

The Influence of Coupons on the Consumer Purchase Decision in the Restaurant Industry

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Abstract: Coupons are a function of marketing merchandise because the consumer perceives savings. Coupons have been used as promotional and marketing campaigns and companies distribute coupons with the key objective of boosting sales through attracting new customers or bringing back existing customers. According to Patton, coupons can be effective marketing tools if used properly however, there is also the possibility of a backlash wherein loyal customers who may have paid full price normally now only purchase in the presence of a coupon. Coupons are well utilized in service companies, but little is known as to their influence. The focus of this research is to examine the effectiveness of coupons on the restaurant consumers' purchase decision within the restaurant industry as well as the most efficient mode of transfer. A cross sectional survey was implemented and collected from 247 participants in the Knoxville, Tennessee area (see appendix 1). Frequency distributions, cross tabulation, chi-square and independent sample t-tests were used to assess consumer motivations, consumer behaviors and consumer attitudes towards coupons.

Keywords: Food and Food Service, Consumer Behavior, Marketing Research

INTRODUCTION

Customers are the vital driving force in the hospitality industry and it is what customers think and feel, not what the operators or corporations do that defines the *marketing* orientation [1]. Marketing, more than any other business role, deals with customers [2]. Whether the customers are generated through creating new ones, stealing them from competitors or they are bound by loyalty, the hospitality industry requires them for survival [3]. Thus, it is imperative to meet consumers' needs. If the product is not purchased, the fault usually lies in the marketing of that product [4].

As coupons are a strong marketing tool, they can stimulate sales of a stagnant product or promote sales of a new product [2, 5]. Specifically in terms of the restaurant industry, Hsu and Powers [1] note coupons are the second most likely "meal deal" to be taken advantage of. Quick service restaurants for example offer value meals to retain current customers and attract new customers. The bulk of the information provided encompasses retail couponing and may serve as a basis for better understanding how coupons effect the food service industry [5]. However, as there are two consumer choices, purchase or non-purchase [6], the framework of this paper is interested in if coupons have an influence on the consumer purchase decision. Thus, by defining the style of coupon and its influence most well received by customers and characterizing the target market demographic of consumers' utilizing coupons, this paper will provide information that can assist food

service industry professionals effectively employ coupons as a worth-while marketing instrument.

LITERATURE REVIEW

Coupons are broadly defined by Kotler, Bowen and Makens [2] as "certificates that offer buyers savings when they purchase specified products". Coupons have been used as promotional marketing for several consumer products. In 2012, United States consumers redeemed \$3.3 billion worth of coupons equaling a 27 percent increase over 2011 [7].

Although coupons are a viable marketing strategy, improperly used, the coupon promotion could have a negative impact. Operators have been known to use promotions as a 'quick fix' for declining sales, however this can also hurt the image of the company [1]. Moreover, the overuse of coupons can induce a 'poor value' mentality resulting in the coupon losing its competitive advantage [2]. Nevertheless, hindering the promotion could be detrimental as in when Procter & Gamble in 1996 decided to refrain from coupon promotions, which led to significant reductions in market share and little or no increase in customer retention [8].

Consumer Perception

According to Kendrick [9], coupons are examined by consumers in regards to the quality of the product and its price, suggesting the higher the coupon

value, the higher the incentive for consumers to purchase. They are used to offer a discount from normally priced items with three basic types of discounts: percentages off, dollars off and buy one get one free [10]. Thought to be effective in tempting prospective consumers to try new products; they are also there to reward loyal ones.

Consumers' intentions are determined by their attitudes and perceptions about whether their peers would believe they should /should not clip coupons [11]. According to Fishbein and Ajzen [11] there are seven consequences of coupon usage:

- Time and effort required to clip coupons.
- Time and effort required to redeem them.
- Monetary savings:
- Feelings of being a thrifty and smart shopper.
- Necessity of subscribing to extra newspapers and magazines.
- Necessity of purchasing non-preferred brands.
- Need to shop the different grocery stores.

The consequences of price promotion are generally focused on manufacturer and in-store coupons. Price reductions are often used for retailers of "packaged goods". The question is, if the coupon industry does not contribute to the economic fortitude of these companies, why are they still being utilized. Shimp [12] refers to the "competitive dynamics" of the American business owner and defines couponing as "a fact of life that will continue to remain an important part of marketing in North America and elsewhere". Couponing has been characterized as a conundrum, especially in the eyes of restaurant industry professionals. As the economy starts to turn toward the better, some restaurant chains are trying to break away from intense discounting tactics [13].

