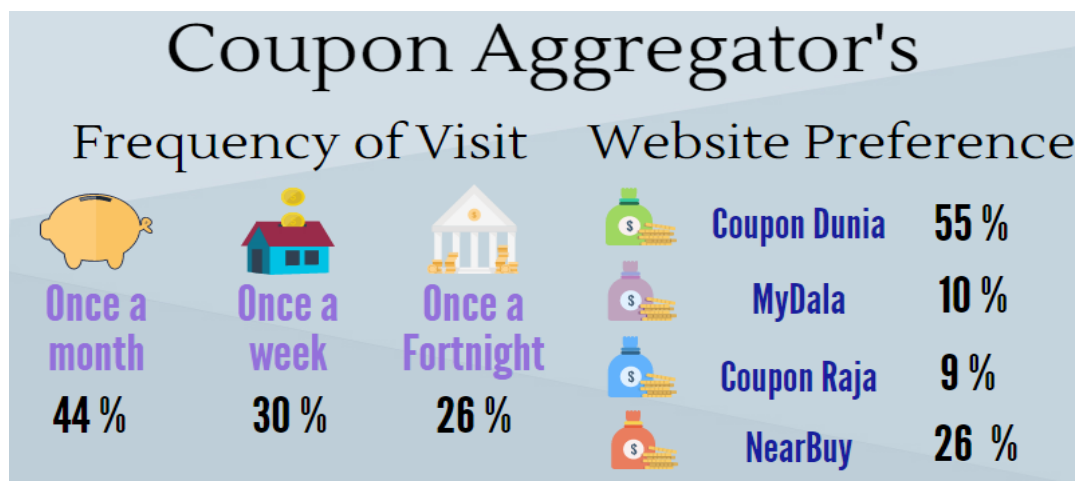


Figure 3. – Coupon Aggregator’s Data

Coupon Duniya being the most advertised is used by 54% of the respondents and has the good reach followed by nearby which is again an upcoming site and will soon be at par with coupon duniya. The reason that nearby is coming at par with the coupon duniya is because nearby has created a differentiation from its competition by offering coupons city wise i.e. more focus on offerings local deals.

Coupons as such not being very popular at this time are very less availed and that is the reason 44% customers only visit coupon websites once in a month. But from studying the website preference of our respondents, sudden popularity of the nearby can attributed to being India’s first hyper-local online platform that enables customers and local merchants to discover and engage with each other. This trend shows us that people are moving towards more localized sites for finding coupons of places they like to visit in there locality.

Nishant, is a 25 yr. old IT working professional residing in Pune. He stays with his friends who are working in same company so he usually plans eat out with this peer group. He has a good set of closefriend’s working in different companies all across major metro cities like – Delhi, Mumbai, Bangalore, and Chennai. Due to the reason of meeting his friends he tells me that he visit coupon aggregator website once a week to get some food and beverages coupons but he tells me that his main focus of browsing through these websites is to get some valuable deals to travel to different cities and any kind of good tourism package so that when he visits his friends he can enjoy good trips at a valuable cost.

### 1. FACTORS AFFECTING COUPONING

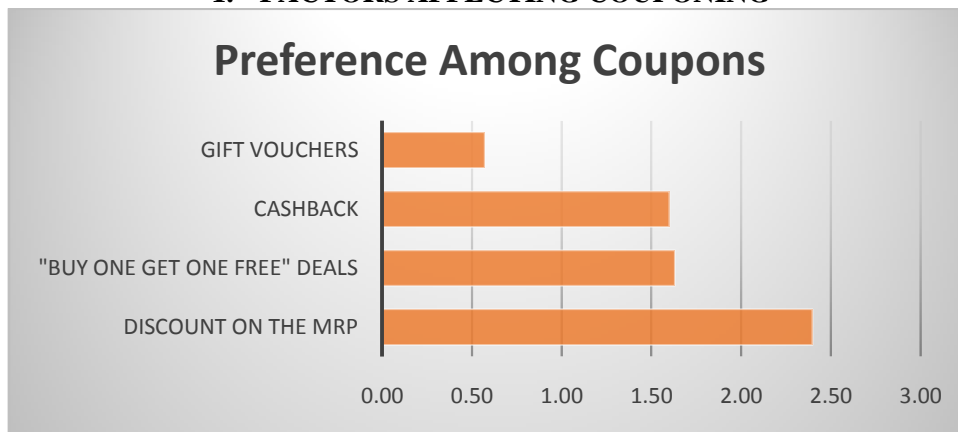


Figure 4. – Preference among Coupons

From the data collected from the survey we can infer that customers are generally looking for discounts followed by other factors. Discounts are easy to avail as the benefits are directly applicable to the product desired rather than going for other options. Even though “Buy one get one free” is an attractive option but as it is not always available the usage is less. While buying a product and availing the coupons customers are interested in Deal amount.

