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Friends with Benefits: Social Coupons as a Strategy to Enhance Customers' Social Empowerment

Businesses often seek to leverage customers' social networks to acquire new customers and stimulate word-of-mouth recommendations. While customers make brand recommendations for various reasons (e.g., incentives, reputation enhancement), they are also motivated by a desire for social empowerment—to feel an impact on others. In several multi-method studies, we show that facilitating sharing of social coupons (i.e., coupon sets that include one for self-use and one to be shared) is a unique marketing strategy that facilitates social empowerment. Firms benefit from social coupons because customers who share spend more and report greater purchase intentions than those who do not. Furthermore, we demonstrate that social coupons are most effective when the sharer's brand relationship is new versus established. For customers with an established relationship, sharing with a receiver who also has an established relationship maximizes potential impact. Together, these studies connect social empowerment to relationship marketing and provide guidance to managers targeting social coupons.

Friends with Benefits: Social Coupons as a Strategy to Enhance Customers' Social Empowerment

Firms have long understood that the social connections their customers maintain, whether with friends, co-workers, or family, can be important to the brand relationship. When customers recommend a brand to members of their social network, this action can generate positive outcomes for the firm, from gaining new customers (Godes and Mayzlin 2009; Schmitt, Skiera, and Van den Bulte 2011) to enhancing the loyalty of existing customers (Garnefeld, Eggert, Helm, and Tax 2013). Consumers are motivated to provide brand recommendations for a variety of reasons. For example, a customer participating in a referral reward program may recommend a brand to gain a monetary incentive (Ryu and Feick 2007). Another customer may retweet a favorite brand's message to his or her followers to communicate identification with the brand (Berger and Milkman 2012; Wojnicki and Godes 2008).

Do consumers provide brand recommendations for other reasons? Recently, a new strategic marketing practice has emerged that may provide answers to this question. Social coupons involve the firm providing a customer with a coupon set that includes one coupon for his or her own use and another coupon for the customer to share with member(s) of their social network (see Appendix A for examples). Interestingly, this strategy assumes that customers will provide a brand recommendation (i.e., share a company's coupon or sales promotion) with no incentive for doing so. In the absence of an incentive, why would a consumer be motivated to share a social coupon? Are social coupons an effective strategy from the firm's perspective? In this research, we explore this new type of brand recommendation—the sharing of social coupons—and focus on how this new type of brand recommendation behavior can directly impact firm outcomes.

Currently, little is known about the potentially important role that consumers can play in offering promotions to their peers and the outcomes associated with doing so. In this paper, we investigate sharing of social coupons from the perspective of the customer who shares a firm's social coupon (i.e., the sharer) and examine the purchase-related consequences (i.e., increased purchase amounts and enhanced purchase intentions) that can occur when a firm explicitly provides the customer with the opportunity to distribute its sales promotion.

We contend that social coupons are unique in that they can generate social empowerment—consumers feeling they have an impact on others. Given that consumers desire to become more active partners in their relationships with brands, we tie our research to related literature in marketing that shows that empowered consumers can create value for the firm (Fuchs and Schreier 2011; Sawhney, Verona, and Prandelli 2005). However, we make two important distinctions between prior conceptualizations of empowerment and the nature of empowerment generated via social coupons.

First, while prior research has looked at empowerment of the consumer from the perspective of the firm–customer dyad, our research considers the social environment as an important addition to this dyad, particularly applicable in the case of social coupons. We highlight social empowerment as a new motivation for brand recommendations: a theoretically important, and currently omitted, construct that can help firms better understand consumer-to-consumer sharing. We show that more social approaches to empowerment are needed in this context because of the highly relevant interpersonal interactions and cooperative behaviors taking place (Speer 2000).

Second, while empowerment is most often studied in prior literature as a structural process (i.e., this action is empowering) rather than a psychological outcome (i.e., this action

resulted in feelings of empowerment; e.g., Spreitzer, Kizilos, and Nason 1997; Thomas and Velthouse 1990), we are the first to study both sides of empowerment in the marketing domain and empirically measure the direct psychological consequence of felt social empowerment. In doing so, we show that empowering customers via a structural process (i.e., delegating the distribution of the social coupon) results in an important psychological outcome (i.e., perceived social empowerment), which is a key contribution of our research.

In the following section, we begin by developing the theory via the empowerment literature. Next, we present our first study from the field that tests the effectiveness of social coupons by comparing the purchase amounts of consumers who share a social coupon to those who do not. We replicate this field study using a controlled experiment in Study 1b with a new population and product category. Studies 2 and 3 identify boundary conditions of the positive impact of social coupon sharing on purchase intentions. In Study 2, a quasi-field study in another product domain, we focus on the moderating role of the sharer's relationship with the brand. Using an online consumer panel, we examine another managerially relevant moderator in Study 3: the social coupon receiver's brand relationship. In this study, we also test related alternative explanations for the effects, including power and involvement. Finally, we conclude with a discussion of the theoretical and managerial implications of our work and an overview that highlights several promising avenues for future research.

Empowerment and social coupons: theory development

Empowerment as a structural process or psychological outcome

Empowerment, in general, involves having an influence over decisions (Zimmerman 2000) and is an oft-studied concept that has been tackled by a variety of domains including

political science, sociology, management, marketing, and psychology. Given the vast research, there are a variety of perspectives and definitions of empowerment, how it is enacted, and the associated results. Given our focus on the social environment, we turn to research from community and organizational psychology. This literature discusses empowerment as being either a process or an outcome (Spreitzer et al. 1997; Thomas and Velthouse 1990; Riger 1993; Speer 2000; Hur 2006; Swift and Levine 1987), structural or psychological, or involving delegation or enablement (Thomas and Velthouse 1990; Auh, Menguc, and Jung 2014). A review of relevant literature on these two common perspectives of empowerment related to the marketing domain is included in Table 1.

Insert Table 1 about here

Structural, enabling empowerment processes involve the development and implementation of mechanisms that may empower individuals. This type of structural empowerment involves a macro view, giving consumers control of marketing-related variables that are typically under the control of marketers (Wathieu et al. 2002), which has been demonstrated in a variety of domains, including online technology design, healthcare, new product development, and services. For example, firms may facilitate empowerment by offering consumers more choice in the consumption context by providing control of the choice set, offering progress cues, or adding information about the behavior of other consumers (Pires, Stanton, and Paulo 2006; Shaw, Newholm, and Dickinson 2006; Wathieu et al. 2002). In the healthcare domain, when hospitals empower patients to meet their own needs, this enhances patients' perceived control over their illness and improves patient outcomes (Gibson 1991; Ouschan, Sweeney, and Johnson 2006). Providing processes to facilitate empowerment is also

popular in the service context, where employees who are empowered deliver higher quality service (Hartline and Ferrell 1996; Martin and Bush 2006). Empowerment in the new product development domain involves giving individuals the opportunity to create and select products that a firm will produce, resulting in greater feelings of empowerment (Füller, Mühlbacher, Matzler, and Jawecki 2009), psychological ownership (Fuchs, Prandelli, and Schreier 2010; Harmeling, Moffett, Arnold, and Carlson 2016), and willingness to pay for those products (Fuchs and Schreier 2011).

Empowerment may also be defined as a psychological, enabling outcome.

Empowerment-as-an-outcome involves the affective state and subjective feeling that the individual is empowered, and involves his or her increase in ability as a result of empowerment mechanisms or processes (Wathieu et al. 2002). When an individual becomes more empowered, it is a sense or feeling, rather than an actual objective increase in power (Riger 1993).

Psychological empowerment as an outcome is centered on the micro level and the individual's internal psychological state (Auh, Menguc, and Jung 2014). Structural empowerment mechanisms may or may not result in the psychological outcome of empowerment.

Important to note in this review is that empowerment is most often examined as a structural process or cause (i.e., this action is empowering), rather than as an outcome or effect (i.e., this action resulted in feelings of empowerment). Additionally, very few studies directly measure empowerment as an outcome (see Füller et al. 2009 for a notable exception) and even fewer address both the process and outcome components of empowerment simultaneously. Research in marketing, in particular, has yet to empirically study firm-created empowerment processes and the direct psychological consequence of felt empowerment at the same time. In our research context, the social coupon is a structural, enabling process or mechanism,

implemented by the firm as it provides the customer with the empowerment to distribute the social coupon. We focus our efforts, however, on providing a more nuanced theory of empowerment as an outcome of the firm-created mechanism.

Social coupons and social empowerment

In the social coupon context, we propose that when the firm provides a social coupon to share (i.e., structural process or mechanism facilitated by the firm), the customer who shares the coupon feels a greater degree of this specific type of empowerment (i.e., psychological outcome), which we call *social empowerment*. We define social empowerment as an individual's ability to impact the experiences and outcomes of others in the social network via proactive behaviors. Social empowerment, a type of psychological empowerment, is specific to situations in which an individual is provided with a structural empowerment mechanism that can be shared with others to create social change (Zimmerman 2000). Central to our definition of social empowerment is the sense or feeling that one has an impact on others (Spreitzer 1995). Having an impact, or having the feeling of social empowerment, involves the perception that one's actions are beneficial to others (Grant and Campbell 2007). Thus, the simple provision of the empowerment mechanism (i.e., the firm providing the social coupon and delegating its distribution) does not generate empowerment in the individual. It is when the individual shares the social coupon with another, anticipating an impact, that he or she experiences social empowerment.