Moreover, in a competitive market, a coupon promotion can induce brand switching as opposed to brand loyalty. For example, if a consumer usually purchases brand X, they may purchase brand Y due to a coupon being offered, but return to brand X after the product is exhausted. Companies who utilize price discounts can create a vicious cycle while the consumer's purchase decision remains price (coupon) driven instead of brand driven [14] Only *one in three* consumers will use a coupon to try a new brand, however *nine out of ten* consumers will use a coupon for a brand they already purchase [15]. What this means is, companies may be hurting themselves by offering coupons. According to Carl Howard, the CEO of Lexington, Ky.-based fast-casual Italian chain Fazoli's [13] "I know of chains that have an unbelievable deal rate, where 50 percent of guests have some sort of discount in order to shop there. That is a core consumer trait they've ingrained in the behavior of their guest."

In 1996, Proctor & Gamble, one of the leading manufactured goods companies, eliminated coupons in test markets and promoted a value-price tactic. A value-price tactic involves eliminating the paper coupon and presenting direct savings on the shelves of the retail store. Consumers in the area of the test markets were outraged. The test not only angered consumers, but public officials claimed the elimination of coupons as a tool to hurt the "average joe" and proposed a resolution for the company to drop the elimination of coupons [16]. Procter & Gamble's decision to encourage the value-price tactic and to stop coupon promotions was found to have deterioration in market share and no improvement in buyer retention [8]. In April 1997, Procter & Gamble discontinued their no-coupon test. Evidently, consumers want their coupons. There is a belief among consumers that coupons can save them money and they do not want to be deprived of that practice [17]. Emil Brolick, Chief Executive Officer of Wendy's fast food restaurant stated that approximately 25 percent of quick-service patrons are "value seekers." Mr. Brolick also remarked that growth in the amount of value seeking customers has surpassed the number of premium customers over the previous ten quarters [13].

Consumer Evaluation Framework

In conceptual model studies, the framework explores the outcomes of price inferences, product quality inferences, the deal evaluation and the trial intentions. Within each study represented they utilize an experimental plan. The first study, the moderating effect of price of non-promoted products on the coupon value effect, introduced a "sales promotion" scenario for an event. Sales promotions are non-personal promotional efforts which are designed to have a direct influence on sales. A sales promotion is media and non-media marketing used for a pre-determined time, usually short term, to encourage purchases [2]. This includes coupons, discounts and rebates.

The second study, 'competitive price variance', examined the affect of a 'buy one get one free (BOGO) offer': a promotional BOGO offered to attend an event or a promotional BOGO in a retail environment. According to Raghurir [10], the value is determined by the presence of other BOGO offers. If there are none, the original will be perceived as a higher value coupon. Thus, able to measure the customers' quality perception of the product involved in the BOGO promotion and reveal signs of value and quality judgments being contingent on other promotions in the industry and the distinctiveness of the promotion.

The third study was based on the interaction of presence of price of other brands and competitor price variance. It implemented an experimental scenario

involving the purchase of pizzas. Coupon values varied as well as company offerings, developing a competitive arena for the products being offered. Patrons were to evaluate the better bargains based on quality and values. The pricing information was manipulated and proved to support the hypothesis that higher coupon values will be less effective at improving sales when consumers' infer higher prices.

All three studies evaluated the effect of coupon value on the purchase intention in relation to coupon values and consumer price knowledge [10]. This shows not only does the value of the coupon have an impact, but the individual consumers' price knowledge also plays a part in the decision to use the coupon.

Consumer Price Knowledge

The consumers' knowledge of pricing information, past prices and other brand prices can change the impact of the coupon. Consumers will evaluate price information prior to purchase [18] and consumers may deduce that the presence of promotions reduces the original overall price. However, Raghurir [10] suggests that price promotions increase price expectations and consumers might be less likely to try a product. If price promotions lead to increased price expectations there could be a negative impact on trial salesⁱ.

Prices are important to consumers, although there are times when the consumer is unaware of the price change or the actual prices of products [20]. Dickson, and Sawyer surveyed 800 supermarket shoppers to test the concept of price knowledgeⁱⁱ. Less than half (47.1%) of the supermarket shoppers knew they had purchased a discounted promotional item. Only 41.9% of the individuals surveyed, participated in giving an estimate of the price of a sales item of those who participated, their price reduction estimate was off by 47%.

Distribution

As stated by Blattberg, and Neslin [19], marketing of coupons and their disbursement can come in different ways. Coupons may be delivered to the consumer by magazines, direct mail, product packaging labels, newspapers, internet and electronic devices. In the early part of 2014, customer packaged merchandise businesses distributed 171 billion coupons and 92.5 percent were in free standing supplements [21]. The Internet can provide readily available e-coupons that can be easily searched out and printed off [22]. However, according to Bonnie Riggs, a restaurant analyst for the NPD Marketing Group, Internet coupon use is still small in comparison but showing large growth [23]. Additionally, companies will pay more for the digitally loaded coupon than the printed version.

