

Effectiveness of Online-only Coupons on Online and Offline Channels

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Cite as:

Reh Christina, Schlereth Christian (2021), Effectiveness of Online-only Coupons on Online and Offline Channels. *Proceedings of the European Marketing Academy*, 50th, (94005)

Paper from the 50th Annual EMAC Conference, Madrid, May 25-28, 2021



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Abstract

Many traditional brick-and-mortar stores invested heavily in launching an online shop to complement the offline business. To attract customers for the online channel, they often send out coupons via emails, which customers can only redeem online - not in physical stores. Little is known on the effectiveness of such campaigns. In a large-scale field experiment, with more than 500.000 loyalty cardholders, we explore whether online-only coupons increase incremental online sales in short-term, long-term, or even both. We also test, whether they succeed in shifting consumers from offline to online and whether they affect the buying behaviour even without redeeming. By utilizing propensity score matching, we find that online frequency increases significant by +98.3% short- and long-term +45.7% after redeeming. We also find a significant switching effect from offline to online, which persists long-term for redeemers; however, non-redeeming customers remain mostly unaffected in their behaviour.

Keywords: *Online-only Coupons; Propensity Score Matching; Online Offline Channel Management*

Track: Retailing & Omni-Channel Management