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# INMAR 2015 PROMOTION INDUSTRY ANALYSIS

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COUPON TRENDS • SHOPPER BEHAVIOR • MARKETPLACE OUTLOOK



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on specific business needs.

**INMAR** drives business results for our partners through the application of advanced analytics, real-time data management and industry experience. We analyze trends and business strategies, industry practices and standards, and technology opportunities to support our clients' promotional programs. Our clients include some of the world's leading consumer packaged goods manufacturers and retailers that trust inmar to securely manage and settle more than fifty billion dollars in transactions every year.



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# A MESSAGE FROM OUR LEADERSHIP

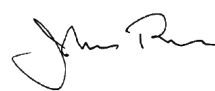
We are pleased to present the inaugural Inmar Promotion Industry Analysis. For the last 26 years Inmar published its annual Coupon Trends Report – delivering to the industry key topline data regarding the use of coupons by marketers and consumer response to those offers. Informative and data rich, the Report was, if you will, the tool for the times. But times and the needs of marketers have changed. Therefore, Inmar is responding by replacing the Inmar Coupon Trends Report with an annual Inmar Promotion Industry Analysis, providing richer data, greater insights and a broader perspective. Of course, the coupon metrics you have come to expect from Inmar are still at the heart of the book, but to that data we've added a more complete and actionable analysis of the promotion space and related shopper behavior.

Inmar's recent acquisitions of Millennium Process Coupon, Inc., Clarus Agency and Hopster, Inc. have significantly expanded our business footprint in North America and enhanced our ability to more adroitly serve all the members of the Inmar Promotion Network. And, with our solutions in place across channels, our technology operating across platforms and our analytics deployed throughout the promotion space, Inmar has never been better positioned to capture and comment on the data that are informing marketing strategy and driving change within the industry. Therefore, we are taking full advantage of our unique status to offer a more detailed assessment of activity occurring throughout the marketplace – and the factors influencing that activity.

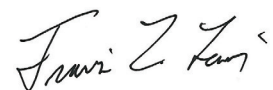
Along with all the prior-year metrics you have come to expect from Inmar, e.g. coupon distribution, redemption, method mix, face values, etc. the 2015 edition of our new publication includes:

- Information from our 2015 Rebate Study
- A snapshot of coupon activity by category
- An expanded summary of results from the Inmar 2015 Shopper Behavior Study
- Expert commentary on promotion trends
- Insights and opinions from Inmar subject matter experts on topics that caught our eye in 2014, and hold our attention as we move into 2015
- An enhanced promotion tool kit offering best practices for offer creation and deployment

With these and other enhancements to content, the Inmar Promotion Industry Analysis is a robust look at our industry and the forces impacting business. We developed this publication to equip those in the industry with a more useful tool for easily looking back and effectively planning ahead – and we believe we have met that goal. Please accept this copy of the Inmar Promotion Industry Analysis with our compliments and know that Inmar stands ready to assist as you work to grow your business.



John Ross  
CMO and President,  
Retail Promotion Network



Travis Lewis  
President,  
Brand Promotion Network

# INMAR PROMOTION INDUSTRY EXPERTS

The Inmar industry analysis team comprises subject matter experts with deep experience across a broad array of business sectors – all with a thorough command of the promotion industry. Throughout the publication they will be introducing the individual sections, providing insights and analysis and offering their perspectives on topics that caught our eye in 2014, and hold our attention as we move into 2015.



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**Section Introductions,  
Data Commentary**



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ANALYST,  
PROMOTION ANALYTICS

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**Data Development  
and Commentary**

# EXECUTIVE SUMMARY

Inmar's analysis of the promotion industry for 2014 reveals relative stability within the coupon sector. The top-line numbers, i.e. distribution, redemption, etc. were close to what the industry has been seeing for the past several years – no major shifts in either direction. While 2014 distribution, at 319 billion, was down 2.9 percent compared to last year, 2013 distribution was something of an outlier at 329 billion coupons. Coupon distribution for 2011 and 2012 was 312 and 313 billion, respectively.

The same held true for redemption volume. The 2.8 billion coupons redeemed in 2014 represent only a three percent decline from 2013 redemption, which totaled 2.9 billion. That 2.9 billion was the same coupon redemption volume as in 2012. This is the “redemption range” the coupon sector has been in since 2011 when redemption hit a peak at 3.5 billion.

Mirroring this steadiness in redemption is the continued interest in coupons among shoppers. Inmar's 2015 Shopper Behavior Study found 65 percent of shoppers reporting that their coupon usage in 2014 stayed the same compared to 2013. At the same time, 27 percent said their coupon usage increased in 2014 over the previous year.

Much of the reported year over year increase can be attributable to digital paperless load-to-card (also referred to as Electronic Discount (EDO)), which for the fifth consecutive year, experienced 100 percent growth in redemption; their share of overall redemption doubling to 1.8 percent. Conversely, share of redemption for free standing inserts (FSIs) fell below 40 percent (39.4%) in 2014.

This is not to be interpreted, however, as signifying the end of the FSI coupon as an effective promotion tool. Rather, it is firmly indicative that shoppers are being more aggressive in looking for deals beyond established distribution methods and are taking full advantage of easy-to-acquire and easy-to-use offers.

Inmar's latest shopper behavior research bears this out, as 66 percent of shoppers surveyed want coupons loaded to their store loyalty card for items they normally buy, while 65 percent want stores to email them with coupons for products they normally buy. The clearly expressed want is for relevancy, immediacy of acquisition and ease of redemption.

Other major methods meeting these criteria and capturing a significant share of redemption volume in 2014 included 1) Instant redeemable and instant redeemable cross-ruff, which together accounted for 21.6 percent of all coupons redeemed; 2) Electronic checkout with 7.3 percent; 3) Shelf pad representing 5.4 percent of all coupons redeemed and 4) Print-at-Home (PAH) accounting for 3.5 percent.

While 2014 coupon distribution strategies stayed consistent with recent past practice, marketers are continuing to experiment with offer attributes as they seek to find the best “formula” for motivating acquisition and driving redemption. Average face values for distributed food and non-food offers were up to \$1.15 (+11.6%) and \$2.04 (+6.2%), respectively. However, marketers gave consumers less time to take advantage of these higher face values, with the average redemption period for all offers continuing its contraction to 2.0 months, a decrease of 7.2 percent compared to 2013.

The marketplace is stable right now, but with advanced solutions already available to address increasing shopper expectations, the opportunity for material disruption and revenue growth is there—for those with the ability to deliver the right offer to the right consumer at the right time. Our Promotion Industry Analysis for 2014 points toward innovative marketers capitalizing on new technologies and, as a result, driving share their way.



# METHODOLOGY

To compile our annual industry report of packaged goods coupon promotions, an Inmar task force of associates with marketing, promotions, research, coupon industry, analytics, statistical and accounting experience collaborated closely to:

- Consolidate distribution and redemption data from the Inmar coupon database.
- Extrapolate industry distribution and redemption statistics using Inmar and Kantar Media data.

- Cross-check data with major coupon distributors and third-party vendors.

- Conduct analysis and develop key insights.

In a continuing effort to provide the most up-to-date information possible, Inmar constantly reviews its methodology and information database. As such, data for all years have been revised and restated to deliver the most accurate presentation of actual trends.

## A NOTE ON THE 2015 SHOPPER BEHAVIOR SURVEY

Results are based on an online survey of 1,075 shoppers conducted by Inmar Analytics in January 2015. Respondents were between the ages of 18 and 69 and were the primary or shared decision maker/shopper in their home. Quotas were set to increase the representation of Hispanic and male respondents. Participants were asked about

their shopping behavior in general, their engagement with grocery store loyalty programs, their most recent shopping experience, how they engage with technology relative to shopping, how they discover/acquire coupons/rebates, and their attitudes towards promotion use.

# INDUSTRY COUPON TRENDS

Coupon trends—just like coupons themselves—are evolving. Gone are the days when industry players could simply report on overall coupon distribution and redemption or average face values and be recognized as providing significant, helpful information. Modern marketers need more – and are demanding more in today's data-driven environment. But, providing “more data” isn't the answer to this demand; offering a better understanding of the data is the answer. A shared understanding that provides actionable insights is an even better answer. Navigating coupon trends is a bit like navigating a river: data may be the water upon which your vessel floats, but insights are the currents that lead you to your destination.

*continued from p. 1*

For instance, at 319 billion coupons, overall distribution was down 2.9 percent in 2014 versus 2013. Is that significant? Possibly. But promoting year-over-year change exclusively conceals the longer-term trend that coupon distribution has remained decidedly elevated since the “Great Recession” of 2008-2009. Prior to 2008, industry distribution had never surpassed the 300 billion mark. Since 2009, industry-wide coupon distribution hasn’t fallen below this number. With this additional insight informing perspective, it’s fair to say marketers’ interest in (and reliance upon) coupons remains quite high.

Similarly, coupon redemption also experienced a slight drop in 2014; the 2.84 billion coupons redeemed last year representing a 3 percent decline from 2013’s 2.93 billion. But, in this case, year-over-year decline is in fact indicative of a longer-term trend as coupon redemptions have been in an ongoing decline since their peak of 7.9

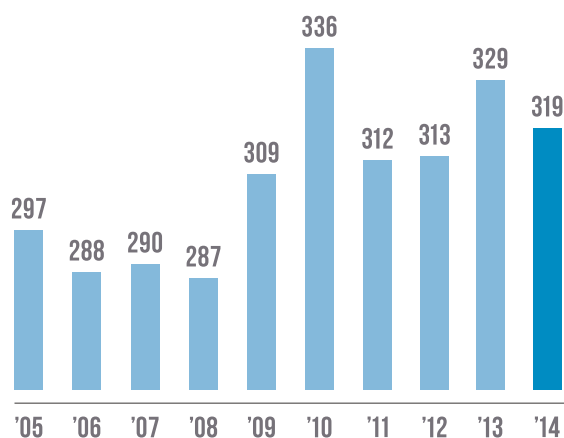
billion in 1992. Again, the Great Recession played a role. While coupon use spiked from 2009-2011 as a result of the economic downturn, the larger trend is undoubtedly the continuing decline in redemption for manufacturer-funded coupon offers.

So does that mean consumers are losing interest in coupons, except when economic circumstances make them a necessity? Hardly. As a matter of fact, Inmar’s shopper behavior studies consistently find that consumer interest in—and reported use of—coupons remains exceptionally high. So what explains the apparent disconnect between expressed consumer sentiment and actual redemption trends?

We see a few reasons, and will explain them in context in the coming pages as this year’s industry analysis will cover the “why” as well as the “what” that Inmar has been reporting for almost three decades. •

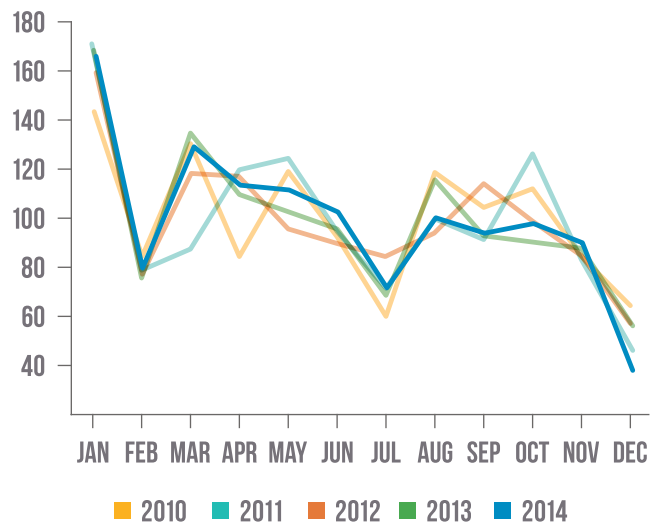
# DISTRIBUTION

## OVERALL COUPON DISTRIBUTION (IN BILLIONS)



In 2014, industry-wide coupon distribution volume decreased 2.9 percent to 319 billion coupons. Total value of all coupons distributed was roughly \$545 billion, a \$33 billion increase (+6.4%) over the previous year. Adults in the United States were offered, on average, a total of \$2,227 in coupon savings per person. However, consumers only took advantage of these savings at an average of \$15.34 per person—for a total of \$3.8 billion.

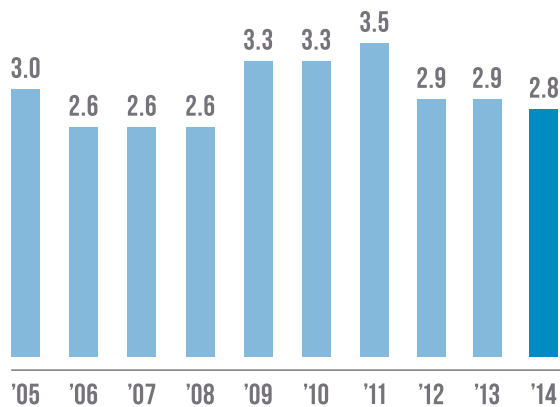
## DISTRIBUTION INDEX BY MONTH



2014 saw distribution cycles consistent with past years, with peaks in January (New Year, Super Bowl), early spring (Easter), early fall (back-to-school), and, to a lesser extent, winter holidays. The fourth quarter decline was more pronounced in 2014 than in previous years.

# REDEMPTION

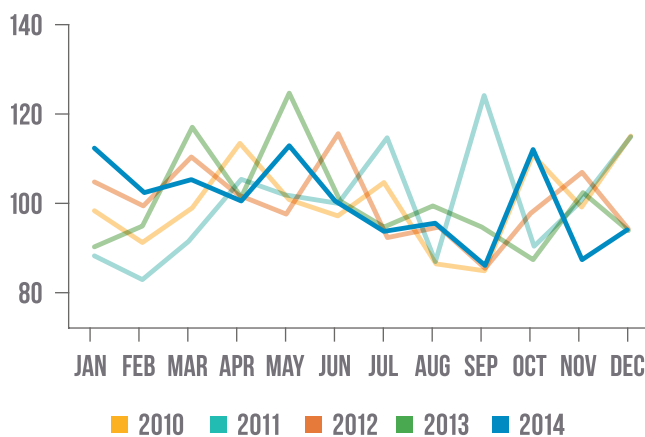
## OVERALL COUPON REDEMPTION (IN BILLIONS)



In 2014, industry-wide coupon redemption volume also decreased 3 percent, to 2.8 billion coupons.

A 5 percent decline in FSIs redeemed in 2014 was partially offset by increases in consumer relations, color run-of-press, dual electronic and paper, direct home delivery, direct mail co-op, electronic discount, instant redeemable, magazine pop-up, on-pack cross ruff and newspaper run-of press offers.

## REDEMPTION INDEX BY MONTH



As with distribution, coupon redemption is also cyclical, although redemption exhibits smaller peaks and valleys than distribution.



LAURIN HUGHEY

## REDEMPTION RATES BY METHOD

“What kind of redemption can I expect from this promotion?”

It is a common question in our industry and, among those with budget authority, it's one of the most important. Therefore, estimating redemption should be executed carefully with consideration given to all potential influences on performance. Factors related to both product and promotion – including amount of discount, geography, product distribution, trade activity, category competition and method of distribution can materially affect any promotion's performance.

Inmar's experienced and business-savvy Promotion Analytics team is dedicated to helping clients develop coupon deployment strategies that support marketing goals and make the best use of promotion dollars. Clients who engage formally with the team derive real benefit from rigorous, proprietary modeling that, informed by a host of key inputs, delivers insights into redemption drivers, brand action recommendations and key performance indicators.

Still, with their command of the space, the Promotion Analytics team would be the first to say, “Your mileage WILL vary!” Prudence demands caution when it comes to predicting performance – so we provide this as a caveat for those who would take on the task of forecasting future events.

Having said that, it's useful to review industry averages to establish performance benchmarks and understand the influences on redemption rates among methods –

*continues on p. 4*

# METHOD

## PERCENT OF TOTAL COUPONS DISTRIBUTED BY METHOD

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Color Run-of-press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Home Delivery: DHD	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.2%	0.2%	0.3%	0.2%	0.2%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	0.9%	0.9%	0.8%	1.0%	0.8%
Dual Electronic and Paper: DEP	<0.1%	<0.1%	0.6%	1.2%	1.4%
Electronic Checkout: EC	1.2%	1.0%	1.0%	1.1%	0.9%
Electronic Discount: EDO	<0.1%	<0.1%	<0.1%	0.2%	0.3%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	0.2%	0.1%	0.1%	0.2%	0.2%
Free-standing Insert: FSI	86.7%	87.4%	87.7%	87.4%	89.6%
Handout Co-op: HOC	0.1%	0.1%	<0.1%	<0.1%	<0.1%
Handout In-store with Sample: HSS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout: HO	0.9%	0.8%	0.7%	0.7%	0.6%
Hospital Sample: HS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad: IA	3.1%	2.9%	2.7%	2.1%	1.4%
In-pack Cross Ruff: IPC	0.4%	0.3%	0.1%	0.2%	0.2%
In-pack: IP	0.5%	0.4%	0.4%	0.4%	0.2%
Instant Redeemable Cross Ruff: IRC	0.3%	0.3%	0.4%	0.4%	0.4%
Instant Redeemable: IR	0.6%	0.7%	0.5%	0.6%	0.7%
Internet: NET	0.4%	0.3%	0.4%	0.3%	0.3%
Magazine On-page: MOP	1.9%	1.6%	1.3%	1.2%	1.0%
Magazine Pop-up: MPU	0.4%	0.8%	1.0%	1.1%	0.7%
Military Handout: MHO	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Magazine: MMG	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press: ROP	0.2%	0.2%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.2%	<0.1%	<0.1%	<0.1%	<0.1%
On-pack: OP	0.2%	0.1%	0.1%	0.1%	0.1%
Shelf Box: SB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad: SP	0.6%	0.6%	0.4%	0.4%	0.3%
Sunday Supplement: SS	0.4%	0.6%	0.5%	0.7%	0.4%

Comprising 89.6 percent of total industry-wide coupon distribution, free-standing insert coupons (FSIs) dominated the coupon distribution mix. Other methods with at least 1.0 percent of total coupon distribution included dual electronic and paper, in-ad and magazine on-page. FSI coupon distribution volume decreased 0.5 percent to 285 billion coupons in 2014.

Among methods that saw a decline in distribution in 2014, in-ad experienced the most significant decline in volume: its negative shift in share from 2.1 percent in 2013 to 1.4 percent in 2014 represents a decline of more than 2 billion coupons distributed.

*continued from p. 3*

for example, discovery context. It should come as no surprise that methods used in-aisle (shelf pad, on-pack, instant redeemable, etc.) will typically redeem quite higher than methods discovered off premise (FSI, direct mail, etc.). But, there are exceptions. Consumer relations coupons are one. Delivered to the home and typically high value (or offering free products) – these coupons can redeem at a rate of 90 percent or more!

Other factors, including 1) face value relative to product price, 2) purchase requirement relative to unit price and 3) redemption period relative to purchase cycle/distribution frequency, can greatly influence promotion performance as well. Estimating redemption is not universal nor is it as simple as inserting a number from a chart. While it can be a complex undertaking, you have partners at Inmar who can help. Feel free to call us for guidance, anytime. •

## PERCENT OF TOTAL COUPONS REDEEMED BY METHOD

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	0.2%	0.1%	0.2%	0.1%	<0.1%
Color Run-of-press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	0.3%	0.4%	0.4%	0.4%	0.4%
Direct Home Delivery: DHD	0.2%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.4%	0.4%	0.5%	0.5%	0.5%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	2.8%	4.4%	3.7%	4.4%	4.4%
Dual Electronic and Paper: DEP	0.4%	0.4%	0.6%	1.4%	3.5%
Electronic Checkout: EC	8.0%	7.3%	7.4%	7.9%	7.3%
Electronic Discount: EDO	<0.1%	0.2%	0.4%	0.9%	1.8%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	1.7%	1.6%	1.4%	1.9%	1.6%
Free-standing Insert: FSI	43.3%	43.3%	43.3%	40.0%	39.4%
Handout Co-op: HOC	0.2%	0.1%	0.2%	0.2%	0.2%
Handout In-store with Sample: HSS	0.1%	0.2%	0.4%	0.4%	0.3%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	0.2%	0.2%	0.2%	0.2%	0.1%
Handout: HO	3.1%	3.1%	3.2%	3.2%	2.9%
Hospital Sample: HS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad: IA	2.1%	1.6%	1.5%	1.2%	1.1%
In-pack Cross Ruff: IPC	0.6%	0.6%	0.5%	0.4%	0.4%
In-pack: IP	2.3%	2.5%	2.0%	1.9%	1.7%
Instant Redeemable Cross Ruff: IRC	4.3%	4.4%	6.0%	4.9%	5.0%
Instant Redeemable: IR	13.9%	13.2%	13.0%	15.5%	16.6%
Internet: NET	2.9%	4.4%	4.6%	5.0%	3.5%
Magazine On-page: MOP	0.7%	0.7%	0.4%	0.4%	0.4%
Magazine Pop-up: MPU	0.2%	0.2%	0.3%	0.3%	0.3%
Military Handout: MHO	0.4%	0.4%	0.4%	0.4%	0.3%
Military Magazine: MMG	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	0.7%	0.7%	0.5%	0.5%	0.5%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press: ROP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.5%	0.4%	0.2%	0.4%	0.5%
On-pack: OP	2.3%	1.9%	1.9%	1.7%	1.4%
Shelf Box: SB	0.3%	0.2%	0.3%	0.3%	0.2%
Shelf Pad: SP	7.5%	6.9%	5.7%	5.3%	5.4%
Sunday Supplement: SS	0.1%	<0.1%	0.3%	0.2%	<0.1%

SHOPPERS' AFFINITY FOR DIGITALLY DISCOVERED COUPONS DROVE A SIGNIFICANT INCREASE IN ELECTRONIC DISCOUNT'S SHARE OF REDEMPTION.

FSIs' share of the coupon redemption mix decreased from 40.0 percent in 2013 to 39.4 percent in 2014. Redemption volume for FSI coupons was down 4.6 percent to 1.1 billion coupons.

After FSI, methods accounting for the largest share of redemption all relied on in-store discovery, including instant redeemable, electronic checkout, electronic shelf and shelf pad (respectively). Other methods with at least 1.0 percent of total coupon redemption volume included direct mail, dual electronic and paper, electronic discount, handout, in-ad, in-pack, instant redeemable cross ruff, internet print-at-home, and on-pack.

Electronic discount coupons accounted for 1.8 percent of total coupon redemption volume, an increase from the previous year's 0.9 percent. Electronic discount coupon redemption volume increased 95.1 percent to 52 million coupons.

## 2014 METHOD INDEX

METHOD	INDEX
Bounceback: BB	1265
Color Run-of-press: CRP	767
Consumer Relations: CR	4827
Direct Home Delivery: DHD	307
Direct Mail Co-op: DMC	254
Direct Mail with Sample: DMS	320
Direct Mail: DM	550
Dual Electronic and Paper: DEP	243
Electronic Checkout: EC	803
Electronic Discount: EDO	665
Electronic Kiosk: EK	544
Electronic Shelf: ES	968
Free-standing Insert: FSI	44
Handout Co-op: HOC	286
Handout In-store with Sample: HSS	606
Handout Off-store Location Co-op: HLC	23
Handout Off-store Location with Sample: HLS	162
Handout Off-store Location: HL	308
Handout: HO	528
Hospital Sample: HS	956
In-ad: IA	74
In-pack Cross Ruff: IPC	229
In-pack: IP	831
Instant Redeemable Cross Ruff: IRC	1406
Instant Redeemable: IR	2337
Internet: NET	1319
Magazine On-page: MOP	36
Magazine Pop-up: MPU	46
Military Handout: MHO	1228
Military Magazine: MMG	271
Military Shelf Pad: MSP	2427
Newspaper Co-op: NCC	101
Newspaper Run-of-press: ROP	91
On-pack Cross Ruff: OPC	701
On-pack: OP	1302
Shelf Box: SB	765
Shelf Pad: SP	1538
Sunday Supplement: SS	5



LAIRD GARNER

### DUAL ELECTRONIC AND PAPER (DEP): DUPLICATE OFFER CODES AND THE NEGATIVE IMPACT ON ACTIONABLE REPORTING.

Dual Electronic and Paper (DEP), while referenced as a “method,” is actually the practice of rolling multiple promotion tactics under a single offer code. That is, using the same offer code for more than one method, e.g. FSI, load-to-card, Internet, etc. – with the possibility of multiple methods (bearing the same offer code) being deployed at the same time. Inmar maintains the DEP method code to address how payment requests are processed when both a paperless digital coupon and a paper coupon are submitted under the same code.

Prior to 2014, this practice was very limited and, in those instances where Inmar identified different offer methods sharing the same offer code, the offers were grouped under the DEP designation and excluded from our reporting. However, the increased prevalence of these DEP promotions – driven by a combination of the desire among marketers for more efficient promotion program creation and the production-focused input provided by some third-parties – has resulted in Inmar changing its reporting and, this year, DEP data are presented in this year’s Promotion Industry Analysis.

At first blush, the use of the same offer code across multiple methods may seem efficient – particularly when intended

*continues on p. 7*

When the percent of coupons redeemed by method is indexed against the percent of coupons distributed by method, the resulting index shows that consumers are more likely to use in-store distributed coupons such as instant redeemable, shelf pad, instant redeemable cross ruff, electronic shelf and shelf box. Consumers also favor internet print-at-home coupons.



