2013 COUPON TRENDS

2012 YEAR-END REPORT

inmar®

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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 who trust Inmar to securely manage and settle **MORE THAN TWENTY BILLION DOLLARS** in transactions every year.

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A MESSAGE FROM OUR LEADERSHIP

As many of you know, in 2012 Inmar launched a new analytics unit dedicated to applying real-time and shopper-led insights across all our lines of business. Considering the role of data and trends in this new practice, it seemed only logical that Inmar Analytics would play a leading role in the creation of this year's Coupon Trends Report – now in its 25th year of publication! We are so proud of the joint collaboration between our promotion and analytics teams to produce this year's edition, and we hope our readers will find the new voices and perspective to be as valuable as we do.

The past few years have been a challenging time for brand and retail marketers. Since the economic downturn in 2008 through 2012, we have seen shoppers continue to step out of their normal shopping patterns and embrace new, lower cost solutions. The key question for many marketers is: Will a reversal in economic trends see shoppers return to their previous purchase behaviors or are we training an entire generation of shoppers how to include value-based options in their shopping mix?

Our data suggests this shift is not temporary. Instead, shoppers are learning how to adopt emerging technology to help them make their dollars go farther. We believe there is emerging, pent-up demand for digitally powered shopping in the physical store. Consumers are beginning to see real benefits to in-situ technology which assists decision making.

And, this has only just begun. We see it as a maturation of in-store technology - using it to solve real shopper needs, without gimmickry or technology for its own sake. This new generation of technology-enabled shoppers wants their favorite retailers to find new ways of delivering content offline, the way online retailers like Amazon do.

For this reason, in addition to all the data points we typically provide, you may notice a few new additions to this year's report. This report also includes digital trends and forecasting, and some highlights from our first annual shopper study. We've also brought back the promotion toolkit and best practices for coupon design and method selection to support your efforts to deliver the best promotional results.

We invite you to contact Inmar for support for your promotion optimization and digital integration efforts. We also hope to have the opportunity to introduce you to some of our new offerings, including our behavioral consulting and analytics toolsets.

In the meantime, we hope you'll enjoy the insights delivered in this book; it's a great way to get the conversation started.

Bob Carter
President, Promotion Network

John Ross
Executive Vice President Inmar and President Inmar Analytics

EXECUTIVE SUMMARY

Even with relatively stable distribution (310 billion), approximately 3.0 billion manufacturer coupons were redeemed in 2012. This represents a 14.3% decrease from the 3.5 billion coupons redeemed in 2011, and begs the question: "why?"

Could the decline be driven by macro economic trends such as unemployment, consumer price index, GDP and retail sales, which have historically been correlated with coupon redemption? Or could it be tactics marketers control, which can impact redemption including average face value, purchase requirements and redemption periods? There was indeed a trend of "tightening" those terms in 2012. But enough to describe a 14.3% decline?

Our shopper research reveals interest in coupons remains extraordinarily high, particularly among new/emerging coupon user profiles (e.g., millennials, students, men) and there appears to be a widening gap between their preferences around digital discovery, ease of acquisition, intelligent recommendations of offers compared to the tactics currently deployed by coupon marketers such as traditional distribution, declining face values, shrinking redemption periods and increased purchase requirements.

One way or another, 2013 is likely to be a bellwether year: Shopper behavior regarding coupon use will either predictably revert "back to form" with redemption patterns correlating more closely with economic conditions as we have observed for 30-plus years, OR a second year of anomalous coupon redemption trends will be recorded, strengthening the hypothesis that a fundamental, seismic shift regarding coupon use away from paper methods and toward digital (which may not yet be meeting consumer demand) is indeed underway.

METHODOLOGY

To compile our annual industry report of packaged goods coupon promotions, an Inmar task force of associates with marketing, promotions, research, coupon industry, consulting, 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 INDICES

An index shows which coupons consumers are more likely to use. It is calculated by dividing the percent of coupons redeemed by the percent of coupons distributed. Indices above 100 indicate that consumers are more likely to use those coupons.

A NOTE ON DIGITAL PROMOTIONS

True digital promotions are those that traverse the entire coupon process from offer setup through redemption without ever manifesting as paper in any hard copy form. Some other coupons have a digital component in that they are discovered online or via other digital media (social, mobile, email), but must be printed out and presented at point of sale to receive the discount. For purposes of this report, digital promotions are tracked and reported separately from paper coupon promotions.

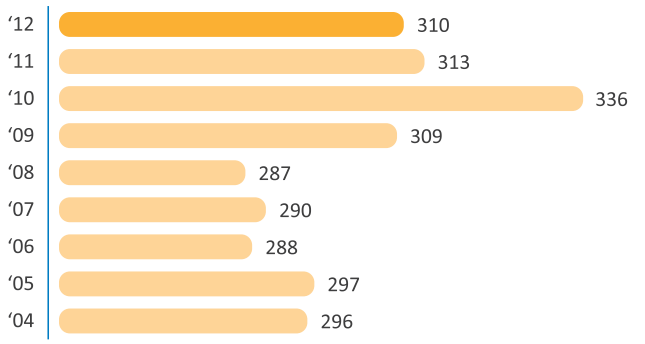
A NOTE ON THE 2013 SHOPPER BEHAVIOR SURVEY

Results from this online survey are based on 1,007 shoppers who used coupons when shopping in-store for groceries, household supplies, health care items, or personal care products in the previous three months.

Key Trends

DISTRIBUTION AND REDEMPTION

OVERALL COUPON **DISTRIBUTION** (IN BILLIONS)



In 2012, industry-wide coupon distribution volume remained nearly flat, falling 1.2% to 310 billion coupons.

Total value of all coupons distributed: $484 billion

$1,535 in coupon savings for every person in the United States. Yet consumers only took advantage of $10.75 per person.

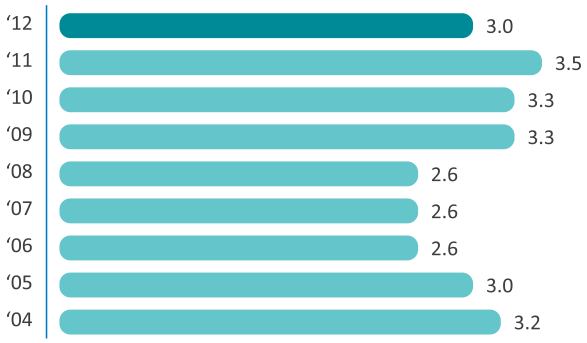
AT A GLANCE:

Overall coupon value fell $14 billion, or 2.8% from the previous year. Compared to overall distribution, this suggests smaller face values.

DISTRIBUTION INDEX BY MONTH

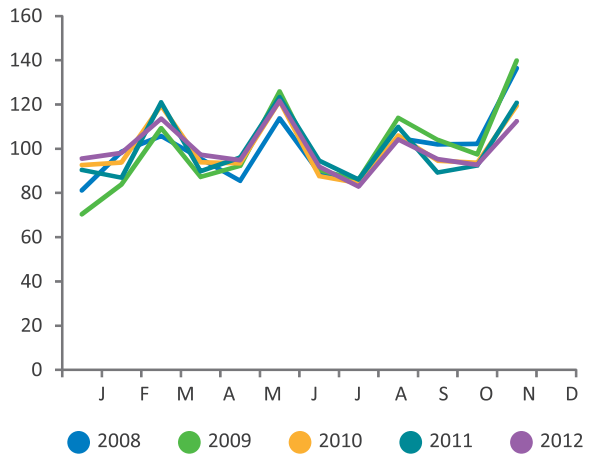
Generally speaking, coupons are distributed in a repetitive cycle, with distribution peaks in January (New Year, Super Bowl), early spring (Easter) and early fall (Back-to-School; BTS). Note the "smoother" distribution pattern for 2012: although slightly higher in Q1, the summer dip is less pronounced and the fall spike does not distinguish between BTS and holiday timing.

OVERALL COUPON **REDEMPTION** (IN BILLIONS)



In 2012, industry-wide coupon redemption volume decreased 14.3% to 3.0 billion coupons. Every major coupon method saw significant decline in volume, including FSI, instant redeemable, shelf pad and Internet print-at-home, compared to the previous year. Among the top ten methods (by redemption volume), only instant redeemable cross ruff saw growth.

REDEMPTION INDEX BY MONTH



As with distribution, coupon redemption is also cyclical, although redemption exhibits smaller peaks and valleys than distribution. Changes to distribution patterns had little discernible effect on redemption, which ran even with (or lagged behind) the previous year's pace and offered no uncharacteristic spikes.

60% of shoppers use coupons for more than half of their shopping trips

Inmar Shopper Study

METHODS

PERCENT OF TOTAL COUPON **DISTRIBUTED** BY METHOD

Method	2008	2009	2010	2011	2012
Beginnings Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Bounceback	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Direct Home Delivery	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail	1.0%	1.2%	0.9%	0.9%	0.7%
Direct Mail Co-op	0.2%	0.2%	0.2%	0.3%	0.4%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	1.1%	1.3%	1.2%	1.0%	1.0%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic On-cart	<0.1%	<0.1%	n/a	n/a	<0.1%
Electronic Shelf	0.3%	0.3%	0.2%	0.1%	0.1%
Free-standing Insert	87.8%	88.1%	86.8%	87.1%	88.8%
Handout	1.1%	1.0%	1.0%	0.8%	0.6%
Handout Co-op	0.1%	0.1%	0.1%	0.1%	0.1%
Handout In-store with Sample	<0.1%	0.1%	<0.1%	0.1%	0.1%
Handout Off-store Location	0.1%	<0.1%	0.1%	<0.1%	0.1%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Hospital Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad	2.3%	2.1%	3.1%	2.9%	2.6%
In-pack	0.6%	0.5%	0.4%	0.4%	0.3%
In-pack Cross Ruff	0.2%	0.3%	0.4%	0.3%	0.1%
Instant Redeemable	0.4%	0.5%	0.6%	0.6%	0.4%
Instant Redeemable Cross Ruff	0.4%	0.4%	0.3%	0.4%	0.4%
Internet	0.1%	0.3%	0.4%	0.4%	0.4%
Magazine On-page	1.5%	1.7%	1.9%	1.7%	1.2%
Magazine Pop-up	0.6%	0.5%	0.4%	0.8%	1.1%
Military Handout	0.1%	0.1%	<0.1%	<0.1%	<0.1%
Military Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press	0.4%	0.2%	0.2%	<0.1%	<0.1%
On-pack	0.4%	0.2%	0.2%	0.1%	0.1%
On-pack Cross Ruff	0.1%	0.1%	0.2%	0.1%	0.1%
Prenatal	<0.1%	n/a	<0.1%	0.3%	n/a
Shelf Box	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad	0.5%	0.5%	0.6%	0.6%	0.4%
Sunday Supplement	0.3%	0.1%	0.3%	0.6%	0.5%

With 88.8% of total coupon distribution, free-standing insert (FSI) coupons dominated the industry-wide coupon distribution mix. Overall FSI distribution increased as well, growing 1.0% to 2.6 billion coupons.

