

The Business of Coupons—Do coupons lead to repeat purchases?

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**Abstract:**

In recent years, couponing has emerged as a pop-culture phenomenon. Businesses of all types are taking advantage of this resource by revamping their out-dated programs and turning them into something fresh to excite customers. However, many questions remain unanswered concerning the viability, profitability, and usefulness of coupons. This study is an analysis of the effectiveness of coupons in enticing repeat purchases in the soft-drink category. The dataset is comprised of household level grocery store transactions compiled by dunnhumby USA for 2,500 households over a period of two years. An ordinary least squares regression technique is employed to analyze the dollar sales and unit sales in the soft drink category before, during, and after coupon usage.