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# Research in Interactive Marketing

**The impact of digital shopping  
channels on multi-channel  
marketing and attribution in  
the changing retail landscape**

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The proliferation of digital shopping channels has changed the retail landscape, motivating more consumer participation in developing brand and marketing across channels, turning them into “prosumers”. Consumers have been connected via digital touchpoints (e.g. social media, Web, mobile apps), enabling retailers to build optimal multi-channel marketing and attribution momentum. The special issue of “the impact of digital shopping channels on multi-channel marketing and attribution in the changing retail landscape” addresses this changing retail and consumer market paradigm. Four articles have been selected to its topic *diversity and consumer use of digital channels in their shopping*. This special issue ultimately makes a coherent voice, suggesting how retailers can capitalize on digital shopping channels, their marketing and attribution across channels.

The first paper, “Is this mobile coupon worth my private information? Customer evaluation of acquisition and transaction utility in a mobile coupon shopping context”, by Hyunjoo Im and Young Ha addresses consumer concerns for privacy in using mobile coupons and attempts to uncover determinants of consumer permission-granting intention in receiving mobile coupons. Consumer characteristics in use of mobile coupons were incorporated into acquisition and transaction utility theory in predicting consumer mobile coupon usage decision. This study provides detailed insights for retailers in devising mobile coupon marketing that relieves fear of spamming and perceived privacy risk while adding more economic benefits and enjoyments of mobile coupon use depending on consumer characteristics.

The second paper, “Typologies and touchpoints: designing multi-channel digital strategies”, by Karla Straker, Cara Wrigley and Michael Rosemann attempts to identify and refine digital channel typologies and touchpoints via a digital channel model. A content analysis of 100 companies across 16 industries in the study provides four digital channel typologies with 34 digital touchpoints. This study suggests that consumers should be an active character in the development of digital channel strategies and proposes that understanding the requirements of the industry, companies’ objectives and the customer needs is an essential step in designing digital strategies.

The third paper by Ran Huang, Stacy Lee, HaeJung Kim and Leslie Evans, “The impact of brand experiences on brand resonance in multi-channel fashion retailing”, approaches to build brand – consumer resonance across channels. The interesting finding shows that affective brand experience has a stronger effect on relational experience in an offline channel, whereas sensory experience has a stronger effect on relational experience in an online store. Examining the effects of multi-dimensions of brand experience on brand resonance in offline and online channels provides tactics of how retailers make branding efforts across channels.

The fourth paper by Chawanuan Kananukul, Sojin Jung and Kittichai Watchravesringkan, “Building customer equity through trust in social networking sites: a perspective from Thai consumers”, provides implications of developing customer equity through retailers’ brand pages in social networking sites (SNSs). Using a cognitive-behavioral model, the researchers examined the effects of three perceived benefits (i.e. practical, entertainment and social benefits) on trust of SNS, forming brand

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trust, brand loyalty and customer equity. The study emphasizes how trust in SNSs generates customer equity and provides practical implications for fast fashion brand retailers to implement SNS brand pages to build trust, brand loyalty and, ultimately, customer equity toward brands. Guest editorial

Through this special issue, I hope that you can deepen and enrich your insights to capitalize on each channel's strength and optimize digital touchpoints to provide a smart and pleasant shopping experience that leverages a retailer's success in this digital era.

# Is this mobile coupon worth my private information?

## Consumer evaluation of acquisition and transaction utility in a mobile coupon shopping context

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### Abstract

**Purpose** – This study aims to investigate determinants of permission-granting intention of consumers based on transaction utility theory. The study also was designed to investigate the role of two individual characteristics, coupon proneness and fear of spamming as well as gender difference. Mobile coupons have quickly become an important marketing tactic. However, our understanding of mobile coupon usage is limited because previous studies of coupon usage do not examine key characteristics of new technology-based coupons. Therefore, research in this specific context is necessary.

**Design/methodology/approach** – An online survey was used and US adult consumers ( $N = 658$ ) were recruited to empirically test the model. The data were analyzed using structural equation modeling.