The scale and reach of FSIs can obscure changes to other methods; consider NET (Internet). Despite an increase in overall distribution compared to 2011, the share of distribution remained unchanged at 0.4%.

TOP METHODS of Distribution

Free-standing Insert

88.8%

In-ad

2.6%

Magazine On-page

1.2%

OTHER METHODS ON THE MOVE

DIRECT MAIL CO-OP
UP 67.2%

MAGAZINE POP UP
UP 30.1%

IN-AD
DOWN 12.2%

MAGAZINE ON-PAGE
DOWN 26.4%

METHODS

PERCENT OF TOTAL COUPON **REDEEMED** BY METHOD

Method	2008	2009	2010	2011	2012
Beginnings Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Bounceback	0.3%	0.2%	0.2%	0.2%	0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	0.4%	0.4%	0.4%	0.4%	0.4%
Direct Home Delivery	<0.1%	<0.1%	0.2%	0.1%	<0.1%
Direct Mail	3.0%	2.9%	2.8%	3.4%	3.7%
Direct Mail Co-op	0.5%	0.6%	0.5%	0.4%	0.5%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	7.6%	7.9%	8.1%	7.7%	8.0%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	0.1%
Electronic On-cart	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf	1.4%	1.7%	1.7%	1.7%	1.6%
Free-standing Insert	49.5%	49.1%	44.0%	43.9%	43.9%
Handout	3.8%	3.4%	2.9%	3.0%	3.1%
Handout Co-op	0.2%	0.1%	0.1%	0.1%	0.1%
Handout In-store with Sample	0.1%	0.1%	0.1%	0.2%	0.4%
Handout Off-store Location	0.3%	0.2%	0.3%	0.2%	0.2%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample	0.1%	0.1%	0.1%	0.1%	0.1%
Hospital Sample	<0.1%	<0.1%	0.1%	0.1%	<0.1%
In-ad	2.0%	2.0%	2.3%	1.8%	1.6%
In-pack	3.3%	3.0%	2.4%	2.6%	2.1%
In-pack Cross Ruff	0.7%	0.6%	0.6%	0.5%	0.5%
Instant Redeemable	8.4%	9.2%	13.2%	12.8%	12.5%
Instant Redeemable Cross Ruff	5.5%	6.2%	4.5%	4.4%	5.6%
Internet	1.0%	1.5%	2.8%	4.7%	4.6%
Magazine On-page	0.6%	0.6%	0.7%	0.7%	0.5%
Magazine Pop-up	0.4%	0.3%	0.3%	0.2%	0.3%
Military Handout	0.7%	0.5%	0.4%	0.3%	0.4%
Military Magazine	0.1%	0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad	1.4%	0.8%	0.7%	0.6%	0.5%
Newspaper Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press	0.1%	0.1%	0.1%	<0.1%	<0.1%
On-pack	3.0%	2.0%	2.0%	2.3%	2.0%
On-pack Cross Ruff	0.4%	0.4%	0.6%	0.4%	0.4%
Prenatal	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box	0.6%	0.3%	0.3%	0.2%	0.2%
Shelf Pad	4.8%	5.4%	7.5%	7.0%	6.1%
Sunday Comics	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Sunday Supplement	0.1%	0.1%	0.1%	<0.1%	0.4%

Despite falling 14.2% in overall volume to 1.3 billion coupons redeemed, FSIs share of redemption remained on top (and unchanged from 2011) at 43.9%. Although media delivered to the home occupies the number one slot, four in-store methods earn the next third of all redemptions (Instant Redeemable, Electronic Checkout, Shelf Pad, Instant Redeemable Cross Ruff), providing a practical basic grouping of coupon methods (discovered in-store, at home, or digitally).

Internet (print-at-home) coupons followed, accounting for 4.6% of total coupon volume.

TOP METHODS of Redemption

Free-standing Insert

43.9%

Instant Redeemable

12.5%

Electronic Checkout

8.0%

DID YOU KNOW?

As recently as 1990, FSIs made up as much as 80% of all coupons redeemed! Whether it's declining circulation of daily newspapers or sustained growth of new delivery methods (primarily in-store and digital channels), FSIs have been on a slow but steady decline, losing almost half their share of all redemptions in just over 20 years.

METHODS

2012 METHOD INDEX

Method	2012
Instant Redeemable	2831
On-pack	2680
Military Shelf Pad	2051
Shelf Pad	1442
Instant Redeemable Cross Ruff	1357
Electronic Shelf	1351
Shelf Box	1078
Internet	1047
Military Handout	1032
Consumer Relations	917
Electronic Checkout	808
Handout In-store with Sample	679
In-pack	618
Handout Off-store Location with Sample	587
Direct Mail	499
Handout	499
Electronic Kiosk	437
In-pack Cross Ruff	436
On-pack Cross Ruff	395
Bounceback	390
Military Magazine	325
Handout Off-store Location Co-op	298
Hospital Sample	253
Handout Off-store Location	240
Direct Mail with Sample	168
Direct Home Delivery	150
Direct Mail Co-op	124
Handout Co-op	117
Newspaper Run-of-press	98
Sunday Supplement	80
In-ad	59
Free-standing Insert	49
Magazine On-page	38
Newspaper Co-op	35
Color Run-of-press	27
Magazine Pop-up	26
Beginnings Magazine	5

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.

Notice the top seven methods listed; each one is discovered in-store, and typically is intended for that shopping trip. Keep "proximity to checkout" in mind when planning & forecasting any coupon program.

REDEMPTION RATES BY METHOD

Method	2008	2009	2010	2011	2012
Bounceback	8.71%	9.97%	20.44%	4.39%	0.65%
Color Run-of-press	0.32%	0.24%	0.57%	0.16%	0.35%
Consumer Relations	14.10%	20.48%	15.58%	19.28%	4.02%
Direct Home Delivery	1.11%	2.60%	4.52%	15.44%	0.61%
Direct Mail	2.27%	2.57%	2.31%	3.18%	4.16%
Direct Mail Co-op	1.86%	2.52%	3.86%	2.37%	1.77%
Direct Mail with Sample	1.82%	2.06%	2.98%	1.43%	2.36%
Electronic Checkout	6.49%	6.68%	6.32%	6.92%	7.62%
Electronic Kiosk	4.04%	5.84%	1.71%	4.35%	5.57%
Electronic On-cart	n/a	6.48%	n/a	n/a	n/a
Electronic Shelf	4.55%	4.91%	6.85%	8.75%	13.29%
Free-standing Insert	0.49%	0.53%	0.59%	0.51%	0.55%
Handout	3.16%	2.98%	3.22%	2.68%	3.35%
Handout Co-op	1.87%	2.62%	1.21%	1.49%	1.02%
Handout In-store with Sample	2.44%	3.46%	2.97%	3.61%	4.26%
Handout Off-store Location	1.68%	1.57%	2.62%	3.38%	2.94%
Handout Off-store Location Co-op	6.09%	2.07%	0.97%	0.74%	0.37%
Handout Off-store Location with Sample	2.60%	1.57%	2.73%	2.32%	2.46%
Hospital Sample	2.24%	2.41%	2.38%	4.02%	2.14%
In-ad	0.60%	0.74%	0.91%	0.62%	0.62%
In-pack	4.00%	4.77%	5.28%	5.44%	5.56%
In-pack Cross Ruff	1.52%	2.27%	1.81%	1.75%	1.94%
Instant Redeemable	13.99%	16.73%	23.03%	22.93%	17.87%
Instant Redeemable Cross Ruff	10.57%	11.40%	15.59%	9.94%	11.64%
Internet	3.46%	7.96%	6.21%	7.75%	10.18%
Magazine On-page	0.37%	0.35%	0.40%	0.35%	0.42%
Magazine Pop-up	0.48%	0.64%	0.48%	0.54%	0.28%
Military Handout	10.89%	9.07%	10.65%	9.92%	8.63%
Military Magazine	2.78%	2.22%	2.17%	1.88%	2.62%
Military Shelf Pad	21.71%	5.93%	22.52%	20.26%	17.00%
Newspaper Co-op	0.56%	0.63%	0.56%	0.24%	0.45%
Newspaper Run-of-press	0.36%	0.23%	0.38%	0.26%	0.18%
On-pack	8.16%	5.98%	12.11%	13.10%	12.99%
On-pack Cross Ruff	0.87%	4.57%	4.42%	3.42%	3.57%
Shelf Box	10.90%	8.61%	7.90%	12.03%	8.82%
Sunday Comics	n/a	n/a	n/a	n/a	14.34%
Shelf Pad	9.00%	8.88%	11.59%	12.16%	11.54%
Sunday Supplement	0.39%	0.49%	0.45%	0.14%	0.07%

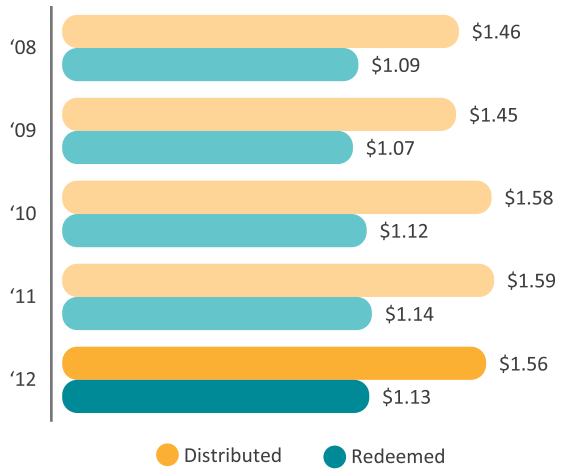
In 2012, average redemption rates ranged from 0.07% for Sunday Supplement coupons to 17.87% for instant redeemable coupons. The FSI redemption rate increased from 0.51% to 0.55%. The average redemption rate for Internet print-at-home coupons increased from 7.75% to 10.18%.