Our theorizing follows from research in social networking, which finds that peer interactions can enhance one's sense of empowerment (Crozier 2009). When value is shared in a social interaction, empowerment increases (Corsun and Enz 1999; Randolph 1995). Also

important to our theory is that social empowerment is a perception, not an objective truth. If one feels socially empowered and that his or her actions will have an impact, the consequence associated with those actions (i.e., redemption of the coupon by the receiver) is unnecessary. Rather, we suggest that it is the subjective experience of benefitting others that results in social empowerment (Grant and Campbell 2007).

Empowering processes, like the provision of social coupons, typically have a positive result for consumers (Goldsmith 2005; Henry 2005; Pitt, Berthon, Watson, and Zinkhan 2002), although some research has countered with negative outcomes, such as greater introspection effort (Dhar 1997; Wilson et al. 1993; Markus and Schwartz 2010). In marketing, an empowering choice context has been found to result in greater consumer satisfaction (Wathieu et al. 2002). Additionally, an empowered atmosphere, as demonstrated in research on the Nutella brand community, can facilitate a positive brand community experience (Cova and Pace 2006). Related to this, as consumers participate in empowering processes, one's perception that he or she has a greater influence on the outcome increases (Agarwal and Ramaswami 1993; Hunton 1996). Individuals also feel positive toward the facilitator of empowerment (Barki and Hartwick 1994; Hui and Bateson 1991), and a positive relationship between empowerment and purchase intentions has also been demonstrated (Brady and Cronin 2001; Fuchs and Schreier 2011; Sawhney et al. 2005). Following from this research, we propose that consumers who share a social coupon will have higher purchase amounts and greater purchase intentions than consumers who do not share a social coupon. This positive main effect of social coupon sharing on the consumer's purchase amount and intentions is mediated by the consumers' feelings of social empowerment.

- H1: The sharer's purchase amount/intentions will be greater when sharing versus not sharing a social coupon.
- H2: Social empowerment will mediate the relationship between social coupon sharing and the sharer's purchase intentions.

Social coupons and the sharer's brand relationship

When are social coupons effective? Does the consumer's relationship with the brand matter when it comes to social coupons? We propose that social coupons are particularly effective at generating enhanced purchase intentions for customers who lack an established relationship with the brand, which we operationalize as having low brand intimacy.

As in human relationships, individuals can also have relationships with brands (Fournier 1998). A key variable in the development of both human and brand relationships is brand intimacy (Fournier 1998; Miller and Lefcourt 1982). Brand intimacy involves having knowledge about the brand and the brand holding special meaning for the consumer (Fournier 1998; Thorbjørnsen, Supphellen, Nysveen, and Pedersen 2002). Brand intimacy is developed through frequent, as well as close and connected interactions, such as getting to know the customer and his or her needs on a personal level (Hoard 1997). As more information is exchanged between relationship partners, and understanding and familiarity grows, this closeness results in greater brand intimacy (Aaker, Fournier, and Brasel 2004; Altman and Taylor 1973).

As stated earlier, regardless of one's relationship with the brand, sharing a social coupon will increase feelings of social empowerment. However, we propose that the positive impact of social empowerment is particularly applicable for customers who do not yet have an established relationship with the brand. The reason for this is that social empowerment is defined by two important components: the *ability* to have an *impact* on others. As such, social empowerment is

comprised of the individual's perception of benefitting others, but also how one feels able to have that impact.

For customers who do not yet have a relationship with a brand, sharing the social coupon is an important, novel, and unique opportunity for the customer to feel the ability to help another. When the brand relationship has yet to be established, the perceived ability to impact another in the consumption context is low, and the desire for empowerment is enhanced (Brodie, Ilic, Juric, and Hollebeek 2013). The customer may ask, "How can I have an impact on others when I know nothing about the brand? I'm not able to help." When the opportunity is presented to share a social coupon, the brand fulfills this ability, and the chance to have an impact on others is enhanced. Additionally, self-perception theory suggests that when new customers share a social coupon, they will infer from their sharing behavior that the brand is worth doing business with (Bem 1972), as positive associations are built between the sharing action and the empowering party. Thus, customers without a firmly established relationship with the brand will report greater purchase intentions when they share the social coupon versus when they do not.

When the customer already has a close relationship with the brand, purchase intentions are driven by the existing relationship, rather than the act of sharing. Positive associations with the firm are already in place and the present state of the relationship is the driver of purchase intentions and the desire for social empowerment is not present (Cova and Pace 2006). We propose that when a customer who has an established relationship with the brand shares a social coupon, they will feel more socially empowered, but this feeling will not transfer to enhanced purchase intentions.

- H3: Sharing a social coupon will have a greater positive effect on the sharer's purchase intentions when the sharer's brand relationship is new versus firmly established.

Social coupons and the receiver's brand relationship

Clearly, the relationship between the sharer and the brand is important for firms who engage in social coupon campaigns. However, in the case of customers who already have a close relationship, what can the brand do to enhance the effectiveness of social coupons?

We propose that the relationship between the receiver of the social coupon and the brand is a key factor that can enhance social empowerment and purchase intentions beyond their already high level for more established customers. In the process of sharing social coupons, the sharer makes two choices: (1) whether or not to share and (2) with whom to share. The sharer may choose to share either with a receiver who has a close relationship with the brand (i.e., high receiver brand intimacy) or with a receiver who is unfamiliar with and not close to the brand (i.e., low receiver brand intimacy). In the case of a receiver who has no relationship with the brand, a social coupon is less relevant and thus makes a minimal impact. A report by customer analytics firm Precima (2015) found that 82% of customers want tailored, relevant promotions for brands that matter to them, suggesting that relevant social coupons for brands that consumers know and use have a greater potential impact. Customers want coupons from their favorite brands, rather than those they are less familiar with and not close to (Scanbuy 2015). Thus, when a social coupon is shared with a receiver without an established relationship, the sharer will feel a smaller degree of social empowerment because the ability to impact others is mitigated.

In the case of a receiver who has an established and close relationship with the brand, a social coupon is a pleasant and relevant surprise. Thus, in sharing a social coupon with a receiver who already has an established relationship with the brand, the sharer feels greater social empowerment because of higher perceived benefits to the receiver. Extending from our previous

theorizing, this increase in social empowerment transfers to greater purchase intentions. The full theoretical framework is included in Figure 1.

- H4: For sharers with an established brand relationship, social coupon sharing will have a greater positive effect on the sharer's purchase intentions when the social coupon is shared with a receiver whose brand relationship is firmly established versus new.

Insert Figure 1 about here

Study 1a

We first test whether the act of sharing a social coupon has a positive effect on purchase behavior above and beyond the redemption of a traditional or “individual” coupon. In Study 1a, we focus on comparing the actual purchase amount of consumers who redeemed an individual coupon *and* were verified to have shared a social coupon to consumers who *only* redeemed an individual coupon.

Design, stimuli, and procedure

Study 1a was conducted in cooperation with a restaurant in a highly trafficked area in a midsized town. The restaurant boasts a wide variety of soups, rice, and noodle dishes available for sit-in or take-out. Most main dishes cost \$6.95, with add-on options such as a soda (\$1.00), a take-out fee (\$0.25), extra meat (\$1.50), or dumplings (\$4.00). In this study, we distributed physical coupons to consumers in the area and measured the actual purchase amount of each consumer who redeemed the coupon. A research assistant distributed 517 social coupon pairs (or 1,034 total coupons) to members of the general population over a one-week period. Each social coupon pair contained two coupons: an individual coupon for the receiver (“One for You”) and a social coupon to distribute to a person of his or her choice (“One to Share”). Coupons were

numbered with unique codes so that we could tie the purchase amount of the sharer to redemption by the receiver and to deter parties from redeeming both the individual coupon and the social coupon meant to be shared with others. Each coupon offered \$1 off the purchase of a main dish and featured an expiration date approximately one and a half weeks from the distribution date. See Appendix B for the actual coupons used.

When a recipient redeemed the coupon, the cashier at the restaurant recorded the purchase amount on the back of the coupon. After the coupon expiration date, we collected the coupons from the restaurant and coded whether the consumer redeemed the individual coupon and shared the social coupon (“coupon sharer”) or whether the consumer redeemed only the individual coupon. We also recorded the purchase amount for consumers who received and redeemed a social coupon (“coupon receiver”).

Results

First, out of the 517 coupon pairs (or 1,034 total coupons) that were distributed, 90 coupons were redeemed (8.7%).¹ Of these redeemed coupons, 59 individual coupons were redeemed (“One for You”) and 31 social coupons were redeemed (“One to Share”). Of the 59 individual coupons that were redeemed, we wanted to determine whether these individuals also shared the social coupon. As such, we matched the unique codes associated with the individual coupons that were redeemed to the unique codes associated with the social coupons that were redeemed. We concluded that 25 consumers both personally redeemed an individual coupon and shared a social coupon that was also redeemed, whereas the remaining 34 consumers redeemed

¹The redemption rate of traditional FSI coupons is less than 1%, suggesting that social coupons may experience a higher rate of redemption (Inmar 2016).

the individual coupon but their corresponding social coupon was not redeemed. The purchase amount across groups ranged from \$6.95 to \$10.95, with a collapsed mean of \$7.43.