## REDEMPTION RATES BY METHOD

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	20.44%	7.08%	4.50%	8.00%	5.56%
Color Run-of-press: CRP	0.56%	0.38%	0.47%	0.30%	2.73%
Consumer Relations: CR	15.57%	17.82%	19.51%	17.68%	28.08%
Direct Home Delivery: DHD	4.54%	14.97%	0.63%	1.29%	1.07%
Direct Mail Co-op: DMC	3.99%	2.38%	1.80%	1.75%	2.31%
Direct Mail with Sample: DMS	2.98%	1.44%	3.00%	0.92%	1.44%
Direct Mail: DM	2.34%	3.22%	4.29%	4.43%	3.90%
Dual Electronic and Paper: DEP	13.68%	11.54%	7.33%	0.95%	1.12%
Electronic Checkout: EC	6.34%	7.03%	7.73%	6.63%	6.93%
Electronic Discount: EDO	1.65%	3.60%	6.10%	5.39%	5.92%
Electronic Kiosk: EK	2.17%	4.24%	5.54%	3.32%	5.30%
Electronic Shelf: ES	6.83%	8.74%	13.42%	11.17%	9.48%
Free-standing Insert: FSI	0.58%	0.51%	0.55%	0.48%	0.42%
Handout Co-op: HOC	1.49%	1.54%	1.34%	2.77%	2.49%
Handout In-store with Sample: HSS	3.04%	3.68%	4.53%	4.40%	5.45%
Handout Off-store Location Co-op: HLC	0.97%	0.74%	1.81%	2.34%	1.12%
Handout Off-store Location with Sample: HLS	2.71%	2.36%	2.71%	3.09%	2.47%
Handout Off-store Location: HL	2.56%	3.11%	3.14%	2.98%	2.45%
Handout: HO	3.54%	2.86%	3.66%	3.95%	3.40%
Hospital Sample: HS	2.38%	4.02%	2.51%	3.91%	2.36%
In-ad: IA	0.91%	0.64%	0.61%	0.46%	0.48%
In-pack Cross Ruff: IPC	1.75%	1.75%	2.08%	1.75%	0.93%
In-pack: IP	5.17%	5.20%	5.63%	3.63%	3.50%
Instant Redeemable Cross Ruff: IRC	15.78%	10.21%	13.72%	12.15%	10.03%
Instant Redeemable: IR	24.26%	23.78%	18.68%	23.80%	20.28%
Internet: NET	6.82%	7.57%	12.61%	10.09%	12.17%
Magazine On-page: MOP	0.41%	0.38%	0.42%	0.29%	0.31%
Magazine Pop-up: MPU	0.49%	0.55%	n/a	n/a	n/a
Military Handout: MHO	10.51%	9.97%	9.18%	10.07%	8.67%
Military Magazine: MMG	2.26%	1.85%	2.41%	2.62%	2.55%
Military Shelf Pad: MSP	22.47%	20.33%	16.83%	18.02%	8.54%
Newspaper Co-op: NCC	0.56%	0.24%	0.45%	0.37%	0.33%
Newspaper Run-of-press: ROP	0.37%	0.26%	0.19%	0.41%	0.23%
On-pack Cross Ruff: OPC	3.99%	3.44%	3.72%	3.16%	4.65%
On-pack: OP	12.52%	13.27%	12.76%	12.49%	10.93%
Shelf Box: SB	8.11%	12.12%	9.71%	10.08%	9.60%
Shelf Pad: SP	12.08%	12.32%	11.94%	10.88%	11.42%
Sunday Supplement: SS	0.45%	0.33%	0.07%	0.66%	0.19%

In 2014, average redemption rates ranged from 0.19 percent for Sunday supplement coupons to 28.08 percent for consumer relations coupons. The redemption rate for FSIs decreased from 0.48 percent to 0.42 percent. The average redemption rate for Internet print-at-home coupons increased from 10.09 percent to 12.17 percent.

*continued from p. 6*

to support a promotional campaign for a single product. Further analysis of this practice, however, reveals that the desired efficiency of a “single offer code campaign” is mitigated by the dilution of critical post-campaign analytics.

As coupon methods vary greatly in distribution volume, have vastly differing redemption rates and reach different consumer segments at different times in the purchase-decision process, their simultaneous deployment using a “catch-all” offer code significantly impairs marketers’ ability to accurately assess promotion performance, make informed decisions regarding which methods to employ against a given campaign objective and plan for future campaigns.

Because of the differences among coupon methods and the very great potential for a single dominant method to skew campaign results, use of the DEP method yields only muddy data from which no direct, meaningful insights can be obtained. Understanding of a given method’s ability to reach and influence the targeted segment, insight into the depth of discount required to activate the consumer and the ability to accurately forecast redemption rates are essential to

*continues on p. 8*



## MIDDLE-HALF RATES BY METHOD

METHOD	MIDDLE-HALF REDEMPTION RATE	MIDDLE-HALF REDEMPTION RATE RANGE
Bounceback: BB	7.75%	2.96% - 31.99%
Color Run-of-press: CRP	1.48%	0.06% - 3.49%
Consumer Relations: CR	22.76%	8.40% - 44.68%
Direct Home Delivery: DHD	1.29%	0.41% - 4.06%
Direct Mail Co-op: DMC	3.04%	0.87% - 12.84%
Direct Mail with Sample: DMS	0.96%	0.34% - 2.28%
Direct Mail: DM	5.47%	1.42% - 17.45%
Dual Electronic and Paper: DEP	4.73%	1.66% - 13.87%
Electronic Checkout: EC	6.15%	2.61% - 11.58%
Electronic Discount: EDO	3.15%	0.93% - 6.77%
Electronic Kiosk: EK	4.38%	1.55% - 8.01%
Electronic Shelf: ES	6.65%	2.49% - 12.85%
Free-standing Insert: FSI	0.36%	0.14% - 0.77%
Handout Co-op: HOC	2.52%	0.71% - 7.48%
Handout In-store with Sample: HSS	4.50%	1.48% - 10.40%
Handout Off-store Location Co-op: HLC	3.20%	0.79% - 7.01%
Handout Off-store Location with Sample: HLS	2.36%	0.88% - 6.44%
Handout Off-store Location: HL	4.85%	1.71% - 27.16%
Handout: HO	5.79%	1.42% - 23.28%
Hospital Sample: HS	3.23%	1.70% - 6.27%
In-ad: IA	0.42%	0.09% - 1.73%
In-pack Cross Ruff: IPC	0.50%	0.14% - 1.98%
In-pack: IP	2.18%	0.45% - 6.58%
Instant Redeemable Cross Ruff: IRC	9.09%	2.74% - 19.16%
Instant Redeemable: IR	19.39%	6.55% - 36.20%
Internet: NET	10.90%	2.31% - 26.11%
Magazine On-page: MOP	0.18%	0.04% - 0.57%
Military Handout: MHO	9.54%	2.36% - 23.71%
Military Magazine: MMG	2.34%	1.03% - 3.64%
Military Shelf Pad: MSP	18.16%	7.76% - 28.39%
Newspaper Co-op: NCC	0.25%	0.19% - 1.64%
Newspaper Run-of-press: ROP	0.17%	0.04% - 0.42%
On-pack Cross Ruff: OPC	2.11%	0.69% - 5.40%
On-pack: OP	12.07%	2.58% - 31.15%
Shelf Box: SB	10.35%	3.92% - 16.95%
Shelf Pad: SP	8.88%	2.53% - 18.71%
Sunday Supplement: SS	0.05%	0.03% - 0.09%

INTERNET  
COUPONS'  
MIDDLE-HALF  
REDEMPTION  
RATE OF **10.9%**  
IS COMPARABLE  
TO HISTORICALLY  
HIGH REDEEMING  
IN-STORE  
METHODS.

Middle-half rates and ranges eliminate the top and bottom 25 percent of the data to decrease variability and remove outliers. The chart shows these rates and ranges (by coupon distribution method) for 2014. With outliers removed, redemption rates for Sunday supplement and consumer relation coupons still represented the redemption-rate extremes.

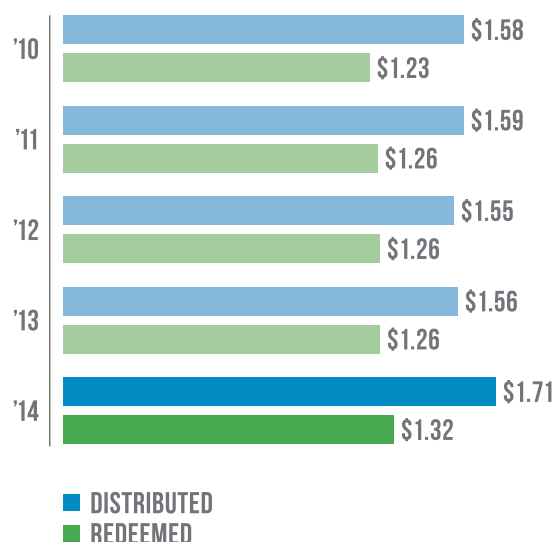
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creating an effective promotional plan – and all require that a unique offer code be employed for each promotion. The result of using DEP, by Inmar standards, is less-than-optimal redemption and budget reporting.

Given our learnings, we expect leading marketing organizations will agree that taking steps to ensure actionable reporting outweighs the perceived benefit of merging disparate methods under a single offer code. •

# FACE VALUE AND PURCHASE REQUIREMENTS

## AVERAGE FACE VALUES FOR COUPONS DISTRIBUTED AND COUPONS REDEEMED



Last year saw a 9.6 percent increase in the average face value for all coupons distributed, with the average face value increasing to \$1.71. The average face value for coupons redeemed increased 5.1 percent to \$1.32.

Average face values for coupons distributed ranged from \$0.77 for military shelf pad coupons to \$2.91 for handout off-store location co-op coupons. The average face value for FSI coupons distributed was \$1.71 and the average face value for Internet print-at-home coupons distributed was \$1.82.

Average face values for coupons redeemed ranged from \$0.72 for military shelf pad coupons to \$3.63 for consumer relations coupons. The average face value for FSI coupons redeemed was \$1.24 and the average face value for internet print-at-home coupons redeemed was \$1.51.



SHARI WAKIYAMA

### INMAR BUSINESS INTELLIGENCE: GLEANNING INSIGHT; DELIVERING PERSPECTIVE.

Inmar has, for more than 30 years, been accurately and securely settling coupon transactions involving more than 850 manufacturer and 300 retailer clients. As a result of handling these transactions – numbering in the billions – Inmar processes terabytes of data every year. This data processing has in turn imbued Inmar with an industry perspective that is unique within the promotion space.

The data garnered from this aspect of Inmar's business, while helping inform our promotion industry analysis, is only part of the story. To make full use of this information – and better serve our clients – Inmar has a dedicated Business Intelligence unit charged with supporting all three Inmar intelligent commerce networks. This team of data scientists and industry analysts mines the captured data and concurrently assesses key macroeconomic trends to provide clients with advanced market intelligence and actionable insights. Their work is essential to identifying the shopper behaviors and economic factors influencing the activity Inmar observes – and the data being studied.

Central among the forces identified by Inmar Business Intelligence as having real effect on recent and future coupon use are 1) unemployment and 2) real disposable income. Data for these show that while the unemployment rate will likely remain below 6 percent for the immediate future, the pace of income growth seen in real disposable income numbers will be slower. This is partly due to the disproportionate share of employment gains in lower-paying industries. The implication for coupon use is that it will remain elevated, or at least decline at a slower rate than the improving unemployment rate – the unemployment rate generally correlating very strongly with coupon use.

Inmar is also looking at overall retail sales to understand the economic environment facing our clients, and the

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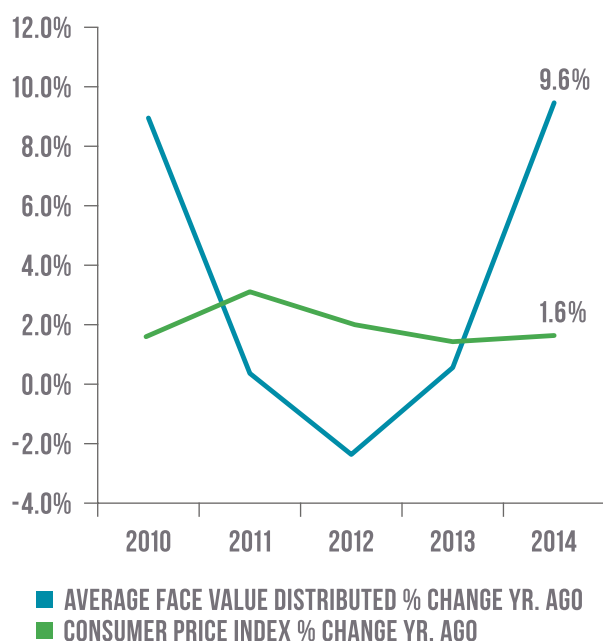
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potential role coupons may play in 2015. (This is one of the most important numbers for retailers and manufacturers alike—as it directly measures consumer spending.) Forecasts<sup>1</sup> call for higher overall retail sales in Q1 2015 (versus Q1 2014), but this number is anticipated to trend only slightly higher through the remainder of 2015 compared to the rate of growth seen in Q2-Q4 2014. Coupons can be an important mechanism for retailers to counter this expected sluggish retail growth.

With this environment in mind, we would normally anticipate coupon volume to fall in the year ahead, tracking with lower unemployment and increased consumer confidence. However, with less real disposable income available and the proliferation of consumer-centric technology, our expectation for 2015 is a change to recent trends — with coupon redemption volume increasing beyond that seen in 2014. •

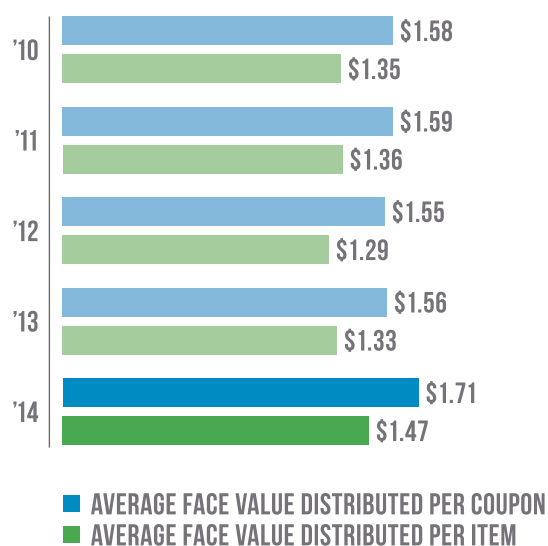
<sup>1</sup> Wells Fargo Securities Economics Group Monthly Outlook; January, 2015.

## AVERAGE FACE VALUE FOR COUPONS DISTRIBUTED vs. CONSUMER PRICE INDEX (CPI) — PERCENT CHANGE



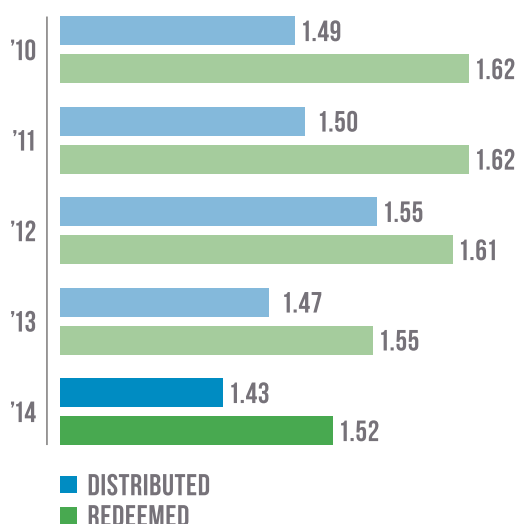
The average face value distributed increased 9.6 percent, while the Consumer Price Index increased 1.6 percent in 2014. The fact that average face values for coupons distributed increased at a faster rate than the CPI likely made coupons more attractive to consumers.

## AVERAGE FACE VALUES FOR COUPONS DISTRIBUTED vs. AVERAGE FACE VALUE PER ITEM DISTRIBUTED



In addition to the increase in average face value for coupons distributed, the average face value per item distributed (which is calculated by dividing the face value by the purchase requirement) increased 10.9 percent in 2014 to \$1.47. Both reached their highest value in the past four years.

## AVERAGE PURCHASE REQUIREMENTS FOR COUPONS DISTRIBUTED AND REDEEMED (IN UNITS)



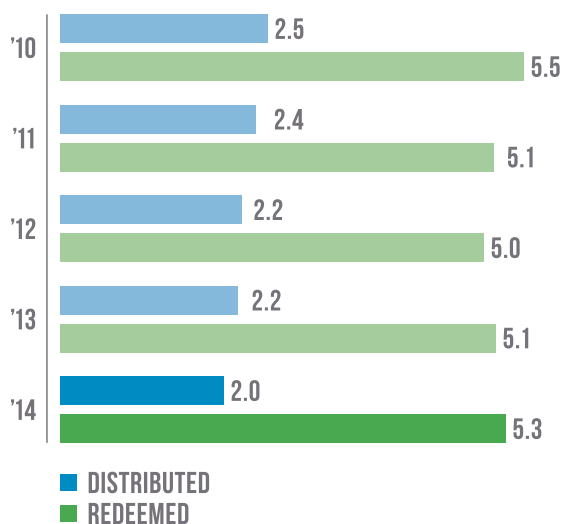
A coupon's purchase requirement is the volume of product a consumer must buy in order to receive the available discount. Though average face values for coupons distributed increased in 2014, it is interesting to note that the average purchase requirement for coupons distributed decreased 2.4 percent to 1.43 units; the average purchase requirement for coupons redeemed decreased 2.0 percent to 1.52 units.

The average purchase requirement for coupons distributed ranged from 1.00 unit for Sunday supplement coupons to 2.15 units for military handout coupons. The average purchase requirement for coupons distributed was 1.43 units for FSI coupons and 1.39 units for Internet print-at-home coupons.

The average purchase requirement for all coupons redeemed ranged from 1.01 units for Sunday supplement coupons to 3.08 units for newspaper co-op coupons. The average purchase requirement for coupons redeemed was 1.49 units for FSI coupons, and 1.41 units for Internet print-at-home coupons.

## REDEMPTION PERIOD

### AVERAGE REDEMPTION PERIOD FOR COUPONS DISTRIBUTED AND REDEEMED (IN MONTHS)



By definition, the coupon redemption period is the length of time a consumer has to use the coupon (with the appropriate purchase) and receive the advertised discount. As would be expected, Inmar data show that, in general, consumers prefer offers with longer redemption periods, as they have more time to use the coupons.

In 2014, the average redemption period for coupons distributed decreased 0.2 months (7.2%) to 2.0 months, and the average redemption period for coupons redeemed increased 0.2 months (2.3%) to 5.3 months.

The average redemption period for coupons distributed ranged from 1.7 months for direct mail co-op coupons to 14.7 months for in-pack coupons. The average redemption period for coupons distributed was 1.8 months for FSI coupons and 5.4 months for Internet print-at-home coupons.

The average redemption period for all coupons redeemed ranged from 1.9 months for in-ad coupons to 19.5 months for handout off-store location with sample coupons. The average redemption period for coupons redeemed was 1.9 months for FSI coupons and 6.4 months for Internet print-at-home coupons.

## AT A GLANCE TABLE (CHANGE vs. 2013)

	DISTRIBUTED	REDEEMED
TOTAL NUMBER OF COUPONS	319 B (-2.9%)	2.8 B (-3.0%)
AVERAGE FACE VALUE	\$1.71 (+9.6%)	\$1.32 (+5.1%)
AVERAGE PURCHASE REQUIREMENT	1.43 (- 2.4%)	1.52 (-2.0%)
AVERAGE REDEMPTION PERIOD	2 MONTHS (-7.2%)	5.3 MONTHS (+2.3%)

# FOOD vs. NON-FOOD

Though packaged food items and non-food items such as household cleaners and personal care products are both merchandized in many of the same channels, their “marketplace similarities” end there. Food categories turn at much greater velocities than do non-food categories. Purchase cycles for non-food categories are therefore considerably longer by comparison. Predictably, the average price per unit of non-food items is greater than food items. So why compare them? Because it is interesting to see the impact these disparate category dynamics play as marketers create their promotional offers.

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Food and non-food offers have consistently been distributed at a “rough” 40/60 ratio. Conversely, coupons redeem at a 65/35 ratio, with food offers experiencing a significantly greater share of redemption than non-food. At Inmar, we believe this inversion results from the fact that food products are a staple – everyone eats, but not everyone needs pet food or cold medications.

Average face values for non-food offers are higher than average face values for food offers with a lower purchase requirement due to the average price points for non-food products being significantly higher per unit than for food. In 2014, average face values for non-food coupons distributed climbed above \$2.00, compared to \$1.15 for food items.

As noted in the Method Matrix (page 58), there are coupon methods that can influence purchase decision-making during every step of the consumer journey – pre-shop, in-store and post-shop. Pre-shop methods – including FSIs – account for 97 percent of distribution for non-food offers. Comparatively, 92 percent of food offers are distributed through pre-shop methods. Inmar data show consumers taking advantage of in-store methods for food coupons

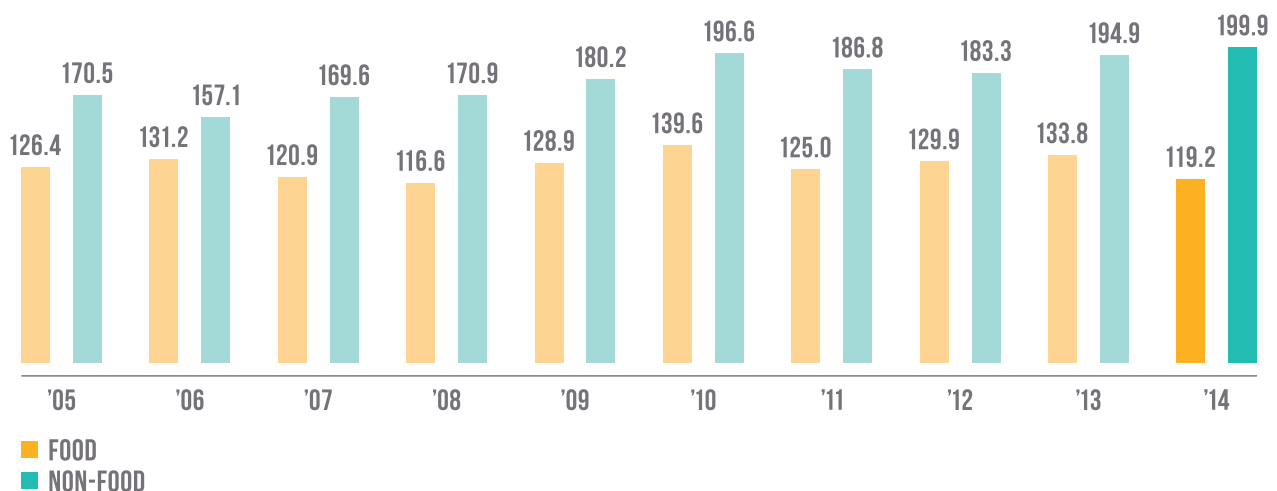
with 37 percent of their redemption coming from in-store methods, compared to 27 percent for non-food coupons.

It's also interesting to note that food manufacturers tend to utilize a large number of methods, whereas non-food manufacturers are more focused on the use of FSIs. This focused FSI activity is likely driven in part by the importance of the Mass and Drug channels for non-food brands. In fact, 44 percent of non-food manufacturers coupons redeemed come from Mass and Drug, compared to 20 percent for food manufacturers. Broad-reaching FSIs offer non-food manufacturers the most efficient method for providing consumers with offers redeemable across all three channels.

In-store methods for redeemed food offers in 2014 had an average redemption period of seven months, while the redemption period for non-food offers was almost double that at 13 months. The longer redemption period for non-food offers follows the trend that non-food items such as cleansers, personal care products, etc. have a lengthier purchasing cycle than food items. •

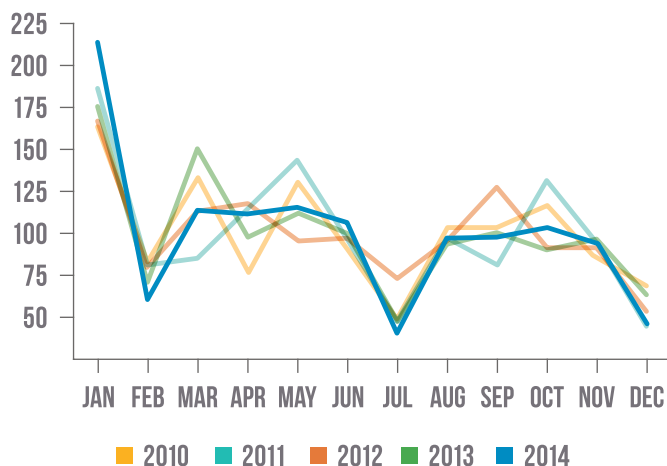
## FOOD vs. NON-FOOD COUPON DISTRIBUTION

### FOOD vs. NON-FOOD COUPON DISTRIBUTION (IN BILLIONS)



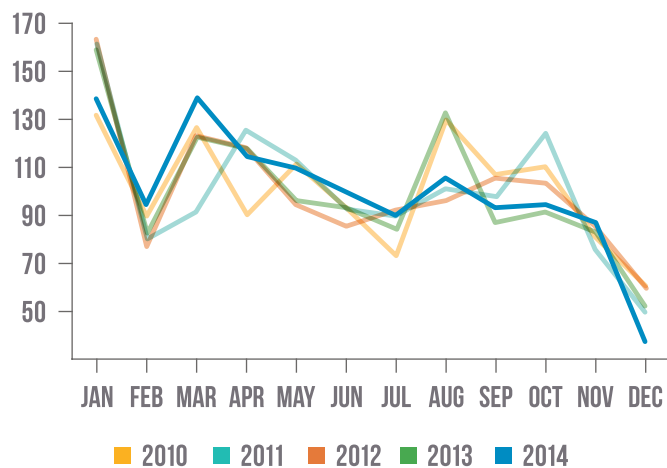
In 2014, distribution volume for food coupons decreased 10.9 percent to 119.2 billion coupons and distribution volume for non-food coupons increased 2.5 percent to 199.9 billion coupons.

## DISTRIBUTION INDEX BY MONTH — FOOD COUPONS



As with the overall industry, food coupons are distributed in a repetitive cycle from year to year. The noticeable dip in July may reflect changes in promotion strategies that recognize shoppers' summertime behaviors. The pattern, however, changed slightly in 2012, with the July dip leveling off slightly and spring distribution being more spread out.

## DISTRIBUTION INDEX BY MONTH — NON-FOOD COUPONS



Coupon distribution for non-food products is also somewhat cyclical, with a noticeable peak in January and a noticeable dip in December. The fourth quarter decline was more pronounced in 2014 than in previous years.



DAWN GRUBBS

### CLIENT CASE STUDY *COTT BEVERAGES INC.*

Cott Beverages Inc. and its affiliate, Cliffstar LLC ("Cott Beverages") manufacture soft drinks, mixers, energy drinks, waters, juices, ready-to-drink teas and sports drinks and is a long-time member of the Inmar Promotion Network. Producing a number of regionally marketed value brands including Vess, Stars & Stripes, Harvest Classic, Vintage, Blak Max and Clear Choice, Cott is actively leveraging Inmar's coupon solutions and the Inmar Media Network to build their brands.

Coupons are critical to Cott's marketing. The company's current budget doesn't support broadcast advertising, so coupons are a primary means for Cott to grow sales, create awareness and maintain critical 'price space' between their products and the major brands.

As a regional value brand manufacturer, Cott looks to maintain a strategic price difference between their product lines and the major national brands. As a high-quality, but lesser-known product, the price difference helps the company meet consumer needs more effectively. Coupons are used not only to "protect" that price difference, but also to help the company advertise real savings opportunities to shoppers looking to get the most from their grocery budgets.