A NOTE ABOUT INTERNET PRINT-AT-HOME COUPONS:

Because manufacturers incur an open liability when a coupon is printed, Inmar defines "distribution" of an Internet print-at-home coupon as the number of coupons printed by consumers. Without the safeguards and data offered by print-controlled coupons, assessing the actual number of prints can be difficult.

FACE VALUE

AVERAGE FACE VALUE **DISTRIBUTED** AND **REDEEMED**



In 2012, both the average face values distributed and redeemed decreased. The average face value distributed was down $0.03 (-1.9%), while the average face value redeemed was down $0.01 (-0.9%).

Average face values distributed ranged from $0.50 for Beginnings Magazine coupons to $3.19 for bounceback coupons. The average face value distributed for FSI coupons was $1.53 and the average face value distributed for Internet print-at-home coupons was $1.60.

From a product category standpoint, the average face value distributed ranged from $0.89 for packaged deli coupons to $4.25 for entertainment coupons.

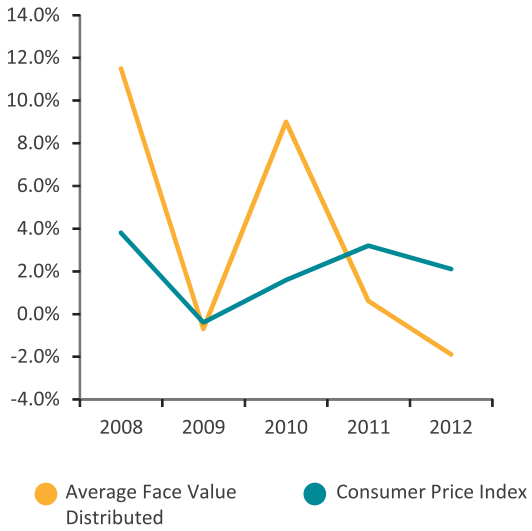
Average face values redeemed ranged from $0.60 for Sunday supplement coupons to $3.66 for consumer relations coupons. The average face value redeemed for FSI coupons was $1.17 and the average face value redeemed for Internet print-at-home coupons was $1.42.

From a product category standpoint, the average face value redeemed ranged from $0.89 for packaged deli coupons to $4.68 for entertainment coupons.

WHAT THIS MEANS

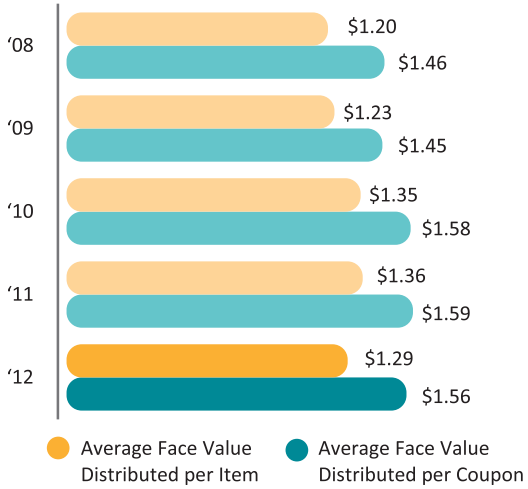
Whether due to actual budgetary pressures or frugality, marketers tightened their grip somewhat in 2012. Whether or not these tactics diluted actual consumer incentive to redeem coupons may be debatable, but the overall decline in coupon redemption cannot.

AVERAGE FACE VALUE **DISTRIBUTED** VS. **CONSUMER PRICE INDEX** (PERCENT CHANGE)



The average face value distributed decreased 1.9% in 2012 in contrast to the Consumer Price Index, which **increased 2.1%.** The fact that coupon average face values are increasing at a slower rate than CPI **may make coupons appear less attractive to consumers**.

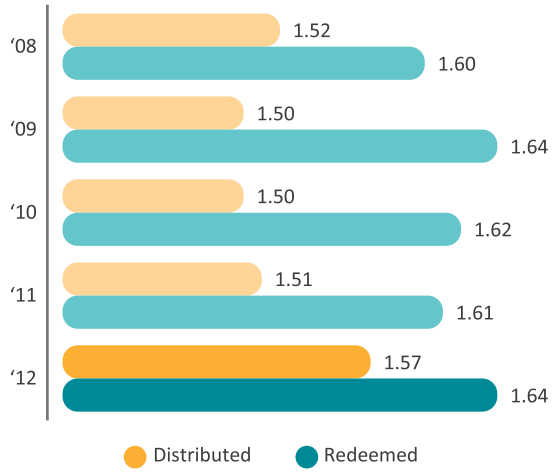
AVERAGE FACE VALUE **DISTRIBUTED PER COUPON** VS. AVERAGE FACE VALUE **DISTRIBUTED PER ITEM**



Like the average face value distributed per coupon, the average face value distributed per item decreased in 2012, down 5.1% to $1.29.

PURCHASE REQUIREMENT AND REDEMPTION PERIOD

AVERAGE PURCHASE REQUIREMENT **DISTRIBUTED** AND **REDEEMED** (IN UNITS)



A coupon's purchase requirement is the number of products a consumer must buy to receive the proffered discount. In 2012, the average purchase requirement distributed for all coupons increased 4.0% to 1.57 units; the average purchase requirement redeemed increased 1.9% to 1.64 units.

The average purchase requirement distributed ranged from 1.00 units for Beginnings Magazine and electronic on-cart coupons to 2.26 units for in-ad and on-pack coupons. The average purchase requirement distributed for FSI coupons was 1.56 units, and 1.34 units for Internet print-at-home coupons.

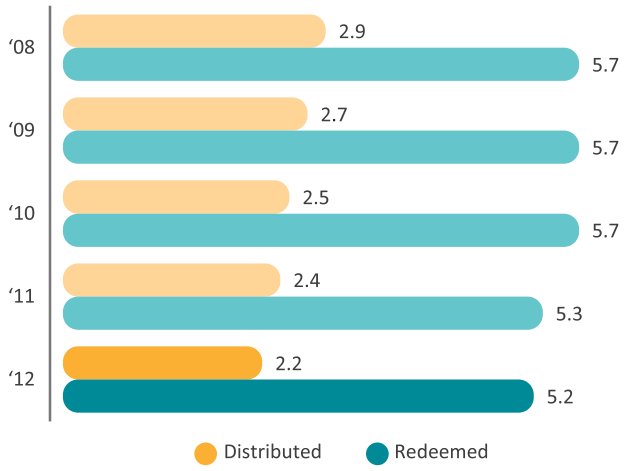
The average purchase requirement redeemed for all coupons ranged from 1.00 units for Beginnings Magazine and electronic on-cart coupons to 2.60 units for in-pack cross ruff coupons. The average purchase requirement redeemed for FSI coupons was 1.56 units, and 1.41 units for Internet print-at-home coupons.

With respect to product category, the average purchase requirement distributed ranged from 1.01 units for apparel coupons to 2.07 units for household coupons. The average purchase requirement redeemed ranged from 1.03 units for apparel coupons to 2.21 units for household coupons.

34% of shoppers won't use a coupon if they have to purchase multiple items

Inmar Shopper Study

AVERAGE REDEMPTION PERIOD **DISTRIBUTED** AND **REDEEMED** (IN MONTHS)



By definition, the redemption period of a coupon offer is the length of time a consumer has to use the coupon. Naturally, consumers prefer offers with longer redemption periods as they have more time to use the coupons.

In 2012, the average redemption period of all coupons distributed fell 8.3% to 2.2 months, while the average redemption period of all coupons redeemed fell 1.9% to 5.2 months.

The average redemption period distributed ranged from 1.0 months for electronic on-cart coupons to 16.4 months for hospital sample coupons. The average redemption period distributed for FSI coupons dropped from 2.1 months to 1.9 months.

The average redemption period redeemed for all coupons ranged from 1.3 months for in-ad coupons to 21.0 months for prenatal coupons. The average redemption period redeemed for FSI coupons was flat at 2.1 months.

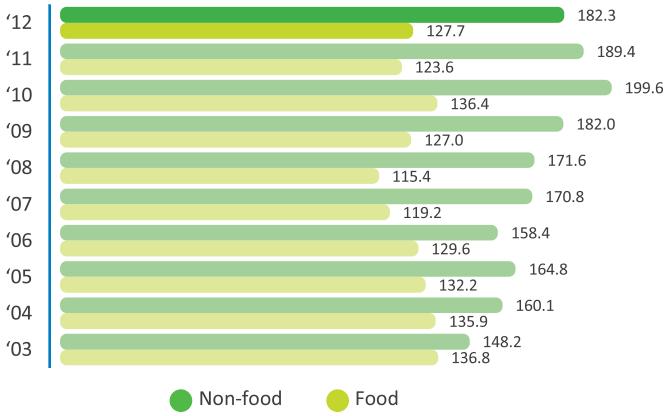
Certain categories featured notable redemption periods, with apparel seeing the longest average redemption period distributed at 11.1 months, while the entertainment category had the shortest at 1.2 months. The health care category had the longest average redemption period redeemed at 7.4 months, while the entertainment and frozen categories had the shortest at 4.2 months.

Food vs. Non-food

DISTRIBUTION

For purposes of the food vs. non-food report, "food" is an aggregation of all offers distributed in the beverage, dry grocery, frozen, packaged deli and refrigerated product categories. "Non-food" consists of all offers distributed in the apparel, entertainment, general merchandise, health care, household and personal care categories.

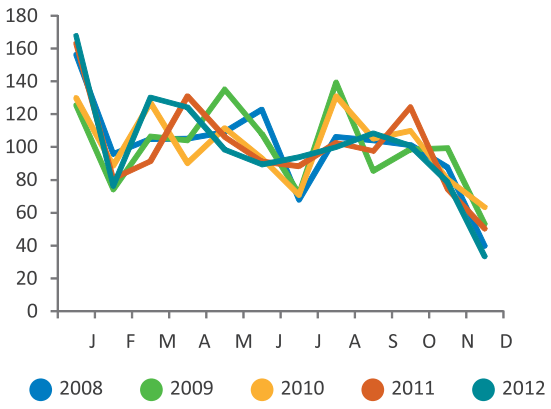
FOOD VS. NON-FOOD COUPON **DISTRIBUTION** (IN BILLIONS)



In 2012, distribution volume for food coupons increased 3.3% to 127.7 billion coupons, while distribution volume for non-food coupons decreased 3.7% to 182.3 billion coupons.

