

Chapter 17

Mobile DM Coupon Promotion in Japan: A Case Study on Response Behavior Changes in Services Consumption

Fumiyo N. Kondo

The University of Tsukuba, Japan

Yasuhiro Uwadaira

WACCORD Co., Ltd., Japan

Mariko Nakahara

Hitachi Ltd., Japan

Shahriar Akter

East West University, Bangladesh

ABSTRACT

This chapter investigates the changes in customers' responses to mobile direct mail (DM) coupons on the shop visit probability (SVP) of a beauty parlor. Two experiments were carried out to examine the promotional effects of mobile DM coupons. The first experiment, conducted in 2004, compared mobile DM coupons with postcard DM coupons. The mobile DM coupons were found to have no effect on SVP, although positive effects were observed for postcard DM coupons. The second experiment, conducted in 2005 with three types of mobile DM coupons, compared the responses of new customers with those of repeat customers. The results varied according to the settings but demonstrated stability in the same settings. For repeat customers, mail with shop's telephone number for reservation had positive effects on SVP; however, ordinary mail had no effect, while hyperlink mail had negative effects. For new customers, all three types of mobile DM coupons exhibited positive effects on SVP.

INTRODUCTION

Mobile phones will soon play an ideal role as a new, innovative, and one-to-one promotional medium.

Experts believe that mobile phones will prevail as the first medium through which advertisers can reach a large audience on an individual basis (Business Wire, 2007, February 28). However, in reality, customer responses to the advertisements

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or promotions delivered through mobile phones have been reported to be extremely complex and little understood. Our research concerns the mixed results that have been reported with regard to the customer responses to such advertisements or promotions. On the one hand, Heun (2005) reported that only 12% of mobile phone customers are willing to receive marketing-related messages based on a consumer investigation, which is not a very promising result. On the other hand, another study revealed that the customers who received mobile advertising exhibited a more positive attitude toward such advertising messages, with only 1% of the consumers refusing to receive future messages (Angell, 2005).

The aim of the research in this chapter is to reveal how such mixed results can be obtained showing a case study in Japan. For this purpose, we conducted two experiments in sequence to study the effects of different types of coupon promotions on the customers of a Japanese beauty parlor. The first experiment involved coupon promotions that were delivered through two types of media: postcards, a form of traditional medium, and mobile phones. In the second experiment, three types of coupons were delivered through mobile platform. It may be noted that mobile phone has provided marketers an unprecedented opportunity of effective promotions to individual customers who can be targeted on a one-to-one basis in instantaneous, interactive, and inexpensive ways.

The next section describes research background and the characteristics of mobile DM coupons as promotional tools for direct marketing. Section 3 describes the experiment design. Section 4 presents the hypotheses of this study and the logistic regression models used in the analyses. Section 5 summarizes the results of the logistic regressions. Section 6 presents the future directions of related research. Finally, section 7 concludes the chapter.

BACKGROUND: MOBILE COUPONS AS A DIRECT MARKETING PROMOTION TOOL

Coupons have frequently been used by services marketers (Hartley & Cross, 1988; Lovelock & Quelch, 1983) with the hope of influencing consumer behavior and enhancing firm profitability. It is predominantly used in restaurants, hair salons, laundry and cleaning services, film processing and travel industries (Narasimhan, 1984; Peattie & Peattie, 1995). Narasimhan (1984) states, “... *the practice of offering a reduced price through such instruments (coupons) is prevalent in the consumer goods industries, more noticeably in the frequently purchased nondurable products and services markets (p. 128).*” For influencing sales and customer counts, coupons have been found effective at the store level in service industries (Matosian, 1982; Varadarajan, 1984; Chapman, 1986).

Research in services marketing clearly indicates that people and organizations buy services differently than they buy goods (George & Meyers, 1981). *Intangibility, inseparability, perishability, and variability* are key differences between goods and services that suggest the need for different marketing approaches (Zeithaml, Parasuraman, & Berry, 1985). As a result of these differences, coupon response in a service environment should be examined. This study explores 3 types of coupons (*postcard, hypertext and mobile direct mail*) and their impact on consumer behaviors in the form of visit probabilities through several experiments. Before the explanation of the experiments, we focus our attention to different types of coupons.

Types of Coupons and its Impact

There are different kinds of coupons. A *typical coupon* is a piece of paper or electronic document, which is either distributed widely in a certain geographic area (mass mailing), or mailed to selected

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