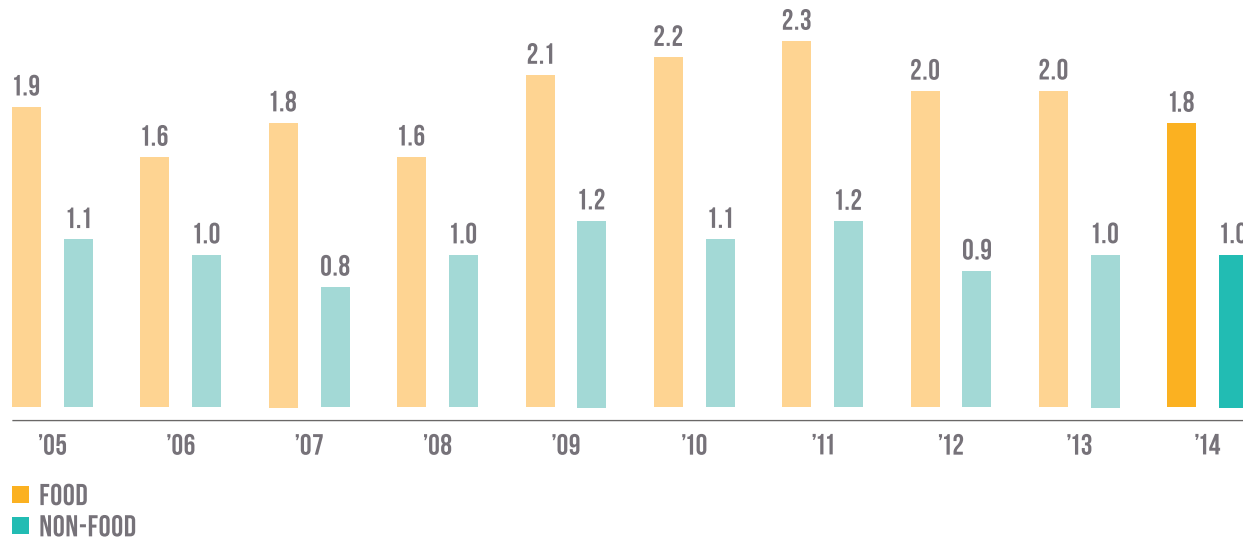
Cott has, over the course of several years, used a multitude of coupon methods (both paper and digitally discovered) including free standing inserts, print-at-home,

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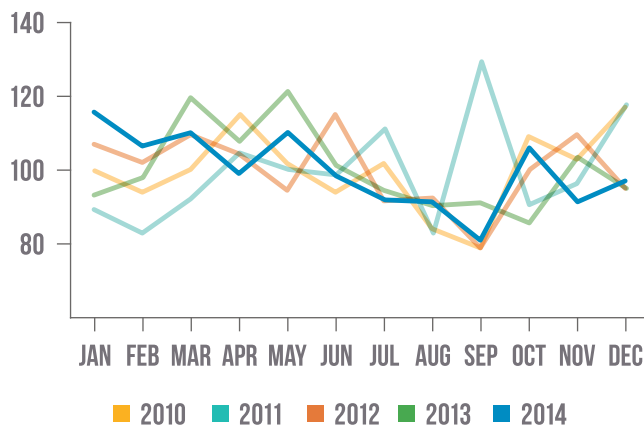
# FOOD vs. NON-FOOD COUPON REDEMPTION

## FOOD vs. NON-FOOD COUPON REDEMPTION (IN BILLIONS)



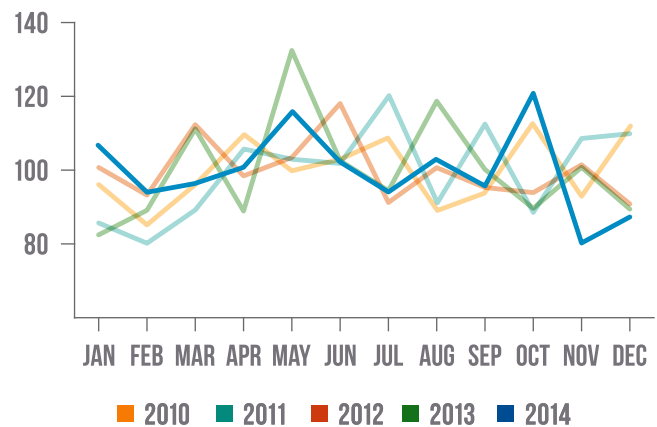
In 2014, redemption for food coupons decreased 7.4 percent to 1.8 billion coupons while redemption for non-food coupons increased 5.9 percent to 1.0 billion coupons.

## REDEMPTION INDEX BY MONTH — FOOD COUPONS



In 2014, food redemption deviated slightly from the 2013 coupon redemption pattern with a small spike in October and a dip in November.

## REDEMPTION INDEX BY MONTH — NON-FOOD COUPONS



As with food coupons, in 2014, non-food coupon redemption followed a similar trend to the 2013 coupon redemption pattern with a small spike in October and a dip in November.

# FOOD vs. NON-FOOD COUPON METHODS

## PERCENT OF TOTAL COUPONS DISTRIBUTED BY METHOD — FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Color Run-of-Press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Home Delivery: DHD	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.1%	0.3%	0.3%	0.3%	0.5%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	1.6%	1.4%	1.2%	1.8%	1.5%
Dual Electronic and Paper: DEP	<0.1%	<0.1%	0.1%	0.8%	0.5%
Electronic Checkout: EC	2.2%	1.7%	1.9%	1.9%	1.6%
Electronic Discount: EDO	<0.1%	<0.1%	0.1%	0.3%	0.5%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	0.3%	0.2%	0.2%	0.4%	0.3%
Free-Standing Insert: FSI	80.6%	82.1%	83.9%	83.2%	85.8%
Handout Co-op: HOC	0.2%	0.2%	0.1%	0.2%	0.1%
Handout In-store with Sample: HSS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout: HO	1.3%	1.2%	0.8%	0.9%	0.8%
Hospital Sample: HS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad: IA	6.3%	6.2%	5.3%	4.7%	3.1%
In-pack Cross Ruff: IPC	0.2%	0.2%	<0.1%	0.2%	0.1%
In-pack: IP	0.4%	0.3%	0.3%	0.2%	0.2%
Instant Redeemable Cross Ruff: IRC	0.7%	0.7%	0.9%	0.8%	0.8%
Instant Redeemable: IR	1.0%	1.3%	0.8%	1.2%	1.5%
Internet: NET	0.5%	0.4%	0.5%	0.4%	0.4%
Magazine On-page: MOP	1.9%	1.0%	0.9%	0.7%	0.6%
Magazine Pop-up: MPU	0.2%	<0.1%	<0.1%	<0.1%	0.2%
Military Handout: MHO	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Magazine: MMG	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-Press: ROP	0.1%	0.2%	0.2%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.2%	0.2%	0.2%	0.1%	0.1%
On-pack: OP	0.3%	0.3%	0.3%	0.2%	0.2%
Shelf Box: SB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad: SP	1.2%	1.2%	0.9%	0.9%	0.8%
Sunday Supplement: SS	<0.1%	0.2%	0.3%	0.1%	0.0%

In 2014, 85.8 percent of all coupons distributed for food products were free-standing insert coupons (FSIs). Other methods with at least 1.0 percent of total food coupon distribution were direct mail, electronic checkout, in-ad and instant redeemable offers.

*continued from p. 15*

instant redeemable, shelf pad, shelf box, electronic shelf, handouts and electronic checkout. Individually, the methods used have been carefully matched to engage target audiences, address market conditions and support specific sales initiatives. Holistically, Cott's coupon program has not only helped grow share, but also has been critical in demonstrating to retailers the company's commitment to supporting the product while on shelf.

The marketing department at Cott Beverages knows that retailers demand the company provide continued support behind their brands to help drive sales. The facings that the group works so hard to get are crucial for business and the focus is on seeing them pay off for Cott as well as their retail partners. Maintaining a strong coupon program demonstrates that support and helps move product.

While much of Cott's coupon distribution takes place in-store, the company also participates in online retailer programs and uses social media (primarily Facebook) to engage more digitally savvy consumers. As part of their online engagement strategy, the company provides content, i.e. drink recipes, serving suggestions, snack ideas, etc. alongside its coupons.

*continues on p. 18*

## PERCENT OF TOTAL COUPONS DISTRIBUTED BY METHOD — NON-FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Color Run-of-Press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Home Delivery: DHD	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.2%	0.2%	0.2%	<0.1%	<0.1%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	0.5%	0.5%	0.5%	0.4%	0.4%
Dual Electronic and Paper: DEP	<0.1%	<0.1%	1.0%	1.4%	2.0%
Electronic Checkout: EC	0.6%	0.4%	0.4%	0.5%	0.5%
Electronic Discount: EDO	<0.1%	<0.1%	<0.1%	<0.1%	0.2%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Free-Standing Insert: FSI	91.1%	90.9%	90.4%	90.2%	91.8%
Handout Co-op: HOC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout In-store with Sample: HSS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout: HO	0.7%	0.6%	0.6%	0.5%	0.4%
Hospital Sample: HS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad: IA	0.7%	0.7%	0.9%	0.3%	0.5%
In-pack Cross Ruff: IPC	0.6%	0.3%	0.2%	0.3%	0.2%
In-pack: IP	0.5%	0.5%	0.5%	0.5%	0.2%
Instant Redeemable Cross Ruff: IRC	0.1%	0.1%	<0.1%	0.1%	0.1%
Instant Redeemable: IR	0.4%	0.3%	0.3%	0.3%	0.3%
Internet: NET	0.3%	0.3%	0.4%	0.3%	0.2%
Magazine On-page: MOP	2.0%	2.0%	1.6%	1.6%	1.2%
Magazine Pop-up: MPU	0.6%	1.3%	1.7%	1.8%	0.9%
Military Handout: MHO	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Magazine: MMG	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	<0.1%	0.0%
Newspaper Run-of-Press: ROP	0.3%	0.3%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
On-pack: OP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box: SB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad: SP	0.2%	0.1%	0.1%	<0.1%	<0.1%
Sunday Supplement: SS	0.6%	0.8%	0.7%	1.1%	0.6%

Comprising 91.8 percent of all non-food coupons distributed, FSI coupons dominated the distribution mix for non-food coupons. Other methods with at least 1.0 percent of total non-food coupon distribution included dual electronic and paper and magazine on-page.

### *continued from p. 17*

A key strategy for Cott is to be at shelf with their coupons, so shoppers can “see the savings” while in the aisle – encouraging trial and increasing the chances of transitioning consumers to a Cott brand. At the same time, the company sees real opportunity for engaging certain market segments in the digital space and are working with trading partners and others to deliver product-related content as well as coupons in order to encourage trial.

By maintaining perpetual competitive awareness and being strategic in method use, Cott Beverages is using coupons successfully to encourage trial, reward loyalty and move inventory out of the plant and off the shelf. There is an illustrative example of how brands – even those with more modest marketing budgets – can leverage the appeal and flexibility of coupons to better target shoppers and cost-effectively incent purchase, ultimately increasing both revenue and market share. •

## PERCENT OF TOTAL COUPONS REDEEMED BY METHOD — FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	0.2%	0.1%	0.3%	0.1%	<0.1%
Color Run-of-Press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	0.4%	0.4%	0.4%	0.4%	0.5%
Direct Home Delivery: DHD	0.3%	0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.3%	0.3%	0.5%	0.5%	0.7%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	3.3%	5.4%	4.1%	4.7%	5.4%
Dual Electronic and Paper: DEP	0.3%	0.4%	0.6%	1.3%	3.1%
Electronic Checkout: EC	9.3%	8.0%	8.5%	9.2%	8.5%
Electronic Discount: EDO	<0.1%	0.2%	0.4%	1.1%	2.1%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	2.0%	2.0%	1.8%	2.5%	1.9%
Free-Standing Insert: FSI	40.0%	40.1%	40.5%	36.7%	34.1%
Handout Co-op: HOC	0.2%	0.2%	0.3%	0.3%	0.2%
Handout In-store with Sample: HSS	0.2%	0.3%	0.5%	0.4%	0.3%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	0.2%	0.1%	0.2%	0.1%	0.1%
Handout: HO	3.1%	3.1%	3.2%	3.2%	2.9%
Hospital Sample: HS	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
In-ad: IA	2.9%	2.0%	1.9%	1.3%	1.1%
In-pack Cross Ruff: IPC	0.2%	0.3%	0.1%	0.2%	0.1%
In-pack: IP	1.3%	1.1%	0.9%	1.0%	0.7%
Instant Redeemable Cross Ruff: IRC	4.9%	5.6%	7.5%	5.9%	5.9%
Instant Redeemable: IR	12.5%	12.3%	11.6%	14.1%	16.7%
Internet: NET	2.7%	4.1%	4.2%	4.8%	3.6%
Magazine On-page: MOP	0.8%	0.6%	0.5%	0.3%	0.3%
Magazine Pop-up: MPU	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Handout: MHO	0.3%	0.3%	0.3%	0.3%	0.2%
Military Magazine: MMG	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	0.8%	0.6%	0.6%	0.6%	0.6%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Newspaper Run-of-Press: ROP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.4%	0.4%	0.3%	0.5%	0.6%
On-pack: OP	2.4%	1.9%	2.2%	2.1%	1.9%
Shelf Box: SB	0.5%	0.3%	0.4%	0.4%	0.2%
Shelf Pad: SP	10.2%	9.4%	7.5%	7.2%	7.7%
Sunday Supplement: SS	<0.1%	<0.1%	0.5%	0.2%	<0.1%

THOUGH  
FSI'S ARE  
STILL THE  
DOMINANT  
METHOD,  
THEIR  
SHARE OF  
REDEMPTION  
CONTINUES  
TO DECLINE.

FSIs accounted for 34.1 percent of all coupons redeemed for food products in 2014. Other notable methods include instant redeemable/instant redeemable cross ruff, electronic checkout, shelf pad and Internet print-at-home coupons. Other methods with at least 1.0 percent of total food coupon redemption included direct mail, electronic discount, electronic shelf, handout, in-ad and on-pack. Electronic discount, instant redeemable, direct mail and dual electronic and paper (see commentary on p. 6) all experienced significant increases in redemption over 2013.

## PERCENT OF TOTAL COUPONS REDEEMED BY METHOD — NON-FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	0.2%	0.1%	<0.1%	0.1%	0.2%
Color Run-of-Press: CRP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations: CR	0.2%	0.2%	0.2%	0.3%	0.2%
Direct Home Delivery: DHD	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail Co-op: DMC	0.6%	0.4%	0.5%	0.3%	0.2%
Direct Mail with Sample: DMS	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail: DM	1.9%	2.3%	2.8%	3.7%	2.7%
Dual Electronic and Paper: DEP	0.5%	0.4%	0.5%	1.5%	4.1%
Electronic Checkout: EC	5.6%	5.8%	5.2%	5.2%	5.2%
Electronic Discount: EDO	<0.1%	0.2%	0.3%	0.6%	1.4%
Electronic Kiosk: EK	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf: ES	1.1%	0.9%	0.7%	0.6%	0.9%
Free-Standing Insert: FSI	49.5%	49.4%	49.0%	46.7%	48.8%
Handout Co-op: HOC	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout In-store with Sample: HSS	<0.1%	0.1%	0.2%	0.3%	0.2%
Handout Off-store Location Co-op: HLC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample: HLS	<0.1%	0.1%	0.1%	<0.1%	<0.1%
Handout Off-store Location: HL	0.3%	0.2%	0.3%	0.2%	0.2%
Handout: HO	3.1%	2.9%	3.1%	3.1%	3.0%
Hospital Sample: HS	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad: IA	0.6%	0.8%	0.7%	1.0%	1.0%
In-pack Cross Ruff: IPC	1.3%	1.1%	1.2%	0.9%	1.0%
In-pack: IP	4.2%	5.3%	4.4%	3.6%	3.4%
Instant Redeemable Cross Ruff: IRC	3.2%	1.9%	2.9%	2.8%	3.3%
Instant Redeemable: IR	16.6%	15.0%	16.0%	18.3%	16.4%
Internet: NET	3.1%	5.0%	5.4%	5.6%	3.4%
Magazine On-page: MOP	0.6%	0.9%	0.4%	0.5%	0.5%
Magazine Pop-up: MPU	0.4%	0.5%	0.8%	0.8%	0.7%
Military Handout: MHO	0.6%	0.6%	0.6%	0.6%	0.6%
Military Magazine: MMG	<0.1%	0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad: MSP	0.5%	0.8%	0.4%	0.4%	0.4%
Newspaper Co-op: NCC	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-Press: ROP	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff: OPC	0.8%	0.5%	0.2%	0.1%	0.3%
On-pack: OP	2.1%	1.9%	1.4%	0.8%	0.5%
Shelf Box: SB	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad: SP	2.4%	2.0%	2.0%	1.4%	1.2%
Sunday Supplement: SS	0.3%	<0.1%	<0.1%	<0.1%	<0.1%

SHOPPERS  
SHOW  
A STRONG  
RESPONSE  
TO IN-STORE  
METHODS FOR  
NON-FOOD  
COUPONS  
SUCH AS  
INSTANT  
REDEEMABLE  
WHICH  
HIT **16.4%**  
OF TOTAL  
COUPONS  
REDEEMED  
IN 2014.

FSI coupons accounted for 48.8 percent of total coupon redemption for non-food coupons in 2014. Other notable methods include instant redeemable, Internet print-at-home and electronic checkout coupons. Other methods with at least 1.0 percent of total non-food coupon redemption included direct mail, electronic discount, handout, in-ad, in-pack, in-pack cross ruff, instant redeemable cross ruff and shelf pad. Electronic discount, instant redeemable cross ruff, and dual electronic and paper (see commentary on p. 6) all experienced significant increases in redemption over 2013.

## 2014 METHOD INDEX — FOOD COUPONS

METHOD	INDEX
Bounceback: BB	1949
Color Run-of-Press: CRP	1036
Consumer Relations: CR	2727
Direct Home Delivery: DHD	78
Direct Mail Co-op: DMC	151
Direct Mail with Sample: DMS	65
Direct Mail: DM	352
Dual Electronic and Paper: DEP	577
Electronic Checkout: EC	526
Electronic Discount: EDO	453
Electronic Kiosk: EK	428
Electronic Shelf: ES	646
Free-Standing Insert: FSI	40
Handout Co-op: HOC	184
Handout In-store with Sample: HSS	590
Handout Off-store Location Co-op: HLC	42
Handout Off-store Location with Sample: HLS	82
Handout Off-store Location: HL	345
Handout: HO	375
Hospital Sample: HS	578
In-ad: IA	36
In-pack Cross Ruff: IPC	99
In-pack: IP	345
Instant Redeemable Cross Ruff: IRC	773
Instant Redeemable: IR	1146
Internet: NET	1014
Magazine On-page: MOP	41
Magazine Pop-up: MPU	48
Military Handout: MHO	470
Military Magazine: MMG	144
Military Shelf Pad: MSP	1268
Newspaper Co-op: NCC	56
Newspaper Run-of-Press: ROP	55
On-pack Cross Ruff: OPC	611
On-pack: OP	779
Shelf Box: SB	467
Shelf Pad: SP	952



SUSAN JONES

### METHOD MIX TRENDS

In addition to highlighting key differences between the overall performance of food and non-food offers, it is beneficial to review and understand how method mix has changed over time as well. As technology has ushered in new promotion platforms and methods of distribution (NET, EDO, DEP, ES, etc.) over the past decade, more established “traditional” methods (FSI, IR, IA, etc.) have been impacted by marketers looking to “make room” for new methods in an increasingly crowded promotion space.

With consumer promotion focus and budgets shifting toward increasingly digital-driven programs, the re-direction has come most often from existing budgets rather than additional spend. The result has been an erosion of share-of-redemption for the longer-established methods.

However, promotion innovation has not affected redemption and distribution equally. Even with the advent of promotion innovation, distribution patterns have not changed significantly for food and non-food offers — owing primarily to the dominance of FSIs. In 2014, 85.8 percent of food offers and 91.8 percent of non-food offers were distributed via FSIs. An analysis of redemption patterns uncovers a different story.

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As with the overall industry, in-store distributed coupons for food such as instant redeemable, shelf pad, electronic shelf and shelf box are among the coupons most favored by consumers. Consumer relations continue to be popular with consumers as well. The Method Index is calculated by taking the percent of coupons redeemed by method divided by the percent of coupons distributed by method. The Method Index helps highlight the relative consumer response to utilized method tactics.



## 2014 METHOD INDEX — NON-FOOD COUPONS

METHOD	INDEX
Bounceback: BB	1761
Color Run-of-Press: CRP	15
Consumer Relations: CR	10115
Direct Home Delivery: DHD	1151
Direct Mail Co-op: DMC	400
Direct Mail with Sample: DMS	967
Direct Mail: DM	727
Dual Electronic and Paper: DEP	210
Electronic Checkout: EC	1062
Electronic Discount: EDO	844
Electronic Kiosk: EK	266
Electronic Shelf: ES	1115
Free-Standing Insert: FSI	53
Handout Co-op: HOC	228
Handout In-store with Sample: HSS	510
Handout Off-store Location Co-op: HLC	12
Handout Off-store Location with Sample: HLS	296
Handout Off-store Location: HL	320
Handout: HO	701
Hospital Sample: HS	1437
In-ad: IA	210
In-pack Cross Ruff: IPC	426
In-pack: IP	1697
Instant Redeemable Cross Ruff: IRC	3038
Instant Redeemable: IR	6223
Internet: NET	1575
Magazine On-page: MOP	44
Magazine Pop-up: MPU	73
Military Handout: MHO	3008
Military Magazine: MMC	602
Military Shelf Pad: MSP	6261
Newspaper Run-of-Press: ROP	104
On-pack Cross Ruff: OPC	518
On-pack: OP	1948
Shelf Box: SB	983
Shelf Pad: SP	1617
Sunday Supplement: SS	9

In 2014, in-store distributed coupons such as instant redeemable and shelf pad were well-received by non-food consumers. Coupons which encourage repeat purchase (in-pack and on-pack) also generated high indices among non-food consumers. The Method Index is calculated by taking the percent of coupons redeemed by method divided by the percent of coupons distributed by method. The Method Index helps highlight the relative consumer response to utilized method tactics.

### *continued from p. 21*

In the last five years, FSI food offers have seen their share of redemption shrink considerably, from 40.0 percent in 2010 to 34.1 percent in 2014, resulting in part from gains made by DEP, EDO, NET and others. However, FSI non-food offers have not experienced a similar decline, with share of redemption holding relatively steady (48% - 49%) over the same time period.

Interestingly, those non-food offer methods that have been impacted most by the deployment of new digital methods have been “product-adjacent” and package-specific methods. These methods have all seen their shares of redemption decline since 2010 while digital methods have flourished and grown. Specifically, on-pack (2.1% in 2010, shrinking to 0.5% in 2014), in-pack (falling 5.3% in 2011 to 3.4% in 2014) and shelf pad (2.4% in 2010 and decreasing to 1.2% in 2014).

While new technology and innovation have disrupted “traditional” promotion practices throughout the industry, it is clear that food and non-food categories have been impacted by this disruption in markedly different ways. As marketers work to develop the method mix that is optimal for their brand and determine their investment in digital promotions, it is imperative that realistic, defined expectations and success measures first be established. Considerations including desired shopper response, cost per unit moved, unit sales targets and trade support strategies should all be used to inform development of a disciplined approach to method deployment — and effective evaluation of event outcomes against expectations and previously identified category trends. •

## REDEMPTION RATES BY METHOD — FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	25.71%	11.20%	4.04%	8.29%	7.29%
Color Run-of-Press: CRP	0.58%	0.32%	1.17%	0.54%	4.34%
Consumer Relations: CR	15.12%	22.54%	26.81%	27.80%	27.01%
Direct Home Delivery: DHD	4.83%	17.82%	0.55%	1.51%	4.05%
Direct Mail Co-op: DMC	4.73%	4.41%	2.26%	2.44%	2.79%
Direct Mail with Sample: DMS	4.73%	1.08%	2.75%	3.31%	2.63%
Direct Mail: DM	2.96%	3.51%	5.18%	5.40%	4.16%
Dual Electronic and Paper: DEP	13.80%	13.61%	11.88%	7.30%	2.51%
Electronic Checkout: EC	6.62%	7.47%	7.95%	6.86%	7.41%
Electronic Discount: EDO	7.52%	6.88%	7.78%	6.03%	6.55%
Electronic Kiosk: EK	5.97%	4.28%	4.66%	3.20%	5.64%
Electronic Shelf: ES	7.31%	9.64%	15.79%	12.18%	10.42%
Free-Standing Insert: FSI	0.87%	0.80%	0.89%	0.76%	0.66%
Handout Co-op: HOC	1.65%	1.79%	1.65%	3.09%	3.07%
Handout In-store with Sample: HSS	4.97%	7.22%	8.03%	6.96%	8.08%
Handout Off-store Location Co-op: HLC	1.01%	1.09%	2.29%	2.35%	3.25%
Handout Off-store Location with Sample: HLS	2.76%	4.95%	3.99%	2.37%	2.94%
Handout Off-store Location: HL	5.15%	4.79%	4.78%	3.75%	7.55%
Handout: HO	4.72%	3.36%	4.43%	5.31%	4.10%
Hospital Sample: HS	1.90%	4.10%	n/a	n/a	3.02%
In-ad: IA	1.01%	0.67%	0.60%	0.48%	0.39%
In-pack Cross Ruff: IPC	2.20%	2.63%	2.91%	1.27%	1.38%
In-pack: IP	4.62%	5.37%	4.81%	5.33%	5.56%
Instant Redeemable Cross Ruff: IRC	13.96%	10.97%	14.70%	11.25%	10.15%
Instant Redeemable: IR	21.63%	20.63%	16.39%	20.14%	16.78%
Internet: NET	14.25%	9.25%	16.97%	14.37%	17.11%
Magazine On-page: MOP	0.66%	0.69%	0.94%	0.76%	0.64%
Magazine Pop-up: MPU	0.89%	1.17%	1.22%	1.06%	0.78%
Military Handout: MHO	9.32%	9.36%	8.66%	10.18%	8.16%
Military Magazine: MMG	2.26%	1.91%	2.51%	2.18%	2.26%
Military Shelf Pad: MSP	21.43%	21.67%	19.53%	21.12%	9.11%
Newspaper Co-op: NCC	0.51%	0.53%	0.45%	0.29%	0.40%
Newspaper Run-of-Press: ROP	0.50%	0.93%	0.37%	0.44%	0.28%
On-pack Cross Ruff: OPC	2.78%	2.89%	2.59%	3.36%	5.63%
On-pack: OP	11.31%	11.55%	10.25%	12.36%	11.21%
Shelf Box: SB	8.17%	12.16%	10.04%	11.12%	10.63%
Shelf Pad: SP	11.83%	13.48%	12.86%	11.31%	11.81%
Sunday Supplement: SS	0.74%	0.66%	0.26%	n/a	1.86%

DIGITALLY  
DISCOVERED  
COUPONS,  
INCLUDING  
INTERNET  
AND  
ELECTRONIC  
DISCOUNT,  
SAW  
INCREASED  
REDEMPTION  
RATES  
IN 2014.

In 2014, average redemption rates in the food product category ranged from 0.28 percent for newspaper run-of-press coupons to 27.01 percent for consumer relations coupons. At 0.66 percent, the average redemption rate for food FSI coupons was above the overall industry FSI average redemption rate of 0.42 percent.



