



**E-zine Newsletter
Summer 2007**

ACP Calendar

**ACP Board of Directors
Meeting
June 12, 13
Washington, DC**

**Regional Couponing
101/102 Seminar
October 17th
Crowne Plaza Hotel
Rosemont, IL**

For the latest details:

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**HIGHLIGHTS FROM
THE INDUSTRY
COUPON
CONFERENCE**

**Coupons can Change
Shopping Behavior**

Coupons can be used to change consumer shopping behavior, according to a new study whose results have significant implications for CPG manufacturers and retailers.

What's more, heavy, medium and light coupon users in households make different purchase choices. Nearly half (45%) of a typical retailer's shopping households use coupons.

Those are the key results of the study conducted by Catalina Marketing, St. Petersburg, Fla. Powered by the company's expansive household-level data sets, the study examined actual consumer purchase behavior and coupon usage. It evaluated potential factors in purchase decisions, including face values

and product loyalty, and considered how demographics and ethnicity play into overall consumer response to coupon promotions.

Laurie Wachter, Catalina's senior vice president – analytical consulting, presented the results of the study in a presentation recently in St. Petersburg at the annual Industry Coupon Conference sponsored by the Association of Coupon Professionals (ACP).

The analysis was based on actual shopping behavior at the census level. For maximum insights into coupon behavior, Catalina relied on its Loyalty Quotient which uses household data created from frequent shopper card IDs. The study was based on 24 million households from eight major grocery retailers.

The study came up with the following coupon user profile: The heavier the coupon user, the more likely they are to have a large household with more children. The lower the coupon usage, the more likely they are to be young and –

ironically – have loser incomes.

Coupon users make two and a half more shopping trips to “their” retailer. “That’s significant,” said Wachter, who added that “they were also spending more in the shopping basket.” Average spending per shopping trip for coupon users was \$53.17 compared with \$45.45 for non-users; that is, 17% more dollars in the basket for the former group.

The study determined that heavy coupon users spend two times more than lighter users in “channel erosion categories” such as Health and Beauty Care (shaving needs, deodorants, skin care aids) and Non-Foods (household cleaning and laundry supplies and soaps).

Meanwhile, light coupon users spend more in “convenience categories” such as grocery (milk, soft drinks, salty snacks), refrigerated (milk, meats, cheese) and Non-Foods (tobacco, paper products, magazines).

Here is a summary of the behaviors of the 45% of a retailer’s shopping households that use coupons:

- Use an average of 16.6 coupons per year
- Make two and a half times more trips to the retailers than non-coupon users.
- Spend 17% more each trip.
- Include three times as many loyal shoppers.
- Make 40-90% more shopping trips to the retailer depending on their loyalty level.

Are even more loyal if they are heavy coupon users.

ACP would like to thank the sponsors of the Industry Coupon Conference



The Promotions Logistics Company



Atlantic Coupon Redemption Center



an Illinois Tool Works Company



Coupons, Inc.



Universal Marketing Services



P&G, Ahold USA Call for Readiness for New Barcode

Are you ready for the new barcode on coupons? Two executives from Procter & Gamble and Ahold USA have called for CPG manufacturers and retailers to prepare to issue and handle the so-called GS1 DataBar that allows for more complex offers. A set of deadlines for specific

action steps underscored their urgency.

“We need to be putting codes on coupons by June 2008,” said Don King, associate director at P&G, speaking about his manufacturer peers. Said Alan Williams, vice president for applications development for Ahold USA: “What we’re recommending to retailers is project planning for 2008. Put this on your agenda. You’ve got to deal with it. Get ready.”

The executives issued their call for readiness from the podium in St. Petersburg, Fla. at the annual Coupon Industry Conference sponsored by the Association for Coupon Professionals (ACP).

The final guideline for the new bar code has been issued by GS1-US, the organization that sets standards to improve efficiency in the supply and demand chains. It was the product of work by the coupon re-engineering committee which consists of executives from the Joint Industry Coupon Committee

(JICC), Association of Coupon Professionals (ACP), Food Marketing Institute (FMI), Grocery Manufacturers Association (GMA) GS1-US, and several suppliers and retailers

In May 2006, GS-1 US set Jan. 2010 as a global sunrise date for GS1 DataBar codes and the unique GS1 Application Identifier to identify the item as a coupon. All scanners should be ready to scan the above by that date.

