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## Presentation on: "The Impact of Coupons in Coalition Loyalty Programs: Promotion and Waste Effects" by Markus Kindler

21. January 2015  
Category: Forschung



On 28th January (13:00-13:45) [Markus Kindler](#) will hold a presentation about his research project with the working title "The Impact of Coupons in Coalition Loyalty Programs: Promotion and Waste Effects" in Q4.245.

Markus' presentation is part of the Topics in Economics and Management series (TEAM). Future, as well as past talks of the TEAM series are listed [here](#).

### Abstract:

Vendors in coalition loyalty programs (CLP) commonly use coupons to enhance their sales numbers, but few studies investigated the effects of such promotions on customers' purchases in CLP. Given the importance of coupons in daily business practice, studies on promotion effectiveness in general focus on the strengths of promotions and conditions under which they are efficient. However, vendors do not know whether the coupons they issue may lead to customers wanting products that the customers might purchase at competing vendors. We call such unintended effects of coupon promotions "waste effects".

We examine coupon promotion effectiveness on multiple dependent variables: revenues of the issuing vendors and of other vendors in the CLP (promotion effects), as well as revenues of competitors and of other vendors outside the CLP (waste effects). In our study, we distinguish between three coupon types (discount, special offer, and gift coupons) and examine how different coupon types influence promotion and waste effects.

We evaluate customers' reactions to coupon promotions by performing a hierarchical vector autoregression (HVAR) that is estimated using Markov chain Monte Carlo sampling. A European CLP provided the dataset, which includes the purchase transaction data from 14.000 CLP members over a period of five years. During this time, the CLP conducted 121 marketing campaigns that used coupons to promote specific vendors or products. All customers own a credit card from the CLP, which allows us to look at purchases made outside the CLP and at competitors.

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