



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Household Grocery-Coupon Use: The Impact of Income and Demographics

J. Michael Harris and Rimma Shiptsova

This research focuses on households' use of retailer promotions when they purchase food and beverage products. The principal focus is on coupon usage since data is available on both usage and the value of coupons redeemed for food and beverages. Coupon redemption is a price-reducing activity that households undertake at a cost of time and organization. Households may also realize benefits other than price-reduction since some shoppers get non-monetary benefits from using coupons (e.g. satisfaction from bargain hunting). Shoppers maximize utility by balancing the perceived and real benefits of coupon redemption.

Based on a theoretical model of consumer behavior, we look at the household characteristics associated with coupon use. We will present results that indicate the importance of coupon redemption across food and beverage product groups, how coupon use varies with demographic differences between households, and whether lower-income households tend to use more coupons than do other shoppers. We will summarize our research by using these results to talk about "deal-prone" households. We intend to use a Tobit model in the analysis; this model has been employed by various authors when looking at coupon and food-stamp redemption by selected demographic groups (Di-

ansheng and Kaiser 2005; Goodwin 1992; Senaur and Young 1986).

The preliminary results suggest that race and regional difference have the largest effect on redemption values, followed by marital status and income. Understanding the patterns of coupon use by shoppers is useful not only to private policy makers but also to public policy makers. Public policy makers are especially interested in the economizing practices of lower-income households and how these practices influence their food choices.

References

- Diansheng, D. and H. M. Kaiser. 2005. "Coupon Redemption and Its Effect on Household Cheese Purchases." *American Journal of Agricultural Economics* 87(3):689-702.
- Goodwin, Barry K. 1992. "An Analysis of Factors Associated with Consumers' Use of Grocery Coupons." *Journal of Agricultural and Resource Economics* 17(1):110-120.
- Senaur, Ven and Natahn Young. 1986. "The Impact of Food Stamps and Food Expenditures: Rejection of the Traditional Model." *American Journal of Agricultural Economics* 68(1):37-43.