



Consumer responses to mobile coupons: The roles of shopping motivation and regulatory fit[☆]



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ABSTRACT

Retailers increasingly use mobile coupon services to deliver promotional offers to consumers. This paper draws on the theory of regulatory focus to explain mobile coupon redemption. The paper proposes that redemption depends on the extent to which a mobile coupon requires consumers to divert from their focal shopping motivation. Regulatory fit, the perception of receiving an offer that is relevant to consumers' regulatory goals, mediates this divergence effect, but only for utilitarian shoppers. Results from two scenario experiments support the main hypothesis and show that utilitarian shoppers perceive greater regulatory fit when an offer is compatible with their focal shopping motivation. In contrast, hedonic shoppers perceive no difference in regulatory fit when an offer diverts them from their focal shopping motivation. This explains why hedonic shoppers redeem a wider variety of offers than utilitarian shoppers and why utilitarian shoppers require more personalization to generate coupon redemption.

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1. Introduction

Mobile coupons are digital coupons that retailers send to consumers as promotional incentives, commonly in the form of a short message service (SMS) (Grewal et al., 2011). Consumers can save these coupons in their mobile devices and redeem them later at the point of purchase (Dickinger & Kleijnen, 2008). The low cost of generating and delivering makes it easy to mass distribute large volumes of mobile coupons (Friedrich, Gröne, Hölbling, & Peterson, 2009). Hence, it is not surprising to see retailers increasingly use mobile coupons. However, the uptake of mobile coupons is relatively slow. A recent report by the Mobile Marketing Association (MMA) reveals that mobile coupons only account for 2% of all coupon redemptions (MMA, 2013) and that only 16% of mobile phone users in the US redeem mobile coupons (eMarketer, 2013). A possible explanation for the low uptake is that the low cost of mass distribution of mobile coupons results in consumers being inundated with many irrelevant offers, which they subsequently ignore. To improve the uptake of mobile coupons it is therefore critical that marketers understand the role of the consumer relevance of their mobile coupons. The present paper therefore investigates how

consumer shopping motivations and coupon promotional cues influence the perceived relevance and redemption rate of mobile coupons.

Promotional offers often aim to draw consumers' attention away from their focal product purchase goal and to lead them to consider alternative products they might not initially intend to purchase (Chandon, Wansink, & Laurent, 2000; Heilman, Nakamoto, & Rao, 2002). While this objective applies to promotions in general, its manifestation in a mobile context raises new questions. Because marketers can make mobile coupons contextual and personal to fit a specific shopping situation (Balasubramanian, Peterson, & Jarvenpaa, 2002), coupons provide new and flexible opportunities to redirect consumer attention away from the focal product toward a competing product or store, even during the consumer's shopping trip.

Previous studies examine how mobile coupon effectiveness depends on contextual variables or coupon characteristics. For instance, consumers find mobile promotions more useful in a public than in a private location, and prefer receiving such promotions in a non-work rather than in a work setting (Banerjee & Dholakia, 2008). When the product on promotion is utilitarian, consumers are more responsive to greater discounts, but when the product is hedonic, consumers are more likely to redeem a coupon if they receive the coupon in the morning than in the afternoon (Banerjee & Yancey, 2010). The relevance of the products offered and the coupon's delivery time also influence a mobile coupon's effectiveness (Rau, Zhang, Shang, & Zhou, 2011). Consumers' characteristics such as coupon proneness also influence the consumers' response to coupons in general (Guimond, Kim, & Laroche, 2001) or mobile coupons in particular (Dickinger & Kleijnen, 2008).

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Previous studies do not integrate the effects of contextual and promotional factors to explain mobile coupon redemption behavior. The present paper proposes that the relevance of promotional cues will depend on a consumer's shopping motivations (Levav, Kivetz, & Cho, 2010). This is in accordance with the notion that the effectiveness of mobile promotions is context dependent, that is, targeting consumers should focus not only on the content of offers, but also on consumers' needs and what they are doing (Kenny & Marshall, 2000).

The paper draws on regulatory focus theory (Higgins, 1997) to explain why and how much consumers with particular shopping motivations (hedonic or utilitarian) will deviate from their focal shopping motivations when they receive mobile coupons. As the paper will argue, this deviation from shopping motivation depends on whether the products on offer are compatible with the consumer's focal shopping motivation and on whether the products are congruent with the consumer's current or future needs. Specifically, the paper argues that hedonic shoppers are more likely than utilitarian shoppers to divert from their focal shopping motivation because hedonic shoppers respond favorably to both hedonic and utilitarian products, regardless of whether the offer is congruent or incongruent with their current or future needs. In contrast, utilitarian shoppers perceive greater relevance in utilitarian products and in offers congruent with their current needs and hence only respond favorably to such offers. Further, the mediating role of regulatory fit (Aaker & Lee, 2006), which is a perception of relevance of the mobile coupon cues to consumers' regulatory goals, explains these effects. Results from two experiments support the above prediction. The findings imply that utilitarian shoppers are more responsive toward personalized offers than hedonic shoppers. From a practical perspective, this means that retailers can offer a wide range of offers to hedonic shoppers but should be careful what mobile coupons to offer to utilitarian shoppers.