The GS1 DataBar will enable manufacturers to code more complex offers and give them more options for values and purchase requirements. It will allow coupons to be validated at checkout to ensure the manufacturer intended the purchase that was made.

Meanwhile, retailers will have better scanning accuracy. More specific coding and a reduction in human readable elements should decrease fraud and misredemption, while minimizing the number of “hard-to-handle” coupons. The DataBar will enable the coding of retailer-specific

promotions, which now is almost impossible to do. Stores will be able to leverage offer tracking and provide improved purchase auditing back to the manufacturers.

“There is a lot of change coming,” said King, “and it is going to impact all manufacturers, retailers, processors, and everyone else associated with coupons in one way or another.”

He acknowledged that most of the larger manufacturers are aware of the change, have been involved in the process, and are moving in the right direction at various speeds.

“The concern we have right now is the bottom tier of manufacturers,” he said. “Our experience in the past when we moved to getting barcodes on all coupons was that we have a big issue trying to get the infrequent coupon manufacturers to upgrade and put extended barcodes on coupons.”

Williams of Ahold advised retailers to access their hardware to determine if they have

the capability of reading the new barcodes. The newer scanner scales can, some older ones need to have to be readied, while other older models may have to be replaced.

“The specification provides the capability to handle complex coupons,” he said. “With that come challenges to deliver the value to consumers. We have a vested interest in ensuring that it is done correctly.”

According to Gregory Rowe, director of business development for GS1 US and another speaker at the conference, the plan is in mid-2008 to have both the UPC and the expanded bar code on coupons together. Then in mid-2010, the plan is to drop the UPC and just have the expanded bar code on coupons.

Trading partners have specific deadlines to meet:

- Manufacturers, in an 18-month period starting in January 2007, must go from printing UPC-A/EAN-128

barcodes on coupons (what is now being used) to the interim code (that is, old and new codes together). In January 2010, they must issue coupons with only the new GS1 DataBar.

- Retailers have 36 months, starting in January 2007, to get their POS and related systems ready for coupons that will bear only the GS1 DataBar.

The move to a new coupon bar code is part of a larger initiative of global data synchronization for product information, marked by the 2005 introduction of a variable-length manufacturer Company Prefix. The new identification numbers allow international trading partners to forgo repackaging products for sale in North America, but are not compatible with today's coupon bar code. The GS1-US Coupon Initiative addresses both this conflict as well as other long-standing

shortcomings of the UPC-A/EAN-128 coupon bar code

Meanwhile, the change to the GS1 US DataBar parallels similar efforts in the meat, produce, and healthcare industries to take advantages of increased data capacity and improved scanning accuracy of a smaller bar code.

“We do want to have a very smooth transition and want this to be a positive in the industry,” said King. “We don’t want to take three steps backward to get ahead. So, we have it on the radar. Hopefully will get everybody to the right place by the time those dates come.”

Today’s coupon system presents several challenges for the industry. Among them:

- Unable to handle variable-length company prefixes
- Value code structure is limited
- Validation with a single company prefix and family code only

- No systemic expiration data checking
- Cashier intervention required to handle complex offers.

Recognizing the opportunity for positive change, King said, “We’re planning some energy with the help of our industry partners to make sure that all bases are covered.

There are also many industry suppliers that support us and are working very hard to get us prepared.”

He listed the many advantage of the new GS-1 DataBar:

- **Company Prefixes** The ability to encode the entire GS1 company Prefix fully meets the 2005 Sunrise requirements and global identification of the issuers of coupons for products sold in the U.S.
- **Value Codes** Coupon values in any amount up to \$999.99 are now possible, and not

limited to a table of 100 possibilities.

- **Offer Options** The new system permits precise descriptions and validation of offers involving multiple quantities of one or two additional purchase requirements to quality for the value amount.
- **Fraud** Comprehensive definition of Value Codes and offers enables rigorous checking at the time of redemption.
- **Auditability** Store Offer Code with item redeemed as a part of the T-Log (POS journal).

Promoting to Hispanic Consumers

How important are Hispanic consumers to your brand? Are you effectively promoting your brands to them? What can you do better?