When comparing the purchase amount of consumers who we could confirm shared a social coupon to those who did not, we found that consumers who shared a social coupon had a significantly larger purchase amount ($M_{Share} = \$7.76$, $SD = 1.08$ vs. $M_{NoShare} = \$7.25$, $SD = .48$, $t(57) = 2.52$, $p = .015$), showing that social coupons have a positive effect on the purchase amount of the consumer that shared the coupon. The average purchase amount of social coupon receivers was \$7.36, which was not significantly different from the individual coupon only group ($p = .99$), the coupon sharer group ($p = .14$), or the grand mean ($p = .37$). We also tracked whether the individual coupon and the social coupon were redeemed simultaneously and found that only four sets of consumers redeemed the coupons together. When removing these pairs, the results held ($M_{Share} = \$7.76$ vs. $M_{NoShare} = \$7.25$, $t(53) = 2.39$, $p = .020$), ruling out the notion that co-redemption is required for the positive effect of sharing a social coupon to occur.

Discussion

This initial study finds that social coupons increase the purchase amount of the social coupon sharer, such that sharing a social coupon with another consumer increased the amount the sharer purchased over consumers who only redeemed an individual coupon, but did not share a social coupon. Given the field setting, this study was subject to some limitations. First, redemption of the social coupon by the receiver was a proxy for measuring sharing behavior, so we consider this study to be a conservative test of H1. However, there are two additional types of consumers that we could not directly observe via this study: (1) the consumer who shares a social coupon but does not personally redeem the individual coupon and (2) the consumer who shares a

social coupon that is not later redeemed. Additionally, while we incorporated unique codes to prevent redemption of both the individual and social coupon, we could not directly control whether a recipient redeemed both coupons on separate occasions.

To address these situations that we could not control in the field study, we next conducted a follow-up study as a controlled experiment with the same research design and outcome variable. We manipulated rather than measured sharing to more cleanly test the impact of sharing a social coupon on purchase behavior. We removed the sharer's personal redemption as a contingency to show that the act of sharing alone, rather than sharing and personal redemption, is what is required for the firm to experience the positive effect of social coupon sharing. We also extended from the restaurant context to an online retail shopping context to increase generalizability.

Study 1b

Design, stimuli, and procedure

Study 1b adopted a one-factor design with Social Coupon Sharing (Yes vs. No) as the manipulated between-subjects factor. The study was administered via Amazon Mechanical Turk. A total of 110 U.S. adults (age range = 20-70, $M_{Age} = 38.28$, 46.8% male) completed the survey in exchange for a small payment. One participant was removed from the dataset after reporting having difficulty understanding the survey, leaving 109 participants in the following analysis. A four-page scenario was described to participants. On the first page, participants were told that they recently purchased a t-shirt from a company called MeTees, a firm that sells custom and pre-designed t-shirts and hoodies. On the second page, participants were told that they received an email from MeTees that included two coupons—one for you and one to share. The coupon

was displayed along with the stimuli to increase realism. Each coupon included a promo code for \$10 off a purchase of \$25 or more: TEN4ME (individual coupon) and TEN2SHARE (social coupon). We used a hypothetical firm to control for any prior perceptions; however, participants were under the impression that MeTees was a real company.

The manipulation of social coupon sharing was executed on the third and fourth pages of the stimuli. In the *Share condition*, participants were told that they considered MeTees' request to share the coupon and were asked to brainstorm two to three reasons why they would share the social coupon. On the fourth page, they were told that they decided to share the coupon and were asked to enter the shareable code (TEN2SHARE) to indicate their sharing behavior. In the *No Share condition*, participants were told that they considered the request but were asked to brainstorm two to three reasons why they would not share the social coupon. On the fourth page, they were told that they decided not to share the coupon. A qualitative summary of reasons for sharing or not sharing is included in Appendix C.

Participants then provided a rating of their anticipated purchase amount by moving a slider between \$0 and \$100 (i.e., "The next time you shop at MeTees, what amount [in dollars] would you plan to spend?"). Next, they rated their purchase intentions toward MeTees (adapted from Taylor and Baker 1994, 3 items, $\alpha = .94$, e.g., "The next time I need to make a purchase, I will choose MeTees"; 1 = Strongly Disagree, 7 = Strongly Agree). All items are listed in Appendix D. Finally, participants reported whether they shared or did not share the coupon, which served as a manipulation check.

Results

Manipulation check A chi-square test of difference revealed that 98% of participants reported the correct condition when asked whether they shared the social coupon or not ($\chi^2(1) = 101.13, p < .001$).

Anticipated purchase amount An independent samples t-test revealed a significant difference between the groups on the amount they would expect to spend on their next MeTees purchase. Participants who shared the social coupon reported an anticipated spend of \$31.82, while participants who did not share the coupon reported an anticipated spend of \$26.79 ($t(107) = -2.06, p = .042$).

Purchase intentions An independent samples t-test revealed a significant difference between the groups on purchase intentions, following the pattern above, such that participants who shared the social coupon had more positive purchase intentions than those who did not ($M_{Share} = 4.09$ vs. $M_{NoShare} = 4.80, t(107) = -3.10, p = .002$).

Reasons for sharing vs. not sharing While asking why people share or do not share social coupons is not the focus of our research but rather served to enhance the manipulation, the qualitative responses to this question provided some interesting insights, as well as some initial evidence for our underlying theory. First, responses could be divided into four primary groups: brand-related (e.g., “introduce [others] to the company”), social-related (e.g., “help friends save”), self-related (e.g., “it is nice to feel generous”), and offer-related (e.g., “it is a very good deal”). Second, given the interpersonal context, social-related reasons for sharing or not sharing dominated the qualitative responses, while brand- and offer-related reasons were less common.

Relevant to our theory is that many of the responses in the *Share condition* referred to anticipating an impact on others, indicating that when people think about sharing, thoughts of benefitting others become salient.

Discussion

Study 1b shows that sharing a social coupon has a positive impact on consumers' anticipated purchase amount and purchase intentions, providing additional support for H1. Also, by controlling for the sharer's personal redemption of the TEN4ME coupon, we provide a more nuanced understanding of social coupons as a strategy, showing that the act of sharing is what impacts purchase behavior. Thus, redemption and additional actions by the sharer beyond sharing itself are unnecessary, simplifying the process for the brand.

Collectively, Studies 1a and 1b show, across two product categories and two participant populations, that social coupons enhance the consumer–brand relationship when sharing occurs. In Study 2, we move beyond the main effect of social coupon sharing and explore whether the nature of the sharer's relationship with the brand moderates the success of social coupon sharing by conducting a multi-stage field experiment (H3). Additionally, we begin to unearth the psychological mechanism underlying the positive effect of sharing and provide an initial test of the full mediation model (H2) in an effort to answer the question: if social coupons are successful, why is this the case?

Study 2

Design, stimuli, and procedure

Study 2 adopted a 2 Social Coupon Sharing (Yes vs. No) x Sharer's Brand Relationship (Continuous Variable) analysis, with Social Coupon Sharing as a measured between-subjects factor and the Sharer's Brand Relationship as a measured continuous variable. We conducted this quasi-field study in cooperation with a local coffee shop and conducted pre/post surveys in concert with the coupon distribution. Two hundred and fifty-nine participants completed both parts of the study and were recruited from the subject pool of a large university, receiving course credit for their participation. Participants were required to attend two sessions to receive full credit, thus allowing us to implement a pre-/post-test design.

To begin the study (Time 1), we told participants that we were conducting a survey on behalf of the local coffee shop. The coffee shop offers specialty and drip coffee, as well as pastries, bagels, yogurt, and other breakfast and snack foods. Participants answered questions about their current purchase intentions toward the coffee shop, similar to the measures used in Study 1b. Then, participants answered questions about their relationship to the coffee shop. To measure the nature of the customer's relationship to the firm, we adapted four items from Fournier's (1998) brand intimacy scale ($\alpha = .82$, e.g., "I have become very knowledgeable about the coffee shop"). After completing the measures, participants were told that the coffee shop provided coupons for participants of the survey. The coupon pair included two coupons: one for the participant (individual coupon) and one to share (social coupon). Each coupon included 50 cents off a drip or specialty coffee. We also asked participants to input a unique code into the survey that was printed on the back of their coupon so that we could track sharing and redemption behaviors, as well as discourage the use of multiple coupons by simulating the idea that we were tracking individual behavior. The coupon design is included in Appendix B.

Participants returned to complete a follow-up study (Time 2) within six weeks of the Time 1 survey and following the coupon redemption period, which lasted three weeks.² First, participants were asked whether they shared the social coupon (30.5% of the total participants) and whether they redeemed the individual coupon (12.4% of the total participants). We validated the self-report data with the actual collected coupon data. If the participant redeemed the coupon, we also asked the participant to report the amount spent. Then, participants rated their purchase intentions toward the coffee shop similar to the items used in Study 1b ($\alpha = .95$), as well as feelings of social empowerment (adapted item from the impact dimension of Spreitzer's [1995] empowerment scale, "I have an impact on other customers' shopping experiences"; 1 = Strongly Disagree, 7 = Strongly Agree). A list of all items used is included in Appendix D. Finally, we asked participants who they shared the coupon with (57.7% friend, 21.1% classmate, 5.6% stranger, 15.5% other).

Results

Purchase amount Regression analysis using Social Coupon Sharing as a between-subjects factor and Sharer's Brand Relationship as a continuous variable revealed a main effect of social coupons on the purchase amount ($\beta = -.979$, $t = -2.13$, $p = .043$), further confirming the results of Study 1a and 1b. Consumers who shared the social coupon spent more at the coffee shop than consumers who did not share the coupon ($M_{Share} = \$3.47$ vs. $M_{NoShare} = \$2.59$). The lack of a Social Coupon Sharing x Brand Relationship interaction effect is likely due to our small sample size of consumers who redeemed the coupon ($N_{Share} = 17$ vs. $N_{NoShare} = 12$).