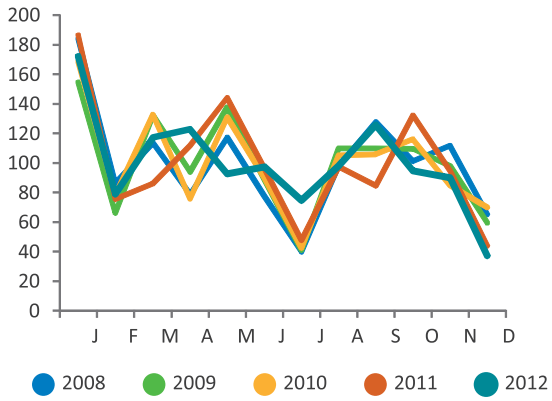
Consider the Food / Non-Food redemption ratio here (2:1) when comparing distribution (roughly 40/60, respectively). Twice as many food coupons were redeemed as non-food, despite comprising far fewer than half of all coupons distributed. Does this gap reveal an insight into consumer behavior, marketing tactic, or both?

DISTRIBUTION INDEX BY MONTH - **NON-FOOD**



Coupon distribution for non-food products is also somewhat cyclical, with a noticeable peak in January and a noticeable dip in December. Despite starting strong, for some reason non-food distribution did not see as much of a late-year spike (whether Back-to-School or Holiday periods) as in recent years.

DISTRIBUTION INDEX BY MONTH - **FOOD**



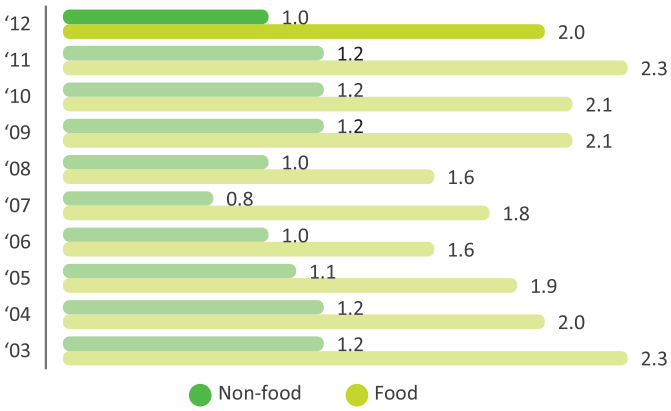
As with the overall industry, food coupons are distributed in a repetitive cycle from year to year. The noticeable dip in July (although less severe than in recent years) may be due to differences in consumer behavior in the summer (consumers cook less, they are on vacation, etc.) The pattern, however, changed slightly in 2012, with the July dip leveling off slightly and spring distribution being more spread out.

Factors that drive distribution: Product Purchase Cycle, Seasonality, General Economic Conditions

Factors that may alter distribution patterns: Recent Redemption Activity, Budgetary Pressures

REDEMPTION

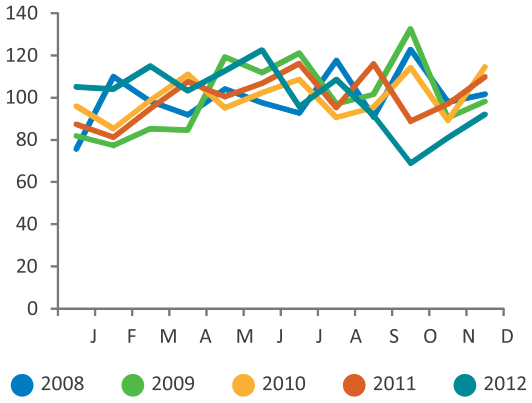
FOOD VS. NON-FOOD COUPON REDEMPTION (IN BILLIONS)



In 2012, redemption for food coupons decreased 14.2% to 2.0 billion coupons and redemption for non-food coupons decreased 14.5% to 1.0 billion coupons.

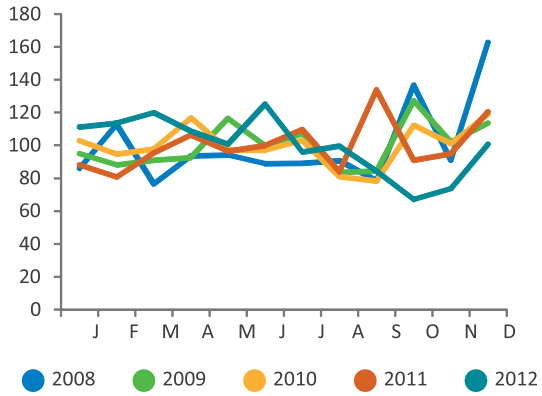
Consider Food / Non-food distribution here: although providing more than 60% of all coupons distributed, non-food coupons accounted for merely one-third of all coupons redeemed!

REDEMPTION INDEX BY MONTH - **NON-FOOD**



As with food coupons, non-food coupons demonstrated a noticeable dip in redemption beginning in September. Could this be a consequence of not seeing typical Q3 spikes in distribution? The data support this.

REDEMPTION INDEX BY MONTH - **FOOD**



Unlike previous years, food redemption remained strong in Q1, showed a small spike in June, and ended the year with a prolonged dip from August through December. Did consumers suddenly fill with economic confidence, leading to fewer coupons clipped and redeemed? Were they simply too busy to devote time to coupon use? Or did a year of tightened marketing tactics eventually take its toll?

"Today's couponer may be motivated by financial need, the thrill of deal-seeking, the joy of maximizing the discounts available (and telling their friends about it later), or a number of other reasons. The conventional wisdom of 'women-as-couponers' simply doesn't seem to be as accurate as it used to be. All kinds of people coupon these days, for all kinds of different reasons."

Jill Cataldo, Super-Couponing Founder
supercouponing.com

METHODS

PERCENT OF TOTAL COUPONS **DISTRIBUTED** BY METHOD - **FOOD**

Method	2008	2009	2010	2011	2012
Beginnings Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Bounceback	<0.1%	<0.1%	<0.1%	0.2%	<0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	<0.1%	0.1%	<0.1%	<0.1%	0.1%
Direct Home Delivery	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail	1.4%	1.7%	1.6%	1.4%	1.2%
Direct Mail Co-op	0.2%	0.2%	0.1%	0.3%	0.3%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	2.0%	2.3%	2.2%	1.8%	1.8%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic On-cart	<0.1%	<0.1%	n/a	n/a	n/a
Electronic Shelf	0.4%	0.4%	0.3%	0.2%	0.2%
Free-standing Insert	81.9%	82.9%	80.5%	81.9%	85.1%
Handout	1.6%	1.3%	1.4%	1.2%	0.7%
Handout Co-op	0.1%	0.1%	0.2%	0.2%	0.1%
Handout In-store with Sample	<0.1%	<0.1%	<0.1%	0.1%	0.1%
Handout Off-store Location	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Hospital Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad	4.8%	4.4%	6.6%	6.3%	5.1%
In-pack	0.7%	0.5%	0.3%	0.2%	0.2%
In-pack Cross Ruff	0.2%	<0.1%	0.2%	0.2%	0.1%
Instant Redeemable	0.8%	0.7%	1.0%	1.2%	0.7%
Instant Redeemable Cross Ruff	0.6%	0.6%	0.7%	0.7%	0.9%
Internet	0.2%	0.2%	0.5%	0.5%	0.5%
Magazine On-page	1.6%	1.6%	1.7%	1.1%	0.8%
Magazine Pop-up	0.7%	0.3%	0.2%	<0.1%	0.1%
Military Handout	0.1%	0.1%	<0.1%	0.1%	<0.1%
Military Magazine	0.1%	0.1%	0.1%	<0.1%	<0.1%
Military Shelf Pad	0.1%	0.1%	0.1%	0.1%	<0.1%
Newspaper Co-op	<0.1%	0.1%	<0.1%	0.1%	<0.1%
Newspaper Run-of-press	0.5%	0.3%	0.1%	0.2%	0.1%
On-pack	0.5%	0.3%	0.3%	0.3%	0.1%
On-pack Cross Ruff	0.2%	0.2%	0.3%	0.2%	0.2%
Shelf Box	0.1%	0.1%	0.1%	<0.1%	<0.1%
Shelf Pad	0.9%	1.1%	1.2%	1.2%	0.9%
Sunday Comics	n/a	n/a	n/a	<0.1%	n/a
Sunday Supplement	0.2%	0.2%	0.1%	0.2%	0.3%

In 2012, 85.1% of all coupons distributed for food products were free-standing insert (FSI) coupons. Internet print-at-home coupons accounted for 0.5%. Other methods with at least 1.0% of total food coupon distribution were direct mail, electronic checkout and in-ad.

TOP METHODS of Distribution **Food**

Free-standing Insert

85.1%

In-ad

5.1%

Electronic Checkout

1.8%

(FOOD) METHODS ON THE MOVE:

- FSI
- SUNDAY SUPPLEMENT
- CONSUMER RELATIONS
- MAGAZINE POP-UP
- HOSPITAL SAMPLE
- HANDOUT OFF-STORE LOCATION CO-OP
- BEGINNINGS MAGAZINE

METHODS

PERCENT OF TOTAL COUPONS **DISTRIBUTED** BY METHOD - **NON-FOOD**

Method	2008	2009	2010	2011	2012
Bounceback	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Color Run-of-press	0.1%	<0.1%	0.1%	<0.1%	<0.1%
Consumer Relations	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Direct Home Delivery	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail	0.7%	0.9%	0.5%	0.5%	0.4%
Direct Mail Co-op	0.2%	0.1%	0.2%	0.2%	0.5%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	0.5%	0.6%	0.6%	0.5%	0.4%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic On-cart	<0.1%	n/a	n/a	n/a	<0.1%
Electronic Shelf	0.2%	0.2%	0.1%	0.1%	<0.1%
Free-standing Insert	91.7%	91.8%	91.1%	90.6%	91.4%
Handout	0.8%	0.8%	0.7%	0.6%	0.5%
Handout Co-op	<0.1%	0.1%	0.1%	0.1%	0.1%
Handout In-store with Sample	<0.1%	0.1%	<0.1%	0.1%	<0.1%
Handout Off-store Location	0.2%	0.1%	0.1%	<0.1%	0.1%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Handout Off-store Location with Sample	0.1%	<0.1%	0.1%	<0.1%	<0.1%
Hospital Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad	0.7%	0.5%	0.7%	0.7%	0.9%
In-pack	0.6%	0.5%	0.5%	0.5%	0.4%
In-pack Cross Ruff	0.2%	0.4%	0.6%	0.3%	0.1%
Instant Redeemable	0.2%	0.3%	0.4%	0.3%	0.2%
Instant Redeemable Cross Ruff	0.2%	0.2%	0.1%	0.1%	0.1%
Internet	0.1%	0.4%	0.3%	0.3%	0.4%
Magazine On-page	1.5%	1.7%	2.0%	2.1%	1.6%
Magazine Pop-up	0.5%	0.7%	0.6%	1.3%	1.8%
Military Handout	0.1%	0.1%	<0.1%	<0.1%	<0.1%
Military Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad	0.2%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Co-op	<0.1%	<0.1%	0.1%	<0.1%	<0.1%
Newspaper Run-of-press	0.4%	0.1%	0.3%	0.3%	<0.1%
On-pack	0.3%	0.1%	0.1%	<0.1%	<0.1%
On-pack Cross Ruff	<0.1%	0.1%	0.1%	<0.1%	<0.1%
Prenatal	<0.1%	n/a	<0.1%	n/a	n/a
Shelf Box	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad	0.2%	0.1%	0.2%	0.2%	0.1%
Sunday Supplement	0.3%	0.1%	0.4%	0.8%	0.6%

With 91.4% of total, FSI coupons dominated the coupon distribution mix for non-food coupons. Internet print-at-home coupons accounted for an additional 0.4%. Other methods with at least 1.0% of total non-food coupon distribution included magazine on-page and magazine pop-up.