As a result of increment in computerized proficiency among Indians with more than 460 million web clients, India is the second biggest online market, positioned just behind China. By 2021, there will be around 635.8 million web users in India [9]. Because of this the cashback plan is getting more well-known and as a result of expanding notoriety of cashback plan Coupon Duniya has propelled trade back coupons out 2016. Also the research indicates that while availing a coupon the customers are interested in the deal amount as that is the most important factor at that moment while buying a particular product because in the end it is all about the money which is paid and the money saved.

#### 4.4 PAN INDIA VS LOCAL FRANCHISE

According to the research 40% respondent visit a Pan India franchisee once every week which is a decent number for the coupon business and most coupons are accessible on various coupon aggregator. This can be credited to the way that individuals tend to visit the multinational Pan India establishment which as per them is overrated and by utilizing coupons they tend to discover bargains more profitable. This market has as of now been tapped and is ended up being fruitful. The study additionally demonstrates to us that 53% clients go for a neighborhood franchisee once every week which is a profoundly lucrative market for a coupon industry and this region is yet to be taped which gives the coupon organizations a decent opportunity to extend and to pick up piece of the pie. This information alongside achievement of Nearby gives us the upside of adjusting the confinement structure in couponing to build its piece of the pie.

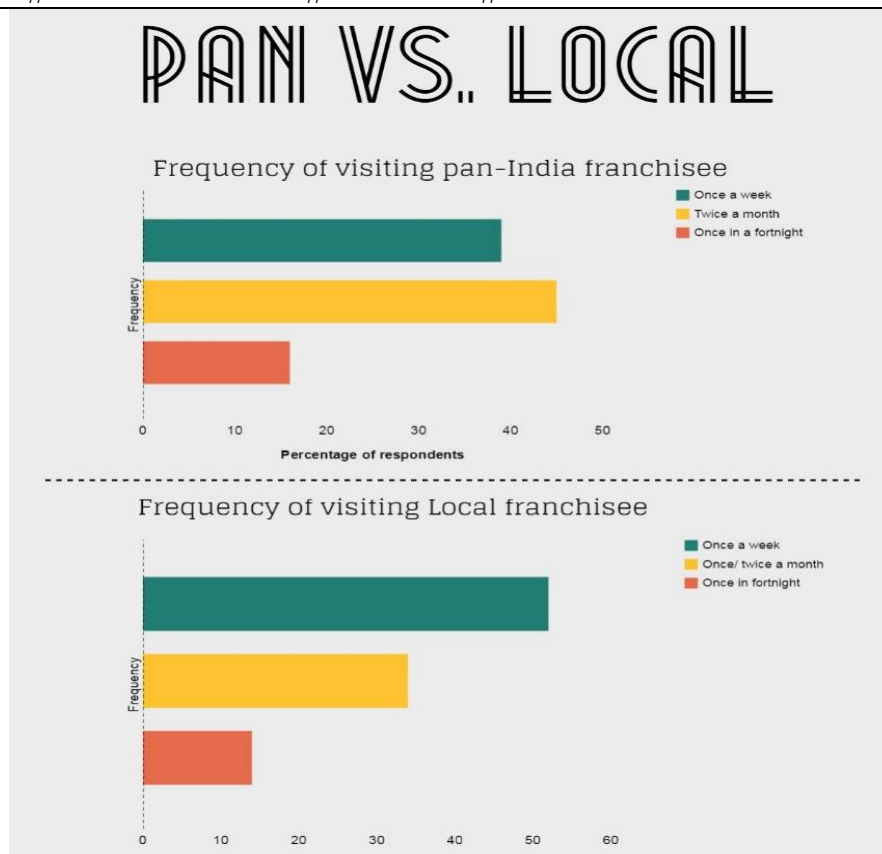


Figure 5. – Pan India Coupon Vs Local Coupons

To add up to the above inference one of my very close friend working in a manufacturing firm, told me that “because of his long commuting hours during his weekdays he tend to look for food and beverages coupons of places in his neighborhood”. Further discussing with him I get to know that he sometimes find it difficult to arrange coupons of local franchisee which makes him inclined to visit some pan India franchise in close location. For this he reasoned by saying “that not much of coupon aggregator provide a good model to search for coupons according to vicinity of the hotels”

