

WRITTEN INTRODUCTION

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1. Clear Introduction

This study examines consumer inclinations regarding the receipt of promotional coupons through SMS or email, specifically in the context of launching an e-commerce product for a razor brand in Southeast Asia. Additionally, it will analyze how these preferences vary among different age demographics, focusing not only on the preferred communication channel but also on how these preferences evolve throughout the conversion process—from the moment a coupon is received to customer engagement and, ultimately, to the purchase decision. By gaining insights into how various age groups engage with promotional materials at different stages of their journey, companies can more effectively customize their marketing approaches to convey the appropriate message at the optimal time, thereby enhancing the customer experience, boosting engagement, and improving conversion rates.

2. Research topic

From 2016 to 2021, the total value of e-commerce sales grew fivefold, or 40 percent, annually. And e-commerce's share of all retail sales surged to 20 percent, from 5 percent [1]. In this dynamic and rapidly expanding e-commerce landscape of Southeast Asia (SEA), understanding customer preferences for promotional channels is crucial for businesses aiming to optimize product launches. As more consumers turn to online shopping, the competition for customer attention has intensified, making the delivery method of promotions—such as SMS and email—a key factor in influencing purchasing decisions.

What is especially true to the SEA market is a strong preference for rewards and discounts: 19% of respondents from Malaysia as well as from Singapore say this would be their primary consideration in deciding to stay loyal to a store. The same is true of 18% of Vietnamese respondents and 16% of Indonesian surveyees [2]. For any brand entering this competitive landscape, the choice of the most effective promotional channel can significantly impact the success of a launch or result in a lost opportunity. Both SMS and email have demonstrated their ability to enhance customer engagement; however, there are distinct differences in consumer responses to these channels. Factors such as accessibility, convenience, and the personal nature of communication can affect customer preferences for one method over the other.

Additionally, these preferences may vary among different consumer demographics. Age, in particular, plays a crucial role in shaping how customers engage with promotional messages. Younger individuals may show a greater preference for digital platforms like email, whereas older consumers might lean towards SMS due to its straightforwardness and immediacy. Recognizing these subtleties is essential for crafting a targeted promotional strategy that optimizes customer engagement and conversion rates.

It has been widely recognized that customers exhibit diverse preferences regarding promotional strategies, such as SMS compared to email. These preferences are frequently influenced by factors including age, convenience, and technological familiarity. Woo-Hyuk Kim et al. (2019) studied effect of 4 different wine promotional methods (promotion menu, basic information about wine, customer service, and sales) on different age groups and found that age is a significant moderator in 2 out of 4 categories [3]. Garry Wei-Han Tan et al. (2018) found that age is a significant moderator in the relationship between Facilitating conditions (knowledge, resources, training, technical infrastructure and documentation) and Behavioral Intention (Whether to initiate purchase) on tourism products [4]. Lin Zhang et al. (2019) concluded that gender and age significantly moderate the influences of the two gamification mechanisms on perceived enjoyment and social interaction [5]. These studies, however, are product-specific: meaning preferences also depend heavily on the nature of the product, the consumer journey, and the consumer experience. The role of user experience (UX) design and product image in customer engagement remains underexplored, largely due to the product-specific nature of these factors, which necessitates independent research for each campaign.

3. Connects research to own problem

This study examines consumer inclinations regarding the receipt of promotional coupons through SMS or email, specifically in the context of launching an e-commerce product for a razor brand in Southeast Asia. Additionally, it will analyze how these preferences vary among different age demographics, focusing not only on the preferred communication channel but also on how these preferences evolve throughout the conversion process—from the moment a coupon is received to customer engagement and, ultimately, to the purchase decision. By gaining insights into how various age groups engage with promotional materials at different stages of their journey, companies can more effectively customize their marketing approaches to convey the appropriate message at the optimal time, thereby enhancing the customer experience, boosting engagement, and improving conversion rates. For the study of launching an

independent razor brand, it is required that the brand can establish its own experience to understand market response as well as targeting ideal customer profile.

4. States Question

- a. How do response and turnover rates differ across age groups (15-30, 31-45, 46-60, 60+) when receiving promotional coupons via SMS compared to email?
- b. Is there a significant interaction between the customer's age group and their preferred promotional channel (SMS vs. email) in terms of engagement and conversion rates?
- c. Do younger age groups (15-30, 31-45) show higher engagement and conversion rates through email, while older age groups (46-60, 60+) respond more favorably to SMS promotions?

5. States hypothesis in plain language

- a. H1: There is a significant difference in response and turnover rates between age groups (15-30, 31-45, 46-60, 60+) based on the promotional channel (SMS vs. email).
- b. H2: Younger age groups (15-30, 31-45) will show higher engagement and conversion rates when receiving promotional coupons via email compared to SMS.
- c. H3: Older age groups (46-60, 60+) will respond more positively (higher engagement and conversion rates) to SMS promotions compared to email.

The hypotheses presented in this study are grounded in existing literature that highlights the impact of age on consumer preferences regarding promotional channels. Research indicates that younger consumers, specifically those aged 15 to 30, tend to favor email promotions, as they are more adept at navigating digital platforms. In contrast, older consumers, particularly those aged 46 to 60 and 60 and above, show a preference for SMS promotions due to their straightforward nature. Moreover, there are notable differences in response and turnover rates among various age groups when they encounter promotional content. This underscores the importance of investigating how these preferences influence the utilization of promotional coupons within the realm of e-commerce.

6. Response identified

- Investigation of response rate: Distribution of response rate for each allocated group will be examined for distribution over the span of 31 days to examine if there is significant difference between age groups and preferred methods.
- Investigation of preference: Survey response will be analyzed for all respondents to examine if there is significant difference between age groups.

7. Dataset specified

id	Format: Integer, representing each message
send_date	Format: data, date when sms/Email was sent
estimated_age	Format: Integer, ranging from 0 to 100
age_range	Format: string. Audience is divided into 4 age ranges
channel	Format: string, either SMS or Email
coupon	Format: float, the value of coupon expressed in each message, valid for up to 3 units for each order
clicked	Format: binary, either 0 (customer doesn't click on the link in SMS/Email) or 1 (they clicked)
last_step	Format: string. It can have one of the following values: "received", "bounced", "saw review", "added to cart", "payment page", "purchased"
nb_units	Format: integer, representing the number of units of customers' order.
order_value	Format: float, representing value of the order customer made. Already minus the coupon applied.

The column 'last step' is the point of contact with customers before they leave our website. Its value are explained below:

- Received: sms/email sent but not opened
- Bounced: opened but did not finished 3 survey questions used to activate promotional coupon.
- Saw review: scrolled down and read information on the product
- Added to cart: customer added product to checkout.
- Payment page: checked out but not purchased
- Purchased made an order.

The 3 survey questions to activate a coupon are as follow:

- What is the price of the last razor you purchased (dollars)
- How long do you typically use a razor before replacing it? (in months)
- How satisfied are you with your current shaving experience? (1: Not satisfied, 5: Very satisfied)

Resulting data from the survey is to be collected.

8. Why is this topic relevant

Understanding customer preferences for promotional channels, such as SMS or email, is crucial for enhancing engagement strategies. By targeting the right promotional method to specific age groups, businesses can significantly increase conversion rates and improve customer satisfaction, maximizing their return on investment. In addition, by focusing on the launch of a razor brand, this research provides tailored insights that can inform marketing strategies for similar products, benefiting both marketers and consumers.

9. Bibliography

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