

Coupons essay

[Business](#), [Marketing](#)



A coupon can be defined as a negotiable certificate that is appended to a bond in order to represent the amount of interest that is due. In marketing, it can be defined as a document or ticket which can be exchanged for rebate or for any other financial discount during the purchase of a product.

Normally, it's the duty of the retailers or manufacturers of the packed consumer goods to issue coupons. There are different types of coupons such as discount coupons, first time customer coupons, free shipping, and free giveaways among others.

Just like other types of sales promotional techniques, coupons have their merits and their problems. However, coupons are arguably more advantageous than other promotional tools with more pros outweighing the cons. For instance, coupons have the benefit of directly passing savings to the consumers; this is as opposed to the trade allowances that given by producers to retailers (Gale Encyclopedia of small business 1). All discount coupons and especially online discount coupons therefore help different shoppers around the world earn a substantial amount of savings from their budgets. It is also cheaper to acquire discounts coupon and also especially over the internet. Coupons are widely distributed and available in magazines, in stores, via the internet, mail and even in newspapers.

Therefore since coupons are available in different types and are widely distributed, it's possible to use them in different transactions.

In addition, the consumers see coupons as an impermanent special offer made to then other than a mode of reducing price; therefore consumers coupons' withdrawal do not usually have any adverse effects on the sales.

Besides, coupons are perceived to create additional traffic to the retailers as

many customers reach for the coupon option. The retailers can therefore use the doubling option or can even triple the manufacturer's coupons' value at his/her own expense leading to even more traffic. Furthermore, additional compensation obtained from the manufacturers is made to the retailers when they handle the coupons. Online coupons also makes it convenient for people to purchase, by doing this, people spend their money which is a general contributor to the growth of economy (Bhattacharya 1).

Despite the many advantages, coupons have also their problems. However, these disadvantages are less and cannot be compared to their merits. For instance, since it's likely that only price conscious customers use their time to claim for the coupon, they therefore tend to act as price discrimination forms; offering reduced prices to those customers who can shop elsewhere. However, with the current economy having not being at its full health, most shoppers everywhere are very much price conscious than before and coupons can therefore be argued as the best despite being price discriminative. Most people will therefore turn into options with lower prices in order to satisfy their never ending basic and economic requirements. Also, coupon clutter is said to reduce their effectiveness with new users being unlikely to make incremental business since the increased amount of coupons distribution results into a reduction in their redemptions rate (Villarreal). However, despite this, new users usually become used to the business and to the coupons and stop being new users again. The redemption rate is said to decrease proportionally with the number of coupons under discussion. Therefore, new users will opt to using several coupons so as to increase their redemption rate and hence make

incremental businesses.

Unlike other shopping alternatives, coupons have several and great advertising for their discount and some of their exciting offers and especially via the internet. Many internet sites are flooded with abundant coupons that features discounts on professional services, cookies, beauty products, cereals, office supplies, batteries, baby products, pizza packages, bathroom products, cleaning products and equipments, and a countless more such products (Villarreal). This therefore means coupons provide services in a wide distribution area on almost all or on numerous products and services. Since most people are now shopping online and the internet is one of the biggest domains for using coupons, coupons can therefore be arguably being described as the best online.

Also, the case for coupons can also be argued in the sense that coupons promote an additional bonus for shoppers. For instance; most coupons have some monetary offer that they provide to their customer which may include the option such as “ Buy just one and get another free”. This also acts as a technique for rewarding customers. One sells his or her best products and provides a favorable prices and fabulous customer services. They therefore plays an important role in creating customer loyalty and acts as a tool for saying “ thank you” and hence making customer appreciate and feel special.

Additionally, coupons help in moving slow stock in a store. For instance, in a fashion store and during summers, one can generate coupons for sending to his or her loyal customer through their database in order to offer them advance opportunity for purchasing the stock before it gets to the general

public. This makes the slow moving stock to be bought and also it helps in making such customers to feel special. A coupon also announces and moves a store's new stock as well. This is important unlike when you are not using coupons and ends up selling few stocks at a higher price in a longer period of time to the customer which can result into being costly in long run due to the increment of other expenses.

Finally, the increased or excessive distribution of coupons results into increased likelihood of mis-redemption and fraud. However, despite this disadvantage, there are various measures that can be implemented to prevent fraud as well as mis-redemption in the business area. For instance, one can take records on the distribution of the coupons and the party concerned in order to reduce the likelihood of fraud. There is always a preventive measure to any fault or misconception and despite these disadvantages; coupons are argued to be more important and advantageous than the few problems they pose.

Work cited

- Bhattacharya, Anirban. Advantages of Discount Coupon. 2011. Web. 29 April. 2011
- Gale Encyclopedia of small business. Coupons. 2011. Web. 2 May. 2011
- Villarreal, Phil. Pitfalls and advantages of Coupons. 2005. Web. 2 May. 2011