

**What are the Consumer-related Facilitators and Barriers for Coupon Use in a  
Coupon-virgin Market? The Case of the Danish FMCG Market**

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## **What are the Consumer-related Facilitators and Barriers for Coupon Use in a Coupon-virgin Market? The Case of the Danish FMCG Market**

Coupons are a vital promotional tool in many markets, not least the US market. Here, coupons have been used for more than 125 years and today they are perceived as an innate part of the American shopping culture; perhaps even an indispensable part as JCPenney learned when they tried to skip them in 2012 (Greene et al. 2013; Miller 2013). Numerous studies have looked at different aspects of coupon behavior in coupon-mature markets such as the US (e.g., Shimp & Kavas 1984; Bagozzi et al. 1992; Mittal 1994; Argo & Main 2008; Clark et al. 2013). However, almost no studies deal with coupon-immature markets and little is therefore known about consumer-related facilitators and barriers for coupon use in such markets.

Physical coupons<sup>1</sup> (i.e., ticket/document entitling the holder to a discount when presenting it at the time of paying for a particular product in a store) were not allowed in Denmark until 2011. Today, three years later, coupons have hardly been applied in the Danish FMCG market. Thus, the FMCG retailers and manufacturers have been very reluctant to embrace this new promotional opportunity, and as a consequence this market is still coupon-immature. One major Danish retailer defended their hesitancy with a fear that Danish consumers would respond negatively to coupons and associate them with being waste of time, unfair and socially undesirable. However, no studies have looked at Danish consumers' attitudes towards the use of coupons to confirm this perception. The objective of this paper is to examine consumer-related facilitators and barriers of coupon use in a coupon-immature market such as the Danish, and thereby answer the following questions: Do Danish consumers perceive coupons negatively? What can explain Danish consumers' intention to use coupons?

To study this, we carried out 157 personal interviews in two shopping malls located in two Danish cities (Aarhus and Thisted) differing in size and location. The personal interview was chosen to ensure that respondents correctly understood the specific coupon-related questions. Every third group (single person or family) that passed a fixed point in the mall was intercepted and asked to identify the primary shopper and participate in an interview.

Although the Danish FMCG market can be classified as coupon-immature, we found that the majority of respondents report having knowledge of online coupons; a finding that may be explained by the continuous growth in online (borderless) shopping. Attitudes towards the use of coupons were measured by four items on a 7-point Likert scale (Shimp & Kavas 1984; Mittal 1994), and with a mean score of 4.6 (SD 1.8) Danish consumers appear to be more positive than negative towards the use of coupons. At the item level, results among other things showed that only a minority perceives coupons to be a waste of time.

We measured consumers' intention to use coupons by two different 7-point scale items: "I would use coupons to obtain savings on the goods I buy" and "How likely is it that you would

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<sup>1</sup> Hereafter, whenever we use the term 'coupon' we refer to physical coupons.

use coupons if they were available on your next shopping trip?” Again, the mean scores (4.9 (SD 1.7) and 5.1 (SD 1.7), respectively) indicate that a relatively large segment would use coupons if they got the chance.

These two items were combined into a single measure of intention to use coupons, which we then used as the dependent variable in a multiple regression analysis. Results showed a significant positive effect of *Attitude, Deal proneness, Social norm, Coupon experience, and Household size* on intention to use coupons (adjusted  $R^2$  is .64), while we found no significant effect of, for instance, age, perceived budget constraints, and sales flyer behavior.

In line with Bagozzi et al. (1992) we found a positive effect of coupon experience on intention to use coupons. However, contrary to Bagozzi and colleagues our finding comes from a coupon-immature context. Along with the finding of extensive online coupon knowledge, this suggests that coupon experience from online shopping could facilitate coupon introduction in a coupon-immature market, such as the Danish.

Another key finding is the *positive* effect of social norms on intention to use coupons. Previous research indicate a possible negative effect of social norms, for instance due to fear of stigmatization (e.g., Argo & Main 2008). Based on our results, social norms appear not to function as a barrier, but rather as a facilitator for the introduction of coupons in this market; perhaps due to a more than counter balancing effect of the positive social norm of appearing a smart shopper by using coupons (Ashworth et al. 2005).

The positive effect of deal proneness is in line with Lichtenstein et al. (1997) who find that deal prone consumers generally are receptive to a broad range of promotion tools. According to a study by Jensen and Grunert (2014), Danish consumers are quite price involved, thus favoring implementation of coupons in the Danish FMCG market.

The positive effect of household size suggests implementing coupons aimed at families and/or focused on multi-item offers/volume discounts. Furthermore, the positive effect of coupon experience on intention to use coupons highlights the benefits of persuading consumers to try out coupons. Possible ways of achieving first-time coupon use include offering online coupons, ease the access to coupons (e.g., by initially placing them at the shelf or using in-store apps), and/or increase the discount size to a level where most intentions to use coupons would transform into actual behavior.

We have examined *consumer-related* facilitators and barriers for coupon use in a coupon-immature market in this study. Manufacturer/retailer-related barriers may exist, for instance in relation to the cost side of setting up a coupon system, fraud and the power balance, yet this is left to future studies to examine. Our conclusions rest on measurement of intentions to use coupons. That is, we do not know whether such intentions eventually lead to coupon use in case coupons become implemented. Still, our findings seem to contradict the Danish retailers' skeptical view of consumers' perceptions of coupons. Consumers in this almost coupon-virgin market generally are positive towards coupons and the majority even claims to be willing to use coupons if they are introduced.