Before determining the importance of Spanish-speaking consumers,

Promoting to Hispanic Consumers cont'd

CPG marketers really have to know their brands and what demographics they serve. Then they have to analyze the way media expenditures are changing and how they are segmented.

That's that the advice of Dan Kitrell, vice president of account solutions at Marx Promotion Intelligence. He pointed out that Hispanics account for 14% of the U.S. population, 30% of the population growth and 8% U.S. buying power. However, Spanish-language media accounts for only 4% of advertising dollars.

"Even though Hispanics are growing at a fast rate, they still under-index relative to the population and relative to their share of buying power. It's half of what their buying power may justify," said Kitrell.

He outlined the role of Spanish-language consumer promotions and provided statistics

to back up his points at the Industry Coupon Conference hosted recently by the Association of Coupon Professionals (www.couponpros.com).

In 2005 and 2006, there were 88 manufacturers that used either bi-lingual FSIs distributed through mainstream newspapers or Spanish-language FSIs distributed through Spanish newspapers. Of that total, 28 manufacturers relied on Spanish-only FSIs, 46 used bi-lingual FSIs, and 14 did both. Procter & Gamble, for example, used both, including its Spanish vehicle calls Ahorros de P&G. Spanish FSIs were up 20.4% in pages in 2006 compared to the previous year.

FSIs are just part of the overall Spanish-language media which includes advertising on TV and in magazines and newspapers. Total expenditures grew 6.8% in 2006 vs. 2.2% for all other media. This increase lifted total advertising expenditures of Spanish-language media across the CPG industry from 3.6% in 2005 to 3.6% in 2006.

"If you are going after Spanish-language consumers, it's best to get them early," said Kitrell. "Not only do you get the lifetime value of that consumer, you also get the influence that consumer has over future generations, which is very strong within the Hispanic community."

For marketers targeting Hispanics, Kitrell offered three recommendations:

- **Understand that Hispanics are not a homogenous segment.** Apply segmentation based on language, culture, acculturation, life stage and other variables to align the category, brand, and media with the Hispanic consumer.
- **Develop an inclusive campaign.** Focus on universal truths that incorporate culturally relevant cues that appeal to Hispanics without excluding non-Hispanics.

- **Align consumer promotions with shopping behavior.** Modify promotion tactics that deliver value in preferred categories, on preferred sizes, and in preferred quantities. Focus on creating on creating loyalty longitudinally rather than through pantry loading.

Coupon Scanner Sparks Increase In Redemption, Store Sales

Customers with loyalty cards at Paw Paw Shopping Center are redeeming more paper coupons and contributing more to store sales. But it's not the cards that are responsible for the increased business. It's a unique personal Coupon Scanner that these shoppers are using as they visit the store more than ever before.

The scanner, developed by ScanAps, is taking store loyalty and sales to a higher level at the independent store in

Paw Paw, Mich. Analysis of six months of shopper activity from Oct. 1, 2006 through March 31, 2007 has shown a significant boost in business when compared to the same period the previous year. Here are the specifics:

- Total coupon redemptions increased 8.04%
- Total store sales increased 19.18%
- Average number of coupons redeemed per card members using the Coupon Scanner increased 172.06% compared to an increase of 28.13% for cardholders without the Coupon Scanner.
- Average spend per customer increased 117.93% for card members with the Coupon Scanner compared to a boost of 19.10% for card members without the Coupon Scanner.
- Average number of visits for card

members with the Coupon Scanner increased 156.35% compared to an increase of 11.78% for card members without the Coupon Scanner.

Vijay Chetty, president and CEO of Los Angeles-based ScanAps, and Marv Imus, president of Paw Paw Shopping Center, talked about their experience with the Coupon Scanner recently at the Industry Coupon Conference sponsored by the Association of Coupon Professionals (www.couponpros.com).

The Coupon Scanner is a mini-key chain scanner branded and distributed by retailers to their shoppers. It is programmed to function exclusively in the chain of stores authorized by the retailer. Customers just scan their coupons at home, dock the scanner in a special kiosk at checkout, and redeem the coupons with their order.