² Following the redemption period, 35% returned during the first week, 38% returned during the second week, and 27% returned during the third week. Also, we included a multi-select question for participants to indicate why they did not share the social coupon. Responses from most to least common were: "I forgot" (n=102), "I wasn't sure who to share with" (n=45), and "I didn't have enough time" (n=21).

Purchase intentions. A significant two-way interaction (Social Coupon Sharing x Sharer's Brand Relationship) emerged for the measure of purchase intentions ($\beta = .33, t = 2.35, p = .020, R^2 = .28$; see Figure 2), supporting H3. We also found a main effect of social coupon sharing on purchase intentions ($\beta = -1.20, t = -2.91, p = .004$), further supporting H1. Next, to parse apart the significant interaction, we plotted the graphs at one standard deviation above ($M = 4.05$) and below ($M = 1.11$) the mean for the nature of the customer relationship. We found that participants who shared the social coupon and were new customers (i.e., at -1 standard deviation below the mean for brand intimacy) reported greater purchase intentions when they shared the social coupon versus when they did not ($M_{Share} = 4.13$ vs. $M_{NoShare} = 3.29, \beta = -.84, t = -7.95, p < .001$). However, we found no difference in purchase intentions for participants who had an established relationship with the coffee shop (i.e., at +1 standard deviation above the mean) whether they shared the social coupon or not ($M_{Share} = 4.09$ vs. $M_{NoShare} = 4.21, \beta = -.012, t < 1$). In addition to our previous theorizing, this finding may be due to a ceiling effect for more established customers whose purchase intentions are already high.

Insert Figure 2 about here

Social empowerment Regression analysis revealed a significant two-way interaction (Social Coupon Sharing x Sharer's Brand Relationship, $\beta = .31, t = 2.06, p = .041, R^2 = .11$) as well as a main effect of social coupon sharing on feelings of social empowerment ($\beta = -1.61, t = -3.61, p < .001, R^2 = .24$). Patterns followed purchase intentions. As expected, consumers who shared the social coupon were more likely to feel socially empowered than consumers who did not share the coupon ($M_{Share} = 4.59$ vs. $M_{NoShare} = 3.77$). Additionally, customers without a brand

relationship experienced greater social empowerment when they shared than when they did not ($M_{Share} = 4.71$ vs. $M_{NoShare} = 3.51$, $\beta = -.80$, $t = -2.69$, $p < .001$), but this effect was mitigated for customers with an established relationship ($M_{Share} = 4.47$ vs. $M_{NoShare} = 4.12$, $\beta = .13$, $t = .46$, $p = .64$).

Next, we tested the moderated mediation model with sharer's brand relationship as the moderator, social empowerment as the mediator, social coupon sharing as the predictor, and purchase intentions as the outcome using the PROCESS macro (Hayes 2012; Model 8 for moderated mediation) for SPSS and 10,000 bootstrapped samples. We predicted that the mediation would be significant (i.e., the 95% confidence interval would not include zero) for participants who were new to the brand, but not for participants who already had an established relationship (i.e., the 95% confidence interval would include zero). For new customers, we found the indirect effect of social coupon sharing on purchase intentions to be significant through feelings of social empowerment ($a \times b = -.80$, 95% CI: $-.139, -.22$). However, when the customer relationship was established, we found no significant indirect effect of sharing on purchase intentions through feelings of social empowerment ($a \times b = .13$, 95% CI: $-.42, .68$).

Redemption behavior As stated earlier, we suggest that redemption is independent of the positive effects of social coupon sharing on purchase intentions. As one may expect, participants who redeemed the individual coupon were more likely to report greater purchase intentions ($F(1,238) = 9.16$, $p < .01$). However, we found no main effect of redemption on the participants' feelings of social empowerment ($F < 1$). Redemption did not interact with social coupon sharing on purchase intentions or social empowerment, suggesting that social coupons boost purchase

intentions via social empowerment regardless of whether the coupon sharer redeemed the individual coupon or not.

Discussion

Study 2 finds that the customer's relationship with the brand has an impact on social coupon sharing and purchase intentions, such that sharing a social coupon drives purchase intentions to a greater degree for new customers. For a customer who already has an established relationship, we show that social coupon sharing does not increase purchase intentions significantly when comparing customers who share the social coupon to those who do not share the coupon. This has important managerial implications suggesting that, contrary to what has normally been done in practice, firms should focus more on low brand intimacy customers when implementing social coupon campaigns.

In the case of customers who already have a close relationship, what can the brand do to enhance the effectiveness of social coupons? In Study 3, we tested how the nature of the receiver's brand relationship moderates the positive effect of social coupons sharing (H4). We also returned to manipulating sharing behavior in a controlled setting in an effort to provide additional support for our theoretical argument around social empowerment and the associated mediation test. The controlled setting allowed us to test a number of alternative psychological explanations for the positive effect of sharing, which we rule out one-by-one in the next study.

Study 3

Design, stimuli, and procedure

Study 3 adopted a 2 Social Coupon Sharing (Yes vs. No) x Receiver's Brand Relationship (None vs. Established) analysis, with both factors appearing randomly between-subjects. Two hundred U.S. participants (age range = 18-65, $M_{Age} = 38.38$, 50.5% male) were recruited from the online panel Qualtrics and were provided an incentive equivalent to \$5.

The study focused on the sharer and a brand that he or she had a close, intimate, or established relationship with. The study scenario was described in four pages. On the first page, participants were asked to list up to three clothing/apparel brands. Then, they were instructed, "Out of the brands you listed above, list the one that you are the most familiar with, have the closest relationship with, or have the most meaningful connection with." On the next page, participants were told to imagine that they received a set of coupons from the brand they entered on the first page (the text they entered was piped into the text of the survey). They were told the coupon set included 40% off a purchase of \$50 or more for you, and 40% off a purchase of \$50 or more for you to share (code 40TOSHARE).

The manipulation of receiver's brand relationship was executed on the third page. In the *No Receiver Brand Relationship condition*, participants were told, in the message from the store, "you notice that it specifically encouraged you to share with someone you know who has never visited [brand] before. The person should not be familiar with [brand], feel close to [brand], or have a connected or meaningful relationship with [brand]." In the *Established Receiver Brand Relationship condition*, participants were told, in the message from the store, "you notice that it specifically encouraged you to share with someone you know who visits [brand] often. The person should be familiar with [brand], feel close to [brand], or have a connected or meaningful relationship with [brand]."

The manipulation of social coupon sharing was executed on the fourth page. In the *No Share condition*, participants were told that they did not share the coupon. In the *Share condition*, participants were told that they shared the coupon and were asked to type the shareable code to indicate their sharing behavior, similar to the procedure used in Study 1b.

After participants read about the scenario, they reported their purchase intentions ($\alpha = .95$), as they did in Study 1b and Study 2. We expanded our measurement of social empowerment by including six measures of prosocial impact ($\alpha = .98$) to capture a more general sense of one's feeling of having an impact on others (Aknin, Dunn, Whillans, Grant, and Norton 2013; Grant 2008) in an effort to extend the generalizability of the social empowerment construct beyond the context of social coupons. Prior to conducting the full study, we pretested the social empowerment items (Amazon Mechanical Turk, $N = 318$, 18-79, $M_{Age} = 36.52$, 39.6% male) and found that the items demonstrated strong internal consistency with a Cronbach's alpha of 0.98.

Given that we had more control in this study versus prior studies conducted in the field, we tested a number of alternative constructs—power, exclusivity, involvement, and affect—to rule each of them out as psychological mechanisms that could potentially explain why we see the positive impact of social coupon sharing on purchase intentions. First, power and empowerment are often intertwined, so we wanted to show that social coupon sharing evokes positive feelings of social impact, rather than feelings of one having “power over” another (Galinsky, Magee, Inesi, and Gruenfeld 2006; Polman and Emich 2011). Empowerment involves “power to” individuals (Thomas and Velthouse 1990) and is enabling, rather than disabling (Conger and Kanungo 1988). Additionally, because measuring self-reported measures of power can have issues with social desirability, we also included six items from the Marlowe-Crowne Social Desirability (MCSD) scale (Crowne and Marlowe 1960) and had an ad hoc plan to test the

correlation between the power measures and the MCSD scale (i.e., a high correlation would suggest that the measures were not socially desirable and would provide less confidence). Second, we wanted to ensure that customers who shared a social coupon felt no more “in the know” or that they were privileged to an exclusive or scarce deal (Barone and Roy 2010). Third, we wanted to rule out the idea that situational involvement, or one’s perception of relevance or interest toward an object (Zaichkowsky 1985) influenced the degree to which sharing a social coupon increased purchase intentions. Finally, we wanted to clarify whether positive affect alone could explain the effect of social coupon sharing on purchase intentions, so we measured affect both at the beginning and the end of the study. A full list of the items is included in Appendix D.

Finally, as manipulation checks, participants reported whether they shared or did not share the coupon and whether they shared with a person who did not yet have a relationship with the brand they identified, or whether this person had an established relationship with the brand. Lastly, in addition to the dichotomous receiver brand relationship choice, we included three items ($\alpha = .86$) adapted from Fournier’s (1998) brand intimacy scale used in Study 2 (i.e., “The brand asked you to share with a person who is comfortable describing [brand] to someone who is not familiar with it”), as continuous measures of the participant’s perception of the receiver’s brand relationship.