Curtis Tingle, chief marketing officer at Valassis, a marketing services company said the cost to businesses who utilize publisher inserts is approximately a fraction of a cent whereas for every digital download would be between a nickel and a dime [21].

Purchase

At a given purchase of a product, at a certain price, two types of utility are suggested. Thaler [24] indicated five determinants contributing toward whether a consumer will purchase an item because a coupon is offered. The five determinants are: coupon proneness, value consciousness, pricing, brand loyalty and demographics. Transaction utility theory was propounded by Thaler [24], based on Kahneman and Tversky's [25] prospect theory revolving around decision-making [26], to explain that the value derived by a customer from an exchange consists of two drivers: acquisition and transaction utility.

- Transaction utility represents the pleasure (or displeasure) associated with the financial terms of the deal. It is used to illustrate coupon proneness and value conscious, $(x - p)$. It is a function of the difference between the selling price (x) and the reference price (p). For example, if $x < p$, or in other words the selling price (x) is less than the reference price (p), then the purchase is a "good deal" and the transaction utility is *positive*

Acquisition utility represents the economic gain or loss from the transaction. When the price exceeds the consumer perceived value, the acquisition utility is negative [24].

- Acquisition utility, as described by Thaler [24], represents the economic gain or loss from the transaction and is a function of $(\bar{a} - x)$: The value of the product (\bar{a}), measured against the selling price (x). For example, when $x > \bar{a}$, or in other words, the selling price (x) of the product exceeds the value to the customer (\bar{a}), the acquisition utility is *negative*.

Whereas transaction utility is associated with purchase or (sale) and represents the pleasure (or displeasure) of the financial deal and is a function of the difference between the selling price and the reference price. Value consciousness is strongly related to the use of internal reference prices - prices described as a standard stored in consumers' memory and recalled to evaluate the validity or attractiveness of retail prices [27]. Nevertheless, Lichtenstein, Netemeyer, and Burton [28] believe coupon proneness is but one of many psychological variables that have an impact on an individual's response to coupon offers.

Coupons can have an influence on the consumer's purchase behavior [22]. Their purchase decision is based on minimizing financial burdens [6]. The two consumer choices, purchase or nonpurchase, are influenced by: the present coupon value, its expiration date and the possibility of future coupons [6]. This information is beneficial to managers trying to understand the impact of coupons on the consumers purchase behavior [9].

The coupons boost the customer counts, while they may see an erosion of their profit margin [29, 30]. Coupons have been used for years as a way to promote sales [31]. Coupons can increase short-term sales, but are no replacement for long-term advertising. The desire for restaurateurs is to entice new customers to their establishments. The strategy is that once the new customer has tried their product, they will return and be willing to pay full price. Unfortunately, the converse to this scenario could be the creation of a false customer base and a 'price reduction image.' With constant usage of couponing, the foodservice industry could establish traffic that is merely coupon driven. Customers may wait for the perceived next coupon. This could result in an erosion of the price to value relationship [13]. The price to value relationship is defined as, "a product's value to customers and the greatest amount of money they would pay for it" (<http://www.pricingsociety.com>).

The food service industry provides a product that is consumed in the present. Services are intangible, perishable and simultaneously produced and consumed [32]. Coupon promotions warrant an immediate response from the consumer whether the promotion is for service oriented products or pre-packaged goods [5]. Because of this common goal, coupon utilization research in the retail setting could possibly be beneficial in researching coupon utilization in the food service industry. The results of this study may assist the food service industry to better understand the impact coupons have on the consumer purchase decision as well as preferred modes of delivery.

Specific Aims

This study investigates the effectiveness of coupons on the decision to purchase as well as the consumer's motivations, behaviors and attitudes toward coupons.

Objectives:

- To determine the effectiveness of coupon values on purchase decisions, as defined by Thaler [24], in the restaurant industry.
- To explore consumer response to coupons by identifying the attitudes, motivations and behaviors of those consumers.

- To explore the best utilized mode of advertising for redemption of coupons.
- To explore the demographic variables of those consumers who utilize coupons as compared to those who report they do not.

EXPERIMENTAL SECTION/MATERIAL AND METHODS

The consumer choices, purchase or non-purchase, can be influenced by the presence of a coupon [6] as well as the consumers' purchase behaviors [22]. As this research investigates the effectiveness of coupons on the purchase decision and the resulting consumer response, the Utility theory model developed by Thaler [24] is a theoretical attempt to describe the thought process involved in the financial transaction of using a coupon. Moreover, this purchase decision can be divided into two domains: purchase and repurchase [6]. Coupons can influence the decision process depending on five determining factors: coupon proneness, value consciousness, pricing, brand loyalty demographics [24].