“Manufacturers drop over \$300 billion of coupons each year,”

said Chetty. "Our Coupon Scanner will encourage customers to use those coupons exclusively in the stores that issue the scanner and increase customer retention and revenues. For consumers, Coupon Scanner will make it simple and convenient to use coupons and save time and money.

"For manufacturers," he added, "the system eliminates the manual error-prone, labor-intensive clearing process and saves them over \$200 million in coupon processing fees and over \$300 million in coupon fraud and misredemptions."

A program that can work along with the Coupon Scanner is Targeted Individual Promotion Software (TIPS) which creates a "Promotion Bank" for each shopper. It enables manufacturers, retailers, and third parties to load electronic promotions for each shopper and define the "rules of redemption." TIPS serves as an independent third party that validates and delivers those electronic promotions to the point-of-sale in real time. TIPS

also downloads coupons from the Coupon Scanner to the customers' Promotion Bank.

"Existing loyalty programs have become a commodity," said Chetty. "Everyone who swipes a plastic loyalty card is given the same amount of discount on any item that is on sale, regardless of a customer's level of loyalty to a store or brand.

"TIPS will help retailers and manufacturers to truly differentiate their shoppers and give appropriate prices and discounts by item via their Promotion Bank. TIP will help retailers and manufacturers move away from a 'one-price-fits-all' price and promotion model to a customer-centric one-to-one price and promotion model."

Len Harris, Kellogg's elected President, Mike Sonsthagen, Kimberly Clark elected Treasurer of ACP

The ACP Board of Directors elected Len Harris of Kellogg's as President, and Mike Sonsthagen of Kimberly Clark as Treasurer at their April board Meeting. Harris will serve for two-years and Sonsthagen one year.

ACP Board of Directors elections held

Elections for two-year terms on the board of directors were held in conjunction with the Industry Coupon Conference. The following companies and their representatives were elected to two-year terms:

Jane Michels, Coupons, Inc.
Earl Ellsworth, Universal Marketing Services
Dan Abraham, Brand Coupon Network
Jackie Broberg, General Mills
Len Harris, Kellogg's
Joanne Walk, Hormel

Bob Pettis, QTG
Val Stark, NGLS

The ACP welcomes them to the board and thanks them for volunteering their time, effort, and expertise.

Industry Impact Awards Presented.

The ACP awarded its annual Industry Impact Award at the Industry Coupon Conference in St. Petersburg in April.

The Industry Impact Award is presented to individual(s) who display outstanding achievement within an annual period, the award was designed to honor those who participate and achieve specific goals set by the association for that year.

For their work on the ACP RSS GS1 Databar Taskforce the award was given to Jane Michels, Coupons, Inc, Joan Wyndrum, Pinpoint Data, and Betty Lou Vontsolos of CMS. The award was also given to Debbie Settle for her tireless efforts as Vice President of the ACP Board of Directors, Co-chairing the Internet Guidelines Taskforce

and Chairing the Sponsorship Committee. The ACP would like to thank these individuals for their exceptional efforts and achievements to improve the industry.

GS1 Databar white Paper Available

To support the rollout of the new GS1Databar Mike Sonsthagen of Kimberly Clark and Betty Lou Vontsolos of CMS and a member of the ACP GS1databar Committee collaborated on a white paper on GS1 Databar. The paper discusses why the industry is moving to the new code, how the redesign will help couponing, and what you need to do to get ready. The paper is available for download at the ACP website www.couponpros.org

Internet Coupon Guidelines and Overview completed

The Internet Coupon Guidelines Taskforce recently completed an update and revision to the Internet Coupon Guidelines. The Task Force co-chaired by

Debbie Settle of CMS and Len Harris of Kellogg's was made up of retailers, manufacturers, and Internet coupon service providers. Their goals was to develop and publish a comprehensive guide to Internet coupons, discussing trends, benefits, opportunities, and issues associated with Internet distributed coupons as they apply to consumers, retailers, processors, and manufacturers and also provide recommendations and "best practices" in coupon design and overall program development, execution, and redemption

The guidelines will be available for a fee to non-ACP members after August 1, 2007. ACP members and ACP Industry Coupon Conference attendees will be among the first to receive their complimentary copies. Download instructions for those of you who will receive complimentary copies will be forthcoming in a separate communication.