## MIDDLE-HALF REDEMPTION RATES BY METHOD — FOOD

METHOD	MIDDLE-HALF	
	REDEMPTION RATE	REDEMPTION RATE RANGE
Bounceback: BB	9.44%	4.48% - 19.94%
Color Run-of-Press: CRP	3.42%	1.02% - 9.70%
Consumer Relations: CR	23.01%	8.93% - 45.90%
Direct Home Delivery: DHD	8.15%	1.58% - 19.00%
Direct Mail Co-op: DMC	3.14%	0.99% - 13.16%
Direct Mail with Sample: DMS	2.86%	1.24% - 6.49%
Direct Mail: DM	6.18%	1.77% - 18.61%
Dual Electronic and Paper: DEP	4.61%	1.98% - 13.96%
Electronic Checkout: EC	6.71%	3.17% - 12.23%
Electronic Discount: EDO	3.56%	1.00% - 7.73%
Electronic Kiosk: EK	3.63%	1.53% - 7.62%
Electronic Shelf: ES	6.79%	2.50% - 12.46%
Free-Standing Insert: FSI	0.53%	0.23% - 0.97%
Handout Co-op: HOC	3.41%	0.99% - 8.52%
Handout In-store with Sample: HSS	6.67%	2.22% - 11.53%
Handout Off-store Location Co-op: HLC	3.29%	0.80% - 13.50%
Handout Off-store Location with Sample: HLS	2.53%	1.52% - 7.13%
Handout Off-store Location: HL	8.34%	2.26% - 27.38%
Handout: HO	6.07%	1.60% - 22.00%
Hospital Sample: HS	3.33%	1.73% - 6.29%
In-ad: IA	0.36%	0.08% - 1.55%
In-pack Cross Ruff: IPC	1.69%	0.61% - 5.08%
In-pack: IP	4.96%	0.87% - 11.32%
Instant Redeemable Cross Ruff: IRC	8.94%	2.76% - 18.57%
Instant Redeemable: IR	16.66%	5.91% - 33.61%
Internet: NET	15.08%	3.39% - 32.84%
Magazine On-page: MOP	0.44%	0.18% - 1.07%
Magazine Pop-up: MPU	0.58%	0.33% - 1.76%
Military Handout: MHO	7.71%	2.21% - 22.69%
Military Magazine: MMG	2.08%	1.02% - 2.90%
Military Shelf Pad: MSP	18.59%	8.30% - 29.35%
Newspaper Co-op: NCC	0.35%	0.22% - 4.29%
Newspaper Run-of-Press: ROP	0.22%	0.10% - 0.43%
On-pack Cross Ruff: OPC	1.75%	0.46% - 5.47%
On-pack: OP	10.01%	2.07% - 26.19%
Shelf Box: SB	11.45%	6.35% - 18.59%
Shelf Pad: SP	9.18%	2.67% - 18.86%
Sunday Supplement: SS	1.74%	0.58% - 2.49%



BRIAN WIEGAND

### DIGITAL ENGAGEMENT SOLUTIONS

As noted in the Key Trends section of this year's industry analysis, digitally discovered offers are continuing to rapidly gain share of overall coupon redemption. The growing popularity of these coupons is largely attributable to the fact that they are easy to find, simple to acquire, redeemable anywhere and can be more effectively targeted to identified shopper audiences. This direct alignment with shopper expectations is helping drive use of these methods.

Being able to connect effectively with an individual consumer is the goal for all brands. And, while traditional coupons can create a "baseline" connection with a shopper when they find an offer they want, marketers have come to expect deeper engagement from digitally discovered offers. Intent on doing more than just offering shoppers savings on a given purchase, brands are exploring ways to use online offers to advance broader, more long-term brand objectives.

*continues on p. 25*

Middle-half rates and ranges eliminate the top and bottom 25 percent of data to decrease variability and remove outliers. The chart shows these rates and ranges (by coupon distribution method) for 2014. With outliers removed, redemption rates for newspaper run-of-press and consumer relation coupons still represented the redemption-rate extremes.

## REDEMPTION RATES BY METHOD — NON-FOOD COUPONS

METHOD	2010	2011	2012	2013	2014
Bounceback: BB	12.44%	4.53%	7.89%	6.88%	5.02%
Color Run-of-Press: CRP	n/a	1.60%	n/a	n/a	n/a
Consumer Relations: CR	17.99%	8.44%	9.22%	7.18%	33.52%
Direct Home Delivery: DHD	1.57%	3.09%	0.72%	0.84%	0.89%
Direct Mail Co-op: DMC	2.91%	1.64%	1.31%	1.09%	1.31%
Direct Mail with Sample: DMS	2.22%	1.77%	3.10%	0.72%	1.28%
Direct Mail: DM	1.54%	2.53%	2.74%	2.73%	3.17%
Dual Electronic and Paper: DEP	13.62%	9.51%	3.89%	0.31%	0.56%
Electronic Checkout: EC	5.57%	5.80%	7.15%	5.91%	5.60%
Electronic Discount: EDO	0.56%	1.79%	4.56%	3.87%	4.32%
Electronic Kiosk: EK	n/a	3.52%	8.57%	4.13%	4.27%
Electronic Shelf: ES	5.99%	6.34%	8.25%	7.76%	5.57%
Free-Standing Insert: FSI	0.40%	0.33%	0.35%	0.29%	0.26%
Handout Co-op: HOC	1.20%	1.11%	0.72%	1.41%	0.37%
Handout In-store with Sample: HSS	1.58%	1.33%	1.75%	2.25%	1.31%
Handout Off-store Location Co-op: HLC	0.90%	0.59%	0.47%	1.11%	0.12%
Handout Off-store Location with Sample: HLS	2.66%	1.82%	2.01%	4.05%	2.19%
Handout Off-store Location: HL	1.06%	2.58%	1.84%	2.38%	1.20%
Handout: HO	2.29%	2.20%	2.64%	2.56%	2.62%
Hospital Sample: HS	2.52%	1.05%	0.92%	2.13%	0.43%
In-ad: IA	0.35%	0.41%	0.70%	0.40%	1.46%
In-pack Cross Ruff: IPC	1.71%	1.59%	1.74%	1.90%	0.73%
In-pack: IP	5.60%	5.10%	5.92%	3.00%	2.86%
Instant Redeemable Cross Ruff: IRC	19.37%	6.91%	9.96%	18.79%	9.52%
Instant Redeemable: IR	29.88%	30.18%	26.04%	31.98%	30.49%
Internet: NET	3.34%	5.76%	8.99%	6.66%	8.10%
Magazine On-page: MOP	0.25%	0.16%	0.24%	0.10%	0.20%
Magazine Pop-up: MPU	0.39%	n/a	n/a	n/a	n/a
Military Handout: MHO	11.28%	10.47%	9.74%	9.97%	9.13%
Military Magazine: MMG	2.25%	1.46%	1.84%	3.58%	3.50%
Military Shelf Pad: MSP	25.87%	18.14%	12.43%	12.65%	7.06%
Newspaper Co-op: NCC	n/a	0.07%	n/a	n/a	0.18%
Newspaper Run-of-Press: ROP	0.09%	0.05%	0.12%	0.23%	0.07%
On-pack Cross Ruff: OPC	7.53%	4.15%	11.04%	2.46%	2.63%
On-pack: OP	15.92%	18.96%	22.30%	13.11%	9.63%
Shelf Box: SB	1.10%	n/a	3.70%	4.94%	2.59%
Shelf Pad: SP	14.23%	7.11%	6.86%	8.27%	8.21%
Sunday Supplement: SS	0.19%	0.31%	0.04%	0.04%	0.04%

Average redemption rates in the non-food product category ranged from 0.04 percent for Sunday supplement coupons to 33.52 percent for consumer relations coupons. At 0.26 percent, the average redemption rate for non-food FSI coupons was below the overall industry FSI average redemption rate of 0.42 percent.

*continued from p. 24*

A rapidly emerging solution for achieving this deeper level of brand engagement is attaching any one of a number of activities (“engagement plug-ins”) to the shopper’s online acquisition of offers. These activities can include watching a video, sharing on social media, completing a survey and other easily completed, equity-building tasks that not only inform shoppers and stimulate brand advocacy, but can also populate the brand’s CRM database and enable marketers to better understand the customer and track sales at the individual consumer level.

Shoppers are motivated to participate in this direct interaction through the promise of immediate reward – including, in some instances, escalated savings that are enabled with the completion of the activity. The combination of active engagement with the brand and the additional savings awarded has proven effective in driving higher redemption. Inmar data show that shoppers who invest time engaging with a brand through this process are redeeming the acquired offers at up to five times the redemption rate of traditional paper coupons.

Enabling meaningful shopper engagement has never been more important for both manufacturers and retailers as shopper expectations for

*continues on p. 26*

## MIDDLE-HALF REDEMPTION RATES BY METHOD — NON-FOOD

METHOD	MIDDLE-HALF	
	REDEMPTION RATE	REDEMPTION RATE RANGE
Bounceback: BB	6.31%	1.73% - 51.43%
Consumer Relations: CR	20.40%	6.95% - 41.25%
Direct Home Delivery: DHD	0.88%	0.31% - 2.30%
Direct Mail Co-op: DMC	3.93%	0.58% - 12.19%
Direct Mail with Sample: DMS	0.53%	0.32% - 1.41%
Direct Mail: DM	4.04%	0.85% - 13.69%
Dual Electronic and Paper: DEP	5.15%	1.06% - 13.00%
Electronic Checkout: EC	4.26%	1.35% - 9.35%
Electronic Discount: EDO	2.53%	0.86% - 5.46%
Electronic Kiosk: EK	7.83%	4.19% - 12.42%
Electronic Shelf: ES	6.00%	2.46% - 15.73%
Free-Standing Insert: FSI	0.16%	0.06% - 0.34%
Handout Co-op: HOC	0.17%	0.08% - 0.54%
Handout In-store with Sample: HSS	1.14%	0.40% - 2.60%
Handout Off-store Location Co-op: HLC	1.87%	0.78% - 3.77%
Handout Off-store Location with Sample: HLS	0.87%	0.20% - 3.53%
Handout Off-store Location: HL	2.95%	1.50% - 27.02%
Handout: HO	5.20%	1.01% - 27.70%
Hospital Sample: HS	0.25%	0.06% - 0.82%
In-ad: IA	0.97%	0.18% - 3.57%
In-pack Cross Ruff: IPC	0.23%	0.08% - 1.09%
In-pack: IP	1.88%	0.39% - 4.77%
Instant Redeemable Cross Ruff: IRC	10.62%	2.39% - 24.61%
Instant Redeemable: IR	31.27%	14.02% - 47.61%
Internet: NET	7.61%	1.40% - 18.18%
Magazine On-page: MOP	0.06%	0.01% - 0.17%
Military Handout: MHO	11.70%	2.78% - 23.93%
Military Magazine: MMG	3.89%	2.76% - 5.71%
Military Shelf Pad: MSP	9.51%	0.14% - 20.39%
Newspaper Co-op: NCC	0.27%	0.13% - 1.20%
Newspaper Run-of-Press: ROP	0.07%	0.01% - 0.13%
On-pack Cross Ruff: OPC	3.92%	0.89% - 4.92%
On-pack: OP	20.24%	6.09% - 33.35%
Shelf Box: SB	1.11%	0.66% - 5.30%
Shelf Pad: SP	5.40%	1.83% - 17.25%
Sunday Supplement: SS	0.04%	0.02% - 0.06%

AS ILLUSTRATED  
BY THE MIDDLE-  
HALF RANGE  
FOR INSTANT  
REDEEMABLE  
(14.02% TO  
47.61%),  
YOUR OFFER  
PERFORMANCE  
MAY VARY!

Middle-half rates and ranges eliminate the top and bottom 25 percent of data to decrease variability and remove outliers. The chart shows these rates and ranges by coupon distribution method for non-food products for 2014.

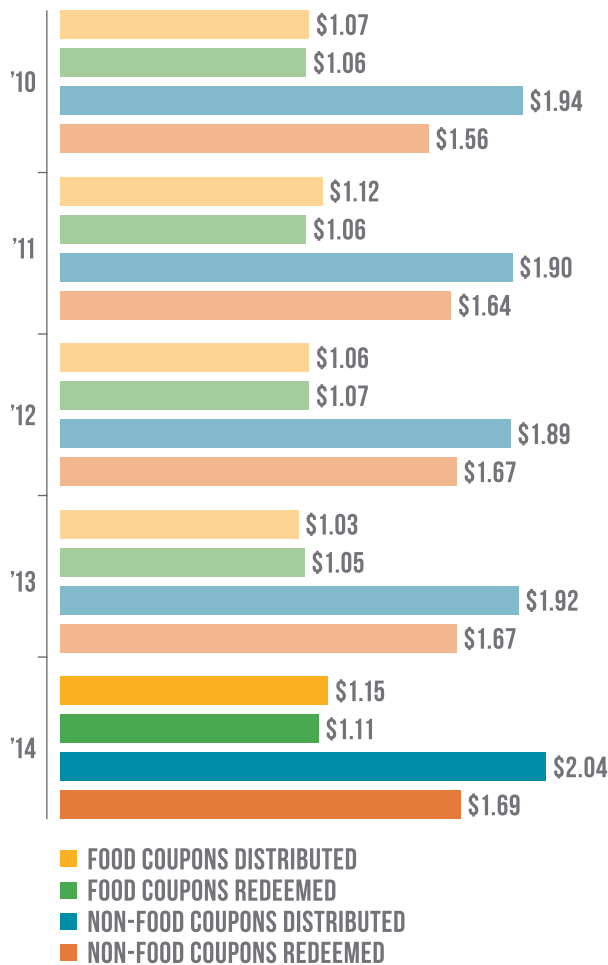
*continued from p. 25*

it continue to grow. At Inmar, we see leveraging digital media for the delivery of immediately relevant and easily acquired offers as a superior tactic that trading partners can employ to meet these expectations. Inmar has available a number of solutions that enable measurable online engagement and execution of true 1:1 marketing, at scale, with offers reaching targeted audiences and coupon values matched to shoppers based on both past purchase behavior and propensity for future purchase.

Contact your Inmar Account Representative if you'd like to learn more. •

# FACE VALUES AND PURCHASE REQUIREMENTS

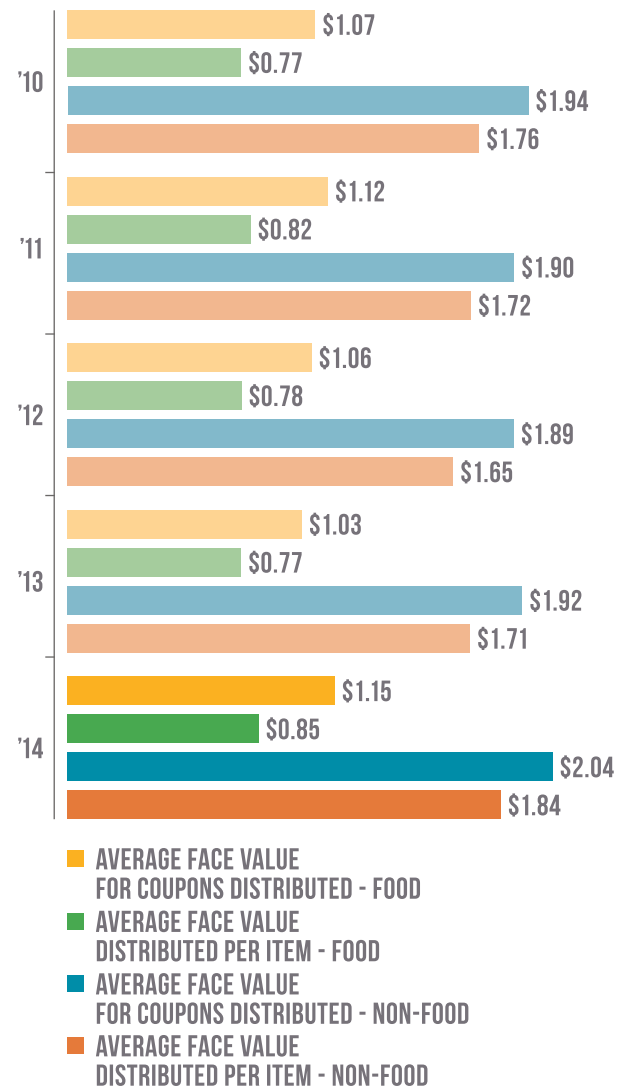
## AVERAGE FACE VALUE DISTRIBUTED AND REDEEMED — FOOD vs. NON-FOOD



In 2014, the average face value for food coupons distributed increased 11.6 percent to \$1.15. Similar to food offers, the average face value for non-food coupons distributed increased 6.2 percent to \$2.04.

The average face value for food coupons redeemed increased 5.5 percent to \$1.11; the average face value for non-food coupons redeemed also increased 1.3 percent to \$1.69.

## AVERAGE FACE VALUE DISTRIBUTED PER COUPON vs. AVERAGE FACE VALUE DISTRIBUTED PER ITEM



As the average face value per coupon distributed for food products increased, so did the average face value per item (which is calculated by dividing the face value by the purchase requirement). In 2014, the average face value per coupon distributed for food products was \$1.15, while the average face value per item distributed was \$0.85, suggesting that marketers in the food category used multiple-purchase coupons to promote their products.

In the non-food category, the average face value per coupon distributed was up 6.2 percent. The average face value per item distributed also increased 7.9 percent.



BILL BEYEA

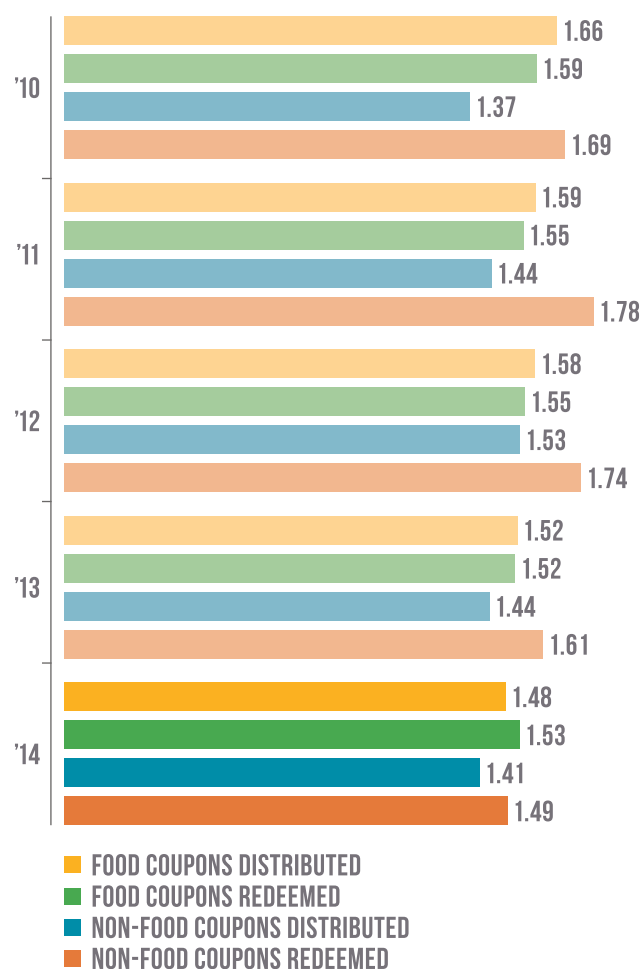
### FACE VALUES: FOOD vs. NON-FOOD

As noted earlier, average face values for coupons distributed increased significantly in 2014 over 2013, increasing 10 percent to an average \$1.71 for coupons distributed. Primary drivers for this increase were: a surge in new product launches, increased discounts for center store items and an overall reaction by marketers to stagnant redemption rates over the past three years.

Coupons are a core component of most new product launch plans, and in 2014 the market saw a continued elevation in the number of new products launched. To incent trial, marketers routinely provide high face value and low purchase requirements to consumers. In 2014, face values increased, while already low purchase requirements remained at prior-year levels.

Retailers have increased marketing focus on higher margin perimeter items, which coincides with recent shifts in shopper preferences and buying patterns. To address the resulting decline in center store sales, CPG marketers have increased face values for coupons as a means to increase the price advantage relative to the more expensive fresh produce, meats and baked goods found on the perimeter. Finally, as marketers have seen redemption rates return to pre-recession levels, they have responded by increasing face values to pre-recession levels as well. •

### AVERAGE PURCHASE REQUIREMENT DISTRIBUTED AND REDEEMED – FOOD vs. NON-FOOD (IN UNITS)

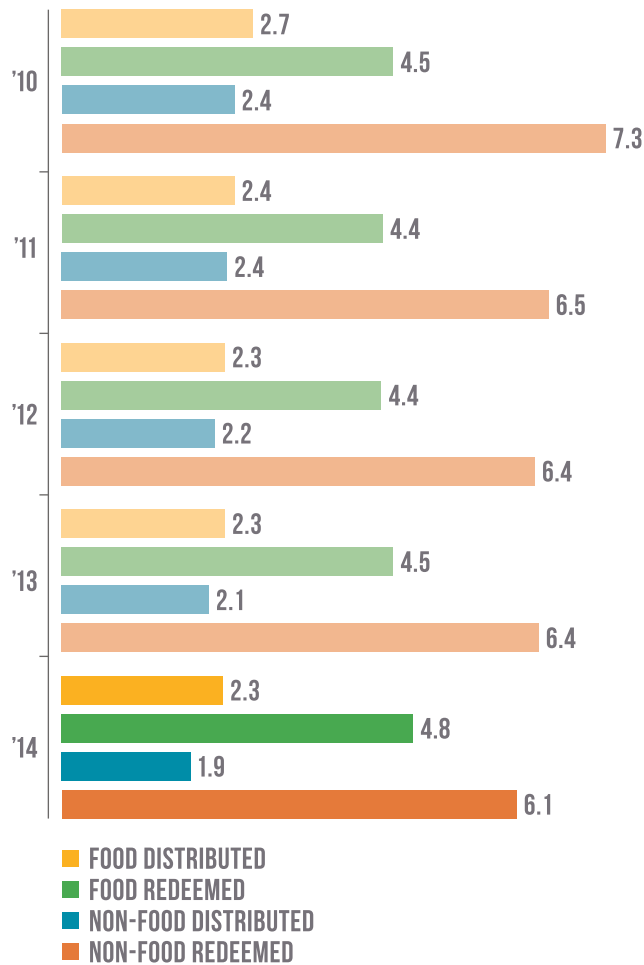


In 2014, the average purchase requirement for food coupons distributed decreased 2.5 percent to 1.48 units, while the average purchase requirement for non-food coupons distributed also decreased 2.1 percent to 1.41 units.

The average purchase requirement for food coupons redeemed increased 0.9 percent to 1.53 units while the average purchase requirement for non-food coupons redeemed decreased 7.4 percent to 1.49 units.

# FOOD vs. NON-FOOD REDEMPTION PERIOD

## AVERAGE REDEMPTION PERIOD DISTRIBUTED AND REDEEMED — FOOD vs. NON-FOOD (IN MONTHS)



In 2014, the average redemption period distributed for food coupons decreased 1.5 percent to 2.3 months, while the average redemption period redeemed was up 5.9 percent to 4.8 months. The average redemption period distributed for non-food coupons was down 10.4 percent to 1.9 months, the average redemption period redeemed also decreased 4.8 percent to 6.1 months.

## AT A GLANCE TABLE (CHANGE vs. 2013)

	DISTRIBUTED	REDEEMED
TOTAL NUMBER OF COUPONS (FOOD)	119 B (-10.9%)	1.8 B (-7.4%)
TOTAL NUMBER OF COUPONS (NON-FOOD)	200 B (+ 2.5%)	1 B (+5.9%)
AVERAGE FACE VALUE (FOOD)	\$1.15 (+11.6%)	\$1.11 (+5.5%)
AVERAGE FACE VALUE (NON-FOOD)	\$2.04 (+6.2%)	\$1.69 (+1.3%)
AVERAGE PURCHASE REQUIREMENT (FOOD)	1.48 (-2.5%)	1.53 (+0.9%)
AVERAGE PURCHASE REQUIREMENT (NON-FOOD)	1.41 (-2.1%)	1.49 (-7.4%)
AVERAGE REDEMPTION PERIOD (FOOD)	2.3 MONTHS (-1.5%)	4.8 MONTHS (+5.9%)
AVERAGE REDEMPTION PERIOD (NON-FOOD)	1.9 MONTHS (-10.4%)	6.1 MONTHS (-4.8%)



# CATEGORY SNAPSHOT

Category-level insights are among the most valuable “standard” trends findings that Inmar provides to its clients. Trends at the category level tend to more closely compare to a brand's own strategies and results and can be used for better benchmarking. The ten category-level trends reports that Inmar produces each year (beverage, dry grocery, entertainment, frozen, general merchandise, health care, household, packaged deli, personal care and refrigerated) provide clients with the same valuable insights – at a category level – that they already receive from Inmar's overall industry trends.

Promotion strategy, as part of an overall marketing plan, tends to vary widely among product categories. For example, beverage and beer displays offer a far different coupon discovery context than what would typically be seen for household supplies. Given these kinds of identified variances, it's essential to understand the unique coupon activity (among marketers and shoppers) that characterizes each category. Therefore, what follows in this section is a snapshot of existing differences among categories – across key metrics including distribution, redemption, face values and purchase requirements.

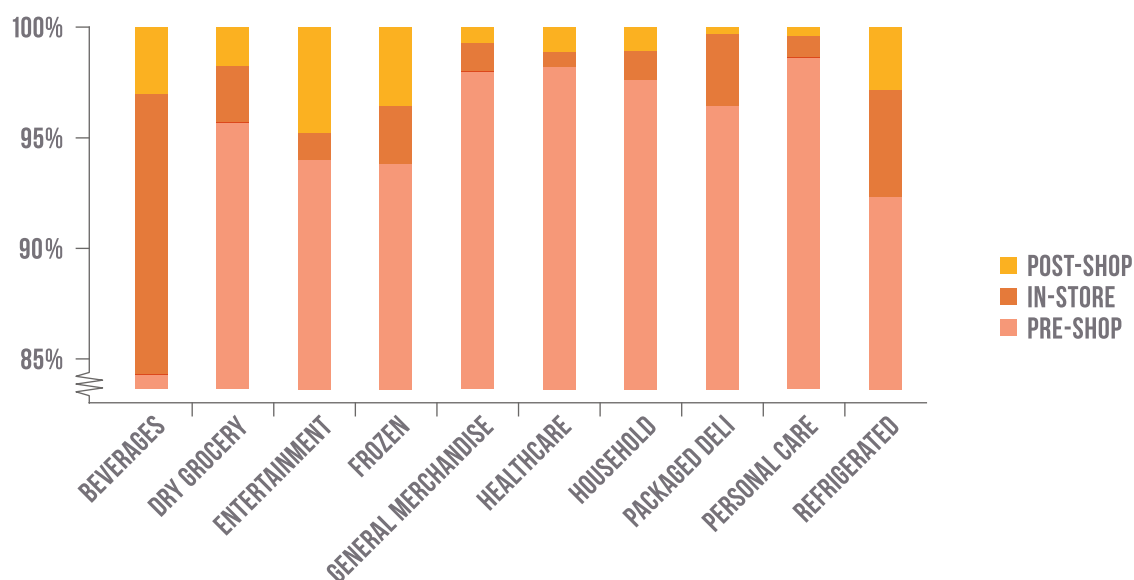
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Clients who want more information on category-specific promotion activity and shopper behavior – beyond the standard reporting available from Inmar – can work with Inmar Promotion Analytics to develop customized deliverables and solutions to inform promotion strategies and

address their business challenges. Advanced forecasting, in-depth category trends analysis, offer optimization and shopper behavior insights are just a few of the solutions we provide to manufacturer and retailer clients. •

## COUPON DISTRIBUTION AND REDEMPTION: ENGAGEMENT IN THE SHOPPING CYCLE

### PERCENT DISTRIBUTED BY SHOPPING STAGE — BY CATEGORY



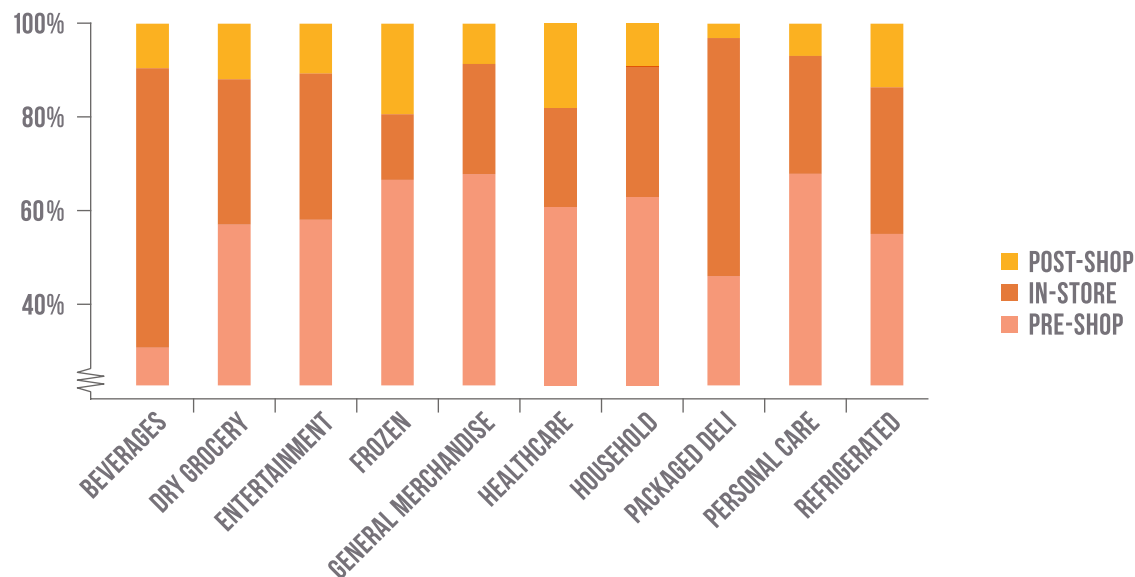
Marketers attempt to influence purchase throughout the shopper journey, employing a promotional mix that includes vehicles intended to reach consumers at each stage of the journey. Inmar has segmented the shopper journey into three distinct periods: pre-shop, in-store and post-shop.