Results

Manipulation checks A chi-square test of difference revealed that 79% of participants reported the correct condition when asked whether they shared the social coupon or not ($\chi^2(1) = 76.92, p < .001$), and 80% correctly reported whether they shared with a new or established receiver ($\chi^2(1) = 74.71, p < .001$). We also found a significant difference between the no receiver

relationship group and the established receiver relationship group on the receiver brand intimacy index ($t(198) = -6.97, p < .001, M_{None} = 3.74$ vs. $M_{Established} = 5.30$).

Purchase intentions A significant two-way interaction (Social Coupon Sharing x Receiver's Brand Relationship) was revealed on purchase intentions ($F(1,196) = 4.17, p = .043$, see Figure 3), supporting H4. Following the significant omnibus test, we conducted planned contrasts between the Sharing conditions and within the Established Relationship condition, with the prediction that purchase intentions would be greater for participants who shared with a receiver who had an established brand relationship. Contrast results supported our predictions. First, we found that, within the established receiver relationship condition, participants who shared the social coupon reported greater purchase intentions when they shared the social coupon versus when they did not share ($M_{Share} = 6.15$ vs. $M_{NoShare} = 5.57, F(1,196) = 6.24, p = .013$). More importantly, participants who shared the social coupon with a receiver who had an established relationship with the brand reported greater purchase intentions than those who shared with a receiver who did not yet have a relationship with the brand ($M_{None} = 5.63$ vs. $M_{Established} = 5.30, F(1,196) = 4.67, p = .032$).

Insert Figure 3 about here

Social empowerment A significant two-way interaction (Social Coupon Sharing x Receiver's Brand Relationship) was revealed on feelings of social empowerment ($F(1,196) = 4.69, p = .032$), as well as a significant main effect of sharing ($F(1,196) = 13.09, p < .001, M_{Share} = 5.39$ vs. $M_{NoShare} = 4.68$). Patterns followed purchase intentions. Planned contrasts aligned with our hypothesis, as participants who shared the social coupon with a receiver who had an established

relationship with the brand felt more social empowerment than those who shared with a receiver who did not yet have a relationship with the brand ($M_{None} = 5.02$ vs. $M_{Established} = 5.77$, $F(1,196) = 16.50$, $p < .001$). Moderated mediation analysis using the same process as in Study 2 confirmed that the indirect effect of social coupon sharing on purchase intentions is significant through social empowerment for established relationship receivers ($a \times b = .30$, 95% CI: .13, .55), but not for receivers without a brand relationship ($a \times b = .076$, 95% CI: -.074, .27).

Alternative explanations Finally, we tested whether power, exclusivity, involvement, and affect could serve as alternative psychological constructs that underlie the relationship between social coupon sharing and purchase intentions. We found no significant main effects or interactions (see Table 2) on any of these alternative measures, resulting in null mediation effects, thus providing further support for social empowerment as an important psychological explanation for the impact of social coupon sharing on purchase intentions. Additionally, the correlation between the power measures and the Marlowe-Crowne Social Desirability scale was .27, suggesting that the power measures did not have significant social desirability issues.

Insert Table 2 about here

Discussion

Study 3 identifies another managerially relevant boundary condition for the effect of social coupon sharing on purchase intentions—the receiver’s brand relationship. We show that firms can have success in launching social coupon campaigns with their established customers when they encourage these customers to share with receivers who also have an established relationship. By providing a relevant offer, the sharer experiences greater feelings of social

empowerment as a result of their anticipated impact on others. This finding further clarifies our theory of social empowerment, highlighting the importance of the subjective feeling of impacting others in absence of any action on the receiver side. We also provide further empirical evidence for social empowerment as an important intermediate and mediating outcome of social coupon sharing, and rule out a number of alternative psychological explanations.

General discussion

This research explores the phenomenon of social coupon sharing as a marketing strategy to generate social empowerment. By leveraging customers' social networks, social coupons allow the firm to acquire new customers. More importantly, though, we show that the social empowerment produced by social coupons is a supplementary benefit of this particular type of brand recommendation. We contribute new knowledge by showing that providing customers with the empowerment to distribute coupons to their peers is a marketing strategy that can enhance consumers' feelings of having an impact on others' shopping experiences, which has positive outcomes for the firm.

Across four studies, we show that a firm's customer who shares a social coupon has greater purchase intentions and purchases more than customers who do not share. Using actual purchase data, Study 1a demonstrates this basic outcome in a field study with a restaurant. We replicated this field study using a controlled laboratory experiment in Study 1b with a new population and product category. By manipulating sharing directly, we also show in Study 1b that the act of sharing is what impacts the purchase behavior, not the redemption actions by the sharer or the receiver. Studies 2 and 3 further examine the structural process and psychological outcome of social empowerment by demonstrating that feelings of social empowerment mediate

the relationship between social coupon sharing and purchase intentions, providing support for social empowerment as a new and previously ignored motivation for providing a brand recommendation. Study 2 explores an important managerial factor—sharer’s brand relationship—and how it moderates the impact of social coupon sharing on purchase intentions in a multi-stage quasi-field study with a coffee shop. Our findings suggest that social coupons are particularly effective in driving purchase intentions for new customers. Study 3 shows that, for those sharers who have established relationship with the brand, a receiver’s brand relationship also matters, such that sharing with an established customer receiver can enhance social empowerment and purchase intentions.

Theoretical contributions

From a theoretical perspective, the results of this research contribute to the marketing literature on the social context of promotions. To date, research related to the interaction between coupons and the social context has focused primarily on factors that impact consumer coupon redemption behavior such as low value coupons and stigmatization (e.g., Argo and Main 2008; Ashworth, Darke, and Schaller 2005). Instead, we explore how two common marketing phenomena—sales promotions and sharing—interact to enhance consumer purchase intentions and behavior. We introduce the construct of social empowerment and shed new light on the role that it can have in the context of coupons and sales promotions, and most importantly, as a new motivation for consumer brand recommendations. We demonstrate that the firm–customer focus on empowerment that has dominated the marketing literature on firm empowerment strategies cannot explain the positive effect of social coupon sharing on purchase-related outcomes. Rather, social empowerment, which incorporates the firm, the customer, and the social environment, is

an important and distinct product of social coupon sharing. More generally, we contribute to the literature on social influence by showing that consumers' social networks are important tools that can be leveraged without the need for the firm to invest in monetary incentives. Our findings in the context of promotions and coupons complement recent research by Toker-Yildiz and colleagues (2016) in the context of online wellness programs, who show that social influence is more motivating than monetary rewards.

At the same time, this research makes a novel theoretical contribution to the psychology and sociology literatures on empowerment by simultaneously studying the structural process and psychological outcome of empowerment. Theoretically, our paper shows that social coupons—a firm-created empowering process or mechanism—can facilitate feelings of social empowerment—a psychological outcome—when they are shared by customers. By clarifying the difference between empowerment as a process (i.e., cause) and empowerment as an outcome (i.e., effect) and disentangling these two treatments of the empowerment construct, our paper is one of the first to study both and measure empowerment as a psychological outcome. Our studies also demonstrate that both the provision of the empowerment mechanism by the firm and the individual's social sharing behavior are necessary to generate feelings of social empowerment in the individual. It is the feeling of having an impact on others, not redemption behavior or other empowerment-related constructs such as power and control, that stimulates an increase in purchase intentions and purchase amounts for the sharer. In doing so, we demonstrate the importance of empowerment as both as process and an outcome and unravel this complex, widely studied construct.

To examine when social coupons are most effective, we also connect our exploration of social coupons to the literature on relationship marketing and the consumer–brand relationship

(Morgan and Hunt 1994; Fournier 1998). We contribute to the literature on relationship marketing by identifying two consumer–brand relationship variables that moderate the positive effect of social coupons. We first show that new customers have a desire for social empowerment and providing them opportunities to share social coupons are one way to deliver on this desire. We further demonstrate that the sharer’s felt social empowerment is greater when the receiver of the social coupon has a close relationship with the firm. Theoretically, we are the first, to our knowledge, to examine the impact of the brand relationship on consumers’ reactions to firm strategies that evoke customer empowerment.

We offer evidence that consumers can create value by providing their fellow customers with social coupons and by distributing promotions on behalf of the firm. Much of the research on value co-creation and consumer empowerment in marketing focuses on ways to increase the consumers’ feeling that they have control over a decision outcome (Fuchs et al. 2010; Sunstein and Thaler 2008). Virtually no research has considered how customers can be empowered in a more social way as they share promotions with their fellow consumers. Clearly, consumers are able to provide ideas, innovations, and even service and support to their peers (Franke and Shah 2003; Mathwick, Wiertz, and De Ruyter 2008). We show that social coupons are a way to create value for the firm as customers become actively involved in distributing promotions to others.

Managerial implications

From a managerial perspective, this research provides an important delineation between social coupon campaigns—a brand-initiated promotional tactic where the sharer receives no direct incentive for the brand recommendation and is not contingent upon redemption by the receiver—and other related brand recommendation strategies. We suggest that because social

coupons provide positive benefits to the coupon sharer, the social coupon receiver, and the firm, they are a beneficial strategic practice for firms to engage in. Social coupons allow firms to acquire new customers without the need to invest in monetary incentives, while the customer connects with others and feels empowered, without the potential backlash or betrayal emotions found in other studies of targeted promotions (Feinberg, Krishna, and Zhang 2002). The act of sharing a social coupon with another consumer provides benefits to the coupon sharer beyond the face value of the coupon. Feelings of social empowerment coexist alongside key firm outcomes, and are independent of the redemption behavior of the coupon receiver as well as personal redemption of an individual coupon. Therefore, the simple act of sharing a social coupon generates greater purchase amounts and purchase intentions. However, we must clarify that the firm simply providing a coupon to share is insufficient. The customer must take action to share the social coupon for the firm to experience the positive outcomes. As such, it would be advantageous for firms to more strongly encourage coupon sharing by devoting more messaging to this call-to-action on the coupon itself or even establishing promotional campaigns that encourage sharing.