**Findings** – Results provided support for the proposed model. The data confirmed the evaluation process of a potential transaction using mobile coupons hypothesized based on transaction utility theory. Gender differences were tested using multi-group analysis. There was a significant difference between females and males. Overall, negative factors, fear of spamming and perceived risk, played a more important role in the model for females than males.

**Originality/value** – The study provided theoretical support for transaction utility theory in the context of mobile coupon usage decision. Also, the study advances understanding of unique issues of mobile coupon marketing by addressing permission-granting intention and gender difference in the process of evaluation.

**Keywords** Mobile marketing, Mobile promotions, Decision-making, Retailing, Mobile advertising, Mobile coupon marketing

**Paper type** Research paper



### Introduction

Sales promotions are important marketing techniques to increase short-term sales. Retailers, consequently, plan and execute a significant amount of their budget on sales promotions. Among sales promotions, coupons are proven to be effective in persuading consumers in stores and, thus, are popular among retailers. In 2012 alone, 305 billion coupons were distributed for consumer packaged goods (NCH, 2012). Particularly with

the emergence of new technology, mobile coupons, electronic coupons delivered and redeemed using mobile devices are gaining the attention of retailers. According to Juniper Research (2012), in-store mobile strategy is predicted to be one of the top ten wireless trends. NCH report (2012) documented the rise of mobile coupons, accounting for 1.3 per cent of the total coupon redemption volume. Moreover, mobile coupons are most likely to lead to sales out of all mobile advertising techniques due to its timeliness (MobiForge, 2012).

Traditionally, coupon redemption is linked to the price discrimination strategy, which provides price reduction to only those who are willing to search, clip and redeem the coupons. Thus, researchers investigated consumer characteristics such as demographic variables (e.g. Harmon and Hill, 2003) and psychological variables (e.g. Shimp and Kavas, 1984; Vermeir and van Kenhove, 2005) to identify consumers who are more likely to respond to coupons. Although these findings would provide insights to how retailers may approach consumers with mobile coupons, traditional coupons and mobile coupons differ greatly in several important aspects. In the case of mobile coupons, consumers need to hold positive attitude toward not only coupons but also using mobile devices for shopping. Also, the cost of using mobile coupons can be much lower than that of using traditional coupons because searching and clipping coupons is not necessary (Achadinha *et al.*, 2014). Reflecting this lowered cost, the redemption rate of mobile coupons in the USA has increased by 141 per cent in 2013 from the previous year (Davis, 2014). Last, privacy concern can be far greater for mobile coupons than for traditional coupons. It is advised that sales promotion messages be only sent to mobile devices after obtaining consumers' permission, whereas traditional coupons can be delivered to consumers without worrying about privacy issues. Because the previous research on coupon usage does not take these characteristics of new technology-based coupons, additional research in this specific context is necessary (Chen and Lu, 2011).

Although retailers are aware of the importance of mobile coupons and are investing in this new sales promotion technique, there has been a gap in the literature in understanding complex factors that affect coupon usage via mobile devices. Although recently published studies on mobile coupons reflect increasing interest in the topic (e.g. Achadinha *et al.*, 2014; Chiang *et al.*, 2013; Khajehzadeh *et al.*, 2014; Ha and Im, 2014; Reichhart *et al.*, 2013), research focused on consumers' concern for privacy in the mobile coupon context is still scarce. Most studies approached mobile coupon usage as a technology acceptance problem, which consequently investigated positive factors (e.g. perceived usefulness) that affect consumers' mobile coupon adoption or usage intention, leaving out the negative factors such as privacy concern. Particularly in the context of permission-based marketing, it is critical to understand when consumers are willing to grant permissions for retailers to use private information (Im and Ha, 2013), and negative factors are likely to be significant determinants. Moreover, coupon proneness, a personality trait that affects use of coupons in general, has not been investigated in relation to these complex positive and negative factors. Therefore, the current study aims to investigate determinants of permission-granting intention of consumers based on transaction utility theory (Thaler, 1985), which allows a cost-benefit calculation approach. We examined the role of coupon proneness and fear of spamming in predicting both acquisition utility (i.e. the economic gain/loss from a

purchase) and transaction utility (i.e. pleasure/displeasure obtained from a purchase), as well as permission-granting intention. As researchers noted gender difference in traditional coupon usage behaviors (e.g. Harmon and Hill, 2003), the potential moderating effect of gender in forming permission-granting intention was also studied.

