

## Chapter 5

# Determinants of Consumers' Mobile Coupon Adoption: A Critical Review of Theories and Literature

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### ABSTRACT

*Mobile technology is becoming a critical part of marketing practices and many retailers aim to engage consumers through mobile coupons. In this context, it is critical to understand what drives consumers to use mobile coupons. Technology adoption research offers insights for both researchers and practitioners into this matter. This chapter critically reviews guiding theories, Technology Acceptance Theory and Innovation Diffusion Theory, as well as important literature on technology adoption to discuss evolution and application of technology adoption research. Five perception variables (perceived usefulness, perceived ease of use, perceived enjoyment, subjective norm, compatibility) and three individual characteristics (personal innovativeness, perceived risk, gender) are selected as most relevant determinants of consumers' intention to adopt and use mobile coupons. Limitation of technology adoption research and possible future research avenues are discussed.*

### INTRODUCTION

With nearly 56% of US adults being smartphone users (Smith, 2013), retailers now acknowledge the importance of integrating mobile technology into marketing. Emergence of mobile technology enables retailers to communicate with consum-

ers in an innovative way, and retailers develop various mobile marketing practices including SMS (Short Message Service) messages, mobile applications, mobile coupons, and other location-based services. As consumers become increasingly resistant to marketing messages, the effectiveness of traditional mass marketing techniques has

DOI: 10.4018/978-1-4666-8297-9.ch005

been questioned. To overcome this challenge, retailers are turning to mobile marketing. Mobile marketing messages can be highly personalized with the content of information and the timing (Scharl, Dickinger, & Murphy, 2005). The fact that consumers are rarely parted from their phones makes mobile marketing ubiquitous and personal (Karjaluoto, Jayawardhena, Kuckertz, & Kautonen, 2008). Moreover, with GPS capability, mobile phones allow retailers to send information to potential consumers based on the actual location of the devices, which retailers can use to increase relevance of information. Because of these advantages, mobile marketing is viewed as a more effective tool than other marketing methods (Dickinger & Kleijnen, 2008; Shankar, Venkatesh, Hofacker, & Naik, 2010). Recent statistics on mobile marketing practices seem to provide support for the superiority of mobile marketing over others. Ninety-eight percent of consumers who receive SMS marketing messages open the messages while only 22 percent read email marketing messages (Wachs, 2013). As consumers have access to the Internet almost all the time, 90% of shoppers with smartphones use their mobile phones while shopping at a brick-and-mortar store to compare prices, find deals and coupons, read product reviews, or communicate with friends (eMarketer, 2013).

Among mobile marketing practices, mobile couponing is particularly promising. Mobile coupons are digital coupons delivered to mobile devices of consumers for monetary benefits to encourage consumers to purchase a product or service (MMA, 2007). Mobile coupons, just like traditional paper-based coupons, promote sales. However, mobile coupons possess different characteristics from the traditional coupons. Unlike the traditional coupons that require considerable time and effort for searching and clipping, mobile coupons are delivered to the devices and easily stored in the devices. Consumers can actively visit a retailer's website or search the web to download coupons that they are interested in. Some consum-

ers install mobile applications that push coupons to them based on their interests and locations. As these examples illustrate, downloading, saving, and redeeming the mobile coupons is much easier and more convenient than clipping and remembering to carry traditional coupons (Sharl et al., 2005), and researchers have expected mobile coupons would be far more successful than traditional paper-based coupons (Shankar et al., 2010; Sharl et al., 2005). Indeed, mobile coupons enjoy a higher redemption rate (10%) than traditional coupons (1% or less) (Juniper Research, 2012). About one third of consumers who received mobile coupons are likely to visit brick-and-mortar stores for apparel, electronics, and consumer packaged goods (ROI Research Inc., & Microsoft, 2011), which presents retailers with opportunities to engage and increase contacts with target consumers. Mobile coupons also can lure consumers to the retail stores because GPS-enabled mobile devices allow retailers to offer mobile coupons when consumers are near their retail stores (Okazaki & Taylor, 2008). Another important benefit of mobile coupons is the consumer data mobile coupons supply retailers with. With mobile coupons, retailers not only can drive sales by attracting the consumers to their stores but also can obtain an accurate data of the customers who visited and redeemed the coupons (Olenski, 2013). Therefore, it is apparent that retailers need to incorporate mobile coupons into their marketing communication strategy. However, some consumers do not still respond to the mobile coupons, and it is necessary to understand what determines consumers' decision to adopt mobile coupons so that retailers can design and distribute mobile coupons to maximize benefits from these opportunities.

The current chapter is to discuss theoretical models and complex factors that guide us to understand consumers' decisions to use mobile technology, particularly mobile coupons. In this chapter, mobile couponing is viewed as a part of new technology and the focus is on the key issues related to mobile technology and technol-

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