TOP METHODS of Distribution **Non-food**

Free-standing Insert

91.4%

Magazine Pop-up

1.8%

Magazine On-page

1.6%

FSI's distribution dominance (overall, food, non-food) expressed by share can often conceal significant growth or decline in other method volumes. For example, five methods saw **triple-digit growth** in distribution in 2012:

DIRECT MAIL CO-OP
150.8%

ON PACK CROSS RUFF
122.1%

HANDOUT OFF-STORE LOCATION
135.5%

DIRECT MAIL WITH SAMPLE
114.6%

SHELF BOX
231.5%

METHODS

PERCENT OF TOTAL COUPONS **REDEEMEDED** BY METHOD - **FOOD**

Method	2008	2009	2010	2011	2012
Beginnings Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Bounceback	0.2%	0.2%	0.2%	0.2%	0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	0.4%	0.5%	0.4%	0.4%	0.5%
Direct Home Delivery	<0.1%	<0.1%	0.3%	0.1%	<0.1%
Direct Mail	3.4%	3.1%	3.3%	3.9%	4.2%
Direct Mail Co-op	0.5%	0.7%	0.4%	0.4%	0.5%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	9.1%	9.6%	9.5%	8.4%	9.3%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	0.1%
Electronic On-cart	<0.1%	<0.1%	<0.1%	n/a	<0.1%
Electronic Shelf	1.5%	1.9%	2.0%	2.2%	2.0%
Free-standing Insert	43.2%	45.2%	41.2%	41.7%	41.6%
Handout	4.5%	3.8%	2.9%	3.2%	3.0%
Handout Co-op	0.3%	0.1%	0.2%	0.1%	0.1%
Handout In-store with Sample	0.2%	0.2%	0.2%	0.3%	0.4%
Handout Off-store Location	0.3%	0.1%	0.2%	0.1%	0.1%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	<0.1%	0.1%
Handout Off-store Location with Sample	0.1%	0.1%	0.1%	<0.1%	<0.1%
Hospital Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
In-ad	2.9%	3.0%	3.2%	2.2%	2.0%
In-pack	2.1%	1.7%	1.3%	1.0%	0.7%
In-pack Cross Ruff	0.2%	0.1%	0.2%	0.2%	0.1%
Instant Redeemable	8.5%	9.1%	11.2%	11.6%	10.7%
Instant Redeemable Cross Ruff	6.1%	6.0%	4.9%	5.5%	6.8%
Internet	0.9%	1.5%	2.7%	4.3%	4.2%
Magazine On-page	0.7%	0.7%	0.7%	0.6%	0.5%
Magazine Pop-up	0.3%	0.2%	0.2%	0.1%	<0.1%
Military Handout	0.5%	0.3%	0.2%	0.3%	0.3%
Military Magazine	0.1%	0.1%	0.1%	0.1%	<0.1%
Military Shelf Pad	1.7%	1.0%	0.8%	0.6%	0.6%
Newspaper Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press	0.1%	0.1%	0.1%	<0.1%	<0.1%
On-pack	3.9%	2.3%	2.5%	2.0%	2.3%
On-pack Cross Ruff	0.2%	0.3%	0.3%	0.4%	0.3%
Prenatal	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box	0.9%	0.4%	0.5%	0.3%	0.3%
Shelf Pad	6.9%	7.5%	10.3%	9.6%	8.2%
Sunday Comics	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Sunday Supplement	0.2%	0.1%	<0.1%	<0.1%	0.6%

FSIs accounted for 41.6% of all coupons redeemed for food products in 2012. An additional 4.2% was attributable to Internet print-at-home coupons. Other methods with at least 1.0% of total food coupon redemption included direct mail, electronic checkout, electronic shelf, handout, in-ad, instant redeemable, instant redeemable cross ruff, on-pack and shelf pad.

TOP METHODS of Redemption **Food**

Free-standing Insert

41.6%

Instant Redeemable

10.7%

Electronic Checkout

9.3%

JUST FOR FUN

It comes as no surprise that food coupon redemption drives overall coupon performance. The similarities are often uncanny!

METHODS

PERCENT OF TOTAL COUPONS **REDEEMEDED** BY METHOD - **NON-FOOD**

Method	2008	2009	2010	2011	2012
Beginnings Magazine	<0.1%	<0.1%	n/a	n/a	n/a
Bounceback	0.3%	0.2%	0.2%	0.2%	0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	0.3%	0.2%	0.2%	0.3%	0.3%
Direct Home Delivery	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail	2.3%	2.4%	1.9%	2.4%	2.6%
Direct Mail Co-op	0.4%	0.5%	0.7%	0.4%	0.6%
Direct Mail with Sample	<0.1%	0.1%	<0.1%	<0.1%	0.1%
Electronic Checkout	5.1%	5.1%	5.7%	6.3%	5.6%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	0.1%
Electronic On-cart	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf	1.3%	1.4%	1.2%	1.0%	0.8%
Free-standing Insert	60.0%	55.8%	49.1%	48.0%	48.4%
Handout	2.5%	2.8%	2.8%	2.7%	3.2%
Handout Co-op	<0.1%	0.1%	0.1%	0.1%	0.1%
Handout In-store with Sample	0.1%	0.1%	0.1%	0.1%	0.3%
Handout Off-store Location	0.2%	0.2%	0.3%	0.2%	0.2%
Handout Off-store Location Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Handout Off-store Location with Sample	0.1%	0.1%	0.1%	0.1%	0.1%
Hospital Sample	0.1%	0.1%	0.2%	0.1%	<0.1%
In-ad	0.4%	0.3%	0.6%	0.9%	0.7%
In-pack	5.2%	5.3%	4.5%	5.7%	4.8%
In-pack Cross Ruff	1.4%	1.3%	1.3%	1.1%	1.3%
Instant Redeemable	8.2%	9.4%	17.0%	14.9%	15.9%
Instant Redeemable Cross Ruff	4.6%	6.6%	3.7%	2.3%	3.3%
Internet	1.2%	1.6%	3.1%	5.3%	5.3%
Magazine On-page	0.3%	0.5%	0.6%	0.8%	0.4%
Magazine Pop-up	0.5%	0.4%	0.4%	0.5%	0.7%
Military Handout	1.1%	0.9%	0.7%	0.5%	0.7%
Military Magazine	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad	0.8%	0.6%	0.5%	0.4%	0.4%
Newspaper Co-op	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Newspaper Run-of-press	<0.1%	0.1%	<0.1%	0.1%	<0.1%
On-pack	1.5%	1.4%	1.2%	2.7%	1.4%
On-pack Cross Ruff	0.7%	0.5%	1.0%	0.5%	0.4%
Prenatal	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad	1.2%	1.9%	2.4%	2.1%	2.1%
Sunday Supplement	<0.1%	<0.1%	0.1%	<0.1%	<0.1%

FSIs accounted for 48.4% of total redemption for non-food coupons in 2012. Internet print-at-home coupons accounted for an additional 5.3%. Other methods with at least 1.0% of total non-food coupon redemption included direct mail, electronic checkout, handout, in-pack, in-pack cross ruff, instant redeemable, instant redeemable cross ruff, on-pack and shelf pad.

TOP METHODS of Redemption **Non-food**

Free-standing Insert

48.4%

Instant Redeemable

15.9%

Electronic Checkout

5.6%

INSIGHT

To some degree, non-food redemption performance exhibits unique characteristics. The fact that in-store delivery methods (instant redeemable, electronic checkout, in-pack, on-pack and shelf pad) did not see redemption growth in 2012 may suggest that non-food product purchases are less likely to be in-aisle decisions than are food purchases.