Regional Couponing 101/102 Set For October 17 in Chicago

The Association of Coupon Professionals as part of its commitment to improving business condition in the coupon industry provides the Coupon 101/102 education seminar. The seminar reviews all aspects of the couponing industry in an informative and interactive format designed for individuals new to couponing or those who need an update and refresher course. Presenters are industry experts who can answer all your couponing questions.

Topics Include:

- Industry Overview
- Effective Coupon Strategies
- Coupon Distribution Types
- Coupon Design
- Family Code Management
- The Redemption Cycle
- Coupon Misredemption & Managing Risk

- Adjustments, Chargebacks and Deductions

Highlights Include:

- Follow the path of a coupon from the time it is issued through redemption, financial settlement and reporting
- Learn from a manufacturer's perspective about internal controls you can implement, and effective coupon program management.

Workshop breakout sessions will provide details on family codes and barcodes, and how to plan an effective coupon

The workshop is an open interactive session enabling you to get answers to all your coupon questions.

Who should attend?

Individuals new to couponing or who need a refresher course. This course is geared toward marketing & accounting professionals in retail, manufacturing, promotional agencies and clearinghouses.

When and Where? Crowne Plaza Rosemont, IL

Tuesday, October 17,
2007 10:00 AM- 4:00
PM

For information visit www.couponpros.org or call ACP headquarters at 847-297-7773 or email john.morgan@acp-hq.org.

Brand Coupon Network aligns with International Direct Response, Inc. on More for Schools Program

BCN, the Brand Coupon Network, of Baton Rouge, Louisiana, has entered into a strategic partnership with IDR, International Direct Response, Inc. of Philadelphia, Pennsylvania. IDR will assist BCN in brand acquisition for its www.moreforSchools.com program due to be launched this fall.

MoreforSchools innovatively spins CPG print-controlled coupons into cash for needy schools. Supporters visit the more for schools website and print out coupons. Each coupon

has an indigenous household ID which is tracked when the coupon is redeemed and cleared. Brand sponsors pay on redemption only. That revenue is shared directly with the selected school. As a result, everyone wins.

The supporters benefit immediately from their coupon savings while supporting their school. The schools are able to raise needed funds without solicitation for donations. The brand sponsors move products, build consumer and community relationship and pay on redemptions only. Win/Win/Win!

IDR over the past 18 years has built tremendous relationships with a wide variety of manufacturers through their catalogue and direct mail businesses. Doug Guyer, of IDR stated: "It is rare to find a value-added tie-in which provides such a win/win for everyone involved. All of our clients are looking to improve their Website traffic and capitalize on it to grow consumer relationships and convert sales.

MoreforSchools... provides them that and more. This is revolutionary,"

Dan Abraham, Founder of BCN, commented, "We are delighted to be working with Doug and IDR. They are very good at what they do and maintain terrific relationships with most of the major brands. With his sale force, Doug will generate the brand sponsors we need to launch MoreforSchools and handle all brand acquisition. We are excited and know that brands and schools will be also."

The More for Schools program is due to launch this fall. The program will provide innovative fundraising capability to the nation's 110,000 schools and approximately 140 million online supporters. Brands interested in more information on sponsorship can contact Dan@BrandCouponNetwork.com or Doug@idronline.com .

ACP launches new Website

The ACP website has had a total makeover. Dadi Akhavan of e-centives volunteered his company's expertise, time, money and resources to renovate and maintain the site. Dadi's team worked with the ACP board of directors, and John Morgan Executive Director of ACP to come up with content changes and designs to improve the site. Please visit www.couponpros.org to see our new state of the art website.

Make a Difference, Get Involved

Join the ACP, become a member and make a difference in the industry. The ACP is made up of retailers, manufacturers and vendors working together to solve industry issues. There are many committees and taskforces that could use your unique skills for the betterment of the industry. For information and an application contact John Morgan (610) 789.9993, John.Morgan@acp-hq.org

Upcoming Events

Promo Live

September 17-19

Chicago, IL

ACP Regional Coupon

101\102

October 17

Crowne Plaza Hotel

Rosemont, IL

PMA Advanced

Promotion Marketing,

November 28,29

Chicago, IL



ACP headquarters

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