The methods used in this research are in response to the objectives, which are to determine the effectiveness of coupons on purchase decisions, as defined by Thaler [24], in the restaurant industry; to explore consumer response to coupons by identifying the attitudes, motivations and behaviors of those consumers; to explore the best utilized mode of advertising for redemption of coupons; to explore the demographic variables of those consumers who utilize coupons as compared to those who report they do not.

Quantitative in design, a cross-sectional surveyⁱⁱⁱ instrument of approximately 10 minutes or less in duration to measure customer purchase behavior^{iv} inclinations was designed. Thereafter, the survey was implemented into full-service dining segments located in the downtown Knoxville area, in order to peruse the following questions:

- Do consumers use coupons in the restaurant industry?
- What opinion do consumers have about restaurants which offer coupons?
- Where do consumers who use coupons, dine?
- Why do these consumers dine out?
- Are consumers willing to take the time to search out coupons?
- Would a coupon influence those consumers, who use coupons, to try a new restaurant?

Data collection

According to Dillman and Salant [33], in order to achieve a ninety-five percent confidence level, with a plus or minus five percent sampling error and anticipating an eighty percent continuity of response, it

is recommended that a sample size of no more than 246 for a population between 100,000 and 100,000,000. The U.S. Census Bureau: TN Dept. of Labor & Workforce listed at the time of collection, Knoxville population at 178,700. Thus, a total of 257 surveys were completed. A systematic^v cluster sample^{vi} was employed to distribute the survey instrument. The survey instrument was given to approximately every 7th (*n*)^{vii} person to capitalize on the probability of randomization. After completion, all surveys were analyzed. The majority of participants were Caucasians at a percentage rate of 86.8%. African-American, Asian, Hispanic and other make up the remaining 13.2%. Over a third of the participants were between the age of eighteen and twenty-five and over half being under the age of thirty-five. Also, gender was close to being evenly distributed with 46.6% male and 53.4% female. The highest percentage (21%) of the participants had “some college” with 48% of the respondents having completed an associate’s degree or above. The occupation of respondents varied, however the two most prevalent percentages were listed as professionals and students. Professionals were individuals who claimed to be employed as doctors, lawyers, professors, or managers. All categories less than 10% were collapsed into a single category titled “other.” Professionals were shown at 21.6% and students were shown at 20.3%. The large percentage of students is not surprising considering Knoxville and the nearby counties are home to several two year and four year colleges. The individual income of those surveyed showed to be greatest in the under \$20,000 category or the over \$70,000 category which makes sense as compared to the occupational responses of the participants.

Data Analysis

SPSS statistical software was used to assist in analyzing and testing accumulated data from survey responses and coupon utilization figures. Frequency distributions, cross tabulation, chi-square and independent sample t-tests were used to assess consumer motivations, consumer behaviors and consumer attitudes towards coupons.

The three domains of the survey, Consumer Motivations, Consumer Behaviors and Consumer Attitudes, reflect the emphasis of the literature. Understanding the consumer may be the best opportunity for using the coupon as a marketing tool. According to Fortin [22], coupons can have a persuasive effect on the consumer’s purchase choice. The consumer’s decision to purchase is based on minimizing their monetary load [6]. The consumer’s decision to purchase necessitates calculating the “pros” and “cons” of the expenditure. Consumer’s beliefs, attitudes, mannerisms, behaviors and motivations all

play a part in the purchase decision. Utilitarian behaviors and hedonic behaviors could both be satisfied for consumers when using coupons [34]. What this means is that consumers derive feelings of satisfaction and pleasure from saving money when purchasing needed items for consumption. According to Bawa, and Shoemaker [35], customers seem to want to be involved in the progression of “winning” a deal.

Results of the survey instrument

The questions used to measure consumer motivations, behaviors and attitudes were measured against *over the past six months have you used coupons when purchasing products or services*, and *over the past six months have you used coupons at restaurants*. The two groups defined by the responses are referred to as “No Group” or “Yes Group.”

Domain One: Consumer Motivations

According to Bawa, and Shoemaker [35], consumers want to be involved in the practice of “winning” a deal. The acquisition utility and transaction utility discussed by Thaler [24] define the motivations as driven by the desire to acquire the deal. The two *Consumer Motivation research questions* were measured against participants’ response to the question; *over the past six months have you used coupons at restaurants*. For the responses to this question, the responses were divided into two groups; “Yes” and “No.”

A Pearson chi-square statistical test was used to measure if there was a difference between the Yes Group and the No Group to whether they have used coupons at restaurants in the last 6 months. Cross tabulation was used to indicate those differences. The cross tabulation shows the total number of responses in each of the groups to the question, *would you use a coupon to try a new restaurant*. The frequency distribution shows the percentages of responses for the two groups. Both groups had favorable responses towards using a coupon to try a new restaurant.