**4.5 COUPON PREFERENCES ACROSS AGE BRACKET**

Since the coupons are accessible for Pan India franchisee because of centralization furthermore as a result of simple access on coupon aggregator, our review demonstrates 54% of respondents inclining toward Pan India franchisee however nearby franchisee is not that a long ways behind which is an exceptionally fascinating variable for the organizations as scope for growth is highly visible.

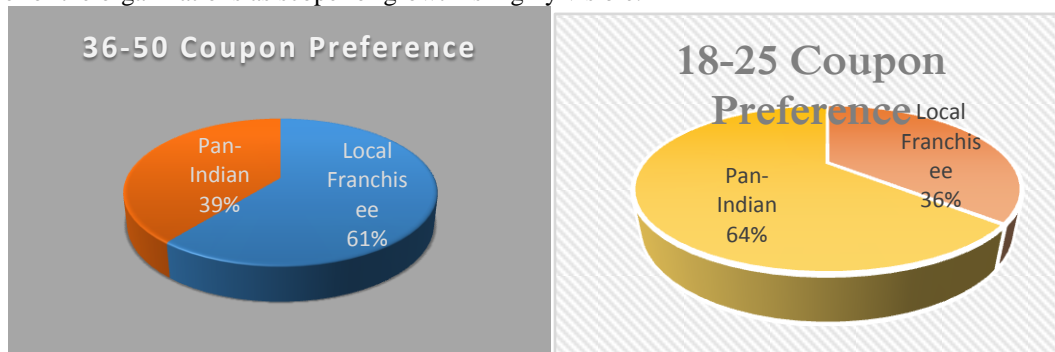


Figure 6. – Coupon Preference across Age Bracket

From the study that was led it can be noticed that from the age section of 18-25 years the inclination of Pan India franchisee is more. This happens in light of the fact that students and working proficient in this age section tend to visit those spots which are notable and coupons are accessible effortlessly as feeling of saving is

high. Additionally from the survey it can be seen that respondents having a place with the age section of 36-50 years have a tendency to favor coupons of neighborhood franchisee over the Pan-India franchisee on the grounds that individuals in this age gather incline toward going to a place which is adjacent to them which bring feeling of possessions and reliability

## 5. CONCLUSION

From the study conducted we were able to find among 200 respondents the most number of purchasers lay in the age section of 18-25 took after by the other age bunch in which the most well-known classification is food and beverages and beauty and health being the slightest favored. As in coupon industry 'BUY ONE GET ONE FREE' is by all accounts a pleasant recommendation yet clients have a tendency to go for DISCOUNTS over it. Likewise not all individuals utilize coupons, as individuals with the salary more than at least 50,000 are more averse to utilize them as they don't want to spare and are more agreeable in giving the retail cost. Sexual orientation additionally assumes a critical part in coupon industry as more number of guys utilize coupons. Likewise there inclinations for benefiting the coupons are diverse as male would more often than not go for food and beverages though females would profit coupons on apparels.

There is a typical model set up that should be modified according to the ranges focused on. This would ensure more prominent deals and give better and more altered and suited offerings that are as of now offered through the centralized model. The target group of onlookers ought to be wage particular. The organizations could service clients better if they are able to capitalize on a target audience that perfectly suits their offerings. The organizations ought not to concentrate a lot on low and center wage amasses yet rather on working experts and people with medium to high extra cash.

As indicated by the review there is a noticeable pattern towards the decentralization of the coupon business and many organizations are hoping to offer its client more neighborhood deals. By default, organizations that have a Pan India presence create more confidence in buyers as far as both confidence and steadfastness.

## 6. ACKNOWLEDGEMENT

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