## Literature review and hypotheses

### *Mobile coupons and unique issues*

Retailers use coupons to attract new customers, to maintain current customers or to selectively give price reductions to only price-sensitive and deal-sensitive customers (Chen and Lu, 2011). Also, coupons were sometime preferred as a way to provide discounts to consumers without hurting the brand image as much as regular price reduction (Grewal *et al.*, 1998). Even though everyday low prices (EDLP) tactics help consumers reduce information search and benefit retailers' business operation (Ellickson *et al.*, 2012), consumers still showed strong preference to price reduction and coupons over EDLP (Garretson and Burton, 2003).

Mobile coupons refer to digital coupons delivered to consumers' mobile devices, which can be redeemed for a financial discount (MMA, 2007). The primary goal of both traditional and mobile coupons is to stimulate sales. However, mobile coupons are different from traditional coupons in several key characteristics. Mobile coupons can be timely and location based because retailers can detect the exact location of a consumer via Global Positioning System (GPS) capability of mobile devices and send digital coupons to the consumer (Okazaki and Taylor, 2008). Therefore, the coupons become extremely relevant to consumers. This enhanced relevance of mobile coupons can be highly effective in diverting consumers to shop unintended items (Khajehzadeh *et al.*, 2014). Moreover, the cost of using mobile coupons is considerably lower than that of traditional coupons because mobile devices receive and store the coupons digitally with minimal effort of consumers. This makes using mobile coupons very convenient and easy (Sharl *et al.*, 2005). In addition, the fact that mobile devices are connected to the Internet wirelessly at all time and that consumers almost always carry the devices makes mobile coupons promising as a promotion vehicle (Karjaluoto *et al.*, 2008a).

Mobile coupons are also different from traditional coupons because they are permission based. Permission-based mobile marketing is a marketing practice that consumers request messages via an opt-in system (Karjaluoto *et al.*, 2008b). Thus, retailers are required to obtain individuals' explicit permission to use private information (e.g. location) before sending out the coupons. In practice, consumers are prompted with a pop-up message asking permission to use personal information when they first set up mobile applications on their phones. Although previous research found positive consumer responses to permission-based marketing once consumers agree to receive marketing messages (Okazaki and Taylor, 2008), this procedure uniquely creates an additional psychological barrier for consumers to use mobile coupons (Im and Ha, 2013). Research showed that location-based mobile coupons make consumers deliberately calculate the gains and losses instead of spontaneously responding to the promotion (Xu *et al.*, 2011). This suggests that consumers re-evaluate the benefits and costs of using mobile coupons when the message is prompted. Thus, consumers'

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intention to grant permission is one of the most important behavioral intentions that can lead to successful mobile coupon promotions.

*Transaction utility theory and mobile coupons*

Transaction utility theory (Thaler, 1985) states that consumers obtain two different types of utility from a purchase; acquisition and transaction utility. Acquisition utility refers to the value consumers get from a good/service compared to the paid price, whereas transaction utility is a subjective perception of gained benefit from the deal. Acquisition utility only applies to how much a consumer pays for a good. Therefore, the lower the price, the higher acquisition utility for the same product will be. Transaction utility, on the other hand, depends on psychological satisfaction and pleasure (Pillai and Kumar, 2012). To enhance transaction utility, various factors that influence consumers' perception of satisfaction and pleasure from the transaction should be considered, and not many such factors were identified in the past (Thaler, 2008). The overall utility consumers get from a purchase is the sum of acquisition utility and transaction utility.

Mobile coupons, like other sales promotion techniques, clearly increase acquisition utility because they reduce the price of a product. Because the paid price is reduced, the value consumers gain from the purchase is increased. However, how mobile coupons influence transaction utility is complicated. Mobile coupons would positively influence transaction utility because redeeming coupons itself can be fun and enjoyable. On the other hand, there may be a negative transaction utility if consumers fear potential privacy invasion when mobile coupon providers request permissions to use private information. Thus, the risk perception can negatively influence transaction utility. Consumers mentally analyze transactions by first evaluating potential transactions and their outcomes before making decisions (Thaler, 1985). Therefore, investigating factors influencing transaction utility is critical to predict decisions.

