Influence of Price of Coupons on Redemption Rates
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Abstract
This paper investigates the effect of having consumers pay for a coupon booklet on its subsequent usage. The literature on sunk costs predicts that consumers who pay for a coupon booklet and thereby incur a sunk cost will be more likely to invest the effort to redeem the coupon(s). In a series of four studies, it was found that putting a price on a coupon booklet increased the likelihood of coupon usage and this effect was driven by self-justification concerns of the consumer.

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