The question, *would you take the time to clip coupons*, was measured using cross tabulations and Pearson chi-square tests. The two groups being measured are “yes” or “no” to whether they used coupons. Cross tabulation and Pearson chi-square tests were used to measure any significant difference between groups. The Pearson chi-square test indicated a difference between groups. The cross tabulation analysis displays the total number in each of the groups to the question, *do you take the time to clip coupons*. According to the frequency distribution percentages, the majority of the “No” group (67%) stated they do not take the time to clip coupons. From the “Yes” group, 42.3% stated they do not take the time to clip coupons and 57.7% said they do. The percentages of the “No”

group is as expected; the percentages reflected in the responses from the “Yes” group are not as expected. Individuals that report that they use coupons would have been expected to exert the energy necessary to hunt out coupons [36].

Similarly, the “No” and the “Yes” groups for the question, *if given the choice between trying a new restaurant or your favorite, which would you choose* were measured using cross tabulation and Pearson chi-square. The cross tabulation statistic indicates similar responses between the two groups for the question, *if given the choice between trying new or favorite restaurant, which would you choose*. The frequency distribution percentages show the responses for the two groups, “Yes” (New=48.3%, Favorite=51.7%) and “No” (New=59.4%, Favorite=40.6%) to be close in comparison.

The next question, *if given the choice between trying a new restaurant or your favorite when there is a coupon for the new restaurant, which would you choose*, was posed to measure if the introduction of a coupon would redirect the motivation between choosing the new or favorite restaurant. The percentages for question (“yes” responses: New=85.5%, Favorite=13.5%, “no” responses: New=73.8%, Favorite=26.2%), the percentages between groups are different. However, both groups respond favorably toward visiting a new restaurant when a coupon is present. These findings fall in line with Bawa and Shoemaker’s [35] statements of coupons used for enticing consumers to try new products.

When asked, *how likely are you to take advantage of coupons received through the following?, this was in, reference to mail, internet, magazines and newspaper*. Responses included: not at all, not very likely, neutral, somewhat likely, and very likely. Independent sample t-tests were used to determine whether the mean to the responses for this question were the same for the two groups of individuals who *have used coupons* in the last six months at restaurants as compared to the group of individuals *who have not*. Assuming equal variances, the results indicate that there is a statistically significant difference between the mean *mail* score ($t = -3.734$, $p = .001$) and the mean *newspaper* score ($t = -2.297$, $p = .022$) for the “Yes” group as compared to the “No” group. The results indicate that there is *no* statistically significant difference between the mean *Internet* score ($t = -.564$, $p = .573$) or the mean *magazines* score ($t = -1.887$, $p = .060$) for either group.

The most prevalent mean scores for both groups indicate *mail* as most preferred with *newspapers* the next most preferred. Although *newspapers* rated highly, *mail* was preferred by the participants at the

time the survey was conducted. It is important to note, *newspapers* may not reach as many consumers as cited previously. Time constraints on consumers are also attributed to the decline in *newspaper*. However, the most interesting result is that the *Internet* had the lowest mean score of all the choices available. While the Internet may provide an easier method for locating coupons (Wong, 2014), utilization is not ubiquitous.

Domain two: Consumer Behaviors

Consumer Behaviors focuses on consumers’ activities in relation to coupons and the different types of restaurants. Consumers with higher disposable income spent approximately 48 percent of their food budget on eating away from home (Bureau of Labor statistics, 2010). Frequency distributions showed 58.2% of the two groups answering positive to: *the past six months have you used coupons at restaurants?* This suggests those individuals who have used coupons in the last six months to be the larger of the two groups. Question three was used as a measure against all other survey questions in the analysis to determine if there was a difference between those individuals who did use coupons and those who did not.

Questions six, fifteen and sixteen were measured against the “Yes” group. The percentages for the “yes” group to question 6 indicated a dominant preference for trying new restaurants (97.3%). Question fifteen is divided into sub-questions. The sub-questions are likert-scale questions with five possible responses: *disagree strongly, disagree somewhat, neutral, agree somewhat and agree strongly*. Question sixteen is similarly divided into sub-questions. The sub-questions’ responses are rated as follows: *0 to 1, 2 to 3, 4 to 5, 6 to 7 and 8 or more*. Descriptive statistics were used to determine the means to the responses for questions fifteen and sixteen. The prominent response for question 15 was *I eat out because I don’t have time to cook*. This question’s mean score for the “yes” responses ranged highest among all choices (3.53) for the group of individuals who use coupons at restaurants. All other choices are neutral to disagree.

According to the Washington Post, Americans lead increasingly busy lives and eating out is more convenient [37]. The Question 16, *how often do you visit each individual restaurant* showed the mean of the responses to be below neutral, ranging from 1.21 for buffets to 1.87 for fast food indicating visits of *0 to 3* being prominent. The majority of the mean scores for selecting restaurant styles and frequency of the visits could indicate no preference for one style. However, fast food and casual dining were the most cited of the choice locations. Frequency statistics were calculated to further explore participants’ responses regarding their choice of restaurants.

