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## May I Have Your Permission? Antecedents of Permission-Granting Intention

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Permission-based marketing, coupon proneness, privacy risk, mobile coupons

**Introduction** It has been noted that everyday low prices (EDLP) tactics help consumers reduce information search and benefit retailers' business operation (Ellickson, Misra, & Nair, 2012). From the cost-benefit analysis tradition, it is possible that consumers are not willing to sacrifice resources to gain a small amount of discount. However, emergence of mobile technology reduces the cost for information search significantly, and enhances relevance of location-based coupon services, which poses a positive prospect for coupon usage. Although a positive trend is forecasted, there has been a gap in the literature to understand complex motivational factors that affect coupon usage via mobile devices. Particularly in the context of permission-based marketing, it is critical to understand when consumers are willing to grant permissions for retailers to use private information. Therefore, the current study aims to examine the role of coupon proneness, perceived privacy risk, and fear of spamming in predicting both hedonic and utilitarian values, as well as behavioral intention.

**Literature review and Hypotheses** Retailers are required obtain individuals' permission to use private information (e.g., location) before pushing the coupons. This procedure uniquely creates an additional psychological barrier for consumers to use mobile coupons. Thus, consumers' intention to grant permission is a critical determinant of mobile coupon usage. From previous coupon research, economic benefit and coupon proneness are expected to be positive antecedents. Coupons provide a discount to consumers who are willing to put some level of effort such as clipping and organizing (Gourville & Soman, 2011). Consumers get a better price and perceive that the deal has a higher value with coupons. Thus, economic benefit is the primary reason for consumers to use coupons. Coupon proneness, the enhanced tendency to respond to an offer due to increased attractiveness of the purchase offer created by coupons (Swaminathan & Bawa, 2005), is a general individual propensity and is a major contributor that predicts coupon usage. Thus, in a mobile coupon context, economic benefit and coupon proneness are likely to positively influence consumers' willingness to use coupons. Prior research found that consumers do not only use coupons based on calculation of economic benefits but also gain hedonic benefits (i.e., enjoyment) by obtaining merchandise at a good price (Jin, Sternquist, & Koh, 2003). Therefore, Coupon proneness will positively influence perceived economic benefit (H1a) and enjoyment (H1b). Moreover, economic benefit will generate positive emotion and experience, which leads to shopping enjoyment (H1c). However, consumers who worry about receiving unwanted mobile messages or advertising may be more sensitive to privacy risk breaches and consequently develop negative perception about mobile services. Therefore, fear of spamming will be (H2a) positively related to perceived risk but (H2b) negatively related to economic benefits because the fear will undermine the major benefits of mobile coupons. Perceived risk, particularly risk associated with personal information misuse, is one of the biggest negative

factors in non-store retail (Malhotra, Kim, & Agarwal, 2004). Thus, it is hypothesized that perceived risk will negatively affect perceived economic benefits (H3a) and intention to use permission-based coupon services (H3b). Finally, heightened enjoyment and perceived economic benefit will encourage consumers to use mobile coupons. Thus, enjoyment (H4a) and economic benefits (H4b) will be positively related to intention to use permission-based coupon services.

**Methodology and Results** All measurement items were adopted from the prior studies to ensure measurement reliability and validity. US adult consumers are recruited through a third-party survey sampling service provider and an online survey was distributed. The proposed relationships were tested using structural equation modeling. The model fitted the data well ( $\chi^2=687.321$ ,  $df=262$ ,  $p=.000$ ,  $\chi^2/df=2.623$ , CFI=.978, PCFI=.854, RMSEA=.049). The result (N=611) supported all hypotheses except H1b at  $p<.01$ . The direct relationship between coupon proneness and enjoyment was not significant.

**Discussion and Implications** As hypothesized, consumers' fear of spamming heightened perceived risk for giving out private information and negatively influenced perceived economic benefits of using mobile coupons. Therefore, retailers must communicate properly to reduce consumers' fear of receiving unwanted messages as well as of misuse of private information. Coupon proneness is a strong predictor of perceived economic benefit, which in turn very strongly influences enjoyment ( $\beta=.81$ ). The result showed that consumers find hedonic value of mobile coupon usage through enhanced economic benefits. Both hedonic and utilitarian values (enjoyment and economic benefits, respectively) enhance consumers' intention to use permission-based coupon services. In terms of relative importance, economic benefit ( $\beta=.45$ ) outweighed enjoyment ( $\beta=.29$ ). Because enjoyment was generated by perceiving economic benefits, it is critical that retailers signal perceived economic benefit to consumers. By creating heightened sense of economic benefit of using coupons, retailers can also enhance consumers' shopping enjoyment. It is recommended that retailers use pricing techniques to raise perceived economic benefits. Future research that investigates when coupons are more likely to be used will deepen our understanding of the topic. For example, it has been found that brand loyalty reduces intention to use coupons (Swaminathan & Bawa, 2005).

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