

## **AN EMPIRICAL STUDY ON CUSTOMERS' PREFERENCES TOWARDS DIGITAL MARKETING STRATEGY: COUPON AND DISCOUNT BASED PROMOTIONAL ACTIVITIES**

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### **ABSTRACT**

*Coupon and discount marketing has become an integral part of any online and offline marketing strategy that attracts customers and increases sales. Coupon codes and discounts especially in the digital world are good at grabbing attention and to influence existing customers and acquire new customers. In this Covid-19 pandemic, most of the online retailers and grocery stores have moved from traditional coupons to digital coupons that allow customers to access through their various electronic devices.*

*In India, 95% of customers spend maximum time to explore the best deal on coupons and discounts mostly on fashion, electronics, beauty and health. Flipkart, Amazon and Snap deal are among the top e-commerce companies for which users search for offers and discounts.*

*The present paper is a study on customers' preferences towards digital marketing strategy-coupon and discount based promotional activities. In this context, the primary data is collected from respondents of twin cities of Hyderabad and Secunderabad in a structured questionnaire based on age, gender, educational qualification and occupation.*

### **KEYWORDS**

**Coupons, Discounts, Customer Preferences, Digital Marketing Strategy, Promotional Activities etc.**

### **I. INTRODUCTION**

In today's world, the internet has opened immense digital marketing opportunities for businesses. Digital marketing is important for every e- business, which encompasses all marketing efforts that use an electronic device or the internet. Any form of marketing that exists across online platforms is called Digital Marketing.

In 1887, Coca-Cola launched the first paper coupon promotional discounts, after 133 years, promotional activities have evolved as an effective marketing tool in making a strong impact in the world of marketing. Digital marketing helps in promoting a brand using the various digital channels like Mobile phones, Search Engines, E-mail, Networks, websites and any other form of digital media to connect with current and prospective customers. It has changed the way any business promotes their brand.

Now-a-days most people prefer using technology over a physical visit to a store. Therefore, to reach out most of the audience, digital marketing is what every business is doing. Digital Marketing strategies are adopted by businesses to achieve targeted digital goals through carefully scrutinizing online marketing channels.

The success of any business depends on the right type of strategy, which in turn can lead to increased sales, retain existing customers and attract new customers to achieve long-term growth. Coupon discount codes, especially in the

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digital world, are good at grabbing attention of customers. Many people do countless searches for coupons and discounts through Google every single day to buy a product/service.

In the cutthroat world of sales, many reputed companies and brands use coupon marketing as a powerful tool to attract customers in the form of promotional codes, considering customers' interest in saving money on purchases. A coupon is an easy and convenient way to reach the potential customers.

With the prevalence of smartphones and tablets, digital coupon codes allow shoppers to preload coupons on their device or searching for deals has become easier at checkout. Businesses can quickly capitalize on a consumer's desire to save money by creating digital coupons codes.

A discount is a promotional tool in which selected products are offered at a less price than normal. Customers love discounts and offering discounts can be a powerful weapon to drive customer loyalty especially for an online store. It's important for the online stores to be honest with the customers and provide them an honest discount.

Shoppers chase coupons and discounts as if it's a game in order to save hard-earned money on purchases. So it is important for e-commerce stores to consider the uniqueness of products/services, combined with an effective digital marketing strategy.

## ***II. SCOPE OF STUDY***

The scope of study extends to people residing in the twin cities of Hyderabad and Secunderabad, State of Telangana. 111 samples are taken into consideration to find out the perception of customers' preferences on coupon and discount based promotional activities.

## ***III. REVIEW OF LITERATURE***

Somjit Barat and Lilly Ye conducted analysis on coupons and their effects on buyer behavior. They studied the significant effects of coupon attitudes and coupon knowledge on coupon use and the effect on the relationship between perception towards coupon and behavior towards coupon.

Garima Malik and Himanshu Sachdeva found that promotional mails, SMS, discounts, user-friendly interface, pop-ups and sales promotions are the seven major factors, which plays important role in the online consumer behavior.