Pre-shop engagement involves methods delivering an offer to the consumer before they enter a retail location – such as free-standing insert (FSI), in-ad or direct mail. Core components of virtually all promotion plans, pre-shop vehicles (particularly FSIs) build awareness and, because of their very broad reach, drive significant unit sales. Driven largely by the scale of FSIs, pre-shop methods are the dominant vehicles used by marketers in all of the categories explored.

In-store methods are employed to trigger impulse (or “proximity”) purchases by appealing to shoppers while they are at shelf. The methods most commonly deployed to engage shoppers during this stage are instant redeemable and shelf pad. As these are discovered while the shopper is closer, in all aspects, to actual purchase, in-store vehicles regularly capture a significant share of redemption.

Post-shop methods are used to drive future, repeat purchase or encourage trial of adjacent product lines within the brand. Discovered after the shopping experience, these methods (including electronic checkout, in-pack and on-pack) typically comprise the smallest portion of both offers distributed and redeemed.

## PERCENT REDEEMED BY SHOPPING STAGE — BY CATEGORY



## AVERAGE FACE VALUES FOR COUPONS DISTRIBUTED — BY CATEGORY

CATEGORY	2013	2014	% CHANGE
<b>FOOD</b>	\$1.03	\$1.15	11.6%
Beverages	\$1.25	\$1.34	7.1%
Dry Grocery	\$0.99	\$1.17	18.9%
Frozen	\$1.04	\$1.03	-1.2%
Packaged Deli	\$0.95	\$0.88	-7.0%
Refrigerated	\$0.93	\$1.00	7.9%
<b>NON-FOOD</b>	\$1.92	\$2.04	6.2%
Entertainment	\$3.70	\$4.34	17.1%
General Merchandise	\$1.70	\$1.41	-17.4%
Healthcare	\$2.55	\$2.82	10.6%
Household	\$1.28	\$1.26	-1.4%
Personal Care	\$1.91	\$1.98	3.6%

The average face value for coupons distributed ranged from \$0.88 for packaged deli coupons to \$4.34 for entertainment coupons. The largest increase in average face values came in dry grocery where average faces values increased 18.9 percent from 2013 to 2014, while the largest decline came in general merchandise where average face values fell 17.4 percent.

Dry grocery also had the largest share of distributed food offers. This category's dominant share of distribution and

## AVERAGE FACE VALUES FOR COUPONS REDEEMED — BY CATEGORY

CATEGORY	2013	2014	% CHANGE
<b>FOOD</b>	\$1.05	\$1.11	5.5%
Beverages	\$1.23	\$1.29	4.7%
Dry Grocery	\$0.99	\$1.04	5.9%
Frozen	\$1.13	\$1.18	3.8%
Packaged Deli	\$0.88	\$0.87	-1.1%
Refrigerated	\$0.90	\$0.99	9.4%
<b>NON-FOOD</b>	\$1.67	\$1.69	1.3%
Entertainment	\$4.75	\$4.61	-2.9%
General Merchandise	\$1.42	\$1.24	-12.7%
Healthcare	\$2.32	\$2.52	8.4%
Household	\$1.28	\$1.34	5.3%
Personal Care	\$2.14	\$1.82	-15.0%

the large increase in average face values for dry grocery coupons explains why, overall, face values for food coupons redeemed increased dramatically.

The average face value for coupons redeemed ranged from \$0.87 for packaged deli coupons to \$4.61 for entertainment coupons. The largest increase in average face value for coupons redeemed came in the refrigerated category (+9.4%), while the largest decline came in the personal care category (-15.0%).

## AVERAGE PURCHASE REQUIREMENT FOR COUPONS DISTRIBUTED — BY CATEGORY

CATEGORY	2013	2014	% CHANGE
<b>FOOD</b>	1.52	1.48	-2.5%
Beverages	1.61	1.35	-16.2%
Dry Grocery	1.62	1.56	-3.7%
Frozen	1.41	1.37	-2.8%
Packaged Deli	1.27	1.11	-12.8%
Refrigerated	1.32	1.53	15.5%
<b>NON-FOOD</b>	1.44	1.41	-2.1%
Entertainment	1.01	1.08	6.8%
General Merchandise	1.18	1.09	-8.2%
Healthcare	1.06	1.06	-0.2%
Household	1.92	1.94	0.7%
Personal Care	1.16	1.16	-0.2%

The average purchase requirement for coupons distributed ranged from 1.06 units for healthcare coupons to 1.94 units for household coupons. The largest increase in the average purchase requirement for coupons distributed came in the refrigerated category (+15.5%), while the largest decline came in the beverages category (-16.2%).

## AVERAGE PURCHASE REQUIREMENT FOR COUPONS REDEEMED — BY CATEGORY

CATEGORY	2013	2014	% CHANGE
<b>FOOD</b>	1.52	1.53	0.9%
Beverages	1.52	1.50	-1.5%
Dry Grocery	1.65	1.63	-1.2%
Frozen	1.60	1.61	0.7%
Packaged Deli	1.18	1.13	-4.9%
Refrigerated	1.24	1.34	8.2%
<b>NON-FOOD</b>	1.61	1.49	-7.4%
Entertainment	1.05	1.10	4.8%
General Merchandise	1.16	1.11	-4.6%
Healthcare	1.06	1.08	1.3%
Household	1.97	1.76	-10.3%
Personal Care	1.15	1.12	-2.5%

The average purchase requirement for coupons redeemed ranged from 1.08 units for healthcare coupons to 1.76 units for household coupons. The largest increase in the average purchase requirement for coupons redeemed came in the refrigerated category (8.2%), while the largest decline came in the household category (-10.3%).

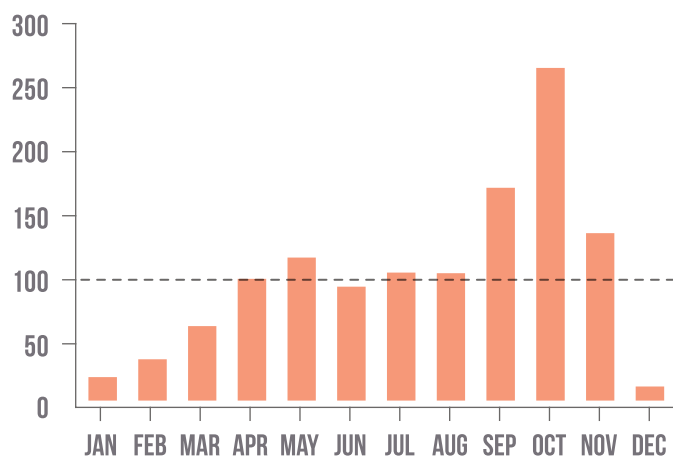
CATEGORY FINDINGS PROVIDED HERE ARE EXCERPTED FROM THE LARGER CATEGORY TRENDS PROFILES THAT INMAR MAKES AVAILABLE TO ITS CLIENTS. TO RECEIVE YOUR COMPLIMENTARY CATEGORY PROFILE(S) MOST RELEVANT TO YOUR BRAND AND PRODUCTS, SIMPLY CONTACT YOUR INMAR ACCOUNT REPRESENTATIVE.

# REBATE STUDY

This year, we are pleased to include a rebate study in our Promotion Industry Analysis. During this study, Inmar Promotion Analytics evaluated the performance of more than 2,300 distinct rebate promotions executed by more than 60 Inmar manufacturer clients in 2014 – providing a snapshot of rebate activity across multiple product categories and documenting certain distinctive features from each category.

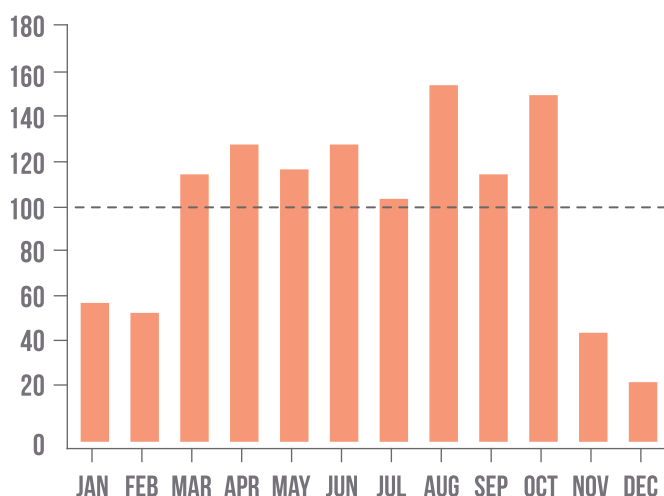
# DISTRIBUTION

## EVENT INDEX BY DISTRIBUTION MONTH: ALCOHOL OFFERS



Alcohol rebate offers indexed above average during summer and fall periods as manufacturers gear up for key holidays. Valid alcohol rebate purchase periods of two months or more contribute to lower distribution indexes for winter months and the holiday period (November–January.)

## EVENT INDEX BY DISTRIBUTION MONTH: NON-ALCOHOL OFFERS



Non-alcohol rebate offers indexed above average in early spring through the fall with lower distribution indexes for winter months.



JILL YATES

### A NOTE ABOUT REBATES

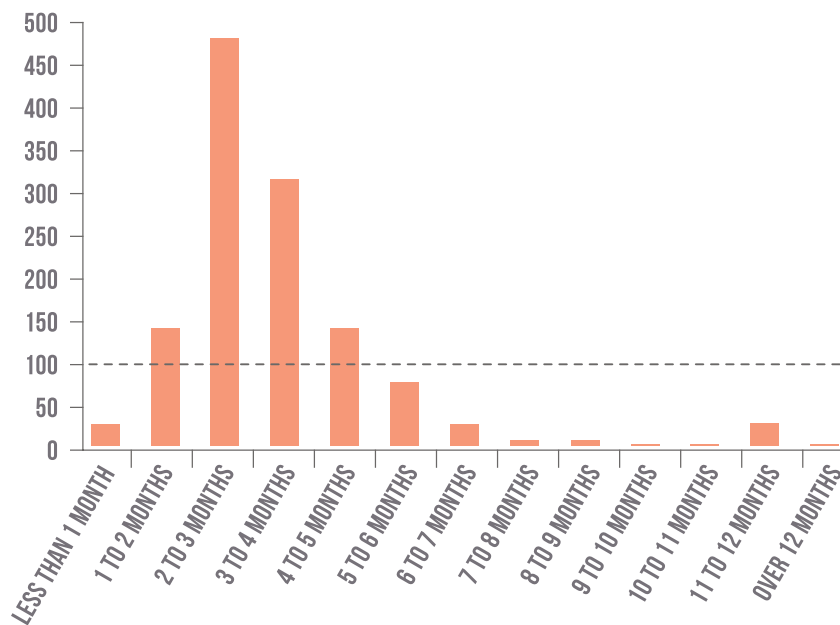
Although rebates are discovered in many of the same ways that shoppers acquire coupons (digitally, via mass-media, at-shelf, etc.) these promotions require the consumer to submit a form and additional information (proof of purchase, a completed survey, etc.) in order to receive a reward at a later date.

Just as with Inmar's coupon trends analysis in which food and non-food offers are examined individually because of the distinct differences between the two, rebate trends also see a similar division: namely, between alcohol rebate offers and non-alcohol rebate offers. This distinction is made primarily because the regulatory elements that affect the promotion of beer, wine and spirits vary from state to state and the influence they have on promotions could lead to faulty conclusions around offer distribution tactics without this critical context. Sub-categories within the non-alcohol data set include food, health, pet, household, automotive and garden.

Our findings illustrate identified distribution trends around timing of promotion events (seasonality), method mix (neck hangers, tear pads, etc.), offer values (fixed vs. escalating) and submission periods. While we have every confidence in these findings, it's important to include the standard caveat: "Your mileage may vary!" as client-specific data are always superior to general trends in understanding shopper response to a particular offer. Even as it provides a more accurate view of shopper response, use of individual client data requires disciplined analysis to uncover actionable insights. ●

# VALID PURCHASE PERIOD

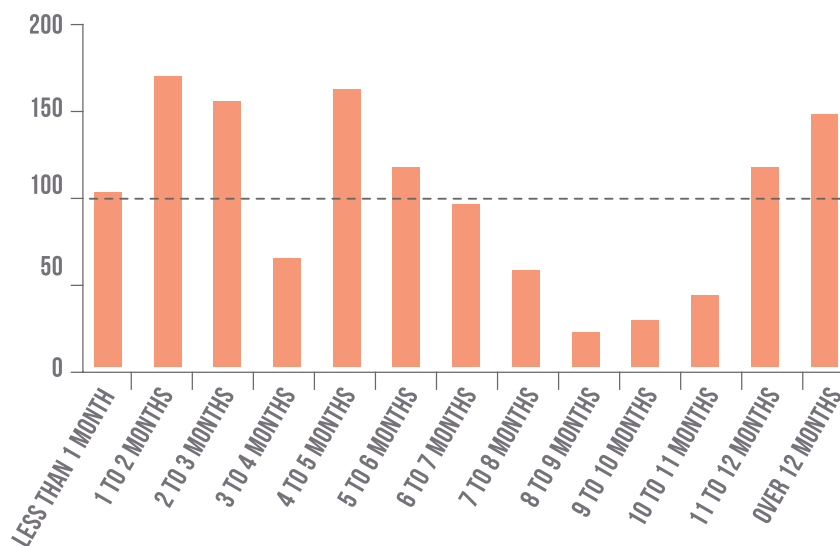
## VALID PURCHASE PERIOD BY MONTH INDEXED: ALCOHOL OFFERS



The valid purchase period for a rebate offer is the length of time a consumer has to make the purchase(s) required for participation in the rebate promotion. Overlapping and extending beyond the valid purchase period is the submission period – a designated amount of time during which purchasers must submit the rebate in order to earn their reward. As would be expected, Inmar data show that consumers prefer offers with longer submission periods as they have more time to take advantage of the rebate offer.

Our analysis indicates that the valid purchase period for most alcohol rebate promotions is two to four months in length. Compliance with state and local regulations that prohibit overlap of promotional offers for alcohol often requires that multiple offers be deployed to achieve marketing goals. Shorter valid purchase periods allow marketers to run multiple offers and avoid promotion overlap.

## VALID PURCHASE PERIOD BY MONTH INDEXED: NON-ALCOHOL OFFERS

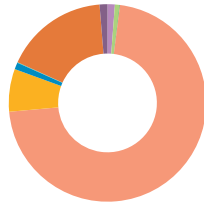


Valid purchase periods for non-alcohol offers of one to three months, four to six months and eleven months or more indexed higher than periods of six to eleven months. Longer shelf life and purchase cycles contribute to the longer valid purchase periods for non-alcohol rebate promotions.



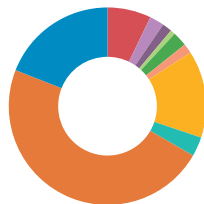
# METHOD

## METHOD MIX: REBATE OFFERS DISTRIBUTED



### ALCOHOL

- NECK HANGER - 71.55%
- TEAR PAD - 16.94%
- ON PRODUCT PACKAGE - 7.00%
- THERMAL RECEIPT - 1.29%
- DIGITAL - 1.20%
- OTHER - 1.10%
- FREE STANDING INSERT - 0.74%
- IN PRODUCT PACKAGE - 0.09%
- STORE CIRCULAR - 0.09%



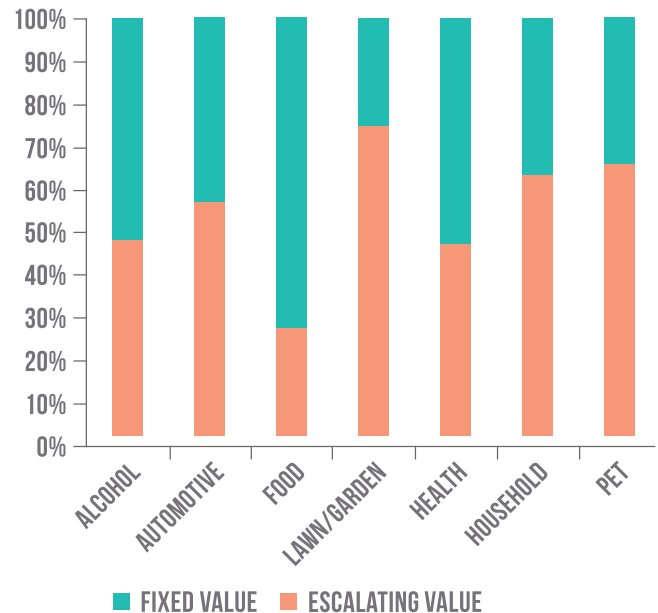
### NON-ALCOHOL

- TEAR PAD - 47.62%
- WEB - 19.05%
- ON PRODUCT PACKAGE - 14.29%
- BROCHURE - 7.14%
- STORE CIRCULAR - 3.17%
- DIGITAL - 2.38%
- IN PRODUCT PACKAGE - 2.38%
- DIRECT MAIL - 1.59%
- NECK HANGER - 1.59%
- FREE STANDING INSERT - 0.79%

Our analysis indicates a shift in distribution methods for offers in the alcohol and non-alcohol categories. Neck hanger was the predominate method in the alcohol category while tear pad/shelf pad was the predominate method for non-alcohol rebate offers.

# FACE VALUE

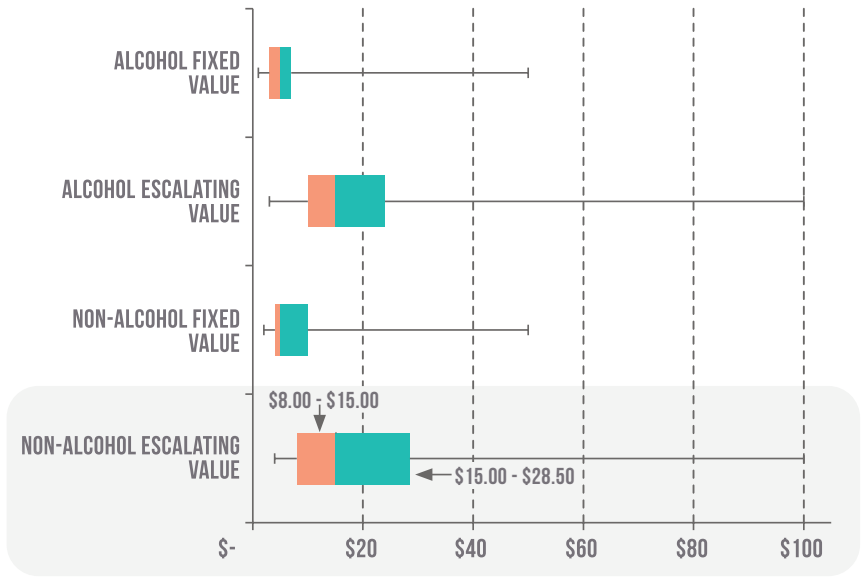
## FACE VALUE: REBATE OFFERS DISTRIBUTED



In contrast to traditional coupons, rebates can offer multiple savings opportunities within one offer. Rebates offering multiple reward values are defined as “escalating.” Rebates with one value are defined as “fixed.” An offer value strategy shift from fixed value to escalating is evident and most frequently associated with an increase in purchase requirements.

Our analysis determined that most categories utilize escalating offers, on average, 47 percent of the time. In the case of food rebates, fixed value offers dominate.

# FACE VALUES: FIXED VALUE vs. ESCALATING VALUE OFFERS



For the above analyses, data was grouped by quartiles in 25 percent increments for each category. Boxes represent face values in the 25 to 75 percent range of each category based on occurrence. The tails (ends of lines) signify minimum and maximum face values.

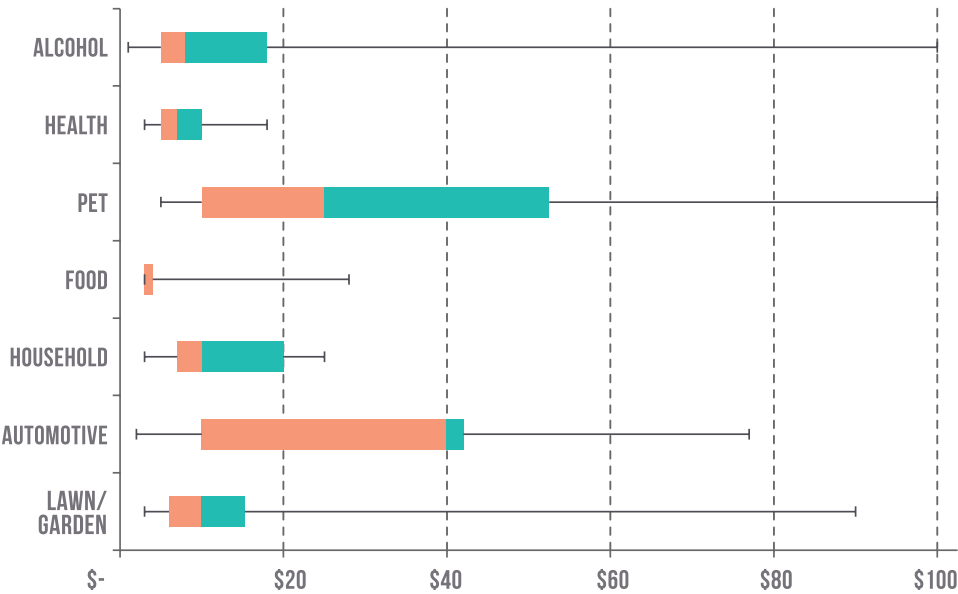
FIXED/ESCALATING	MEDIAN FACE VALUE	MIDDLE-HALF FACE VALUE RANGE
Alcohol Fixed	\$5.00	\$3.00 - \$7.00
Alcohol Escalating	\$15.00	\$10.00 - \$24.00
Non-Alcohol Fixed	\$5.00	\$4.00 - \$10.00
Non-Alcohol Escalating	\$15.00	\$8.00 - \$28.50

In the full data set analyzed, the median face value for non-alcohol escalating value offers is \$15.00 – with the lowest offer value in the data set being \$3.99 and the highest being \$100.00. However, the middle range can be determined by excluding the top and bottom 25 percent of the offer values in the data set. The result of this exclusion is an offer value range for non-alcohol escalating offers of between \$8.00 and \$28.50. Within this middle range, 25 percent of the data falls between \$8.00 and the \$15.00 median with a range of \$7. This range is smaller than the 25 percent of data which falls between the \$15.00 median and \$28.50; a range of \$13.50.

Middle-half face value ranges eliminate the top and bottom 25 percent of the data to decrease variability and remove outliers. Middle-half face value ranges are significantly broader for escalating offers across both alcohol and non-alcohol.

INMAR'S FOCUS IS ON BROADENING OUR OBSERVATIONS AND DEEPENING OUR ANALYSIS OF REBATE CONSUMER PROMOTIONS. IN DOING SO, WE WILL COLLABORATE WITH CLIENTS TO UPDATE THE OFFER DISTRIBUTION DATA NEEDED TO DELIVER DETAILED ANALYTICS AND PROVIDE GREATER INSIGHT.

# MAXIMUM FACE VALUE ANALYSIS BY CATEGORY: FIXED VALUE AND ESCALATING VALUE



For the above analyses, data was grouped by quartiles in 25 percent increments for each category. Boxes represent face values in the 25 to 75 percent range of each category based on occurrence. The tails (ends of lines) signify minimum and maximum face values.

CATEGORY	MEDIAN FACE VALUE	MIDDLE-HALF FACE VALUE RANGE
Alcohol	\$8.00	\$5.00 - \$18.00
Health	\$7.00	\$5.00 - \$10.00
Pet	\$25.00	\$10.00 - \$52.50
Food	\$4.00	\$3.00 - \$4.00
Household	\$10.00	\$7.00 - \$20.00
Automotive	\$39.87	\$10.00 - \$42.00
Lawn/Garden	\$10.00	\$6.00 - \$15.25

Food offers show lower maximum face values than other categories, while pet offers showed the widest range of maximum face values, within the middle-half range of our data. Maximum rebate face values ranged from \$1.00 for alcohol rebates to \$100.00 for pet product rebates.

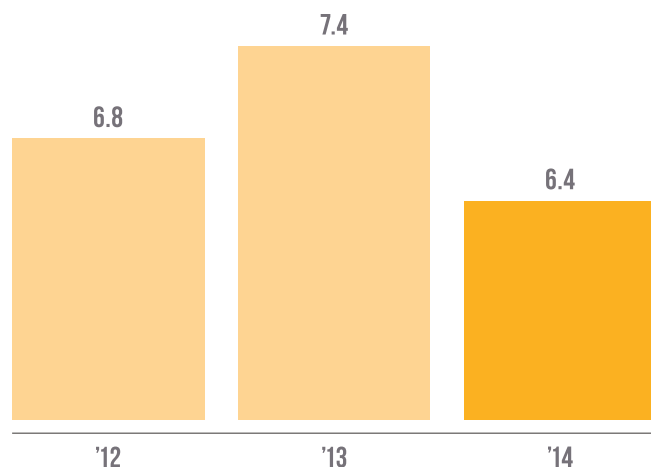
Middle-half face value ranges are significantly broader in the pet and automotive categories, indicating a wide dispersion of unit pricing within those categories.