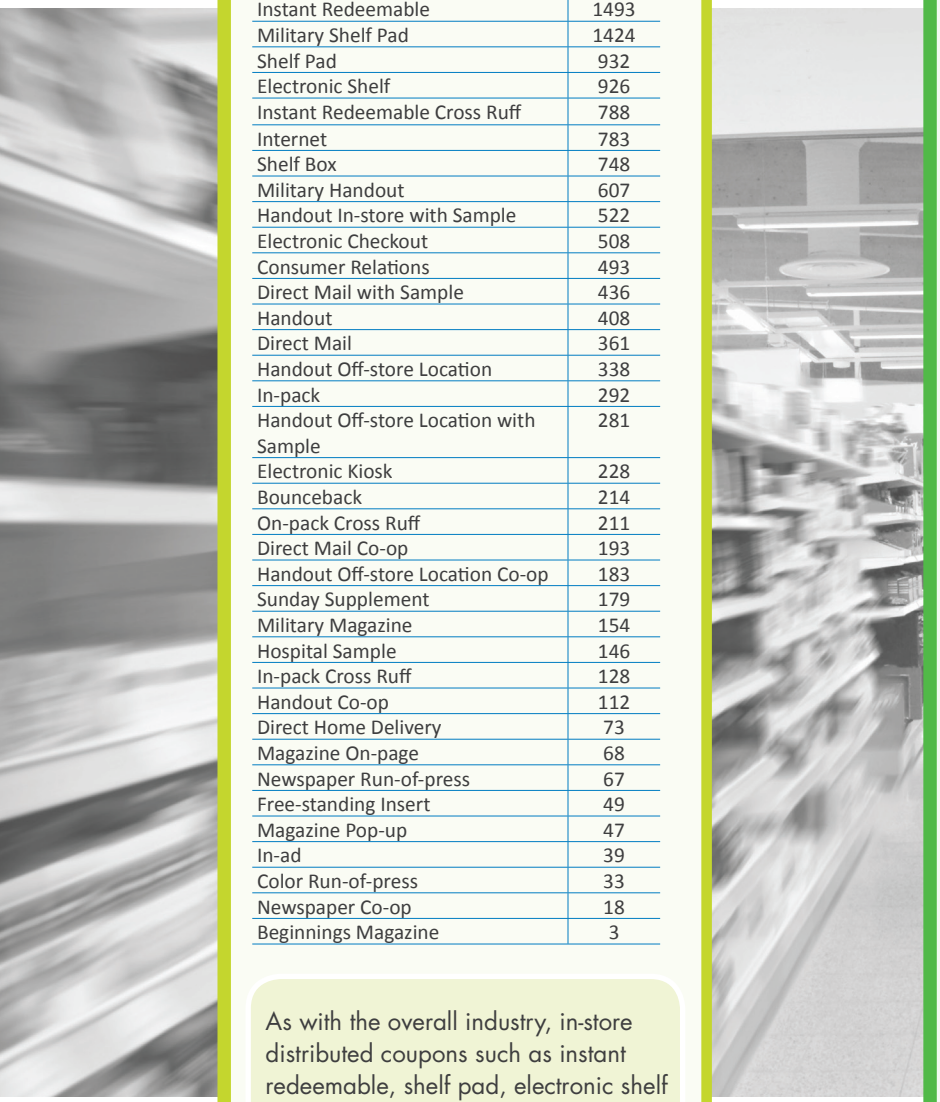
METHODS

2012 METHOD INDEX - **FOOD**

Method	2012
On-pack	1567
Instant Redeemable	1493
Military Shelf Pad	1424
Shelf Pad	932
Electronic Shelf	926
Instant Redeemable Cross Ruff	788
Internet	783
Shelf Box	748
Military Handout	607
Handout In-store with Sample	522
Electronic Checkout	508
Consumer Relations	493
Direct Mail with Sample	436
Handout	408
Direct Mail	361
Handout Off-store Location	338
In-pack	292
Handout Off-store Location with Sample	281
Electronic Kiosk	228
Bounceback	214
On-pack Cross Ruff	211
Direct Mail Co-op	193
Handout Off-store Location Co-op	183
Sunday Supplement	179
Military Magazine	154
Hospital Sample	146
In-pack Cross Ruff	128
Handout Co-op	112
Direct Home Delivery	73
Magazine On-page	68
Newspaper Run-of-press	67
Free-standing Insert	49
Magazine Pop-up	47
In-ad	39
Color Run-of-press	33
Newspaper Co-op	18
Beginnings Magazine	3

As with the overall industry, in-store distributed coupons such as instant redeemable, shelf pad, electronic shelf and shelf box are among the coupons most favored by food consumers.

In fact, the top 6 over-indexing methods (as well as 9 of the top 10) for food coupons are all discovered in-store.



2012 METHOD INDEX - **NON-FOOD**

Method	2012
Instant Redeemable	6437
On-pack	5965
Instant Redeemable Cross Ruff	3415
Consumer Relations	3108
Military Shelf Pad	2817
Shelf Pad	2018
Handout Off-store Location Co-op	1945
Military Handout	1877
Electronic Kiosk	1714
Electronic Shelf	1639
Internet	1447
Electronic Checkout	1373
Handout Off-store Location with Sample	1243
In-pack	1169
Military Magazine	1102
On-pack Cross Ruff	940
In-pack Cross Ruff	913
Bounceback	886
Handout In-store with Sample	747
Direct Mail	606
Handout	604
Shelf Box	590
Hospital Sample	529
Direct Home Delivery	376
Handout Off-store Location	251
Newspaper Co-op	225
Direct Mail with Sample	219
Newspaper Run-of-press	114
Handout Co-op	111
Direct Mail Co-op	102
In-ad	80
Free-standing Insert	53
Magazine Pop-up	41
Magazine On-page	23
Electronic On-cart	10
Sunday Supplement	8
Color Run-of-press	5

In 2012, in-store distributed coupons such as instant redeemable and shelf pad were well received by consumers. Coupons that encourage repeat purchase (in-pack and on-pack) also generated high indices among non-food consumers.

REDEMPTION RATES BY METHOD - FOOD

Method	2008	2009	2010	2011	2012
Bounceback	8.68%	8.07%	25.71%	10.12%	0.34%
Color Run-of-press	0.41%	1.01%	0.59%	0.32%	1.17%
Consumer Relations	15.34%	23.73%	15.03%	25.56%	24.79%
Direct Home Delivery	1.13%	3.33%	4.83%	18.52%	0.55%
Direct Mail	2.85%	2.95%	2.89%	3.46%	5.02%
Direct Mail Co-op	2.74%	4.54%	4.50%	4.38%	2.22%
Direct Mail with Sample	4.12%	6.41%	4.73%	1.07%	2.72%
Electronic Checkout	6.92%	6.97%	6.63%	7.38%	7.85%
Electronic Kiosk	4.23%	5.88%	4.59%	4.40%	4.65%
Electronic Shelf	5.57%	5.79%	7.34%	9.66%	15.55%
Free-standing Insert	0.68%	0.76%	0.87%	0.81%	0.89%
Handout	3.59%	3.78%	3.91%	2.98%	3.96%
Handout Co-op	2.17%	3.09%	1.63%	1.64%	1.20%
Handout In-store with Sample	4.66%	5.16%	5.20%	7.23%	7.69%
Handout Off-store Location	3.51%	4.57%	5.20%	5.22%	5.22%
Handout Off-store Location Co-op	6.29%	2.14%	1.01%	1.09%	2.00%
Handout Off-store Location with Sample	3.59%	6.89%	2.78%	4.96%	3.86%
Hospital Sample	1.19%	1.34%	1.06%	3.92%	5.80%
In-ad	0.67%	0.82%	1.01%	0.66%	0.60%
In-pack	3.77%	3.75%	4.61%	5.28%	4.49%
In-pack Cross Ruff	1.42%	1.26%	2.43%	2.62%	2.78%
Instant Redeemable	15.75%	13.51%	19.17%	19.10%	15.60%
Instant Redeemable Cross Ruff	10.08%	12.71%	13.63%	10.56%	12.02%
Internet	4.27%	8.95%	14.37%	9.00%	12.68%
Magazine On-page	0.56%	0.67%	0.67%	0.70%	0.93%
Magazine Pop-up	0.62%	0.70%	0.87%	1.12%	0.80%
Military Handout	9.78%	10.66%	9.67%	9.27%	7.68%
Military Magazine	2.78%	1.75%	2.16%	1.94%	2.76%
Military Shelf Pad	20.01%	20.50%	21.45%	21.61%	19.62%
Newspaper Co-op	0.75%	0.87%	0.51%	0.54%	0.46%
Newspaper Run-of-press	0.47%	0.45%	0.50%	0.99%	0.34%
On-pack	7.98%	7.04%	11.02%	11.74%	10.78%
On-pack Cross Ruff	0.62%	1.42%	2.80%	2.87%	2.37%
Shelf Box	11.93%	8.67%	7.95%	12.07%	9.16%
Shelf Pad	8.91%	9.60%	11.27%	13.37%	12.46%
Sunday Comics	n/a	n/a	n/a	n/a	14.34%
Sunday Supplement	1.25%	1.54%	0.74%	0.66%	0.25%

In 2012, average redemption rates for coupons in the food product category ranged from 0.25% for Sunday supplement coupons to 24.79% for consumer relations coupons. At 0.89%, the average redemption rate for FSI coupons was above the overall industry average.

TOP Redemption Rates **Food**

Consumer Relations

24.79%

Military Shelf Pad

19.62%

Instant Redeemable

15.60%

INSIGHTS: WHY SO HIGH?

CONSUMER RELATIONS

Often free or high-value; often lengthy redemption periods (because these types of coupons are often sent in response to consumer feedback).

MILITARY SHELF PAD

Commissary shoppers are serious shoppers, especially when buying food for the household (whether on base or off).

INSTANT REDEEMABLE

Designed to "tip the scales" for any in-aisle undecided shoppers. When choosing between two competing products, an instant redeemable coupon on one may be the deciding factor.

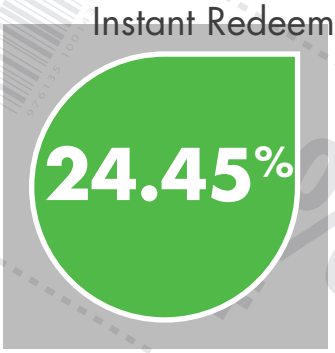
METHODS

Method	2008	2009	2010	2011	2012
Bounceback	8.75%	11.84%	12.43%	3.02%	7.76%
Color Run-of-press	0.06%	0.01%	n/a	0.10%	0.04%
Consumer Relations	11.05%	14.25%	18.39%	12.73%	1.11%
Direct Home Delivery	0.86%	0.85%	1.40%	3.09%	0.69%
Direct Mail	1.53%	2.01%	1.54%	2.54%	2.66%
Direct Mail Co-op	1.21%	1.29%	2.91%	1.64%	1.30%
Direct Mail with Sample	1.36%	1.57%	2.22%	1.75%	2.19%
Electronic Checkout	5.46%	5.89%	5.56%	5.72%	7.03%
Electronic Kiosk	2.09%	4.04%	n/a	3.52%	8.57%
Electronic Shelf	3.37%	3.68%	5.99%	6.34%	8.25%
Free-standing Insert	0.37%	0.40%	0.40%	0.33%	0.34%
Handout	2.48%	1.95%	2.44%	2.25%	2.57%
Handout Co-op	0.33%	0.78%	0.77%	1.19%	0.69%
Handout In-store with Sample	0.89%	1.91%	1.62%	1.31%	1.73%
Handout Off-store Location	1.14%	0.57%	1.08%	2.79%	1.59%
Handout Off-store Location Co-op	0.40%	0.28%	0.90%	0.59%	0.08%
Handout Off-store Location with Sample	1.78%	0.78%	2.68%	1.77%	1.70%
Hospital Sample	3.03%	2.76%	2.72%	4.20%	0.72%
In-ad	0.38%	0.34%	0.34%	0.39%	0.69%
In-pack	4.24%	5.56%	5.74%	5.51%	5.86%
In-pack Cross Ruff	1.56%	2.79%	1.76%	1.59%	1.64%
Instant Redeemable	11.70%	28.78%	30.04%	29.83%	24.45%
Instant Redeemable Cross Ruff	11.55%	8.87%	19.38%	7.51%	10.25%
Internet	2.89%	6.97%	2.94%	6.40%	7.84%
Magazine On-page	0.20%	0.12%	0.22%	0.15%	0.24%
Magazine Pop-up	0.38%	0.58%	0.39%	0.39%	0.28%
Military Handout	11.51%	8.09%	11.28%	10.47%	9.73%
Military Magazine	2.81%	3.89%	2.25%	1.46%	1.84%
Military Shelf Pad	24.95%	2.39%	25.87%	18.13%	12.69%
Newspaper Co-op	0.23%	0.19%	n/a	0.07%	n/a
Newspaper Run-of-press	0.13%	0.04%	0.09%	0.05%	0.12%
On-pack	8.78%	4.80%	14.97%	17.11%	21.04%
On-pack Cross Ruff	1.51%	17.32%	8.58%	4.10%	11.02%
Shelf Box	1.24%	3.35%	1.10%	n/a	3.70%
Shelf Pad	10.14%	6.22%	14.23%	7.12%	6.79%
Sunday Supplement	0.38%	0.14%	0.19%	0.10%	0.04%

Average redemption rates for coupons in the non-food product category ranged from 0.04% for Sunday supplement and color run-of-press coupons to 24.45% for instant redeemable coupons. At 0.34%, the average redemption rate for FSI coupons was below the overall industry average.