Question 16, *How often do you visit each type of restaurant per week* identified the majority of the responses to be in the 0 to 1 (40.4% to 84.4%) or 2 to 3 (12.1% to 41.8%) for the Yes Group. Because of the inclusion of zero in the choice 0 to 1, the percentages can be a reflection of no visitation. The choices 2 to 3 or above, give a better indication to preferences for style of restaurant. The category of fast food and casual dining had higher percentages in all other ranges signifying a more developed preference for these two restaurant categories. Fast food diners indicated a much higher use in the eight or more category suggesting that participants consume two or more meals per week. Pearson Chi-Square was performed on the demographic variables of age, gender and occupation to determine if there was a difference.

There is a significant difference between the demographic groups age and gender for fast food diners utilizing services more than eight times per week. However, not shown are any significant differences between any of the demographic groups for casual restaurant diners utilizing restaurant services more than eight times per week.

To further delineate, cross tabulations were performed on the demographic information to determine a more detailed understanding of the characteristics of those individuals utilizing the fast food category eight or more times. Although Chi-square analysis indicated no significant difference between groups for the occupation variable, it indicates males under the age of 35 years would be more likely to consume eight or more meals per week. In addition, other than retired individuals, all different occupations could be consuming meals or snacks at fast food restaurants over eight times in a week's span.

Domain Three: Consumer Attitudes

Consumer attitudes reflect the opinions of the participants in regards to restaurant use of coupons. Consumers may think of themselves as smart shoppers [19, 36] and conscious to the market. According to Davis, Inman and McAlister [14], consumers may believe when there is a coupon offered the charge on the product is increased giving a sense of false savings.

This section will help to clarify the viewpoints of the participants. A Pearson chi-square statistical test was used to measure if there was a difference between the two groups in relation to each of the questions. Cross tabulation was used to indicate those differences. The majority of responses from both groups, whether they have used coupons in the last six months or not, responded that restaurants should offer coupons.

Question number four measured the importance of being offered coupons. The response choices ranked from 1 = *not important* to 5 = *very important*. Independent sample t-tests were used to determine whether the mean to the responses for question four are the same between groups. Frequency distributions were applied to show the percentages of each response choice. The "yes" response percentages are as follows: 1=2.0%, 2=14.2%, 3=33.8%, 4=29.7%, and 5=20.3%. The "no" response percentages are as follows: 1=22.6%, 2=12.3%, 3=33.0%, 4=18.9%, and 5=13.2%. The majority of both groups chose the middle choice (3=neutral), indicating neutrality. This response contradicts the responses to questions 5 and 11; they gave indication toward consumers having a greater likelihood to use coupons if they are received. Although, choices 4 and 5 equal almost 50% and could be considered an indication of coupon offerings having greater importance for the group of individuals who used coupons. This information would have been expected to reveal a larger percentage for individuals stating they used coupons.

The above information supports the literature in that coupons have been considered to be effective in tempting consumers to try new products as well as a recompense for loyal customers' continued support [9]. This indicates that there is a positive understanding broadly associated with restaurant coupon offerings and use suggesting restaurant firms may use coupons successfully.

In order to assess the differences between the sub-questions of question 14, independent sample t-tests and frequency distributions were utilized. The results are shown on Tables 18 and 19. Assuming equal variances, the results indicate that there was a statistically significant difference between the responses to questions 14a, b and c for both groups. The mean scores for question 14 suggest a slight difference in responses among groups. However, all responses rank under the neutral choice. The majority of both groups disagreed with the negative statements. Kotler, Bowen and Makens [2] posit coupons to stimulate sales, however, over use can induce a poor value mentality. In addition, consumers may consider coupon offerings to result in a price increase to counteract the coupon (Davis, Inman & McAlister, 1992). The participants' responses do not support these findings.

RESULTS AND DISCUSSION

Although respondents to the survey indicated that they were amenable to using coupons and suggested that the coupons had high value, their behavioral response of returning the coupon fell far short of that reported "opinion." According to Thaler [24], coupon proneness, value consciousness, pricing,

brand loyalty and demographics contribute toward the utilization of a coupon. The survey developed was designed to evaluate *total utility* in reference to consumer motivations, behaviors and attitudes. The question, *how important is to you to be offered coupons*, those responding indicate coupons importance was higher for the group that had used coupons in the past six months. However, the majority of *both* groups were neutral, indicating the participants may have been impartial. This response goes against the responses to the other questions in the consumer purchase motivations domain. They suggested consumers having a higher likelihood to use coupons if they are received. Although consumers may have reported they would use a coupon they receive, as well as reporting they felt coupons should be offered, the neutrality of the *importance of being offered* is paradoxical. Raghuram [10] emphasizes the importance of pricing and the monetary value associated with coupons. The coupon offered in this experiment was substantial, however it may not have offered sufficient value to solicit utilization. Hence the answer to this research question is that coupon utilization is dependent on all determinants suggested by Thaler [24] as opposed to the combination of a few, to solicit the desired behavior.