# CANADIAN COUPON PROMOTION HIGHLIGHTS

In September 2014 Inmar announced its acquisition of Saint John, New Brunswick-based Millennium Process Coupon, Inc. (MPC). MPC's core business of coupon clearing and redemption, rebate handling and contest administration aligns well with Inmar's service offerings. Through this acquisition, Inmar is becoming increasingly active in the Canadian marketplace – extending our digital and traditional coupon, data analytics and shopper engagement solutions to Inmar Canada promotion clients. And, we are now able to provide promotion trends for the Canadian market.

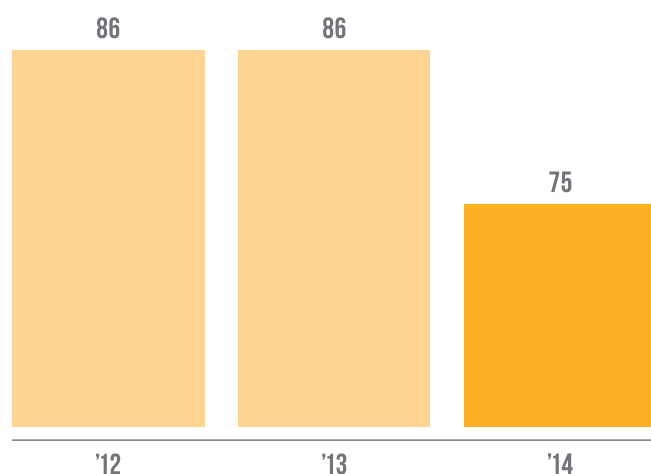
# INDUSTRY COUPON TRENDS — CANADA

## OVERALL COUPON DISTRIBUTION (IN BILLIONS)



In 2014, marketers distributed 6.4 billion coupons in Canada, a decrease of 13 percent from 2013. While there were a variety of shifts in the coupon market in the past year, the primary driver of change was a 17 percent decline in the number of free standing insert (FSI) coupons distributed.

## OVERALL COUPON REDEMPTION (IN MILLIONS)



Redemption declined 13 percent in 2014, decreasing to 75 million coupons redeemed. Redemption for FSI declined at a steeper rate than distribution at 29 percent — likely attributable to truncated redemption periods, which were 18 percent shorter than 2014.



JEAN HIGGINS

### UNITED STATES vs. CANADA: A QUICK “COUPON COMPARISON”

There are several key differences between the Canadian and U.S. markets. The most immediate distinction between the two is the size of the markets. Canadian redemption volume of 75 million would represent only 2.6 percent of the 2.84 billion coupons redeemed in the U.S. in 2014.

The distribution and redemption of food/non-food offers are also quite different on either side of the border. Food offers typically represent only 15 percent of all coupons distributed in Canada (compared to 60% in the U.S.). Similar to what occurs in the U.S., food offers redeem in greater volume than do non-food offers. On average, food offers account for 55 percent of all coupons redeemed in Canada, a slightly lower percentage than in the U.S. (65%).

Finally, the impact of free standing inserts (FSIs) is much different in Canada than in the U.S. While FSIs made up 86 percent of coupons distributed in Canada, they only accounted for 18 percent of all coupons redeemed in 2014. Overall share of redemption for FSIs in the U.S. in 2014 was 39.4 percent. •

## PERCENT OF TOTAL COUPONS DISTRIBUTED — BY METHOD

METHOD	2012	2013	2014
FSI	86%	90%	86%
In/On Pack	4%	3%	4%
In-Store	3%	3%	4%
Direct Mail	2%	1%	1%
Magazine	2%	1%	2%
Internet	1%	1%	1%
Other	2%	1%	2%

FSIs continue to be the predominant method in Canada, accounting for 86 percent of all coupons distributed. All other media saw increases in distribution. Collectively, they represented only 14% of the market distribution in 2014.

## PERCENT OF TOTAL COUPONS REDEEMED — BY METHOD

METHOD	2012	2013	2014
FSI	20%	23%	18%
In/On Pack	27%	25%	29%
In-Store	25%	27%	29%
Direct Mail	8%	6%	5%
Magazine	2%	2%	2%
Internet	11%	10%	9%
Other	7%	7%	8%

With the significant decrease in FSI redemptions, other methods, including in- and on-pack, and in-store, saw an increase in their share of total redemption for 2014. The two coupon methods with the largest increases in redemption volume during 2014 were instant redeemable (which is part of in- and on-pack) and magazine.

## AVERAGE FACE VALUES FOR COUPONS DISTRIBUTED

METHOD	2012	2013	2014
FSI	\$2.37	\$2.33	\$2.34
In/On Pack	\$1.64	\$1.43	\$1.73
In-Store	\$1.58	\$1.56	\$1.94
Direct Mail	\$2.35	\$3.24	\$3.34
Magazine	\$1.73	\$1.79	\$1.52
Internet	\$2.84	\$2.77	\$2.27

In 2014, average face values for coupons distributed remained comparable with 2013 — with the exception of offers printed in- and on-pack and those available in-store. Average face values for these methods were higher due to higher face values for offers in the household and personal care categories. This stability in face values is in contrast to the U.S. where average face values increased by 9.6 percent.

## AVERAGE REDEMPTION PERIODS FOR COUPONS DISTRIBUTED

METHOD	2012	2013	2014
FSI	3.0	2.8	2.3
In/On Pack	13.1	11.3	6.5
In-Store	6.0	5.1	3.9
Direct Mail	7.6	7.7	4.9
Magazine	7.8	8.2	5.4
Calendar	11.7	10.1	7.3

Average redemption periods decreased more than 19 percent in Canada in 2014; a significantly more pronounced contraction than the 7 percent reduction in U.S. redemption periods.

# CANADIAN CATEGORY SNAPSHOT

## FOOD OFFER DISTRIBUTION

The decline in FSI distribution in this category in 2014 (-8%) didn't impact food category offer distribution significantly, as this method doesn't typically dominate within the category to the degree it does in others. In-store, instant redeemable and in- and on-pack have historically been very significant methods in terms of both distribution and redemption in the food category. Overall, the total distribution for the category grew by 1 percent, as increases in distribution among other methods more than made up for the FSI distribution decline.

The method with the largest increase in the number of food coupons distributed, in comparison to 2013, was instant redeemable with a 145 percent increase. Some of these were also instant redeemable cross coupons, redeemable on products other than the product carrying the coupon.

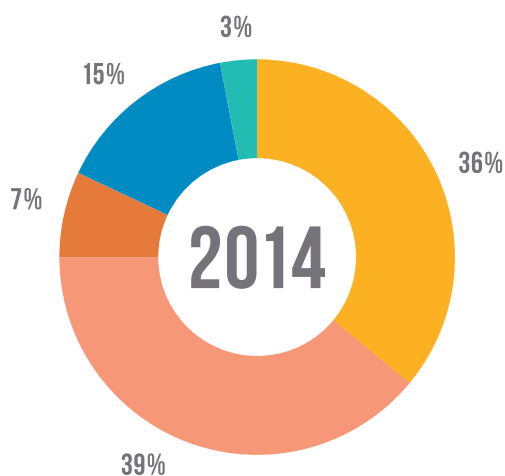
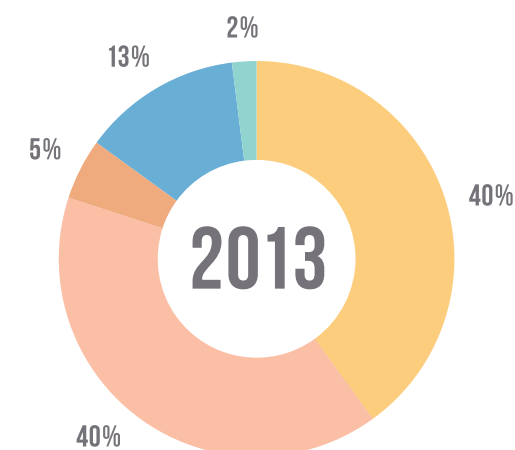
Magazine had the second highest increase in the number of food coupons distributed, up 48 percent versus last year. Another source of distribution growth for food coupons came from direct mail, which more than doubled with a 122 percent increase in 2014.

## FOOD OFFER REDEMPTION

Coupon redemption in the food category in 2014 was almost 5 percent lower than in 2013. Most of the decrease was due to lower redemption for coupons distributed through the Internet (including print-at-home and mail-to-home), which was down 37 percent and redemption for in-store offers which declined 12 percent. The decline in in-store offer redemption was driven primarily by reduced redemption activity in yogurt and dry groceries including crackers and pasta.

Combined, in-store, instant redeemable and in- and on-pack coupons accounted for 74 percent of all coupons redeemed in the food category with individual shares of redemption at 36 percent, 21 percent and 17 percent respectively. Top redeeming sub-categories included baked goods, dairy, cold beverage and snacks.

## OFFER DISTRIBUTION BY CATEGORY





## HOUSEHOLD OFFER DISTRIBUTION

FSIs dominate distribution in the household category, accounting for 95 percent of all coupons distributed in this category in 2014. With 22 percent fewer household FSI coupons distributed last year, the total category distribution declined by 20 percent.

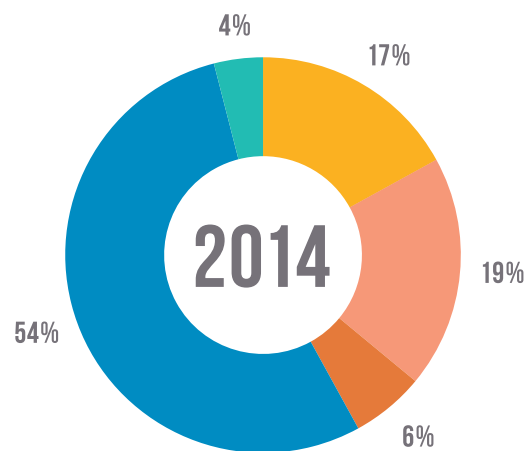
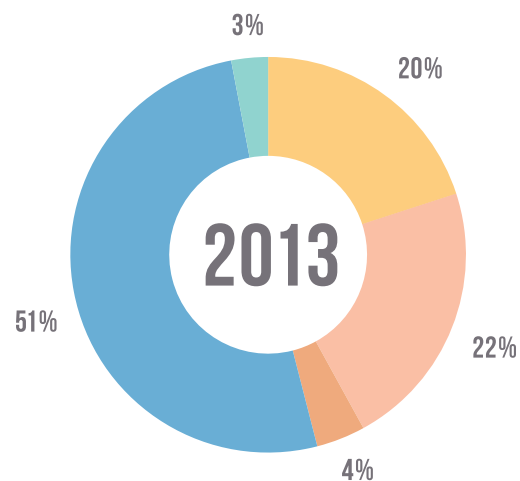
Coupons printed on product packaging, combined with those inserted in-pack, had the largest increase (+95%) in terms of the number of coupons distributed. However, only 42 percent of these offers were for savings on a future purchase of the same product carrying the coupon.

## HOUSEHOLD OFFER REDEMPTION

Household category coupon redemption declined 21 percent. There were, however, redemption gains among other methods including instant redeemable (+9%) and magazine (+114%), although their individual shares of overall redemption were much smaller.

The sub-categories most affected by the decline in redemption in this category were air care, fabric care and dishwasher detergent.

## COUPON REDEMPTION BY CATEGORY



## PERSONAL CARE OFFER DISTRIBUTION

Paralleling the decline in distribution in the household category, the 13 percent decrease in distribution for offers in the personal care category seen in 2014 was due largely to the decline (-19%) in FSI coupons distributed in this category.

At the same time, in-store offers saw a significant increase in distribution at 47 percent. Distribution was especially active in select sub-categories including over-the-counter (OTC) medications. Distribution in 2014 for magazine offers in this category increased even more significantly, growing 140 percent compared to 2013. This increase in offers was seen across a number of personal care sub-categories, but especially in the OTC sub-category.

## PERSONAL CARE OFFER REDEMPTION

Personal care was the second largest category for coupons redeemed in 2014, even with a 21 percent decrease in redemption compared to 2013. This decrease follows three very strong years of redemption in this category.

In the personal care category, redemption decreases occurred across several methods. FSIs decreased 21 percent; in- and on-pack offers, redemptions decreased 50 percent as they cycled highly successful offers that were not repeated in 2014.

In-store redemption was a bright spot in this important product category. For the second consecutive year, in-store coupon redemption increased nine percent over the previous year and accounted for 30 percent of all coupon redemption for this category.

LAST YEAR SAW CANADIAN MARKETERS DECREASE THEIR USE OF COUPONS ACROSS SEVERAL MAJOR PRODUCT CATEGORIES, DISTRIBUTING **13 PERCENT** FEWER COUPONS THAN IN 2013. THOUGH AVERAGE FACE VALUES FOR COUPONS DISTRIBUTED REMAINED RELATIVELY CONSTANT COMPARED TO 2014, REDEMPTION PERIODS CONTRACTED SIGNIFICANTLY (-19%). NOT SURPRISINGLY, REDEMPTION EXPERIENCED A DOUBLE-DIGIT DECLINE OF **13 PERCENT**.

# 2015 SHOPPER STUDY

Shoppers continue to use coupons regularly when shopping in-store for groceries, household supplies, healthcare items and personal care products. Overall, shopper reports of regular use of coupons in 2014 remained steady compared to reports in 2013. Continued mixed volatility between in-store and digital methods indicates that shoppers continue to explore innovative coupon delivery methods, and may suggest the challenge some shoppers are having in finding the deals they want – in the places where they are looking for them.

More and more shoppers participating in grocery store loyalty programs are expecting these programs to provide them with offers that align with their product preferences – but that expectation, in some instances, is not being met. At the same time, while shoppers are

continued from p. 47

employing multiple online sources to find and acquire both digital and printable coupons, they are not always successful in locating promotions for the products they want to buy.

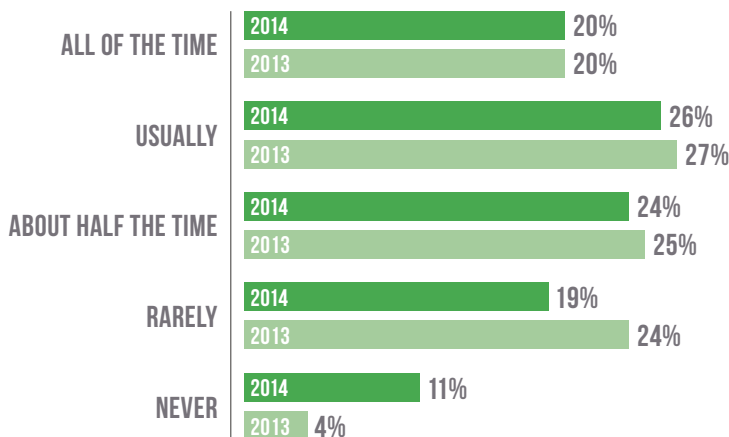
In addition to couponing, shoppers are also using rebates as part of their efforts to save. More than three-quarters of shoppers reported using a rebate between October and December 2014. However, shoppers continue to voice frustration that they are unable to find rebates for more grocery, household, healthcare and personal care products. Retailers and manufacturers should take note

as shoppers say that the right rebate could change their purchase behavior. Shoppers are also looking to retailers and manufacturers to simplify the rebate submission process with the majority preferring to complete the process online.

In summary, shoppers' expectations of both retailers and manufacturers regarding promotions remain high; however, shifts in preferred method mix suggest increasing demands among shoppers for easy access to relevant offers that fit with, and enhance, their lifestyle. •

## COUPONS: SHOPPER USE AND ATTITUDES

### FREQUENCY OF COUPON USE; OCTOBER — DECEMBER 2014



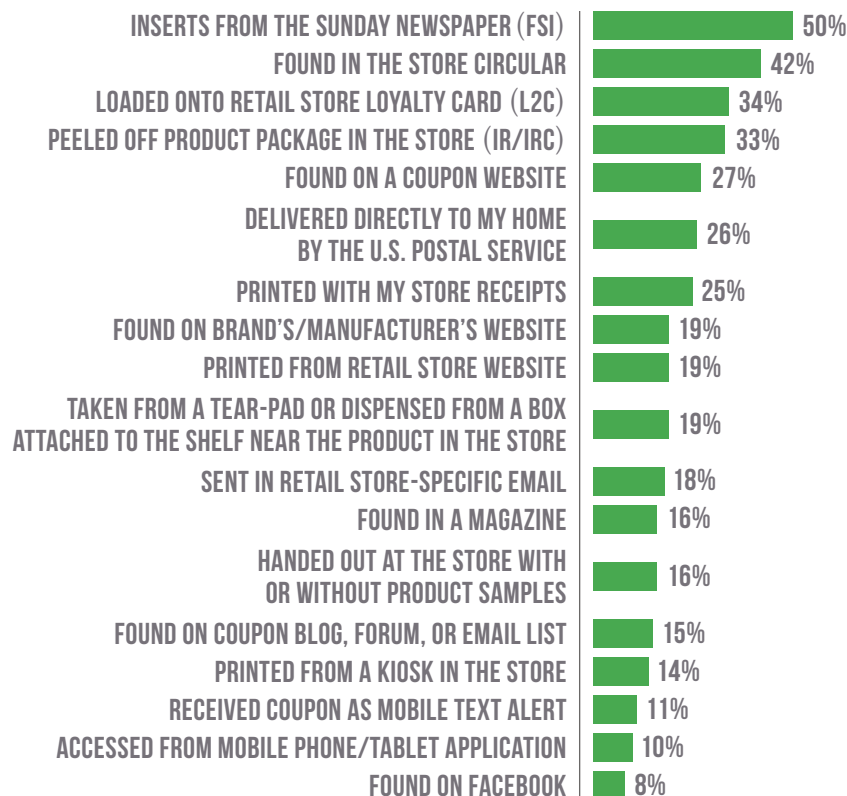
**Q4.2** In the last three months, how often have you used coupons when shopping in-store for groceries (i.e., food, beverages), household supplies (e.g., trash bags, dish soap), healthcare items (e.g., cough syrup, vitamins), or personal care (e.g., deodorant, body wash)? Remember that coupons can include paper coupons, those found online, accessed by your mobile phone or loaded to your store loyalty card.

Retailers and manufacturers continue to engage shoppers successfully through promotions with a significant majority of shoppers (89%) reporting using coupons in the three months prior to the survey. Almost half (46%) of the shoppers in our survey were regular coupon users — that is, used coupons usually/always in the prior three months. This is consistent with the 47 percent who reported regular coupon usage in 2013.

**89% OF SHOPPERS  
SURVEYED USED  
A COUPON IN  
THE LAST THREE  
MONTHS OF 2014.**

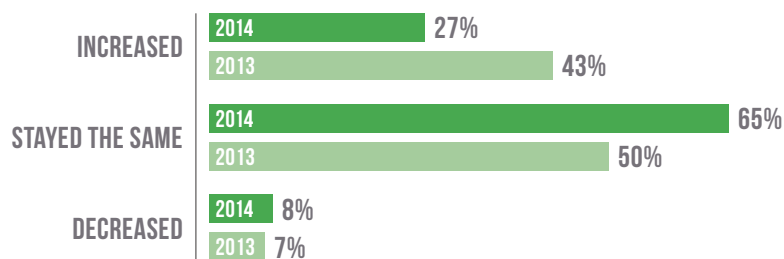
**SHOPPERS ARE,  
ON AVERAGE,  
REGULARLY USING  
3.4 COUPON  
METHODS. IN  
COMPARISON,  
SHOPPERS  
REPORTED USING  
5.8 METHODS IN  
OUR 2014 SHOPPER  
BEHAVIOR STUDY.**

## REGULAR COUPON USE BY METHOD



**Q4.7** How often do you use the following types of COUPONS to purchase groceries (i.e., food, beverages), household supplies (e.g., trash bags, dish soap), healthcare items (e.g., cough syrup, vitamins), or personal care products (e.g., deodorant, body wash)?

## COUPON USAGE IN 2014 COMPARED TO 2013



**Q4.2** Think about your overall use of coupons for groceries, household supplies, healthcare items, or personal care products over this last year. Compared to last year, has your usage increased, decreased, or stayed the same?

Nearly two-thirds of shoppers (65%) reported using the same amount of coupons in 2014 as they did in 2013. In 2013, 43 percent of shoppers reported that they increased their coupon use compared to 2012. In our 2015 survey 27 percent of shoppers reported an increase in use in 2014 as compared to 2013.



MIKE HUGHES

### MOMENTUM GROWING FOR LOCATION-BASED ENGAGEMENT

Location-based engagement by marketers employing GPS technology to determine and leverage shoppers' physical proximity will gain significant momentum in 2015. A number of ongoing developments in the marketplace are serving to increase the relevance of this tactic, including:

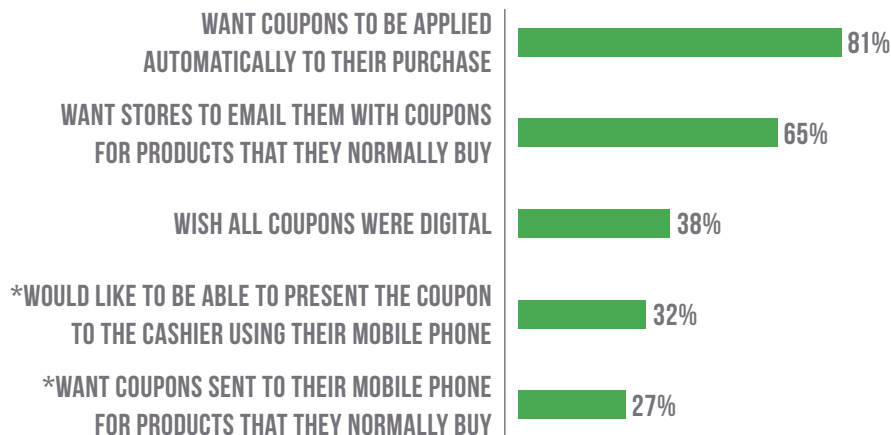
- Consumer acceptance of location tracking by marketers.
- Positive consumer response to location-driven notifications.
- Emergence of and reliance on wearables, e.g. headsets, smart watches, fitness devices, etc.
- Proliferation of mobile payment technology for consumers and retailers.

With smartphone penetration in the U.S. now at more than 70 percent<sup>1</sup>, consumers are growing increasingly accustomed to leveraging location-based technology in their phones for everything from getting directions to finding local entertainment suggestions to acquiring geo-targeted offers from retailers. All indications are that a tipping point has been reached where

<sup>1</sup> comScore Reports April 2014  
U.S. Smartphone Subscriber Market Share.

*continues on p. 50*

## SHOPPER COUPON WISH LIST



Inmar study data point to shoppers looking to retailers and manufacturers to provide savings on products they want to buy. Digital offers are increasing in popularity as shoppers want retailers and manufacturers to make it easier for them to save. This is evidenced by more than three-quarters of shoppers (81%) wanting coupons applied automatically to their purchase.

**Q6.2** Please indicate whether you agree or disagree with each statement.

**\*Q6.3** Now I would like you to think specifically about coupons and rebates that you can access online using your computer, mobile phone, or tablet. Below are some things that other people have said about accessing coupons online or from their mobile phone. Please rate your agreement with each statement.

*continued from p. 50*

consumers no longer view this capability as a nice-to-have feature of their mobile devices but instead see this functionality as a critical – and highly desirable – “personal assistant” that makes benign personal information (i.e., their location) immediately usable in any number of ways that improve their lives.

Wearables, with disruptive potential even greater than the smartphone, are quickly coming to represent another important means for marketers to infuse location-based relevancy into their content and advertising. While the Google Glass Explorer Program officially ended some months ago and the product's future remains uncertain, Apple has released its highly anticipated, uber-functional Apple Watch.

The extent of adoption of Apple's newest product has been and remains a hotly debated topic. However, the company has a history of catapulting relatively stagnant markets and product lines (including MP3 players, smartphones and tablets) into the mainstream. If that holds true in the wearables space, then the Apple Watch may very well catapult – directly into the mainstream – a new era of location-based interaction as shoppers look to their wrists – not into their pockets – to receive offers and alerts, communicate and more.

Mobile payments will also continue to pick up steam in 2015. That said, even those with the most bullish out-

look on mobile payments are not calling for “widespread” adoption this year. The availability of Apple Pay and the addition of NFC chips to the latest round of iPhones, however, are giving the space a real boost in momentum. With the vast majority of new smartphones offering ubiquitous payment technology, retailers have good reason to feel more comfortable about making the capital outlay required for new payment terminals.

The integration of mobile payment capability into phones comes at a time when those POS terminals are already being upgraded to accept new payment card industry standards; the required technology rails – from consumer to retailer – are being brought together rapidly. Once they are joined, mobile payment utilization by shoppers will accelerate further. Moreover, previously mentioned wearables like the Apple Watch will support mobile payments, which will further reduce payment friction for shoppers and facilitate consumer adoption.

Ultimately, with consumers more comfortable with location-based engagement, mobile payments more widespread and location-based technology more available, marketers will have 1) the ability to deliver content in real-time to shoppers as they're making purchase decisions and 2) the power to influence those decisions more directly and more immediately than ever. •



NICOLE STEWARD-STRENG

## THE INMAR SHOPPER PROMOTION IMPACT REPORT

Inmar provides important transactional metrics on coupons to our clients, with our Behavioral Analytics team providing additional high-level reports on shoppers' use of coupons and rebates, in-store behavior and their attitudes toward promotions. While this reporting yields insights that inform business decisions, Inmar is now offering brands critical, additional visibility into promotion-related shopper behavior at both the category and subcategory levels.

This new view into the "power of promotions" is the Inmar Shopper Promotion Impact Report and represents an entirely new level of business intelligence. This new analytics service delivers explicit behavioral data to subscribers – enabling contextual understanding of the direct impact that promotions have on shoppers.

This data-delivery service provides insight into the following:

- Who redeems coupons?
- Where do shoppers find coupons?
- Why do shoppers use coupons?
- How do coupons change shopper behavior?
- Why do shoppers not use coupons?

The data reported on the following page are from the Impact Report pilot study (conducted in November 2014) during which Inmar collected reports of 4,982 instances of coupon use from 2,450 shoppers.

Sixty-four percent of coupon users report that the promotion they used changed their purchase behavior. Shoppers who acknowledged a change in be-

Data for the Inmar Shopper Promotion Impact Report are gathered monthly via an online survey of more than 2,000 shoppers who have used a coupon in the past 24 hours. Respondents, with purchase behavior and motivations still top of mind, will be asked to provide information on several aspects of their behavior and thought process, including:

- The impact of the promotion(s) on their purchase behavior (See chart below.)
- The likelihood of purchasing the product again (See chart below.)
- The type(s) of promotion used.
- Which element (e.g. depth of discount, brand message, visual component) of the coupon was most influential.

Data is collected across 22 major categories and nearly 200 subcategories. Our research focuses on illuminating the complete shopper/promotions experience with data provided to subscribers quarterly and include an annual report. More detailed analysis is also available and customized reporting can be ordered as well.

Please contact your Inmar Account Team for more information about Inmar's Shopper Promotion Impact Report.