Additionally, while the firm can certainly measure coupon redemption behavior, we suggest that it is valuable to consider the benefits felt by the coupon sharer and perhaps include measures of feelings of social empowerment in customer experience surveys. Because feelings of social empowerment are critical to driving positive consumer behaviors in the social coupon context, firms could also benefit from using coupon messaging or post-distribution communications to highlight the important role that the consumer played in impacting the shopping experience of others.

We also propose that managers should consider the customer's relationship with the firm as they implement social coupon campaigns. Although purchase intentions are consistent for established customers regardless of whether they share the social coupon or not, we find that social coupon campaigns are particularly successful in driving purchase intentions for sharers who are new customers. Managerially, this is a critical factor to consider, since it is a common practice for marketers to mine their CRM system for targeted promotions and differentiate promotions based on the nature of the customer relationship (Fournier and Avery 2012; Shani and Chalasani 1992). Although current social coupon campaigns (e.g., Friends and Family discount) are often targeted to frequent shoppers, our research finds that this may not be the most effective strategy. Rather, focusing on new customers through acquisition rather than retention campaigns is where the firm can see the greatest influence of social coupon sharing, echoing work by Kumar and Rajan (2012) on coupon strategies like Groupon and LivingSocial.

In addition to sharer's relationship with the brand, we show that the nature of the social coupon receiver's relationship with the brand moderates the positive effect of social coupon sharing by loyal consumers. As a consequence, firms would likely benefit from loyal consumers sharing social coupons with each other. This can be accomplished by facilitating coupon sharing via social networks such as consumer forums and blogs where consumers who self-identified as having a close relationship with the brand are more likely to gather. Firms can also strategically design the messages on the coupon itself to explicitly suggest the potential receiver.

Limitations and future research

Although our research yields a number of valuable insights, it is also subject to certain limitations. Actual social coupon sharing behavior cannot be observed perfectly or measured in

reality. The only way to observe the outcomes of social coupon sharing behavior in the field is through self-report data, which has its shortcomings, or through coupon redemption, a more precise but understated figure. In fact, our data in Study 1a and Study 2 is likely a subset of the true positive outcome of social coupon sharing, as it cannot account for those who share a social coupon but do not themselves redeem. Future research could consider how to better observe and track the outcomes of sharing behavior.

Our research focuses on the impact of sharing a social coupon on the coupon sharer, but not the receiver of the social coupon. Future research could investigate the possible benefits felt by the consumer who receives the social coupon and how they manifest differently in comparison to receiving a coupon from a firm. Given research on the stigmatization of coupons (Argo and Main 2008), could the receiver feel that they are perceived as cheap?

Another question relates to the motivations of the coupon sharer or the reasons one decides to share or not. The qualitative responses in Study 1b provide some insights into brand-, self-, social-, and offer-related reasons for why consumers choose to share or not share a social coupon, but additional theoretical and empirical research to explore antecedents to social coupon sharing would be valuable. For example, data in Study 2 suggest that established customers are no more likely to share the coupon than new customers, but their purchase intentions vary as previously discussed. Exploring whether loyal consumers follow the same pattern, as well as other variables that would make consumers more or less likely to share a social coupon, such as the nature of the product (e.g., hedonic vs. utilitarian) or the framing of the coupon language (e.g., emphasizing self vs. social benefits), would be a valuable effort.

In our studies, we show that feelings of social empowerment are robust and can extend for a long duration. Due to the multi-stage nature of our field experiment, some participants in

Study 2 returned up to six weeks after receiving the social coupon. Still, we see strong support that social coupons encourage consumers to feel socially empowered. Future research into how long social coupons increase social empowerment, purchase intentions, and the purchase amounts of both the sharer and the receiver would be beneficial to further understanding the effect. For example, does social coupon sharing increase the consumers' basket size or purchase quantity for the coupon sharer immediately after distributing the coupon, or is the positive effect more long-term?

Finally, our research on social empowerment has implications for future research on coupons and sales promotions in general, not simply social coupons. Because our intention was to provide insights to marketers that may implement such tactics, we focused our research on firm-endorsed social coupons that explicitly encourage sharing with others, rather than traditional coupons that consumers may otherwise share without the firm's involvement. But, based on our results, distributing an individual (traditional) coupon without a firm directive to distribute should still generate social empowerment, due to the interaction between consumers. Our research would suggest that firms would benefit then from encouraging self-driven distribution of individual, non-social coupons, particularly if the consumer does not have a chance to use the coupon him/herself, yet more empirical work is needed in this area.


Appendix A

Social coupon examples from marketing practice

FOR YOU

25% OFF

YOUR FULL-PRICE PURCHASE IN STORES OR YOUR \$100 MINIMUM FULL-PRICE PURCHASE ONLINE WHEN YOU USE YOUR LOVE LOFT CARD*



20000001388

25% OFF WITH LOVE LOFT CARD

VALID IN STORES AND ONLINE
MONDAY, FEBRUARY 3, THROUGH SUNDAY, MARCH 2, 2014
 TO REDEEM THIS OFFER ONLINE, ENTER CODE **DRESSCODE1** AT CHECKOUT

*SUBJECT TO CREDIT APPROVAL. Offer valid from February 3, 2014 through March 2, 2014. Offer may be used only once. Offer may not be combined with any other offers. To receive 25% discount on full-price merchandise in store, offer must be presented at time of purchase and you must pay with a LOVE LOFT Card or Ann Taylor Card. To receive 25% discount on full-price merchandise online, a \$100 minimum full-price purchase is required and you must pay with a LOVE LOFT Card or Ann Taylor Card. Offer may not be applied towards Lou & Grey merchandise. Taxes, shipping and handling fees, purchases of gift cards, charges for gift boxes and payment of a LOFT or Ann Taylor account are excluded from the discount and do not count towards the qualifying amount. Not valid at Ann Taylor, Ann Taylor Factory Store, LOFT Outlet or outlet.com. Not valid outside of the United States and Puerto Rico. Reproductions of offer are not valid. No adjustments to prior purchases. Not valid for cash.

The LOVE LOFT MasterCard® is issued by Community Bank pursuant to a license from MasterCard International Incorporated. MasterCard is a registered trademark of MasterCard International Incorporated.


The LOFT Live Rewards program is provided by ANH INC. and its terms may change at any time.

IT'S EASY TO GET LOFT Live Rewards when you use your LOVE LOFT Card.

FOR YOUR CO-WORKER

20% OFF

YOUR FULL-PRICE PURCHASE IN STORES OR YOUR \$100 MINIMUM FULL-PRICE PURCHASE ONLINE*



20000001378

20% OFF

VALID IN STORES AND ONLINE
MONDAY, FEBRUARY 3, THROUGH SUNDAY, MARCH 2, 2014
 TO REDEEM THIS OFFER ONLINE, ENTER CODE **DRESSCODE2** AT CHECKOUT


*SUBJECT TO CREDIT APPROVAL. Offer valid from February 3, 2014 through March 2, 2014. Offer may be used only once. Offer may not be combined with any other offers. To receive 20% discount on full-price merchandise in store, offer must be presented at time of purchase. To receive 20% discount on full-price merchandise online, a \$100 minimum full-price purchase is required. Offer may not be applied towards Lou & Grey merchandise. Taxes, shipping and handling fees, purchases of gift cards, charges for gift boxes and payment of a LOFT or Ann Taylor account are excluded from the discount and do not count towards the qualifying amount. Not valid at Ann Taylor, Ann Taylor Factory Store, LOFT Outlet or outlet.com. Not valid outside of the United States and Puerto Rico. Reproductions of offer are not valid. No adjustments to prior purchases. Not valid for cash.

NOT YET A LOVE LOFT CARDMEMBER? SEE AN ASSOCIATE FOR DETAILS ON HOW TO RECEIVE AN ADDITIONAL 15% OFF WHEN APPROVED!

FOR YOUR BOSS

20% OFF

YOUR FULL-PRICE PURCHASE IN STORES OR YOUR \$100 MINIMUM FULL-PRICE PURCHASE ONLINE*



20000001379

20% OFF

VALID IN STORES AND ONLINE
MONDAY, FEBRUARY 3, THROUGH SUNDAY, MARCH 2, 2014
 TO REDEEM THIS OFFER ONLINE, ENTER CODE **DRESSCODE3** AT CHECKOUT

*SUBJECT TO CREDIT APPROVAL. Offer valid from February 3, 2014 through March 2, 2014. Offer may be used only once. Offer may not be combined with any other offers. To receive 20% discount on full-price merchandise in store, offer must be presented at time of purchase. To receive 20% discount on full-price merchandise online, a \$100 minimum full-price purchase is required. Offer may not be applied towards Lou & Grey merchandise. Taxes, shipping and handling fees, purchases of gift cards, charges for gift boxes and payment of a LOFT or Ann Taylor account are excluded from the discount and do not count towards the qualifying amount. Not valid at Ann Taylor, Ann Taylor Factory Store, LOFT Outlet or outlet.com. Not valid outside of the United States and Puerto Rico. Reproductions of offer are not valid. No adjustments to prior purchases. Not valid for cash.