Ernesto Gonzalez examined the impact of coupon proneness and redemption efforts on the intention to redeem or use mobile coupons from the smartphones in a sample of business students. The study found the negative impact of redemption efforts on the intention to redeem or use mobile coupons.

## ***IV. RESEARCH GAP***

The above reviewed papers did not focus on customers' preferences towards coupon and discount based promotional activities. Therefore, this study is initiated.

## ***V. RESEARCH QUESTIONS***

- What are the demographic profiles of the respondents?
- What is the perception of customers' preferences on coupon and discount based promotional activities?

## ***VI. OBJECTIVES***

The main objective of the study is to analyze the perception of customers' preferences towards coupon discount codes promotional activities based on demographical factors like age, gender, occupation and educational qualification.

## VII. LIMITATION OF STUDY

- The study is limited to 111 respondents only.
- It is confined to respondents of twin cities of Hyderabad and Secunderabad area.
- The Analysis is based on responses given by respondents, which may or may not be true.

## VIII. RESEARCH HYPOTHESIS

**H** = Perception of customers' preferences on coupon and discount based promotional activities.

## IX. RESEARCH METHODOLOGY

**a) Sample Design:** The study has a population of online customers of twin cities of Hyderabad and Secunderabad. Simple Random Sampling Technique has been used for collecting the primary data. The data have been collected from 111 respondents.

### b) Sources of Data

**Primary Sources:** The responses are collected from respondents with the help of Primary Sources i.e., Structured Questionnaire. 111 respondents were able to respond with the response rate of 92.5%.

**Secondary Sources:** Newspapers, Articles and Published Sources formed the basics of collecting secondary data.

**c) Statistical tools and Techniques:** The demographic data have been analyzed using frequency, percentages and graphs and research data have been analyzed using frequency, percentages, mean, standard deviation and one sample t-test. MS-Excel 2013 software has been used to analyze the data.

## X. RESULTS AND DISCUSSION

**a) Demographic Data:** The demographic variables such as Gender, Age and occupation are very important. The following tables show the demographic profile of respondents.

**Table-1: Gender of Respondents**

Gender	Frequency	Percentage
Male	35	31.5
Female	76	68.5
Total	111	100

**Sources:** Authors Compilation

Above table shows the gender of respondents. 68.5% of the respondents are females and 31.5% of them are males. Female respondents have shown keen interest in responding to the questionnaire.

**Table-2: Age Group of Respondents**

Age	Frequency	percentage
Below 25	64	57.7
25-35	24	21.6
35-45	21	18.9
Above 45	2	1.8
Total	111	100

**Sources:** Authors Compilation

Above table shows the age group of respondents. 57.7% of them are below 25, 21.6% of them are 25-35, 18.9% of them are 35-45 and 1.8% of them are above 45.

**Table-3: Occupations**

Occupation	Frequency	Percentage
Student	60	54.1
Employee	28	25.2
Profession	14	12.6
Business	4	3.6
Others	5	4.5
Total	111	100

**Sources:** Authors Compilation

Above table shows the occupations of respondents. 54.1% of them are students, 25.2% of them are employees, 12.6% of them are in profession and 3.6% of them are in Business and 4.5% of them are in other categories.

**b) Research Data:** Apart from primary data to test the hypotheses, following primary data is also important to support proving of hypotheses.

**Table-4: Customer Preferences to buy a Product / Service, Based on Coupon Code Discounts**

Variables	Frequency	Percentage
Food	51	45.9
Fashion	55	49.5
Beauty	21	18.9
Health	23	20.7
Electronics	33	29.7
Restaurant	29	26.1
Travel	33	29.7
All	23	20.7
Others	5	4.5
Total	111	100

**Sources:** Authors Compilation

Above table shows customer preferences to buy a product/service, based on coupon code discounts. 49.5% of the respondents have preferred online products on fashion, 45.9% of them on food, 18.9% on beauty, 20.7% on health, 29.3% on electronics, 26.1% on restaurants, 29.7% on travel, 20.7% prefer on all and 4.5% on others.

### **Testing of Hypothesis**

For testing of hypothesis, following null and alternative hypothesis are framed.

