

# The missing link of experience cocreation in shared coupons

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Researchers from Lehigh University, University of Hong Kong, and Shanghai Jiao Tong University published a new paper in the *Journal of Marketing* that proposes experience cocreation as a novel strategy to transform shared coupons into a tool to advance relationship building.

The study is authored by Eric (Er) Fang, Beibei Dong, Mengzhou

Zhuang, and Fengyan Cai.

Getting customers to share [coupons](#) with their social networks (e.g., "Share the love with a friend, and you both get 20%") has become a vital coupon distribution strategy to leverage the social influence of customers and provide [cost savings](#).

Some recent examples include Alibaba's "skyscraper building" campaign, where customers invited their friends to form teams, cheered each other on, and built virtual skyscrapers together to win coupons; the Italian brand Raffaello's initiative to invite customers to create postcards with their loved ones to earn coupons; and the e-commerce company Pinduoduo incentivizing consumers to share and buy products on the platform through online games and interactive challenges among friends.

Studies show that coupon sharing occurs among 90% of millennials, of whom 43% use social media to share coupons with their networks. On the receiving side, 92% of consumers trust referrals from people they know, and 71% buy based on social media referrals.

## **Transform shared coupons into relationship-building tools**

Which coupons are customers more likely to redeem: coupons shared by friends (shared coupons) or coupons distributed directly from businesses (direct coupons)? On one hand, the social nature of sharing may increase perceived relevance and trustworthiness of a shared coupon relative to an equivalent direct coupon.

On the other hand, consumers may perceive it as inappropriate to mix a coupon's economic nature with social relationships ("no money talk with friends"), which could create conflict with the norms of communal

relationships.

"We propose experience cocreation as a novel strategy to transform shared coupons into a tool to advance relationship building. That is, we urge companies to set up situations where the coupon giver and coupon receiver invest their joint efforts to create a shared experience before redeeming the coupon," says Fang.

The combined activity customers undertake could be to develop a tour plan, design a coffee mug, or play a game. This research suggests that experience cocreation could boost social goals (e.g., building friendships), alleviate norm conflict, and thus increase the appeal of shared coupons such that customers are more likely to share and redeem them. In other words, the act of coupon sharing could be perceived as a means of promoting social bonding between friends.

The concept of shared coupons with experience cocreation is embedded in the emerging trend of social commerce, which integrates e-commerce with social media. The global social commerce market is increasing at an estimated annual rate of 31.4%, and Facebook launched Instagram Shops in 2020, which blends e-commerce with the Instagram social network. Sellers can create interactive, shareable, and immersive cocreation experiences on [social media](#) to promote e-commerce among consumers.

## **The value of reminder messages to redeem coupons**

Since experience cocreation can make shared coupons more appealing than direct coupons, the researchers also explore how to enhance its effectiveness. No firm can sustain costly coupon strategies indefinitely.

Dong says that "Our research finds a more cost-effective way to entice coupon redemption when dealing with shared coupons involving experience cocreation ... by sending reminder messages to customers

who have claimed the coupon, but have not yet redeemed it. The message could emphasize the shared coupon's economic value, such as 'you still have a coupon for \$10' or a reminder that highlights its social value like 'you still have a coupon you earned with your friend'."

Zhuang adds that "Economic messages are most effective at driving redemptions for high-value coupons, but not for low-value coupons. Meanwhile, social messages have little effect on high-value coupons, but dramatically increase redemptions for low-value coupons."

The study recommends that managers consider three steps when utilizing social influence to promote business:

1. Encourage consumers to share coupons. This can be a low-cost, but impactful, consumer-to-consumer coupon distribution strategy because it takes advantage of social influence. However, firms must note that social capital does not always lead to economic capital.
2. Enable consumers to advance social goals with experience cocreation. When designing the cocreation program, firms should configure the program around two criteria: (1) requiring joint effort and promoting a shared experience between consumer peers; and (2) considering important factors such as whether the experience is interactive, competitive, or collaborative, and occurring between friends or strangers.
3. Communicate shared coupons' social value, which can substitute for economic value. That is, with the correct communication, low-value coupons are as appealing as high-value coupons. In a simulation, for a low-value shared coupon with cocreation (worth \$4), an ex-post social message could increase the coupon's value by 48.32% (to \$5.93). Further, offering large economic incentives may not be worthwhile if they both cost more and diminish the social appeal of shared coupons.

**More information:** Eric (Er) Fang et al, EXPRESS: "We Earned the Coupon Together": The Missing Link of Experience Cocreation in Shared Coupons, *Journal of Marketing* (2022). [DOI: 10.1177/00222429221126990](https://doi.org/10.1177/00222429221126990)

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