Diners strongly support the contention that a positive opinion regarding consumer use and benefits of coupons is present though a mixed opinion regarding the restaurants that offer coupons. While consumers support the offering of coupons, the attitude of consumers toward coupons may be dependent on the establishment offering the coupon as well as the value of the coupon. Thus, as the evaluation process plays a major part in whether a coupon is used [10], consumer's internal price knowledge and interpretation of the value can determine if the coupon will be used. Moreover, as consumers spend approximately 48 percent of their food budget on meals away from home (Bureau of Labor statistics, 2010), a lack of time was the most indicated response regarding consumer motivation and a driving force behind eating out or trying a new restaurant. Participants in all segments visited in greater number fast food or casual dining. Fast food responses indicated visits of 8 per week or more for 5% of those responding. This suggests that a substantial percentage of the respondents actually consumed more than one meal per day at a fast food or a casual dining restaurant, corresponding with the prevalence of these establishments in the marketplace.

The lowest response for the question, why do consumers eat out, was the selection *I eat out because I have no other choice*. This indicates that when consumers are dining out, they are making their decisions based in hedonic processes, not utilitarian. As previously stated in the literature (Hirschman &

Holbrook, 1982), coupon usage can contribute to both hedonic and utilitarian utilities. Not only are the consumers saving money, they are also enjoying the feeling of consumption and acquiring a purchase savings. The highest response for this question was the selection *I eat out because I don't have time to cook*. Thus, busy life schedules are perceived as satisfying both utilitarian and hedonic thought processes.

All participants reported that they would respond positively to a coupon offer associated with a new restaurant dining experience. However, lack of utilization in the conducted experiment suggests a contradiction. In addition, as expected customers who use coupons were willing to spend their time seeking coupon offers; the data revealed direct mail to be preferred over newspapers. When asked if the respondents took the time to clip coupons, of the individuals who responded "yes" to using coupons at a restaurant, 52.3% said they don't and 47.7% responded positively. Oddly, consumers want their coupons, but the majority of the respondents are not willing to take the time to clip them.

The consumer attitude questions, in relation to coupons, were developed to measure participants' opinions and attitudes towards restaurants that offer coupons and the importance of those coupons. In response to the question, *should restaurants offer coupons*, the responses from both groups, those individuals who have used coupons in the last six months and those individuals who have not, the majority responded that restaurants should offer coupons. According to Venkatesan and Farris [17], consumers do not want to be deprived of the practice of saving money through coupon utilization. Although consumers may not always use coupons, it is a choice. Bawa and Shoemaker [35], posit customers want to be involved in the process of "winning" a deal. The "deal" needs to be in place for consumers to make that choice.

CONCLUSIONS

Coupons are a part of the marketing mix for corporations because the consumer believes they can save money [28]. The participants report that coupons are offered as a way to bring in new customers and reward loyal guests. The consumer behavior questions were developed to answer *action* as opposed to *motivation*. Only the group of participants who responded "yes" to whether they had used coupons at a restaurant in the last six months were used in the analysis for the consumer behavior questions. The enticement of trying something new can be important when implementing a coupon as a marketing promotion [9]. The statistical analysis indicates a preference for selecting a new restaurant in the presence of a coupon. According to Maze [13] coupons can be used as a way

to test new products. If consumers enjoy trying new restaurants and are more likely to attempt a new restaurant in the presence of a coupon, timing the introduction of the coupon to coincide with the opening of the restaurant may be advantageous. Thus, even today, consumers report they want coupons to be available.

Further research should focus on specific demographics and how to best address that particular demographic. Coupons are desired by consumers. With a reported 203 respondents wanting coupons out of the respective 257 surveys returned, the desire is evident. However, the survey questions also indicated coupons to not always be used by consumers.

Also, by concentrating on a certain demographic and targeting a specific market restaurant companies may be able to better utilize the marketing dollar. If companies are going to be forced to provide consumers with a mode of discounting or saving money, it is imperative to uncover how to benefit both parties. Targeting the market is only one factor; the

satisfaction of needs, demands and wants must also be met for the marketing tool to be successful [3]. Internet or e-coupons may not always be the best fit. According to Wong [21] consumers, even millennials prefer paper-based discounts based on survey data provided by Valassis. Digital coupons are used, but print coupons are too. Customers are the driving force in the hospitality industry and it is what customers think and feel that is important [1].