TOP Redemption Rates **Non-food**

Instant Redeemable



On-Pack

Military Shelf Pad

INSIGHTS

INSTANT REDEEMABLE
Even higher response rates than for food coupons.

ON-PACK
Encourages repeat (future) purchases of product. On-pack usually requires that packaging be destroyed to use the coupon.

MILITARY SHELF PAD
Notice how strong military methods, in general, tend to perform against their standard counterparts.

METHOD OF DELIVERY ANALYSIS

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 method. Selecting the best method of distribution is an important step in planning a successful coupon promotion. There are several methods of coupon distribution to consider, each with certain characteristics that make it a better choice for meeting various goals and objectives.

MEDIA DISTRIBUTED TO THE HOME

FREE-STANDING INSERT

A four-color coupon appearing in an advertisement inserted (loose) in the Sunday newspaper.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Reaches a large and diverse audience over wide geographic span • Supports geographic targeting at market-level • Supports controlled and specific distribution timing • Offers advertising space • Supports new product introduction • Encourages repeat purchase • Encourages retailer support, especially with co-equity tie-ins • Includes large number of opted-in recipients • Can be tied to themed events, promotional overlays, etc. • Provides cost-effective and simple way to execute very large-scale events	• Cannot be easily changed – requires long lead times • Targeting is limited to publisher's paper-selection groups • Demographic targeting limited to general characteristics of a market • Can include a large number of non-opted-in recipients • Access to analytical data for insights requires complex coding and notable administrative effort

DIRECT MAIL

A manufacturer's coupon delivered directly to the consumer by the U.S. Postal Service. Variations include direct mail co-op and direct mail with sample.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Allows demographic and geographic targeting • Offers flexible delivery timing • Introduces new products, especially when a sample is included • Provides excellent graphic capabilities • Supports one-to-one marketing • Supports alignment with retailer loyalty programs • Provides analytical data for driving insights when proper data capture is in place	• 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

METHOD OF DELIVERY ANALYSIS

MAGAZINE

A coupon printed in a magazine. Variations include magazine on-page and magazine pop-up.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Offers generous advertising space • Reaches magazine's opted-in readers and beyond through pass-along readership • Offers an excellent environment for depicting product benefits • Typically reaches a large audience over a wide geographic span	• Limits control over distribution timing • Limits sampling capabilities • Demographic targeting and geographic targeting are limited to publishers' distribution and versioning capabilities • Access to analytical data for insights or redemption is very limited

NEWSPAPER

A coupon printed on a newspaper page. Variations include newspaper run-of-press, color run-of-press, newspaper co-op, Sunday comics and Sunday supplement.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Offers flexibility and control in timing, sizing and geographic distribution • Includes large number of opted-in • Offers generous advertising space • Supports new product introduction • Ties in with "Best Food Day" and other retailer features and promotions • Reaches a large and diverse audience with a wide geographic span	• Limits control over print quality • Access to analytical data for insights or redemption is very limited

IN-STORE DISTRIBUTED

INSTANT REDEEMABLE

A coupon 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. 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 has been removed prior to the actual product purchase.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Offers reaches consumer at point of purchase in the store • Allows cross promotions on other related products • Provides strong competitive advantage • Can encourage brand switching and new users to the category • Encourages new product trial	• Type of packaging can limit control over coupon application • May require an additional product SKU if factory-applied. • May require an additional product SKU if factory-applied. • Targeting, geographically and demographically, is very limited • Provides limited space for advertising or conveying product benefits • Limits control over distribution timing • 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 • Access to analytical data for insights on distribution and redemption is very limited

METHOD OF DELIVERY ANALYSIS

ELECTRONIC CHECKOUT

A coupon, dispensed electronically at a retail location during checkout, intended for use on a future purchase.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Can target competitors or reward current customers based on their shopper profile or purchases at POS • Generates strong retailer support • Encourages brand switching • Requires a relatively short lead-time for changes • Access to analytical data for targeting and insights is strong	• Limits geographic targeting to participating retailers • Reaches the shopper after the purchase is made • Offers limited advertising space • Limits control over print quality

ON-PACK

A coupon 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.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Generates brand loyalty and continuity • Can encourage brand switching and attract new users to the brand • Attracts the consumer at the point of purchase if additional callouts are used on the package	• Limits application on some products (for example, aerosol cans) • May invite damage to package • Requires long lead-time for packaging change • May require additional product SKU • Limits control over distribution timing • Can limit size of the coupon • Needs additional graphics on package to make offer "pop" visually • Requires a very long or no expiration period • Access to analytical data for insight or distribution and redemption is very limited • Targeting geographically and demographically is very limited

IN-PACK

Coupon is found inside a product's package.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Generates repeat purchase, creates brand loyalty and generates continuity • Allows for cross promotions – a coupon found in one product's package can be good for the purchase of a different product • May provide ability to include samples of other products along with coupon	• Cannot be used with certain products (for example, shelf stable beverages) • May require over wrapping or specialized material stocks or ink if in contact with the product • Limits control over distribution timing • Requires a very long or no expiration period • Generates little or no retail support • Access to analytical data for insight or distribution and redemption is very limited • Targeting geographically or demographically is very limited

METHOD OF DELIVERY ANALYSIS

SHELF PAD

Pad of coupons is placed in the store usually on a shelf near the featured product.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Reaches the consumer at the point of purchase and draws attention to the featured product • Generates retail support	• Is difficult to control number distributed to stores and to each customer • Offers limited advertising space • Access to analytical data for insight or distribution and redemption is very limited • Targeting geographically or demographically is very limited • Portability may lead to pad of coupons being place in unintended locations or retailers

SHELF DISPENSER

A coupon dispensed at a retail store via a box attached near the featured product and intended for immediate use. Variations include shelf box and electronic shelf.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Reaches the consumer at the point of purchase and draws attention to the featured product • Generates retail support • Can encourage brand switching and attract new users	• Allows targeting is at store-level only • Removes control over number distributed to each customer • Offers limited advertising space • Access to analytical data for insights into redemption is limited

HANDOUT

A coupon distributed by hand to consumers at the store level. Variations include handout co-op, handout off-store location, handout off-store location co-op, handout in-store with sample, handout off-store location with sample, hospital sample and prenatal.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Reaches the consumer at the point of purchase • Generates strong trade support • Allows sample delivery • Can be used to collect consumer data at point of handout • Can be effective with demographic targeting events	• Geographic targeting is limited to distribution locations • Access to analytical data for insights into distribution and redemption is very limited unless consumers provided contact information and data are captured

ELECTRONIC KIOSK

A coupon printed at a kiosk in a retail store.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Allows targeting when coupled with a frequent shopper card • Generates strong trade support • Rewards current/loyal users • Encourages trial and brand switching • Reaches consumer at the store	• Requires consumer interaction at the store • Available only to those retailers with kiosks and loyalty programs • Access to analytical data on redemption is very limited unless data are captured and made available by retailer

RETAILER EXCLUSIVE

IN-AD

A manufacturer-funded coupon issued by the retailer, typically through the retail store's circular.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Generates strong retailer support • Encourages immediate sales – retailers will stock up on product to meet increased demand • Supports geographic targeting at market level • Preempts competitive activity during same time period	• Limits manufacturer's control over distribution logistics • Demographic targeting is limited by retailers' ability to version circulars and availability of CRM loyalty data • Limits control over print quality • Access to analytical data on redemption is very limited unless data are made available by retailer

INDIVIDUAL CONSUMER

BOUNCEBACK

A coupon sent in response to a consumer's request, typically requiring proof of purchase.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Encourages repeat purchase • Can include a sample • Targets promotionally responsive households • Rewards loyal users • Analytical data for insights available at consumer level if data are captured	• Requires additional administrative resources to process request

CONSUMER RELATIONS

A coupon sent to a consumer in response to that consumer's written or verbal complaint or concern.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Helps pacify upset customers • Bolsters customer relations • Analytical data for insights available at consumer level if data are captured	• High face values make these programs risky and costly

MILITARY EXCLUSIVE

MILITARY

A coupon intended for use by military personnel or their families. Variations include military handout, military magazine and military shelf pad.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Works with sample • Allows limited demographic and geographic targeting • Some vehicles reach consumer at point of purchase • Some vehicles call attention to product in-store	• Can generate high levels of misredemption • Often require longer-than-usual submission grace periods • Access to analytical data is limited

DIGITALLY DISTRIBUTED

Internet Print at Home (NET)

An Internet-delivered offer that can be acquired by the consumer by printing the coupon onto paper form. Can be retailer-specific, but generally used for "mass redemption" purposes.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Gives consumers the convenience of mass redemption • Can leverage web and social media assets that are not promotion-specific • Can generate strong trade support when published to retailer.com site • Delivers the capacity for dynamically generated barcodes • Access to analytical data for insights available at consumer level if data are captured	• Limits manufacturer control over distribution if published across networks • Results in wide variations in distribution- and print-controls • Results in higher than average potential for misredemption

Electronic Discount aka eCoupon (EDO)

An Internet-delivered offer that NEVER manifests as paper. Consumers acquire typically by associating the offer with a retailer loyalty card, or a unique identifier like a 10-digit mobile number.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Generates strong, specific retail support • Appeals to tech-savvy consumers who tend to be younger and more affluent • Enables efficient, paperless, eco-friendly delivery of offers • Targeting potential is high • Access to analytical data is high	• Available only to retailers who have embraced the technology • Difficult to "replace" national distribution of offers • Results in limited redemption opportunities – retailer-specific

Dual Electronic and Paper (DEP)

An Internet-delivered offer with a single, shared offer code that can be acquired by the consumer either by printing the coupon onto paper form, or by loading it digitally to a retailer loyalty card.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
• Gives consumers the convenience of printed or paperless • Allows the "mass redemption" utility of paper version • Publishing convenience: "Check the box for digital"	• Provides "blended" redemption results for paper and paperless obscure performance comparisons between each • Limits ability to forecast with accuracy due to combined paper/paperless methods

PROMOTION OBJECTIVES AND METHODS

Your promotion objectives can dictate the most effective distribution method for reaching your target consumers. The choice of distribution method is further influenced by audience size, demographics, geography, cost, lead time, schedule flexibility, etc. This only includes methods with greater than 0.1% distribution or redemption industry volume.