NOT YET A LOVE LOFT CARDMEMBER? SEE AN ASSOCIATE FOR DETAILS ON HOW TO RECEIVE AN ADDITIONAL 15% OFF WHEN APPROVED!

THE CHILDREN'S PLACE

savings pass for you!

NOW THROUGH JULY 7, 2014

20% OFF

valid in retail stores and online at childrensplace.com

every purchase*



Y24703

*Valid now through July 7, 2014 in U.S. and Puerto Rico retail stores, and online at childrensplace.com only. Not valid in Canada stores, U.S. and Puerto Rico outlet locations or online at childrensplace.com when shipping to Canada. During the redemption period, in-store coupon may be used toward multiple purchases; online web code is valid for only three redemptions. Discount will be applied before taxes at shipping fees. Limit one coupon per transaction. Cannot be combined with any other offer except PLACE credit card everyday discount and myPLACE Rewards certificate discount. Returns and exchanges are subject to discount taken at time of redemption. Not valid toward the purchase of gift cards or lower previously purchased merchandise. Photocopies not accepted. Coupon may not be purchased, traded, sold, and will not be replaced if lost, stolen or corrupted. To use coupon online, enter web code during the online checkout process. Flat rate standard shipping charge of \$5 on all web orders if shipped to a street address or PO box in the contiguous U.S. (exclusions apply, see website for details). Internet distribution strictly prohibited. Employees of The Children's Place may not use this discount in conjunction with The Children's Place associate discount. Use of coupon or promotion code is acceptance of its terms. Offer may be cancelled or modified at any time. Void where prohibited.

to use coupon online, enter web code at checkout: **DMSMFY**

THE CHILDREN'S PLACE

savings pass for a friend!

NOW THROUGH JULY 7, 2014

20% OFF

valid in retail stores and online at childrensplace.com

every purchase*



Y24803

*Valid now through July 7, 2014 in U.S. and Puerto Rico retail stores, and online at childrensplace.com only. Not valid in Canada stores, U.S. and Puerto Rico outlet locations or online at childrensplace.com when shipping to Canada. During the redemption period, in-store coupon may be used toward multiple purchases; online web code is valid for only three redemptions. Discount will be applied before taxes at shipping fees. Limit one coupon per transaction. Cannot be combined with any other offer except PLACE credit card everyday discount and myPLACE Rewards certificate discount. Returns and exchanges are subject to discount taken at time of redemption. Not valid toward the purchase of gift cards or lower previously purchased merchandise. Photocopies not accepted. Coupon may not be purchased, traded, sold, and will not be replaced if lost, stolen or corrupted. To use coupon online, enter web code during the online checkout process. Flat rate standard shipping charge of \$5 on all web orders if shipped to a street address or PO box in the contiguous U.S. (exclusions apply, see website for details). Internet distribution strictly prohibited. Employees of The Children's Place may not use this discount in conjunction with The Children's Place associate discount. Use of coupon or promotion code is acceptance of its terms. Offer may be cancelled or modified at any time. Void where prohibited.

to use coupon online, enter web code at checkout: **FINCBEAE**

Appendix B

Study 1a: coupon stimuli

<p>One for You</p> <p>\$1 off the purchase of a main dish</p>  <p>Expires June 12th, 2015</p>	<p>One to Share</p> <p>\$1 off the purchase of a main dish</p>  <p>Expires June 12th, 2015</p>
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Study 2: coupon stimuli

<p>ONE FOR YOU</p> <p>50¢ OFF your purchase of a drip or specialty coffee at the LILLIS CAFÉ</p> <p>Use coupon code JAVA4ME Expires May 5th @ 2pm</p>	<p>ONE TO SHARE</p> <p>50¢ OFF your purchase of a drip or specialty coffee at the LILLIS CAFÉ</p> <p>Use coupon code JAVA4U Expires May 5th @ 2pm</p>
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Appendix C

Study 1b: reasons for sharing or not sharing

Category	Reasons for sharing	Reasons for not sharing
Brand-related	<p>“[The brand] wants me to bring an extra customer... win-win satiation for the vendor and the customer”</p> <p>“Introduce them to the company”</p> <p>“Spread the word on the business”</p> <p>“To thank the company for sending me the coupon”</p>	<p>“I do not think MeTees is a good store”</p> <p>“I don’t like the company”</p> <p>“I don’t know anything about the company”</p> <p>“I would feel like I was advertising for the company”</p> <p>“I’m not sure I endorse the brand”</p>
Self-related	<p>“I am generous”</p> <p>“It’s the smart thing to do”</p> <p>“It is nice to feel generous”</p> <p>“It would show someone I appreciate being frugal”</p> <p>“Online reputation”</p> <p>“I feel good helping”</p>	<p>“I’m lazy”</p> <p>“I don’t have time”</p> <p>“I don’t know anybody who would use the coupon”</p> <p>“I don’t know anyone who might be interested”</p> <p>“I don’t want to risk my reputation”</p> <p>“I can’t see any particular benefit to doing so”</p> <p>“I would use it myself”</p> <p>“I would probably want to be able to keep the savings to myself”</p> <p>“I’m poor, selfish, and cheap”</p>
Social-related	<p>“Everyone likes discounts”</p> <p>“Help friends save”</p> <p>“Someone I know is looking to buy their product”</p> <p>“It would be nice”</p> <p>“I would like to share with others”</p> <p>“I would feel very happy to be able to share”</p> <p>“Help someone out, be friendly”</p> <p>“It’s the right thing to do”</p> <p>“Maybe they will think of me when they have coupons to share”</p> <p>“Friends would appreciate the gesture”</p> <p>“Make someone happy”</p> <p>“I want my friends to have the same opportunities as I do”</p> <p>“I like to share good things”</p> <p>“It’s easy to share”</p>	<p>“I don’t have any friends”</p> <p>“I do not think any of my friends would be interested”</p> <p>“Some people may not like to have advertisements... on social media sites”</p> <p>“I may feel like I am bothering someone else”</p> <p>“I don’t like sharing stuff from others on social media”</p> <p>“I wouldn’t want to put pressure on someone else”</p> <p>“Do not want to impose on my friends”</p> <p>“Possible resentment if they bought and it didn’t work out smoothly”</p> <p>“Friends will think it’s spam”</p> <p>“I don’t want to seem cheap to others”</p>
Offer-related	<p>“It is a very good deal”</p> <p>“I like to share coupon deals”</p> <p>“The coupon is a good value”</p>	<p>“I do not think it is a good deal”</p> <p>“It might not be worthwhile and it also requires a minimum purchase”</p>

Appendix D

Study measures

Purchase Intentions (Taylor and Baker 1994; 1 = Strongly Disagree, 7 = Strongly Agree)

The next time I need to purchase [product category], I will choose [brand].

If I had needed to purchase [product category] during the last month, I would have selected [brand].

Within the next month, if I need to purchase [product category], I will select [brand].

Social Empowerment (Spreitzer 1995; Akin, Dunn, Whillans, Grant, and Norton 2013; Grant 2008; 1 = Strongly Disagree, 7 = Strongly Agree)

Item used in Study 2:

I have an impact on other customers' shopping experiences.

Items used in Study 3:

I feel that I'm making a positive difference in another person's life.

I feel like I'm making a positive impact for someone else.

I feel like I'm making a meaningful difference for another person.

I feel that my action made a positive difference in another person's life.

My actions made another's life better.

I had a positive impact on others.

Brand Intimacy (Fournier 1998; 1 = Strongly Disagree, 7 = Strongly Agree)

I'd feel comfortable describing [brand] to someone who was not familiar with it.

I am familiar with the range of products the [brand] offers.

I have become very knowledgeable about the [brand].

The [brand] really understands my needs in the [product] category.

Situational Sense of Power (Anderson, John, and Keitner 2012; 1 = Strongly Disagree, 7 = Strongly Agree)

In the coupon scenario...

I had a great deal of power.

I felt powerful.

I got others to do what I want.

I got to make the decisions.

I had control over others.

I got to choose who is worthy.

Marlowe-Crowne Social Desirability Scale (Crowne and Marlowe 1960; 1 = Yes, 2 = No)

Items 1, 3, and 6 are reverse-coded; each yes answer receives a point and is summed.

I never hesitate to go out of my way to help someone in trouble.

It is sometimes hard for me to go on with my work if I am not encouraged.

I have never intensely disliked anyone.

On occasion I have had doubts about my ability to succeed in life.

I sometimes feel resentful when I don't get my way.

I am always careful about my manner of dress.

Exclusivity (Barone and Roy 2010)

The coupon promotion was...

- (1) Available to many customers ----- (7) Available to few customers
- (1) Inclusive ----- (7) Exclusive
- (1) Not at all restricted ----- (7) Restricted
- (1) Not at all selective ----- (7) Selective

Involvement (Zaichkowsky 1985; 1 = Strongly Disagree, 7 = Strongly Agree)

Would you say that the coupon scenario was...?