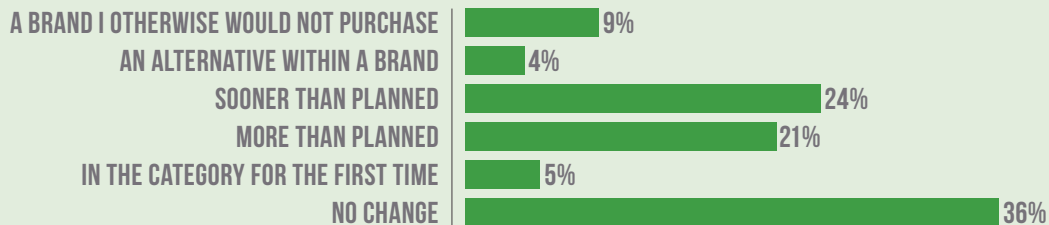
havior primarily reported buying sooner or buying more than planned because of the promotion.

Especially significant for brands attempting to drive trial and gain share was our finding that 14 percent of shoppers – because of the availability of a coupon – either bought a brand for the first time or purchased one they would not have purchased otherwise.

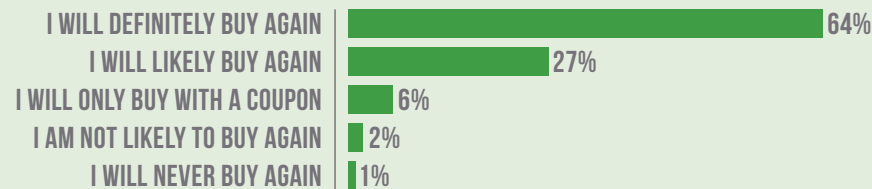


## IMPACT OF PROMOTIONAL COUPON ACTIVITY ON SHOPPER BEHAVIOR

### PROMOTION IMPACT



### LIKELIHOOD TO BUY PRODUCT AGAIN



One of the key benefits of shopper-reported promotion use is easy capture of robust demographics for coupon/rebate users. The chart below highlights some of the demographic similarities and differ-

ences among coupon users across two very different categories and is illustrative of the data marketers can use as they plan their promotional campaigns.

### WHO USES COUPONS IN A PARTICULAR CATEGORY? FROZEN FOOD CATEGORY vs. FRESH MEAT CATEGORY

	FROZEN FOOD CATEGORY COUPON USER (N=617)	FRESH MEAT CATEGORY COUPON USER (N=317)
Millennials (35 and under)	52%	58%
Females	72%	64%
HH income of \$50,000+	52%	63%
SNAP Participants	20%	15%
College Graduates	42%	50%
Hispanics	11%	15%
Smartphone Users	82%	91%
Sunday Newspaper Subscribers	34%	30%
Have Kids in HH	55%	51%

# GROCERY STORE LOYALTY AND DIGITAL COUPON PROGRAMS

Grocery store loyalty program participation has remained steady over the last year with 80 percent of shoppers participating in grocery store loyalty programs compared to 81 percent in 2013. Among those participating, 61

percent are members of more than one program. Program membership also equates with loyalty card use with 73 percent of shoppers using their card every time they go to the grocery store.

## LOYALTY PROGRAM MEMBER ATTITUDES

SHOP MORE AT STORES WHERE THEY ARE A LOYALTY PROGRAM MEMBER THAN AT STORES WHERE THEY ARE NOT PART OF A LOYALTY PROGRAM

67%

TRY PRODUCTS THAT THEY MAY NOT OTHERWISE TRY BECAUSE OF THE DISCOUNTS/REWARDS THEY GET AS A LOYALTY PROGRAM MEMBER

50%

BELIEVE THEIR FAVORITE BRANDS ARE MORE AFFORDABLE BECAUSE THEY USE THEIR GROCERY STORE LOYALTY CARD

47%

OFTEN BUY MORE THAN THEY WOULD OTHERWISE BECAUSE OF THE DISCOUNTS/REWARDS THEY GET AS A LOYALTY PROGRAM MEMBER

46%

PLAN THEIR WEEKLY MEALS AROUND WHAT PRODUCTS ARE ON SALE THROUGH THEIR GROCERY STORE LOYALTY CARD PROGRAM

35%

**Q2.7** Please select all statements that apply to your grocery store loyalty program experience.

## PREFERRED PROGRAM CHARACTERISTICS OF LOYALTY PROGRAM MEMBERS

DIGITAL COUPONS THAT CAN BE CLIPPED TO MY LOYALTY CARD OR ASSOCIATED WITH A PHONE NUMBER

45%

OFFERS RELEVANT TO HOW I PURCHASE

41%

PRINTABLE COUPONS

38%

UNADVERTISED SPECIALS

34%

TARGETED CONTENT BASED ON ITEMS THAT I NORMALLY BUY

30%

FREE SAMPLES

27%

EMAILS SENT TO ME THAT IDENTIFY COUPONS THAT CAN BE COMBINED WITH CURRENT IN-STORE SPECIALS/OFFERS

23%

EMAILS SENT TO ME WITH COUPON OFFERS THAT I CAN CLIP DIRECTLY FROM THE MESSAGE

22%

INFORMATION ABOUT NEW PRODUCTS

18%

SWEEPSTAKES/GIVEAWAYS

18%

RECIPES/MEAL IDEAS PROVIDED BY RETAILER

14%

EMAIL OR TEXT REMINDERS WHEN COUPONS ARE GOING TO EXPIRE

13%

**Q2.8** Think about your favorite grocery store loyalty program. What are some of the characteristics about the program that you enjoy? Select all that apply.

Among grocery store loyalty program members, 45 percent like that offers can be added easily to their loyalty card and 41 percent like that offers are available for products aligning with their shopping habits. This combination of loyalty program member preferences and attitudes suggest shoppers expect and have an affinity for offers from their preferred brands. When these relevant offers are available, shoppers are willing to buy more and buy more frequently, increasing loyalty to their preferred brands.



TREY MOSER

## RETAILER LOYALTY PROGRAMS — MORE IMPORTANT THAN EVER

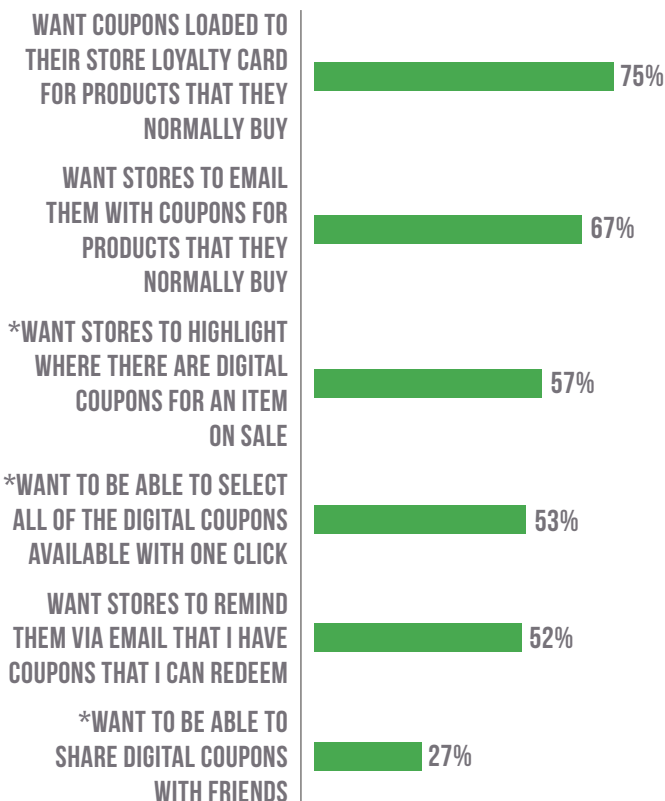
While 2014 saw some retailers choosing to refocus marketing efforts away from formal loyalty programs, those who continued to invest in their loyalty programs — and are now leveraging new personalization and targeting capabilities — are seeing real return on that investment. Data from the 2015 Inmar Shopper Behavior Study indicate that loyalty programs are more important than ever to shoppers — and retailers:

- Sixty-two percent of shoppers cited the availability of a loyalty program as being of primary importance when selecting a primary store to shop.
- Forty percent of shoppers who reported using more coupons said they did so because they were able to load offers to their store loyalty card.
- Shoppers who regularly use coupons loaded to their store loyalty card shop more and spend more in the grocery channel than shoppers who do not regularly engage with load-to-card (L2C) coupons.

Loyalty data can be used to individually target shoppers — at scale — with appropriately delivered, relevant content driving sales among program members. With shoppers employing multiple media along their path to purchase, retailers must maintain consistent, program-related communication across channels. To keep program members engaged, marketers must ensure that relevant content is delivered via shoppers' preferred media. And, that any transition among channels is seamless with no disruption in messaging or impeded access to content for shoppers.

The cadence for communicating savings opportunities is of utmost importance and achieving that cadence may be an issue for those retailers lacking

## GROCERY STORE LOYALTY PROGRAM MEMBER WISH LIST



**Q6.3** Now I would like you to think specifically about coupons and rebates that you can access online using your computer, mobile phone, or tablet. Below are some things that other people have said about accessing coupons online or from their mobile phone. Please rate your agreement with each statement.

**\*Q4.8** Please select your level of agreement with the following statements about coupons loaded to your retail store loyalty card.

insight into trip frequency among their shoppers. Too frequent communication can alienate shoppers and potentially diminish perceived value of the content. At the same time, inconsistent outreach may cause the message to seem “broken” and weaken the connection between retailer and shopper.

Inmar has observed that, among shoppers participating in digital load-to-card programs, those who open emails with relevant, personalized content have been shown to spend more than \$1.50 more per household per week versus control groups. At the same time, those participating

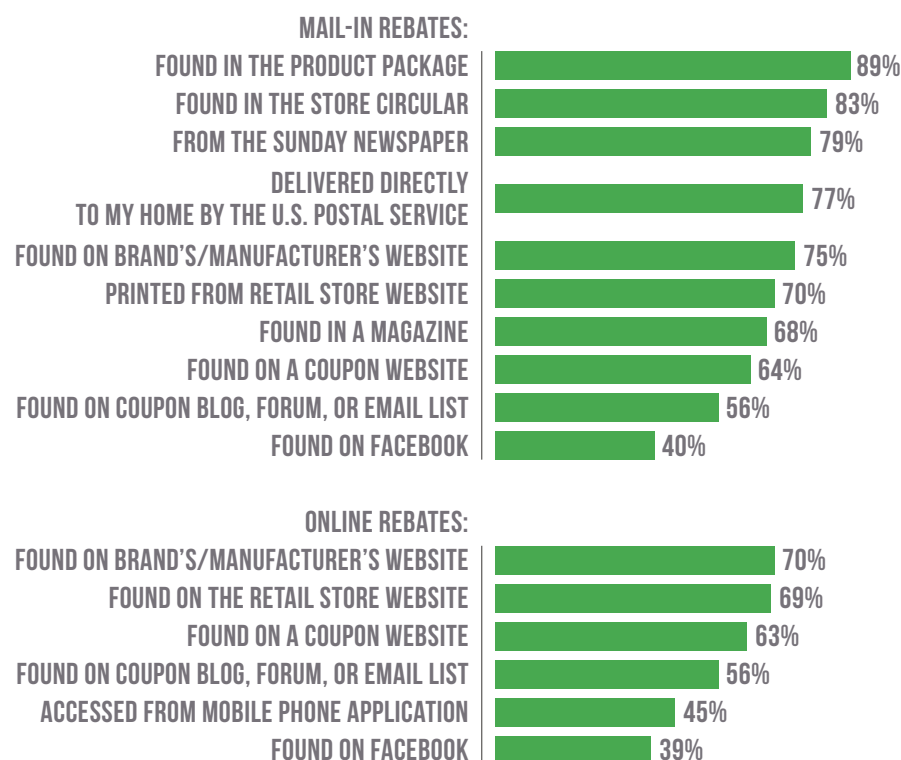
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# REBATE USE AND ATTITUDES

Forty-one percent of shoppers say they used a rebate for the purchase of groceries, household supplies, health-

care items and personal care products between October and December 2014.

## REBATE USE BY METHOD AMONG REBATE USERS



**Q5.3** How often do you use the following types of rebates to purchase groceries (i.e., food, beverages), household supplies (e.g., trash bags, dish soap), healthcare items (e.g., cough syrup, vitamins), or personal care products (e.g., deodorant, body wash)...

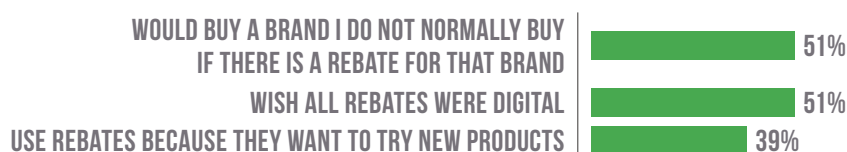
More than half of shoppers say that would buy a brand they do not normally buy if there is a rebate available for that brand. Shoppers are also expressing real interest in seeing more rebates available online.

## SHOPPER REBATE SUBMISSION PREFERENCE



**Q5.7** How do you prefer to submit rebates?

## SHOPPER ATTITUDES AROUND REBATES



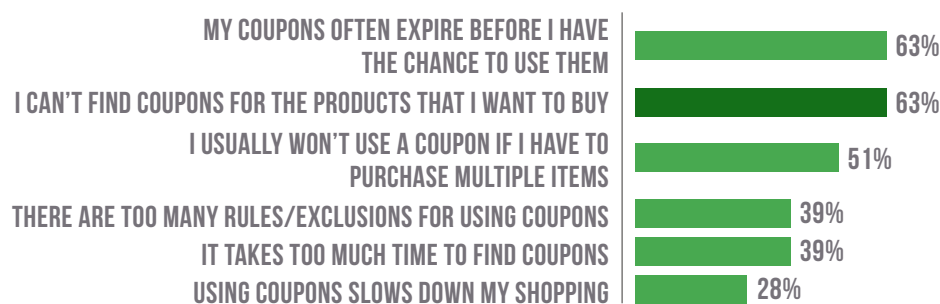
**Q6.2** Please indicate whether you agree or disagree with each statement?

# BARRIERS TO PROMOTION USE

More than half of shoppers see the duration of coupon redemption periods and the challenge of finding coupons for products they want to buy as barriers to using coupons. Besides wanting to be able to find coupons easily for products they normally buy, shoppers also want to avoid “jumping through hoops” to recognize the adver-

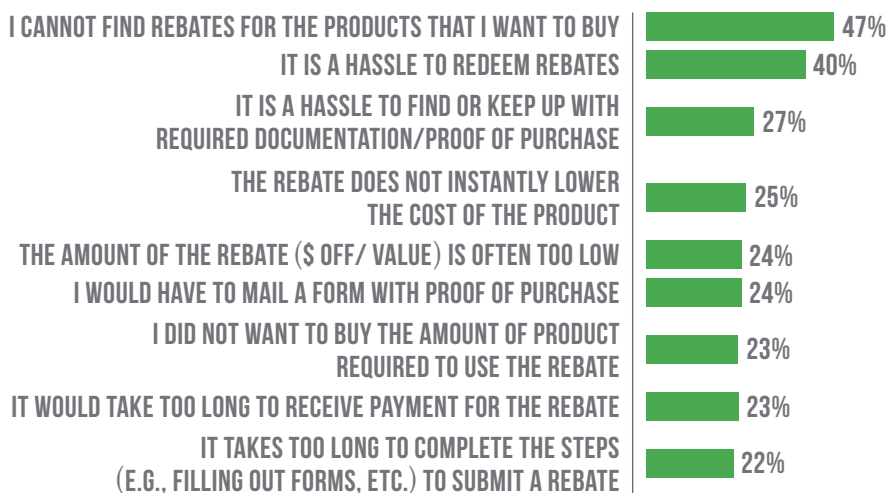
tised savings. Still, with fewer shoppers reporting that there are too many rules/exclusions for using coupons and that using coupons slows their shopping, it appears manufacturers are listening to shopper concerns and are making progress improving the coupon use experience.

## KEY BARRIERS TO COUPON USE



**Q6.2** Please indicate whether you agree or disagree with each statement.

## KEY BARRIERS TO REBATE USE



**Q5.4** You mentioned that you do not use rebates for groceries, household supplies, healthcare items, or personal care items purchased in-store. Please select the statements that describe why you do not use rebates for these products. Please select as many as apply.

Shoppers continue to express the shared expectation of finding promotional offers for brands and products they use regularly and want to buy. Brands that make the desired offers available, in a convenient and easy-to-use format, can expect shoppers to buy more of their products, more frequently. Marketers who leverage the innovative technology available to do just that can expect to drive revenue and share.

*continued from p. 54*

in a digital load-to-card coupon program spend 30 percent more per week than the average loyalty program household.

Clearly, the data indicate that having a loyalty program with relevant digital components is a proven way to drive engagement and gain share of wallet. While maintaining shopper loyalty requires more than just a shopper card program, an engaging, data-guided program that encourages and rewards purchases should be at the center of every grocery retailer's CRM strategy. •

**58% OF SHOPPERS SAY THERE ARE TOO MANY RULES AND EXCLUSIONS TO USING REBATES.**

# PROMOTION PLANNING TOOL KIT

How will the consumer become aware of your promotion? Where will the message and incentive be delivered? Maximizing promotional efficiency and effectiveness requires careful planning to get the right offer to the right shopper at the right time using the right media and coupon or rebate method. Inmar's Promotion Planning Tool-Kit is an actionable resource that helps align brand goals and objectives and ensure design best practices with coupon methods and rebates.

# METHOD BENEFITS AND ADVANTAGES

Your promotion objectives can dictate the most effective distribution method for supporting brand goals. The choice of distribution methods is further influenced by audience size, demographics, geography, cost, lead time, schedule flexibility, etc. Whether your needs are Analytics, Equity, Retail Support, Volume Driving or Targeting, this actionable guide will help direct you to align your goals and objectives with the right distribution method.

Unless noted as \* methods support both Coupons and Rebates.

	MEDIA DISTRIBUTED TO THE HOME				IN-STORE DISTRIBUTED				DIGITALLY DISTRIBUTED				ONLINE REBATE				RETAILER EXCLUSIVE				INDIVIDUAL CONSUMER				MILITARY EXCLUSIVE			
	Free-Standing Insert	Direct Mail	Magazine	Newspaper	Instant Redeemable	Electronic Checkout	On-Pack	In-Pack	Shelf Pad	Shelf Dispenser	Handout	Electronic Kiosk	Internet (Print-At-Home)	Electronic Discount (Load to Card)	Dual Electronic & Paper	Digital Rebate Or Presubmit	In-Ad	Bounceback*	Consumer Relations*	Military								
<b>ANALYTICS</b>																												
Access to analytical data for targeting and insights is strong	•	•				•							•	•		•			•					•	•			
Requires a relatively short lead-time for changes						•							•	•		•												
Can be used to collect consumer data	•	•									•		•			•			•				•	•				
Delivers the capacity for dynamically generated barcodes													•															
<b>EQUITY</b>																												
Offers advertising space	•	•	•	•												•												
Provides strong competitive advantage	•	•	•	•	•				•	•	•					•												
Rewards current/loyal users						•	•	•				•				•			•									
Can leverage web and social media assets that are not promotion-specific													•															
Can generate strong trade support when published to retailer.com site													•	•														
Over 200+ engagement modules that increase redemption													•															
Enables efficient, paperless, eco-friendly delivery of offers														•		•												
<b>RETAIL SUPPORT</b>																												
Encourages retailer support, especially with co-equity tie-ins	•	•	•			•		•	•	•	•		•	•		•		•										

Unless noted as \* methods support both Coupons and Rebates.

	MEDIA DISTRIBUTED TO THE HOME				IN-STORE DISTRIBUTED				DIGITALLY DISTRIBUTED				ONLINE REBATE				INDIVIDUAL CONSUMER			
	Free-Standing Insert	Direct Mail	Magazine	Newspaper	Instant Redeemable	Electronic Checkout	On-Pack	In-Pack	Shelf Pad	Shelf Dispenser	Handout	Electronic Kiosk	Internet (Print-At-Home)	Electronic Discount (Load to Card)	Dual Electronic & Paper	Digital Rebate Or Presubmit	In-Ad	Bounceback*	Consumer Relations*	Military
<b>RETAIL SUPPORT</b>																				
Can be tied to themed events, promotional overlays, etc.	•			•												•	•			
Supports alignment with retailer loyalty programs		•									•			•						
Can be cost-effectively distributed across brand owned web and mobile sites													•							
Reach non-traditional coupon users													•	•		•				
<b>VOLUME DRIVING</b>																				
Encourages new product trial	•	•	•	•	•				•	•	•	•	•	•		•				
Encourages repeat purchase	•	•		•		•	•	•								•		•		
Offers an excellent environment for depicting product benefits	•	•	•	•																
Reaches consumer at point of purchase in the store					•	•	•		•	•	•									
Allows cross promotions on other related products	•				•		•	•								•				
Encourages brand switching					•	•			•	•		•				•				
Allows sample delivery		•						•			•							•		
Gives consumers the convenience of mass redemption	•	•	•	•	•	•	•						•							
Capability to execute multiple, concurrent rebate offers																•				
Encourages immediate sales – retailers will stock up on product to meet increased demand	•				•			•	•	•	•		•	•			•			
<b>TARGETING</b>																				
Reaches a large and diverse audience over wide geographic span	•		•	•												•				
Provides cost-effective and simple way to execute very large-scale events	•															•				
Supports one-to-one marketing		•								•						•		•		



Unless noted as \* methods support both Coupons and Rebates.

	MEDIA DISTRIBUTED TO THE HOME				IN-STORE DISTRIBUTED				DIGITALLY DISTRIBUTED				ONLINE REBATE		RETAILER EXCLUSIVE		INDIVIDUAL CONSUMER		MILITARY EXCLUSIVE	
	Free-Standing Insert	Direct Mail	Magazine	Newspaper	Instant Redeemable	Electronic Checkout	On-Pack	In-Pack	Shelf Pad	Shelf Dispenser	Handout	Electronic Kiosk	Internet (Print-At-Home)	Electronic Discount (Load to Card)	Dual Electronic & Paper	Digital Rebate Or Presubmit	In-Ad	Bounceback*	Consumer Relations*	Military
TARGETING																				
Offers flexibility and control in timing, sizing and geographic distribution	•	•		•									•	•		•	•			
Can include large number of opted-in consumers	•	•	•	•									•							
Can target competitors or reward current customers based on their shopper profile or purchases at POS						•							•							
Allows targeting when coupled with a frequent shopper card		•									•		•							
Appeals to tech-savvy consumers who tend to be younger and more affluent													•	•		•				
Can target promotionally responsive households	•					•							•					•		

Digitally discovered coupons can be utilized to deliver both broad reaching and 1:1 targeted offers. Print-at-Home can be delivered across brand owned web and mobile sites, social (Facebook, Twitter, Pinterest), retail sites and paid media. Like Print-at-Home, Digital Rebate or Pre-submit offers can also be delivered across brand owned web and mobile sites. Electronic Discount (Load to Card) can be delivered to retailer websites and mobile applications via the Inmar Digital Network, in-store electronic kiosks and to registered retailer loyalty program members through targeted emails.

# METHOD LIMITATIONS AND CHALLENGES

Proper planning, execution and analysis can help ensure promotional success. Understanding the limitations and/or challenges of distribution methods will help you better prepare in the areas of Analytics, Financial Controls, Operational Execution, Scale and Timing.

Unless noted as \* methods support both Coupons and Rebates.

	MEDIA DISTRIBUTED TO THE HOME				IN-STORE DISTRIBUTED				DIGITALLY DISTRIBUTED				ONLINE REBATE				RETAILER EXCLUSIVE				INDIVIDUAL CONSUMER				MILITARY EXCLUSIVE			
	Free-Standing Insert	Direct Mail	Magazine	Newspaper	Instant Redeemable	Electronic Checkout	On-Pack	In-Pack	Shelf Pad	Shelf Dispenser	Handout	Electronic Kiosk	Internet (Print-At-Home)	Electronic Discount (Load to Card)	Dual Electronic & Paper	Digital Rebate Or Presubmit	In-Ad	Bounceback*	Consumer Relations*	Military								
ANALYTICS																												
Access to analytical data for insights may be challenging			●	●	●	●	●	●	●	●	●	●			●			●			●			●				
Blended redemption results for paper and paperless obscure performance comparisons between each															●	●												
Results in wide variations in distribution- and print-controls															●	●	●											
Family Code Validation Only	●	●	●	●	●	●	●	●	●	●	●		●				●		●	●								
FINANCIAL CONTROLS																												
Allows pilfering or damage if coupons are removed prior to actual product purchase					●																							
Requires that coupon barcode is not visible on packaging to prevent confusion with product bar code at checkout					●																							
Removes control over number distributed to each customer					●			●	●	●																		
Limits ability to forecast with accuracy due to combined paper/paperless methods														●		●												
OPERATIONAL EXECUTION																												
Type of packaging can limit control over coupon application					●	●		●																				
Can limit size of the coupon					●	●		●																				
Needs additional graphics on package to make offer “pop” visually						●																						

Unless noted as \* methods support both Coupons and Rebates.

	MEDIA DISTRIBUTED TO THE HOME				IN-STORE DISTRIBUTED				DIGITALLY DISTRIBUTED				ONLINE REBATE				RETAILER EXCLUSIVE				INDIVIDUAL CONSUMER				MILITARY EXCLUSIVE			
	Free-Standing Insert	Direct Mail	Magazine	Newspaper	Instant Redeemable	Electronic Checkout	On-Pack	In-Pack	Shelf Pad	Shelf Dispenser	Handout	Electronic Kiosk	Internet (Print-At-Home)	Electronic Discount (Load to Card)	Dual Electronic & Paper	Digital Rebate Or Presubmit	In-Ad	Bounceback*	Consumer Relations*	Military								
OPERATIONAL EXECUTION																												
Offers limited advertising space					•	•	•	•	•	•	•																	
Limits manufacturer's control over distribution logistics	•										•						•											
SCALE																												
Demographic targeting limited to general characteristics of a market	•		•	•																								
Depends on robust consumer database to support effective targeting		•																										
Is difficult to execute on a large scale											•	•																
Includes large percentage of non-opted-in recipients if not based on loyalty database		•																										
Limits control over print quality						•						•	•															
Is difficult to control number distributed to stores and to each customer					•				•	•																		
Consumer interaction limited to specific store					•	•			•	•	•	•																
Retailer mandates offer types														•														
Retailer approves offer														•														
Consumer must register online pre-store visit														•														
Presubmit requires mail																•												
High face values make these programs risky and costly																								•				
TIMING																												
Requires a very long or no expiration period							•	•																				
Cannot be easily changed – requires long lead times	•	•	•	•	•	•	•	•	•	•	•																	
Requires long lead-time for packaging change						•		•																				

# EFFICIENT COUPON SCANNING

More efficient processing can deliver faster payments, reduced fees and lower deductions. But to enjoy these kinds of benefits, your coupons must scan easily with minimal handling. Even well-designed coupons don't guarantee scannability. If a coupon's design is emphasized over correct layout, it may prove difficult to scan, which could lead to additional fees and slower processing. To help ensure this doesn't happen, follow industry guidelines and these best practices:

## USE A FULL-SIZED BARCODE.

Shortening, shrinking or cutting off parts of the code will create scanning problems at point of sale and processing.

## USE DARK BLACK FOR THE BARCODE.

Dark black printed on bright white paper will provide the most contrast.

## USE THE DOLLAR BILL SIZE.

A coupon is best sized at 6" x 2-1/2," with a tolerance to 3" x 2-1/16."