2. Conceptual background and hypotheses

2.1. Regulatory focus

Regulatory focus theory identifies two major motivational approaches that people adopt to pursue their goals: a promotion focus, which refers to achieving hopes, aspirations, and desires, and a prevention focus, which refers to fulfilling duties, obligations, and responsibilities (Higgins, 1997, 1998). When pursuing their goals, people with a promotion focus tend to adopt an eagerness strategy. That is, to increase their chances of achieving more gains, they tend to consider more alternatives and seize as many opportunities as possible (Förster & Higgins, 2005; Levine, Higgins, & Choi, 2000; Pham & Avnet, 2004). Conversely, prevention-focused people adopt a vigilance strategy. To reduce the possibility of making mistakes and incurring losses, they tend to give up the pursuit of alternative options (Förster & Higgins, 2005; Herzstein, Posavac, & Barkus, 2007; Levine et al., 2000). Regulatory focus can be either a chronic personality trait or situationally induced (Crowe & Higgins, 1997).

The literature shows that a chronic promotion focus relates to perceptions of hedonic shopping value, whereas a chronic prevention focus relates to perceptions of utilitarian shopping value (Arnold & Reynolds, 2009). Therefore, it is reasonable to expect that situational types of regulatory focus relate to consumers' shopping motivations in a similar way. That is, hedonic shoppers are more likely to be situational promotion-focused, whereas utilitarian consumers are more likely to be situational prevention-focused.

2.2. Regulatory fit

People perceive regulatory fit when decision outcomes or the means of pursuing the outcomes match their type of regulatory

focus (Avnet & Higgins, 2006; Higgins, 2002). As a result of this match people experience a psychological effect of “feeling right,” which intensifies subsequent evaluations of the decision outcomes (Aaker & Lee, 2006; Avnet & Higgins, 2006). Regulatory fit theory further suggests that consumers pursue outcomes that are consistent with their regulatory goals and that help them maintain their regulatory focus (Higgins, 2000; Higgins, Idson, Freitas, Spiegel, & Molden, 2003). For instance, promotion-focused people experience regulatory fit when they adopt an eagerness strategy to achieve their goals, whereas prevention-focused individuals experience regulatory fit when they adopt a vigilance strategy (Higgins, 2000; Lee & Aaker, 2004). Promotion-focused people experience regulatory fit when they think of what they would gain if they choose an option, while prevention-focused people experience regulatory fit when they think of what they would lose if they do not choose an option (Aaker & Lee, 2006; Lee & Aaker, 2004). The experience of regulatory fit leads to higher evaluations of a target object, and also greater purchase intent (Labroo & Lee, 2006).

2.3. Type of product and shopping motivation

Products typically provide a mixture of both hedonic and utilitarian benefits but differ in the proportion of hedonic and utilitarian benefits they deliver. Some products predominantly provide utilitarian benefits based on their functional and instrumental attributes (e.g., a shampoo), while others mostly provide hedonic benefits, based on their experiential and recreational attributes (e.g., a movie ticket) (Voss, Spangenberg, & Grohmann, 2003). Consumers expect to fulfill their prevention-focused goals from utilitarian product attributes and their promotion-focused goals mostly from hedonic product attributes (Chernev, 2004a). This goal-attribute compatibility effect (Chernev, 2004a) implies that promotion-focused people select product offers with strong hedonic attributes, whereas prevention-focused people choose products superior in utilitarian attributes. In a similar sense, when promotion-focused people choose hedonic attributes over utilitarian features, they experience more promotion-related emotions such as excitement and cheerfulness, whereas prevention-focused individuals experience more prevention-related emotions such as security and confidence when choosing utilitarian characteristics over hedonic attributes (Chitturi, Raghunathan, & Mahajan, 2007).

The above insights imply that utilitarian shoppers will be more responsive to utilitarian product offers, and that hedonic consumers will be more responsive to hedonic offers. However, research suggests that prevention-focused individuals tend to view their initially adopted goals as necessities and hence are less open to engaging in activities unrelated to these goals (Freitas & Higgins, 2002; Freitas, Liberman, & Higgins, 2002; Freitas, Liberman, Salovey, & Higgins, 2002). Similarly, prevention-focused people are more likely than promotion-focused people to prefer the status quo (Chernev, 2004b). Therefore someone with a prevention focus is more likely to complete a focal task (i.e., prefer the status quo), than someone with a promotion focus.

Drawing on these findings, it stands to reason that consumers with utilitarian shopping motivations are more prevention-focused, and perceive greater regulatory fit in utilitarian products than in hedonic products, and consequently have a stronger intention to redeem utilitarian offers than to redeem hedonic offers. Conversely, hedonically motivated consumers are more likely to be promotion-focused and adopt an eagerness strategy, leading them to concentrate more on maximal and optimal goals than on minimal and satisficing ones (Levine et al., 2000). They are therefore more willing to entertain offers that are less relevant to their main shopping motivation. As a result, while hedonic consumers perceive high levels of regulatory fit in a hedonic product, they also perceive a high level of regulatory fit in utilitarian products. Therefore,

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