

## **Abstract**

This paper employs longitudinal (as opposed to cross-sectional) data to empirically investigate the effectiveness of direct-mail coupon programs. The effectiveness is explained by demographic variables and variables such as prior use and participation in coupon programs. Surveys of two forms of coupon program in Taiwan support the hypothesis that consumers who expend more effort to request the brands that they desire are more likely to redeem coupons. Evidence shows that prior use does associate with coupon-redemption behavior, while it is found that there are significant expiration date and face value effects. The distance of the consumers from the redemption location is found to be not significant.

**Keywords:** DM coupons, coupon usage, longitudinal data, prior use, direct marketing