The chart below lists common promotion objectives and suggests coupon distribution methods for your consideration.

OBJECTIVE	METHOD	
New Product Trial	Any Method with Sample Direct Mail Electronic Shelf Free-standing Insert (FSI)	Handout Shelf Box Shelf Pad
Incremental Volume/Repeat Purchase	Bounceback Digital Electronic Checkout	FSI In-pack Instant Redeemable
Retail Support	Digital, esp. on Retailer site FSI, esp. with Retail Co-equity Handout, esp. while sampling	In-ad Newspaper Store Coupon
Target Specific Shoppers Based on Segmentation	Digital Direct Mail Electronic Checkout	Handout Magazine Military
Encourage Brand Switching	Digital Electronic Checkout Handout	Instant Redeemable Shelf Box Shelf Pad
In-store/Impulse Purchases	Digital Electronic Kiosk Handout Instant Redeemable	Military Shelf Box Shelf Pad
Consumer Relations	Bounceback Consumer Relations	Digital
Building Consumer Database	Any mass-reach method in which additional name and contact information is collected and captured – either online or through special data capture.	

DESIGNING A COUPON - BEST PRACTICES

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

ELEMENT	MANUFACTURER COUPONS	INTERNET COUPON	IN-AD COUPON
Bar Code 1	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 bar code.
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.
Expiration 2	Prominently display the expiration date or the words "No Expiration" at the top center of the coupon. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date or the words "No Expiration" at the top center of the coupon. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date or the words "No Expiration" at the top center of the coupon. Include month, day and year. Avoid coupons with no expiration period.
Face Value 3	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. 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 to the consumer as a feature price (e.g., 4 cans for $1.00) or as a save value (e.g., Save $1.00). Print this value in the center of the coupon.

DESIGNING A COUPON - BEST PRACTICES

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Legal Copy 4	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."	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."	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."
Offer Code 5	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.	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.	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 bar code.
Paper Stock	Print coupons on heavy paper stock.		Print coupons on heavy paper stock.
Perforation 6	Perforate or print dotted lines around the perimeter of the coupon to show the consumer where to cut.	Print dotted lines around the coupon to show the consumer where to cut.	Perforate or print dotted lines around the perimeter of the coupon to show the consumer where to cut.
Product Illustration 7	Always put a picture of your product on the coupon.	Always put a picture of your product on the coupon.	Always put a picture of your product on the coupon.
Product Name and Logo 8	The product name should be placed in the center of the coupon and the product logo should be included if space permits.	The product name should be placed in the center of the coupon and the product logo should be included if space permits.	The product name should be placed in the center of the coupon and the product logo should be included if space permits.

DESIGNING A COUPON - BEST PRACTICES

ELEMENT	MANUFACTURER COUPONS	INTERNET COUPON	IN-AD COUPON
Purchase Requirements 9	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.
Redemption Address 10	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.
Source Identification 11	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 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 simply create problems later.

USE DARK BLACK FOR THE BARCODE. Dark black printed on bright white paper will provide the most contrast.

USE WHITE SPACE. While the GS1 DataBar code doesn't require the same kinds of spacing, the UPC still requires a quiet zone. That area must be free of wording, graphics and perforations and shold measure at least 0.117" on both the left and right sides.

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 righthand corner of the coupon may not be terribly exciting, but it will 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.

BARCODE AND FAMILY CODE SERVICES

Inmar's barcode and family code services offer a full range of services to support coding requirements, in compliance with the industry barcoding standards now in place. The result is increased efficiency, improved workflow and reduced risk of error. These services can be used together or separately—however they best suit clients' specific needs.

BARCODE GENERATION

With Inmar's Coupon Management web app, all critical promotional information is stored in our system making the code creation process simple and comprehensive. Our code generation function includes defaults set to industry standards and delivers precision barcodes to specified email recipients immediately upon completion of offer attribute entry. Codes can be ordered online at your convenience and is integrated with the offer entry function so you don't have to log into two separate sites.

FAMILY CODE MAINTENANCE

Our team can help clients create and maintain coupon family code structure and distribute it to retailers. This important piece of code ensures that coupons are valid on the products intended and eliminates problems for the consumer at checkout.

VERIFICATION/VALIDATION

The last step in the design process verifies that the barcode on the artwork clients are approving will scan—that it has not been manipulated or incorrectly re-sized prior to final printing, and, that the coupon will scan to GS1 industry standards with the bar code's data matching key attributes stored for the offer in Inmar's Coupon Management web app. Inmar's verification/validation service is available to you regardless of whether you ordered your barcode from Inmar's Coupon Management web app.

DATA CAPTURE SERVICES

Using specialized data entry software, Inmar collects and delivers consumer information quickly with accuracy in excess of 99%. We capture:

- Consumer name and address information
- Consumer codes and provide to Internet third parties when requested
- Survey questions and check box questions
- Other custom requests

METHOD CODES AND DEFINITIONS

The following guide lists the methods (exclusive of digital) 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.

Beginnings Magazine (BEG) — A coupon targeted to new mothers that is delivered via direct mail.

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

Color Run-of-press (CRP) — A solo, color coupon printed directly on the newspaper page.

Consumer Relations (CR) — A coupon sent to the consumer in response to that consumer's written or verbal complaint or concern.

Dual Electronic and Paper (DEP) — An Internet-delivered 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 or loading it digitally to a retailer loyalty card. 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 a different code be used for the load-to-card (EDO) offer.

Direct Home Delivery (DHD) — A coupon 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 Co-op (DMC) — Several coupons, from different manufacturers, in a single envelope delivered directly to the consumer by the U.S. Postal Service. This also include 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 delivered directly to the consumer by the USPS.

Direct Mail with Sample (DMS) — A coupon, accompanied by a product sample, delivered directly from the manufacturer to the consumer by the USPS.

Electronic Discount (EDO) — An Internet-delivered offer that NEVER manifests as paper. Consumers acquire typically by associating the offer with a retailer loyalty card, or a unique identifier like a 10-digit mobile number..

Electronic Checkout (EC) — A coupon, dispensed electronically at a retail location during checkout, intended for use on a future purchase.

Electronic Kiosk (EK) — A coupon printed at a kiosk in a retail store.

Electronic On-cart (EOC) — A coupon dispensed by a printer attached to a shopping cart when the cart nears the featured product's location in the store.

Electronic Shelf (ES) — An electronic coupon, dispensed from a box attached to the shelf near the product, and intended for immediate use. Also known as an instant coupon machine.

Free-standing Insert (FSI) — A four-color coupon appearing in an advertisement inserted (loose) in the Sunday newspaper.

Handout Co-op (HOC) — Several coupons from various manufacturers distributed by hand to a consumer at the store level.

Handout In-store with Sample (HSS) — A coupon and product sample distributed by hand to a consumer at the store level.

Handout Off-store Location (HL) — A coupon 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 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 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 distributed by hand to consumers at the store level.

Hospital Sample (HS) — A coupon, accompanied by a product sample, distributed to patients or expectant mothers at a doctor's office or hospital.

In-ad (IA) — A manufacturer-funded coupon issued by the retailer, typically through the retail store circular. It is usually only redeemable at the store that distributed the circular.

METHOD CODES AND DEFINITIONS

In-pack (IP) — A coupon found inside a product's package that is redeemable on a subsequent purchase of the same product.

In-pack Cross Ruff (IPC) — A coupon found inside a product's package that is redeemable on a subsequent purchase of a different product.

Instant Redeemable (IR) — A coupon 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 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.

Internet Print-at-home (NET) — A coupon distributed via the Internet, typically selected online by the consumer and printed using the consumer's computer system. Internet Print-at-Home coupons are discovered digitally, but are redeemed like paper coupons.

Magazine On-page (MOP) — A coupon printed on the page in a magazine advertisement.

Magazine Pop-up (MPU) — A coupon 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.

Military Handout (MHO) — A coupon handed directly to the consumer at a military retail location.

Military Magazine (MMG) — A coupon distributed through magazines targeted at military personnel.

Military Shelf Pad (MSP) — A pad of coupons placed on a shelf near the featured product in military commissaries.

Newspaper Co-op (NCC) — A group of coupons, 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 printed directly on the newspaper page.

On-pack (OP) — A coupon 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 coupon.

On-pack Cross Ruff (OPC) — A coupon 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 coupon.

Prenatal (PRE) — A coupon presented to expectant mothers at the doctor's office or during instructional classes.

Shelf Box (SB) — A coupon dispensed from a box attached to the shelf near the product and intended for immediate use.

Shelf Pad (SP) — A pad of coupons placed in the store, usually on a shelf near the featured product.

Sunday Comics (SC) — A solo coupon printed in the color cartoon section of the Sunday newspaper.

Sunday Supplement (SS) — A solo coupon printed in a magazine supplement, such as Parade or USA Weekend, in the Sunday newspaper.

"COUPONS CONTINUE TO BE POPULAR WITH CONSUMERS. REDEMPTION TRENDS are influenced by a number of factors including the perceived attractiveness of the offers available. As advertisers focus on DELIVERING VALUE for their consumers and companies, it is more important than ever to optimize through the APPLICATION OF ANALYTICS and an understanding of consumer behavior while planning campaigns."

DAVID MOUNTS — CEO, INMAR

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