

## Chapter 5

# Consumers' Adoption of Mobile Coupons in Malaysia

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### ABSTRACT

*A mobile coupon is a new form of sales promotion tool used by marketers to advertise their products or services. This chapter examines key factors in consumers' intention to use mobile coupons (m-coupon). The authors considered several factors and developed the conceptual framework underpinned on an extended Technology Adoption Model (TAM). The data analysis was based on 781 valid responses from four locations in Malaysia. The results indicate that perceived usefulness, attitude, and social factors influence the behavioral intention of consumers to use mobile coupons. Consistent with prior studies, perceived usefulness, and perceived ease of use were found to be significant antecedents of the attitude towards using m-coupons. The results also indicate that gender, income, and price consciousness are significant moderating variables.*

### INTRODUCTION

The rapid growth of the global mobile phone market has made it another marketing communication channel, which leads to new forms of sales promotion tools such as mobile coupons (m-coupons). Mobile coupon is defined as an electronic ticket solicited and/or delivered by mobile phone that

can be exchanged for a financial discount or rebate when purchasing a product or service (Mobile Marketing Association, 2007). Juniper Research (2009) forecasted that redemption value of mobile coupons would approach close to \$6 billion by 2014. Two hundred million mobile subscribers globally will use m-coupons by 2013 (Juniper Research, 2009). However, Honeywell (2010)

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US internet users survey results shows that only 4% have redeemed a mobile coupon and 10% of the respondents feel comfortable storing coupons on their mobile phones.

Given the growing importance of m-coupons as promotional tools, predicting consumer's m-coupons redemption intention is essential to evaluate this promotion strategy. The success of m-coupons will depend on consumers' responses. Several studies report consumers' reluctance toward m-coupons (Dickinger & Kleijnen, 2008; Kondo, Uwadaira, Nakahara & Akter, 2010). The measurement of consumers' mobile coupon proneness and the prediction of their redemption behavior are important to the evaluation of marketers' mobile couponing programs. Little is still known about consumers' attitudes toward adopting, and factors that influence consumers' attitudes and value perceptions towards m-coupons. This chapter therefore, provides detailed discussion on consumers' intentions to redeem m-coupon as redemption rates are important drivers of sales increases, profits, and market performance.

The next sections of this chapter provide a description of mobile coupon, research background, research framework and hypotheses, data analysis and findings. The research and managerial implications including the limitations and agenda for future research are discussed.

## **BACKGROUND**

### **Couponing Process**

Coupons have been a promotional strategy for many years and still widely used in Malaysia. Traditionally coupons are distributed using newspaper and direct mail. Paper coupons are still the most popular form of coupons in Malaysia, and are distributed through mail, newspapers, or magazines. M-coupons can be delivered to consumers using push or pull method. Under a

pull method, the user needs to act first to receive m-coupons but in a push method the m-coupons are automatically sent by the agent or company. M-coupons are distributed by SMS, MMS, or Bluetooth in a form of quick response, data matrix, Universal Product Code (UPC), European Article Number (EAN), Japanese Article Number (JAN), or a unique number (Kondo, Uwadaira, Nakahara and Akter, 2010). The most common method in Malaysia is through short message service (SMS) as an affinity program in which consumers text in a short code and receive a coupon in return or receive a link to a mobile web page containing multiple offers accessible through a single barcode. The next popular method of sending m-coupons is through web-based fulfillment, where the coupons appear on websites. The customers can select the coupons and can download to their mobile phone by sends an SMS to a specific number provided by the operator. Advanced technologies, such as Radio Frequency Identification (RFID), Global Positioning Systems (GPS) and Bluetooth, enable real-time offers to consumers who are shopping in a specific store, or driving in close proximity to a retail outlet. Due to the popularity of smart phones, companies created new mobile applications, such as Yowza, MobiQpons, and Cellfire, which allow consumers to check for nearby businesses offering and special deals.

The most popular method of m-coupons redemption in Malaysia is offline redemption. The m-coupon, which does not have a redemption code, is considered as a rebate. A consumer presents a phone displaying a discount offer message and the cashier enters the purchase with a discount. The merchant does not need a connection to a central database to validate the m-coupon. Some mobile coupons come with unique bar codes that can be redeemed through special barcode scanners or by inputting the unique number to a relevant website or a point-of-sale (POS) machine that prints out a paper coupon. M-coupons can also be redeemed by simply showing the coupon at a retail outlet

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