- Unimportant ----- Important
- Irrelevant ----- Of concern to you
- Worthless ----- Valuable
- Boring ----- Interesting
- Not involving ----- Involving

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Table 1. Research on empowerment in marketing and related domains

Author	Year	Perspective	Type	Primary findings
Gibson	1991	Structural	Conceptual	Discussion of antecedents and consequences of empowering patients in the nursing context
Hartline and Ferrell	1996	Structural	Empirical	Employees who are empowered experience greater self-efficacy and job satisfaction, and commitment to service quality results in greater use of empowerment mechanisms by managers
Wathieu et al.	2002	Structural & Psychological	Conceptual	Makes the case for consumer empowerment as a valuable area for research, and emphasizes psychological empowerment as a subjective experience
Martin and Bush	2006	Psychological	Empirical	Empowerment is a predictor of customer-oriented selling
Ouschan, Sweeney, and Johnson	2006	Structural	Empirical	Empowering patient-physician consultation enhances patient trust and commitment
Pires, Stanton, and Paulo	2006	Emphasis on Structural	Conceptual	The use of information and communication technologies can increase consumer empowerment, shifting from the supplier to the consumer
Wright, Newman, and Dennis	2006	Structural	Conceptual	Successful firms empower their customers in marketing activities
Füller, Mühlbacher, Matzler, and Jawecki	2009	Structural & Psychological	Empirical	Providing Internet-based tools for co-creation increases empowerment, enjoyment, and willingness to participate in future NPD projects
Cova and Pace	2006	Structural	Empirical	Virtual communities, by allowing users to exhibit their identification with the brand, can enhance empowerment
Shaw, Newholm, and Dickinson	2006	Structural	Conceptual	Consumers use their purchasing dollars to “vote” on questionable corporate practices, displaying empowered consumer behavior
Shankar, Cherrier, and Canniford	2006	Structural	Conceptual	More choice does not necessarily result in consumer empowerment and may lead to choice paralysis
Denegri-Knott, Zwick, and Schroeder	2006	Structural	Conceptual	Connects consumer empowerment research to high-level theories of power
Fuchs, Prandelli, and Schreier	2010	Emphasis on Structural	Empirical	Empowering customers to select products to be marketed results in greater demand due to psychological ownership
Fuchs and Schreier	2011	Emphasis on Structural	Empirical	Empowerment-to-create and empowerment-to-select new product designs leads to more favorable attitudes and intentions
Prentice, Han, and Li	2016	Psychological	Empirical	Scale development in service domain, showing three sub-dimensions of empowerment: service choice, information attainment, and impact

Table 2. Results of alternative psychological explanations

Construct	Main effects	Interaction	Moderated mediation
Power	<i>Sharing</i> : $F(1,196) = 1.76, p = .28$ <i>Relationship</i> : $F(1,196) = .25, p = .62$	$F(1,196) = 1.00, p = .32$	None: $a \times b = .016, 95\% \text{ CI: } -.031, .13$ Established: $a \times b = .001, 95\% \text{ CI: } -.040, .062$
Exclusivity	<i>Sharing</i> : $F(1,196) = .17, p = .69$ <i>Relationship</i> : $F(1,196) = .17, p = .69$	$F(1,196) = 2.20, p = .14$	None: $a \times b = -.004, 95\% \text{ CI: } -.077, .022$ Established: $a \times b = .01, 95\% \text{ CI: } -.035, .087$
Involvement	<i>Sharing</i> : $F(1,196) = 2.66, p = .11$ <i>Relationship</i> : $F(1,196) = .10, p = .75$	$F(1,196) = .90, p = .34$	None: $a \times b = .099, 95\% \text{ CI: } .004, .25$ Established: $a \times b = .026, 95\% \text{ CI: } -.072, .15$
Affect*	<i>Sharing</i> : $F(1,196) = 1.59, p = .21$ <i>Relationship</i> : $F(1,196) = 1.11, p = .29$ <i>Affect</i> : $F(1,196) = .41, p = .52$	$F(1,196) = .72, p = .40$	None: $a \times b = .040, 95\% \text{ CI: } -.054, .18$ Established: $a \times b = -.085, 95\% \text{ CI: } -.26, .01$

*To test the effects on affect, we conducted repeated measures analysis using pre- and post-scenario measurements of affect, which then interacted with the sharing and brand relationship factors. Moderated mediation analysis used the post measure of affect as the mediator.

Figure 1. Theoretical framework

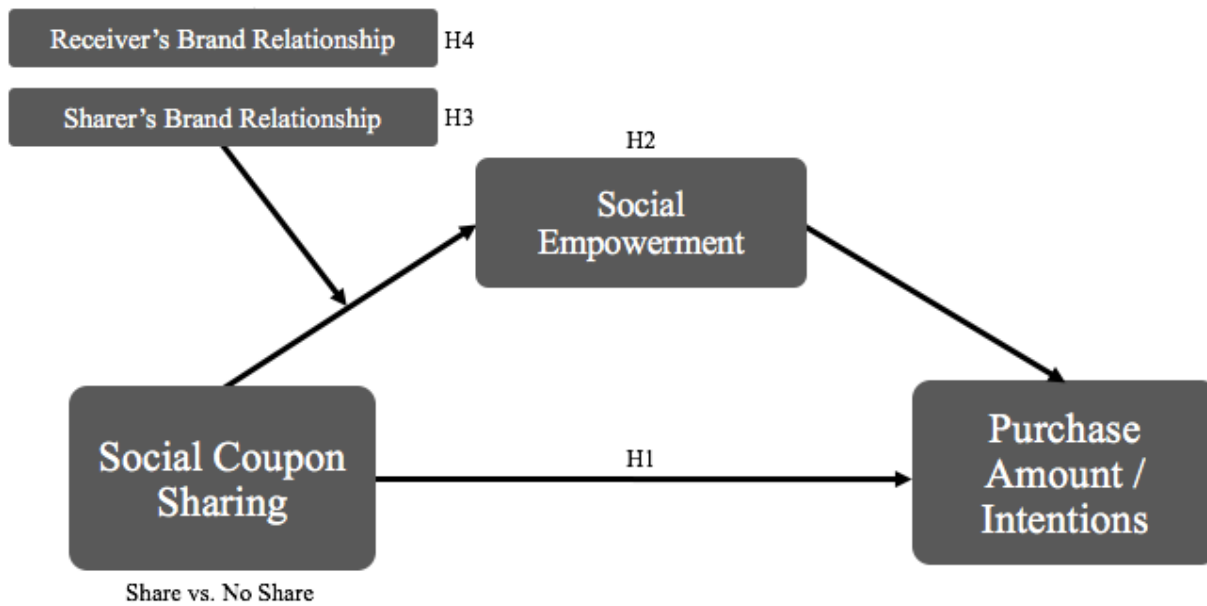


Figure 2. Purchase intentions as a function of social coupon sharing and sharer's brand relationship

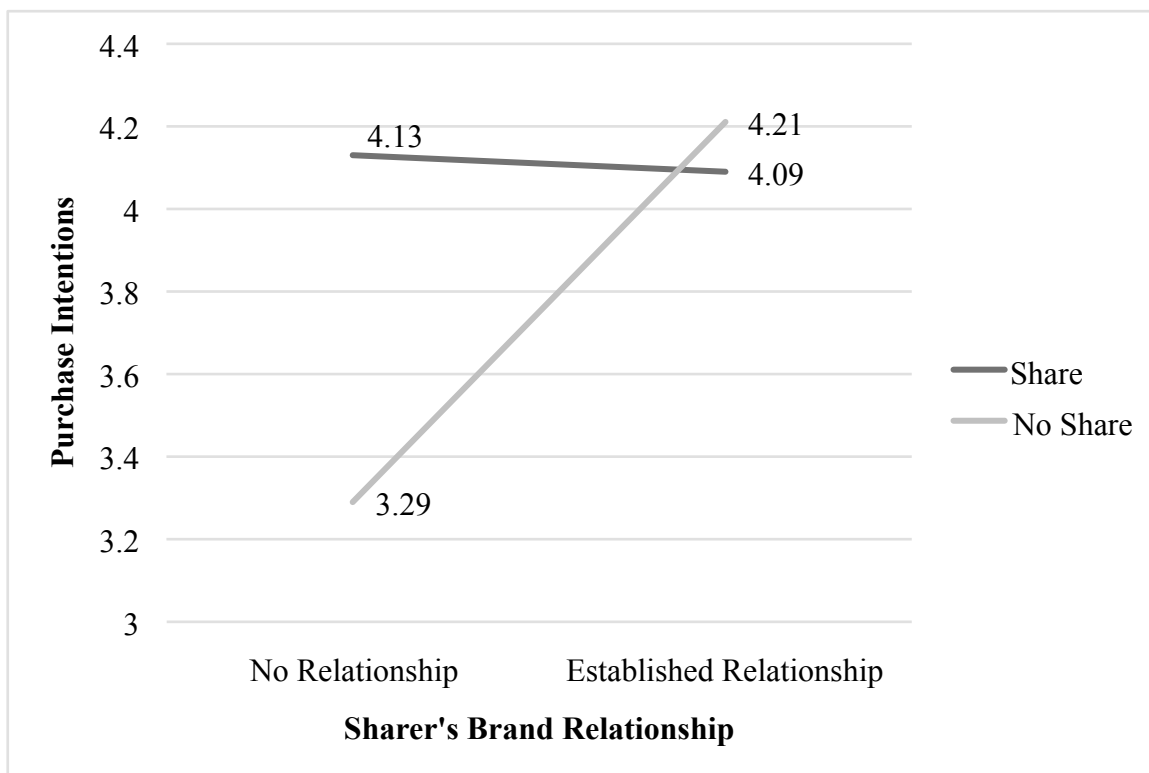


Figure 3. Purchase intentions as a function of social coupon sharing and receiver's brand relationship

