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Xin Liu

FSU, xl19d@my.fsu.edu

Deborah J. Armstrong

Florida State University, djarmstrong@business.fsu.edu

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Ride-Hailing Service Spending and Digital Coupon Redemption

Xin Liu, xliu10@fsu.edu; Deborah J. Armstrong, djarmstrong@business.fsu.edu

From the individual customer's perspective, ride-hailing services have made transportation more accessible and convenient. But what about the company's (e.g., Uber, Lyft) perspective? The estimated value of the global ride-hailing industry in 2020 was 113 billion US dollars, which is predicted to double by the year 2026 (Mordor Intelligence 2021). How can ride hailing organizations continue to capture the benefits from this billion-dollar industry? One way these companies attempt to increase market share and decrease the customer churn rate is to send out digital coupons. Unfortunately, the literature indicates that low rates of digital coupon redemption have been a concern for marketers and organizations in this market sector (e.g., Mills and Zamudio 2018). Factors influencing digital coupon redemption have been studied primarily from an adoption perspective, however, this perspective only captures part of the story. This research intends to analyze ride-hailing behavior from a sociotechnical perspective (Bostrom and Heinen 1977) using self-determination theory (Deci and Ryan 2000). According to self-determination theory, the environment surrounding individuals can motivate behavior by satisfying individual needs, and we use this theoretical framework to explore how the motivation and behavior of ride-hailing consumers may differ. Specifically, we view a mobile phone ride hailing app as the technological artifact (technical factor), and the mobile phone operating system as the delegation of the users' psychological state (socio factor) and explore the influence of these factors on ride-hailing spending and digital coupon redemption behavior. This research is important as ideally, companies want to employ targeted marketing strategies toward the most profitable customer segments. However, drawing a clear line to demarcate consumers has been a challenge (Thompson et al. 2014). Our research provides a potential avenue to differentiate customers and allow ride-hailing companies to better calibrate their promotion strategies (i.e., digital coupons).

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