## USE PROPER CODING POSITION.

Putting the code horizontally in the lower right-hand corner of the coupon may not be terribly exciting, but it will help to ensure smooth processing and scanning.

## USE HIGH-RESOLUTION ARTWORK.

If the code isn't crisply printed and exceptionally clear to the human eye, it won't likely scan.

# DESIGNING A COUPON — BEST PRACTICES

Good coupon design is essential for preventing consumer confusion, streamlining the check-out and coupon redemption process, and avoiding hard-to-handle fees. The following guidelines will help you design your coupon the correct way.



ELEMENT	MANUFACTURER COUPON	INTERNET COUPON	IN-AD COUPON
<b>1</b> Bar Code	Include a GS1 Databar™. Print the Databar in black ink on a white background. Ensure the save value stated on the coupon and encoded in the DataBar are the same.	Include a GS1 Databar. Print the DataBar in black ink on a white background. Ensure the save value stated on the coupon and encoded in the DataBar are the same.	Use of the GS1 DataBar is recommended. If a barcode is not used, print the offer code on the center righthand side of the coupon. If a barcode is used, print the offer code above the barcode.
Color	Avoid distracting background textures and colors.	Avoid distracting background textures and colors. Even though many internet coupons are printed in black and white, GS1 general specifications for color should be adhered to as color impacts scannability.	Avoid distracting background textures and colors.
<b>2</b> Expiration	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.
<b>3</b> Face Value	Clearly state and prominently display the coupon's face value. Coupons should offer specific savings. Use of "free" coupons should be limited. If "free" coupons are used, include a maximum value and allow space for the retailer to fill in the purchase price of the product.	Clearly state and prominently display the coupon's face value. Coupons should offer specific savings. Avoid using "free" and high-value offers to avoid excessive photocopying. If "free" coupons are used, include a maximum value and allow space for the retailer to fill in the purchase price of the product.	State the value of the coupon as a save value (e.g., Save \$1.00). Print this value in the center of the coupon.



ELEMENT	MANUFACTURER COUPON	INTERNET COUPON	IN-AD COUPON
<p><b>4</b></p> <p>Legal Copy</p>	<p>Clearly state the legal terms of the offer, including the retailer's handling fee. Include language such as, "coupon valid for items indicated, any other use constitutes fraud" "may not be combined with any other offer"and "duplicated or altered coupons will not be accepted."</p>	<p>Clearly state the legal terms of the offer, including the retailer's handling fee. Include language such as, "coupon valid for items indicated, any other use constitutes fraud" "may not be combined with any other offer"and "duplicated or altered coupons will not be accepted."</p>	<p>Clearly state the legal terms of the offer, including the retailer's handling fee. Include language such as, "coupon valid for items indicated, any other use constitutes fraud" "may not be combined with any other offer"and "duplicated or altered coupons will not be accepted."</p>
<p><b>5</b></p> <p>Offer Code</p>	<p>Code coupons with a six-digit numeric offer code. Print the numeric offer code above the GS1 DataBar following the company prefix and a dash.</p>	<p>Code coupons with a six-digit numeric offer code. Print the numeric offer code above the GS1 DataBar following the company prefix and a dash.</p>	<p>Use of the GS1 DataBar is recommended. If a barcode is not used, print the offer code on the center right-hand side of the coupon. If a barcode is used, print the offer code above the barcode.</p>
<p>Paper Stock</p>	<p>Print coupons on heavy paper stock.</p>		<p>Print coupons on heavy paper stock.</p>
<p><b>6</b></p> <p>Perforation</p>	<p>Perforate or print dotted lines around the perimeter of the coupon to show the consumer where to cut.</p>	<p>Print dotted lines around the coupon to show the consumer where to cut.</p>	<p>Perforate or print dotted lines around the perimeter of the coupon to show the consumer where to cut.</p>
<p><b>7</b></p> <p>Product Illustration</p>	<p>Always put a picture of your product on the coupon.</p>	<p>Always put a picture of your product on the coupon.</p>	<p>Always put a picture of your product on the coupon.</p>
<p><b>8</b></p> <p>Product Name and Logo</p>	<p>The product name should be placed in the center of the coupon and the product logo should be included if space permits.</p>	<p>The product name should be placed in the center of the coupon and the product logo should be included if space permits.</p>	<p>The product name should be placed in the center of the coupon and the product logo should be included if space permits.</p>



ELEMENT	MANUFACTURER COUPON	INTERNET COUPON	IN-AD COUPON
<b>9</b> Purchase Requirements	Clearly state and prominently display the coupon's purchase requirements. Avoid complicating the offer with different sizes, flavors, etc.	Clearly state and prominently display the coupon's purchase requirements. Avoid complicating the offer with different sizes, flavors, etc.	Clearly state and prominently display the coupon's purchase requirements. Avoid complicating the offer with different sizes, flavors, etc.
<b>10</b> Redemption Address	Include the name and address of the manufacturer or manufacturer's agent to which the coupon should be sent for reimbursement. The redemption address should read as follows: "Mail to: XYZ Company, Inmar Dept. #00000, One Fawcett Drive, Del Rio, TX, 78840."	Include the name and address of the manufacturer or manufacturer's agent to which the coupon should be sent for reimbursement. The redemption address should read as follows: "Mail to: XYZ Company, Inmar Dept. #00000, One Fawcett Drive, Del Rio, TX, 78840."	Include the name and address of the manufacturer or manufacturer's agent to which the coupon should be sent for reimbursement. The redemption address should read as follows: "Mail to: XYZ Company, Inmar Dept. #00000, One Fawcett Drive, Del Rio, TX, 78840."
Redemption Location			Print the words "Good Only At: ____" or "Redeem Only At: ____" in bold type at the top center or bottom center of the coupon.
Size	Make the dimensions of the coupon equivalent to those of a dollar bill (6" X 2 1/2") with a minimum tolerance of 3" X 2-1/16." Smaller coupons are easily lost and overly large ones are difficult to handle.	Make the dimensions of the coupon equivalent to those of a dollar bill (6" X 2 1/2") with a minimum tolerance of 3" X 2-1/16." Smaller coupons are easily lost and overly large ones are difficult to handle.	Make the dimensions of the coupon equivalent to those of a dollar bill (6" X 2 1/2") with a minimum tolerance of 3" X 2-1/16." Smaller coupons are easily lost and overly large ones are difficult to handle.
<b>11</b> Source Identification	Print the words "Manufacturer's Coupon" in bold type within a box at the top of the coupon to distinguish its origin.	Print the words "Manufacturer's Internet Coupon" in bold type within a box at the top of the coupon to distinguish its origin.	Print the words "Manufacturer's Coupon" in bold type within a box at the top of the coupon to distinguish its origin.
Web Name and URL		Print the name and URL of the website issuing the coupon underneath the amount in the top right corner.	

# EFFICIENT REBATE PROCESSING

A compelling offer with well-designed rebate form not only maximizes the consumer's brand experience, it also minimizes your rebate processing costs. But achieving that goal requires special attention to the details of the form design, offer rules, legal copy and post processing activities. In addition to the best practices mentioned, the below are important guidelines to consider when developing a rebate:

## USE SIMPLE INSTRUCTIONS.

Requirements for submitting a rebate should be reasonable and easy to follow.

## REVIEW YOUR FORM.

After completing your form design be sure to proofread, and have your legal team ensure the offer meets legal guidelines. Your Inmar account team will review from a consumer friendly/ processing perspective

## USE ONLINE REBATE CENTER.

Consider adding your offers to a branded rebate center for an easy presubmit or fully digital submission process. Based on client requirements the site will display required fields and data with real time validation so the consumer knows upfront if their data is valid.

## USE PRE-FUNDING.

Consider pre-funding your rebate so that rebate rewards can be distributed faster, once invoice payment is received.

## USE EMPOWERMENT GUIDELINES.


Provide Inmar with tolerance guidelines should consumers contact our consumer care department.

## CONSUMER REBATE CENTER

Inmar's online Consumer Rebate Center is a unique promotional resource that enables Inmar clients to advertise rebate offers, execute paperless rebate programs and enhance customer engagement. The site can be customized to create a fully branded consumer experience directly linked to the client's website or Facebook page—maximizing the brand and relationship-building potential of any promotion.



# DESIGNING A REBATE — BEST PRACTICES



**1** **RECEIVE \$10 OFF PURCHASE OF 2 TECHDEX USB DRIVES**

**2**

**MAIL-IN OR ONLINE REBATE INSTRUCTIONS**

- Purchase 2 TechDEX 50 GB USB Drives between MM/DD/YY and MM/DD/YY
- Circle qualifying purchases and enclose this completed form and the original receipt

*Important:*  
All required purchases must be made on one transaction or receipt.

- Enclose your original UPCs from valid product purchased **7**
- Mail your completed original rebate form and requested information above to:  
Attn: (Program Name here)  
Offer: (Offer Code here)  
PO BOX XXXXX  
Del Rio, TX 78842-XXXX
- Submission must be received by XX/XX/XXXX.
- Keep copies of submitted materials for your records


First Name: **5** Last Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ **4**  
Email Address (optional): \_\_\_\_\_  
☐ Yes, please opt me in to receive additional information and offers from XYZ Company Name. **6**

**Circle One:**  
How did you hear about XYZ product? Web TV Social Media Email **8**

One submission per household and right is reserved to confirm identity. Valid only in the U.S.A. Offer void if original purchase receipt, original package UPC, this original mail-in certificate and complete name, address and zip code are not included. Proof of purchase must be from product you purchased. Photocopies not accepted. Offer cannot be combined with any other offer. Requests from groups, clubs or organizations will not be honored or acknowledged. Rebate will not be mailed to P.O. Box address. Void where prohibited, licensed, taxed or restricted by law. Please allow 6-8 weeks for processing. Fraudulent Submission Could Result in Federal Prosecution Under Mail Fraud Statutes (Title 18, Sections 1341 & 1342). Use of multiple addresses to obtain additional rebates may constitute fraud and may result in prosecution. Reproduction, Purchase, Sale, or Trade of Rebate Forms, Proofs of Purchase and Cash Register Receipts are Prohibited. **Unless expressly prohibited by law, payee authorizes reasonable dormancy fees deducted if check is not cashed within 180 days.** For rebate inquiries, please call 1-877-XXX-XXXX or visit online at [www.inmarrebates.com](http://www.inmarrebates.com). **9** **10**

ELEMENT	MAIL IN REBATE
<b>Design</b>	
<b>1</b> Rebate Value	State Amount of Rebate —“Receive \$X.XX”. If variable amount include maximum value(s).
<b>2</b> Source Identification	State “Mail-in Rebate” and/or “Online.”
<b>3</b> Submission Instructions	Do not use paragraph-style copy.
<b>4</b> Size	Allow at Least 2 1/2" x 1 3/4" for Consumer Name and Address.
<b>5</b> Consumer Data	Standard is name, address and email to complete submission.
<b>6</b> Optin	Request optin so you can remarket to consumers.
<b>7</b> UPC	Clearly define which product a UPC is required for. Provide space for consumer to fill in UPC if it's not possible to remove the UPC from packaging
<b>8</b> Survey	Use multiple choice (easiest) or free form (allow space) to gather valuable consumer demographic, new product ideas, satisfaction, etc.
<b>9</b> Legal Copy	Clearly state the legal terms of the offer. Review with your legal team and your processor.
<b>10</b> Consumer Care	Include consumer care contact information (phone, email, website) for online, IVR and live operator assistance.

# DESIGNING A REBATE - BEST PRACTICES



## RECEIVE \$10 OFF PURCHASE OF 2 TECHDEX USB DRIVES

### MAIL-IN OR ONLINE REBATE INSTRUCTIONS

- Purchase 2 TechDEX 50 GB USB Drives between MM/DD/YY and MM/DD/YY
- Circle qualifying purchases and enclose this completed form and the original receipt
- Enclose your original UPCs from valid product purchased
- Mail your completed original rebate form and requested information above to:  
Attn: (Program Name here)  
Offer: (Offer Code here)  
PO BOX XXXXX  
Del Rio, TX 78842-XXXX
- Submission must be received by XX/XX/XXXX.
- Keep copies of submitted materials for your records

**Important:**  
All required purchases must be made on one transaction or receipt.

**Circle One:**  
How did you hear about XYZ product?   Web   TV   Social Media   Email

One submission per household and right is reserved to confirm identity. Valid only in the U.S.A. Offer void if original purchase receipt, original package UPC, this original mail-in certificate and complete name, address and zip code are not included. Proof of purchase must be from product you purchased. Photocopies not accepted. Offer cannot be combined with any other offer. Requests from groups, clubs or organizations will not be honored or acknowledged. Rebate will not be mailed to P.O. Box address. Void where prohibited, licensed, taxed or restricted by law. Please allow 6-8 weeks for processing. Fraudulent Submission Could Result in Federal Prosecution Under Mail Fraud Statutes (Title 18, Sections 1341 & 1342). Use of multiple addresses to obtain additional rebates may constitute fraud and may result in prosecution. Reproduction, Purchase, Sale, or Trade of Rebate Forms, Proofs of Purchase and Cash Register Receipts are Prohibited. **"Unless expressly prohibited by law, payee authorizes reasonable dormancy fees deducted if check is not cashed within 180 days."** For rebate inquiries, please call 1-877-XXX-XXXX or visit online at [www.inmarrebates.com](http://www.inmarrebates.com).

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Email Address (optional): \_\_\_\_\_  
☐ Yes, please opt me in to receive additional information and offers from XYZ Company Name.

## ELEMENT

## MAIL IN REBATE

### Purchase Requirements

- |    |                  |  |
|----|------------------|--|
| 11 | Products         | Specify the exact brands and sizes (if applicable) required for purchase to participate in the offer. Avoid complicating the offer with too many variations. |
| 12 | Purchase Dates   | Provide valid purchase date range "Purchase between MM/DD/YYYY - MM/DD/YYYY"   |
| 13 | Geography        | Specify where the offer is valid. Ex. Valid in USA and Canada, Valid in USA only, or list valid specific state or group of states.                           |
| 14 | Household Limits | Specify how many submissions per address or household is allowed. Ex. one submission per household.  |

### Submission Instructions

- |    |                                |  |
|----|--------------------------------|--|
| 15 | Submission Instructions Format | Sequentially number each requirement.  |
| 16 | Consumer Instructions          | Ask the consumer to circle the qualifying products purchased and corresponding prices on their receipt.  |
| 17 | Submission Requirements        | State Original Mail in rebate form, original receipt and original UPC required (as applicable). For some products it may not be possible to provide a physical UPC.          |
| 18 | Receipts                       | Specify if purchases must be made on one receipt. Example options:<br>All required purchases must be made on one transaction or receipt.<br>OR<br>Multiple receipts allowed. |
| 19 | Receive by Date                | Provide a "Must be Received by" date. Inmar recommends 30 days from the last purchase date to receive the mail in submission. Optional to also include postmark date.        |

# DESIGNING A REBATE - BEST PRACTICES



**RECEIVE \$10 OFF PURCHASE  
OF 2 TECHDEX USB DRIVES**

## MAIL-IN OR ONLINE REBATE INSTRUCTIONS

1. Purchase 2 TechDEX 50 GB USB Drives between MM/DD/YY and MM/DD/YY
2. Circle qualifying purchases and enclose this completed form and the original receipt  
*Important:*  
20. All required purchases must be made on one transaction or receipt.
3. Enclose your original UPCs from valid product purchased
4. Mail your completed original rebate form and requested information above to:  
Attn: (Program Name here)  
21 Offer: (Offer Code here)  
PO BOX XXXXX  
Del Rio, TX 78842-XXXX
5. Submission must be received by XX/XX/XXXX.
6. Keep copies of submitted materials for your records

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Email Address (optional): \_\_\_\_\_

☐ Yes, please opt me in to receive additional information and offers from XYZ Company Name.

### Circle One:

How did you hear about XYZ product? Web TV Social Media Email

One submission per household and right is reserved to confirm identity. Valid only in the U.S.A. Offer void if original purchase receipt, original package UPC, this original mail-in certificate and complete name, address and zip code are not included. Proof of purchase must be from product you purchased. Photocopies not accepted. Offer cannot be combined with any other offer. Requests from groups, clubs or organizations will not be honored or acknowledged. Rebate will not be mailed to P.O. Box address. Void where prohibited, licensed, taxed or restricted by law. Please allow 6-8 weeks for processing. Fraudulent Submission Could Result in Federal Prosecution Under Mail Fraud Statutes (Title 18, Sections 1341 & 1342). Use of multiple addresses to obtain additional rebates may constitute fraud and may result in prosecution. Reproduction, Purchase, Sale, or Trade of Rebate Forms, Proofs of Purchase and Cash Register Receipts are Prohibited. **"Unless expressly prohibited by law, payee authorizes reasonable dormancy fees deducted if check is not cashed within 180 days."** For rebate inquiries, please call 1-877-XXX-XXXX or visit online at [www.inmarrebates.com](http://www.inmarrebates.com).

## ELEMENT

## MAIL IN REBATE

### Submission Instructions

#### 20 How to Submit

Provide clear instructions to mail in or submit online. For online submissions- provide the URL, offer code and step by step instructions on how to submit for the rebate.

#### 21 Redemption Address

Include the Program name, offer code and redemption address.  
Attn: (Program Name here)  
Offer: (Offer Code here)  
PO BOX XXXXX  
Del Rio, TX 78842-XXXX

**Offer Type Specific - In addition to the above best practices the following guidelines apply to the below offer types**

### Escalating Rebate

#### Expected Rebate

Use check boxes for consumer to indicate anticipated reward value for multiple reward options or please check the amount you are requesting. Example ☐ \$10 off 2 ☐ \$25 off 4.

#### Quantity Purchased

The best offers for processing efficiency are by quantity purchased; if the offer must be based on size provide minimum price points for validation. Note: Not all receipts will designate the size of the product

### Cross Purchase

#### Min / Max Price Validation

Clearly list the minimum/ maximum product purchase price that is required to participate in the offer. (Most often applies to cross purchase rebate offers.) Example: must spend a min. of \$5.01 in groceries to receive your \$5 rebate.

#### Purchase Requirement

Clearly define the cross purchase requirement and if both items must be purchased. Do not use multiple cross purchases within one offer. Ex. "Purchase 1 bottle of any soda" or "Purchase 1 bottle of any soda AND XX (specific client branded product)"

# METHOD CODES AND DEFINITIONS

The following guide lists the methods tracked by Inmar. Each entry includes the method, the method code used by Inmar and the method definition. If you need further assistance in selecting a method code, please contact your account team.

**BOUNCEBACK (BB)** • A coupon sent in response to a consumer's request, typically requiring proof of purchase.

**CONSUMER RELATIONS (CR)** • A coupon sent to the consumer in response to that consumer's written or verbal complaint or concern.

**DIRECT HOME DELIVERY (DHD)** • A coupon or rebate delivered to the consumer's home by methods other than the U.S. Postal Service (USPS). Examples include door hangers, leaflets or polybags.

**DIRECT MAIL** • A manufacturer's coupon or rebate delivered directly to the consumer by the U.S. Postal Service. Variations include:

**DIRECT MAIL CO-OP (DMC)** • Several coupons and/or rebates, from different manufacturers, in a single envelope delivered directly to the consumer by the U.S. Postal Service. This also includes Freestanding magazine outserts, which are several four-color advertisements including coupons from different manufacturers, printed together in a booklet and delivered in a polybag along with a magazine. The outsert and magazine can be delivered to magazine subscribers via the USPS or sold at newsstands.

**DIRECT MAIL SOLO (DM)** • A manufacturer's coupon or rebate delivered directly to the consumer by the USPS.

**DIRECT MAIL WITH SAMPLE (DMS)** • A coupon or rebate, accompanied by a product sample, delivered directly from the manufacturer to the consumer by the USPS.

**ELECTRONIC CHECKOUT (EC)** • A coupon or rebate, dispensed electronically at a retail location during checkout, intended for use on a future purchase.

**ELECTRONIC DISCOUNT (EDO)** • An internet-delivered offer that never manifests as paper. Consumers acquire typically by associating the offer with a retailer loyalty card (aka Load to Card), or a unique identifier like a 10-digit mobile number.

**PRINT AT HOME (NET)** • An online offer that can be acquired by the consumer by printing the coupon or rebate onto paper form. Can be retailer-specific, but generally used for "mass redemption" purposes.

**DUAL ELECTRONIC AND PAPER (DEP)** • An online offer with a shared offer code that can be acquired by the consumer either by printing the coupon on the consumer's home computer system, loading it digitally to a retailer loyalty card, or acquired via inserts in the Sunday newspaper. Use of a shared offer code is not a best practice. Best practice dictates that one offer code be used for the print-at-home (NET) offer and different codes be used for the load-to-card (EDO) offer and free-standing insert (FSI).

**ELECTRONIC KIOSK** • A coupon or rebate printed at a kiosk in a retail store.

**FREE-STANDING INSERT (FSI)** • A four-color coupon or rebate appearing in an advertisement inserted (loose) in the Sunday newspaper.

**HANDOUT** • A coupon or rebate distributed by hand to consumers at the store level. Variations include:

**HANDOUT CO-OP (HOC)** • Several coupons or rebates from various manufacturers distributed by hand to a consumer at a retail store.

**HANDOUT IN-STORE WITH SAMPLE (HSS)** • A coupon or rebate and product sample distributed by hand to a consumer at the store level.

**HANDOUT OFF-STORE LOCATION (HL)** • A coupon or rebate distributed by hand to a consumer at a location other than a retail store (i.e. food shows).

**HANDOUT OFF-STORE LOCATION CO-OP (HLC)** • Several coupons and/or rebates from various manufacturers distributed by hand to a consumer at a location other than a retail store (i.e. food shows).

**HANDOUT OFF-STORE LOCATION WITH SAMPLE (HLS)**  
• A coupon or rebate and product sample distributed by hand to a consumer at a location other than a retail store (i.e. a food show).

**HANDOUT SOLO (HO)** • A coupon or rebate distributed by hand to consumers at a retail store.

**HOSPITAL SAMPLE (HS)** • A coupon or rebate, accompanied by a product sample, distributed to patients or expectant mothers at a doctor's office or hospital.

**INSTANT REDEEMABLE** • A coupon or rebate attached to a product's package at the factory or in the store that can be removed by the shopper for immediate use at checkout or for rebate, after product verification. It is often printed on special two-ply labels, both to facilitate easy removal by the shopper and to leave behind an indicator if the coupon or rebate has been removed prior to the actual product purchase. Variations include:

**INSTANT REDEEMABLE (IR)** • A coupon or rebate attached to a product's package at the factory or in the store that can easily be removed for immediate use at checkout.

**INSTANT REDEEMABLE CROSS RUFF (IRC)** • A coupon or rebate attached to a product's package at the factory or in the store that can easily be removed for immediate use at checkout on the purchase of a different product.

**MAGAZINE** • A coupon or rebate printed in a magazine. Variations include:

**MAGAZINE ON-PAGE (MOP)** • A coupon or rebate printed on the page in a magazine advertisement.

**MAGAZINE POP-UP (MPU)** • A coupon or rebate printed in a special section of a magazine that folds out, or pops up, when the magazine is opened. Includes coupon printed in a special section or coupon booklet that is separately inserted into a magazine.

**NEWSPAPER** • A coupon or rebate printed on a newspaper page. Variations include:

**NEWSPAPER CO-OP (NCC)** • A group of coupons or rebates, either black-and-white or color, from different manufacturers, printed together on a newspaper page.

**NEWSPAPER RUN-OF-PRESS (ROP)** • A solo, black-and-white coupon or rebate printed directly on the newspaper page.

**COLOR RUN-OF-PRESS (CRP)** • A solo, color coupon or rebate printed directly on the newspaper page.

**SUNDAY SUPPLEMENT (SS)** • A solo coupon or rebate printed in a magazine supplement, such as Parade or USA Weekend, in the Sunday newspaper.

**ON-PACK** • A coupon or rebate printed on a product's package, redeemable on a subsequent purchase of that product. The product's package must be destroyed to use the coupon or rebate. Variations include:

**ON-PACK (OP)** • A coupon or rebate printed on a product's package, redeemable on a subsequent purchase of the same product. The product's package must be destroyed to use the offer.

**ON-PACK CROSS RUFF (OPC)** • A coupon or rebate printed on a product's package, redeemable on a subsequent purchase of a different product. The product's package must be destroyed to use the offer.

**IN-PACK** • Coupon or rebate is found inside a product's package. Variations include:

**IN-PACK (IP)** • A coupon or rebate found inside a product's package that is redeemable on a subsequent purchase of the same product.

**IN-PACK CROSS RUFF (IPC)** • A coupon or rebate found inside a product's package that is redeemable on a subsequent purchase of a different product.

**SHELF PAD (SP)** • Pad of coupons or rebates is placed in the store usually on a shelf near the featured product.

**SHELF DISPENSER** • A coupon or rebate dispensed at a retail store via a box attached near the featured product and intended for immediate use. Note: Rebate requires additional purchase validation; reward issued after purchase validation. Variations include:

**ELECTRONIC SHELF (ES)** • A paper coupon or rebate, dispensed from a box attached to the shelf near the product, and intended for immediate use, also known as an instant coupon machine.

**SHELF BOX (SB)** • A coupon or rebate dispensed from a box attached to the shelf near the product and intended for immediate use.

**IN-AD (IA)** • A manufacturer-funded coupon or rebate issued by the retailer, typically through the retail store's circular. It is usually only redeemable at the store that distributed the circular.

**MILITARY** • A coupon or rebate intended for use by military personnel or their families. Variations include:

**MILITARY HANDOUT (MHO)** • A coupon or rebate handed directly to the consumer at a military retail location.

**MILITARY MAGAZINE (MMG)** • A coupon or rebate distributed through magazines targeted at military personnel.

**MILITARY SHELF PAD (MSP)** • A pad of coupons or rebates placed on a shelf near the featured product in military commissaries.

**ONLINE REBATE** • Allows the consumer to complete their submission information online via a generic or branded website that can be accessed via computer, smartphone, or tablet. Brands may choose a pre-submit option where the information is entered partially online and mailed or completely online where the proof of purchase is uploaded.

**PRESUBMIT** • The consumer enters their personal and purchase information, prints a copy to mail in and includes the requested proof of purchase documentation (receipt, UPC- if applicable).

**DIGITAL REBATE** • The consumer enters their personal and purchase information completely online and uploads a copy(s) of their proof of purchase documentation for validation.

**MAIL IN REBATE (MIR)** • Submitted via USPS and consumer typically receives the reward via mail. Purchase validation not at point of sale.

**ESCALATING REBATE** • A rebate strategy to encourage additional purchases by increasing the reward value incrementally. (I.E. Buy 1, Get \$3, Buy 3, Get \$5, Buy 5, Get \$10.)

**CROSS SELL REBATE** • The required purchase is for a non-client product or general category (i.e. meat, cheese) which is often used of regulated products. Sometimes the client product purchase may also be required.

**PRENATAL (PRE)** • A coupon or rebate presented to expectant mothers at the doctor's office or during instructional classes.

“In order for manufacturers and retailers to meet consumers’ expectations of an enhanced shopping experience, earn their loyalty and drive revenue, they must engage an ally capable of using promotion metrics and shopper data to effectively inform promotional planning and enable campaigns for both broad reach and personalized engagement.”

David Mounts  
Chairman and CEO, Inmar