Although acquisition and transaction utility typically are calculated using the sold price and reference prices, conceptually, it can be expanded to perception variables. For example, Muehlbacher *et al.* (2011) previously used emotion and perception variables to provide a psychological explanation for these utilities. Acquisition utility reflects the price consumers pay to obtain a good, the cost of transaction. In the case of mobile coupons, acquisition utility in the evaluation stage of a transaction would be manifested as perceived economic benefits from the deal. The coupons lower the price of a good, enhancing the perceived economic benefits of the purchase. This economic benefit is the primary reason for consumers to use coupons. Thus, it is reasoned that enhanced acquisition utility derived from a mobile coupon (i.e. perceived economic benefits) would increase consumers' intention to give up personal information in exchange for the increased utility.

In terms of transaction utility, two variables, perceived privacy risk and enjoyment, can either enhance or decrease utility. These two variables are most relevant to mobile coupon usage, particularly in predicting permission-granting intention. Perceived privacy risk, particularly risk associated with personal information misuse, is one of the biggest negative factors in a non-store retail (Malhotra *et al.*, 2004). In an online shopping context, consumers displayed fear of how their personal information would be used by companies (Hoffman *et al.*, 1999) and, thus, were discouraged in engaging in online transactions (Featherman *et al.*, 2010). As a permission-based promotion, mobile coupons will be more likely to alert consumers to a potential danger of privacy invasion

(e.g. the current location of the consumers and mobile phone numbers), which lowers pleasure and satisfaction derived from the transaction under consideration. Thus, perceived privacy risk will be negative transaction utility. However, consumers may obtain positive transaction utility in using mobile coupons by experiencing a positive effect. Downloading and using mobile coupons can increase satisfaction and pleasure by providing intrinsically enjoyable elements and by giving the feeling of being a smart consumer (Garretson and Burton, 2003). In this study, we captured this positive affect with enjoyment, the extent to which using mobile coupons is perceived to be enjoyable, which is positive transaction utility obtained from a purchase. According to the theory, acquisition utility and transaction utility will together predict the likelihood of consumers' willingness to grant permission to access personal information in exchange for mobile coupons. Therefore, the following hypotheses are developed:

- H1.* Perceived economic benefits will be positively related to permission-granting intention.
- H2.* Perceived privacy risk will be negatively related to permission-granting intention.
- H3.* Enjoyment will be positively related to permission-granting intention.

Although transaction utility theory assumes independent influence of acquisition and transaction utility, some researchers saw the possibility of two types of utility being related. For example, Grewal *et al.*, 1998 showed that perceived acquisition utility (price discount) positively influenced perceived transaction utility (perceived value). Muehlbacher *et al.* (2011) proposed and tested an interaction between acquisition and transaction utility, as opposed to a positive relationship between the two, although they found no significant interaction. Theoretically, it seems plausible that acquisition utility is positively associated with transaction utility. When the seller's price is constant, acquisition utility is the same, although one's satisfaction with the transaction experience can vary (Thaler, 2008). Often, the subjective evaluation of transaction experience, which leads to psychological benefits such as satisfaction and pleasure are derived from the amount one pays. When acquisition utility is high, one pays a relatively small price for a decent product. This high value of transaction will increase psychological benefits.

Therefore, in this study, we propose that perceived economic benefits (i.e. enhanced acquisition utility via mobile coupons), is likely to influence perceived privacy risk and enjoyment (i.e. transaction utility). Researchers have documented the link between perceived economic benefits and positive affect such as enjoyment. Perceived economic benefits can elicit enjoyment because the lowered price due to coupons brings out the feeling of winning the bargain (Bawa and Shoemaker, 1987). Similarly, it was argued that consumers feel achieved and excited when they earn a good deal (Garretson and Burton, 2003).

Also, risk literature suggests that perceived economic benefits would lower the risk perception. Researchers noted that risk and benefit are inversely related and consumers use these two conceptually linked constructs when making judgment (Finucane *et al.*, 2000). Moreover, online consumers directly compare benefits and privacy risk as a cost-benefit appraisal (Yoon, 2005). Thus, acquisition utility realized by mobile coupons