Unfortunately, the challenge still exists. Even though consumers may not always utilize coupons, consumers want coupons to be available for their use. Coupons have been thought to provide savings for many years. Our parents, parents used coupons and therefore there could be a “transference of benefits” associated with the utilization of coupons. The cognitive process in evaluating transfer of benefits goes beyond the realm of this study. However, the cognitive process could prove to be valuable for future researchers to pursue in evaluating coupon usage by the consumer.

APPENDIX 1

Survey Questionnaire: Restaurant Coupon Usage

Dear restaurant patrons,

Thank you for your voluntary participation in filling out the following 5 to 10 minute survey. This survey will help researchers better understand the effect of coupons on the consumer purchase decision. You may decline to participate with out penalty. If you decide to participate, you may withdraw at anytime without penalty or loss of benefits to which you are entitled. If you wish to withdraw from the survey before data collection is complete, your data will be returned to you or destroyed. Return of the completed survey/questionnaire constitutes your consent to participate. All responses will be held in strictest confidence.

Your participation is appreciated, and your response is very important This survey will help researchers better understand the effect of coupons on the consumer purchase decision.

1. Do you think restaurants should offer coupons? Yes No
2. Over the past six months have you used coupons when purchasing products or services? Yes No
3. Over the past six months have you used coupons at restaurants? Yes No
4. If so, on a scale of 1 to 5 with one being the least important and 5 being the most important, how important is it to you to be offered coupons?
 - i. (least) 1 2 3 4 5 (most)
5. If you received a coupon to try a new restaurant, would you use it? Yes No
6. Do you like to try new restaurants? Yes No
7. Do you take the time to clip coupons? Yes No
8. Which type of coupon/discounting do you find most beneficial:

- i. ___Percentage off (25% off a \$20 purchase)
- ii. ___Flat dollar amount off (\$5 off of \$20 purchase)
- iii. ___Buy one, get one (Buy one \$ 5 dessert get one \$5 dessert free)

9. When choosing between two restaurants that are comparable in terms of quality, service and price, how likely would you be to choose one over the other based on a promotion such as coupons and/or a special that is being offered? Please circle one:

- i. ___Very likely
- ii. ___Somewhat likely
- iii. ___Not very likely
- iv. ___Not at all

10. If given the choice between trying a new restaurant or going to your old favorite restaurant, which would you choose? Please circle one:

- i. New restaurant
- ii. Favorite restaurant

11. If given the choice between trying a new restaurant or going to your favorite restaurant and a *coupon* is present for the new restaurant, which would you choose? Please circle one:

- i. New restaurant
- ii. Favorite restaurant

12. How likely are you to take advantage of promotions/coupons received through the:

Mail?	Very likely	Somewhat likely	Not very likely	Not at all
Internet?	Very likely	Somewhat likely	Not very likely	Not at all
Newspaper?	Very likely	Somewhat likely	Not very likely	Not at all
Magazines?	Very likely	Somewhat likely	Not very likely	Not at all

1. Why do companies offer promotions/coupons? (*Circle the most correct*)

- i. To introduce a new products
- ii. To reward loyal guests
- iii. To steal away customers from their competitors
- iv. To make more money

2. Do you agree with the following statements: Restaurants offering coupons:

Will deliver an inferior product	Agree strongly	Agree somewhat	Disagree somewhat	Disagree strongly
Will shrink the size of the normal portion offered	Agree strongly	Agree somewhat	Disagree somewhat	Disagree strongly
Are in financial trouble	Agree strongly	Agree somewhat	Disagree somewhat	Disagree strongly

1. I eat out at restaurants because: (*Circle the most correct*).

- i. I enjoy the luxury of being taken care of
- ii. I don't have time to cook
- iii. Eating out costs me less than cooking at home
- iv. I hate to cook
- v. Because I have no other choice

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ⁱ Trial sales are referred to as those purchases that are first time purchases (Fader, & Hardie, 2003). "Trial sales," are a way to test new products. For the purpose of this research, trial sales will be categorized as a testing period for first time purchase products.

ⁱⁱ Dickson, and Sawyer (1990) describe price knowledge as "the internal reference prices stored in a customer's long-term memory." An internal reference price is classified as, "an internal cognitive representation of a fair price against which to compare future prices" (Winer, 1986).

ⁱⁱⁱ A cross-sectional survey is described as data collected at a single point in time (Fink & Kosecoff, 1998).

^{iv} According to Shirai and Meyer (1997), a cross-sectional survey is recommended when the desired results pertain to preferences and consumer fulfillment.

^v In definition, a systematic sample is one where every *n*th person that embodies the population is approached (Fink & Kosecoff, 1998).

^{vi} A cluster sample (Ott & Longnecker, 2008) is expressed as an economical way to achieve a simple random sample within a defined area.

^{vii} According to Fink & Kosecoff (1998), if *n* is randomly selected, systematic sampling becomes more analogous to random sampling.