$H_0$ = “Customers do not prefer online shopping based on coupon and discount codes promotional activities”

$H_1$ = “Customers do prefer online shopping based on coupon and discount codes promotional activities”

**Table-5: Result of One Sample t-test w.r.t. Perception of Customers' Preferences based on Coupon and Discount Codes Promotional Activities**

Variables	N	One Sample Statistics		T-Statistic	P-Value	Decisions
		Mean	Standard Deviation			
1. In an online shopping, coupon discounts are a new hack to attract customer.	111	3.145	1.24	2.50	0.0067	Rejected $H_0$

2. Preference of online shopping sites to buy a product.	111	3.354	0.88	3.77	0.00012	Rejected $H_0$
3. Reason for the people to shop online is due to coupon discount codes available on products.	111	2.236	0.89	2.47	0.0073	Rejected $H_0$
4. Coupon discount based promotional activities create urgency among the people and make them buy a product or a service, sooner rather than later.	111	1.91	0.97	1.93	0.02	Rejected $H_0$
5. Costlier product / service made available to customer at a cheaper rate, when coupon and discount codes are offered.	111	1.645	0.88	1.85	0.03	Rejected $H_0$
6. E-commerce business prefer to use coupon discount codes for their products to attract customers, create brand awareness and to increase sales.	111	3.236	1.13	2.84	0.002	Rejected $H_0$
7. Customer look for coupon discount codes before visiting at e-commerce website.	111	1.590	0.78	2.02	0.02	Rejected $H_0$
8. The new normal situation has increased e-commerce businesses by attracting more Customers with their coupon discount codes promotional strategy.	111	1.709	0.92	1.84	0.03	Rejected $H_0$

**Sources:** Authors Compilation

Table 5 shows the variables that analyzes the perception of customers' preferences based on coupon and discount codes promotional activities. From the study, it is observed that mean value of all the above variables is less than 2 (average of 5 rating scale) and it indicates that the respondents opinions are moving from agree to strongly agree to the aforesaid variables and calculated SD is inferred that there is less deviation in the opinion of the customers' preferences towards coupon discount codes based promotional activities to buy a product. The one sample t-test was used to analyze the preferences.

From the study, it is clear that from calculated p-value for all the variables like reason for the people to shop online, coupon discounts are a new hack to attract new customers, customers look for coupon codes before visiting an e-commerce website shows customers preferences of online shopping based on coupon and discount codes.

Customer perception moved from strongly agreed to agreed, on the preference of online shopping sites to buy a product, promotional activities create urgency among the people and make them buy a product, sooner rather than later, costlier product made available to customer at a cheaper rate found less than 0.05 at 5% level of significance.

Hence, it can be inferred that the alternative hypothesis stating, "Customers do prefer online shopping based on coupon and discount codes promotional activities" is accepted and the null hypothesis is rejected.

## ***XI. FINDINGS OF STUDY***

The study has found that 100% of the respondents agreed that coupon discount based promotional activities motivate them to prefer online shopping. Majority (55%) of the respondents agreed that the main reason for people to shop online is due to coupon discount codes available on products/services.

It is observed that the mean value of all the mentioned variables is less than 2 (average of 5 rating scale) and it indicates that the respondents' opinions are moving from agree to strongly agree. It is clear that since calculated p-value for all the variables stood less than 5%, an alternative hypothesis has been accepted.

## **XII. CONCLUSION**

Most of the customers expect promotions from brands. 75% of customers agree that coupon discounts can influence their preference of online shopping sites. Therefore, the way e-commerce businesses design promotions reflect the customers' preferences and gives customers a reason to buy their products of a particular brand.

Ultimately, the best coupon discount promotional strategies foster relationships with new customers and further develop brand loyalty with their current customers. The new normal situation led to a decline in physical store shopping but has seen an increased e-commerce business with their coupon discount promotional strategy.

The study revealed that when an e-store issues promotional codes, they ease customer satisfaction with an incentive to buy, as saving; even a rupee sounds a big deal. Promotional codes benefit both the customer and the business, as customers get the products for a lower price and an online store generates income.

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