



Summer 2009

Mark your calendar and make plans to join your coupon industry colleagues at these ACP events

Regional Coupon 101\102

Midwest

October 7th
Crowne Plaza
Rosemont, IL

Northeast

October 28th
Crowne Plaza
White Plains, NY

East

March 23, 2010
In conjunction with CIC Summit
Alexandria, VA

Save the Dates! 2010 Industry Coupon Conference

April 27th - April 29th 2009

For the latest details:

ACP headquarters
www.couponpros.org
(610) 789-1478
John.Morgan@acp-hq.org

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Association of Coupon Professionals to stage two education seminars in October

Attendees can learn the basics of the business or refresh themselves on coupon topics

The Association of Coupon Professionals (ACP) will hold two of its acclaimed Coupons 101-102 education seminars in October.

A one-day workshop is scheduled for Oct. 7 in Rosemont, Ill., while the other is set for Oct. 28 in White Plains, N.Y.

The sessions review 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 couponing questions.

The topic include: Effective Coupon Strategies, Coupon Distribution Types, Coupon Design, Family Code Management, Redemption Cycle, Misredemption, Managing Risk, and other areas. Attendees will follow the path of a coupon from the time it is issued through redemption, financial settlement and reporting with a detailed review of all the functions in the process.

“Leading marketing and promotion executives have attended Coupons 101-102. It is an up-to-date way of staying abreast of what’s going on in the coupon

Putting Magic into Merchandising

Want to add some magic to your merchandising?

“We’ve discovered some simple tactics that can positively impact your customers’ movement through the store and their buying behavior,” said Harold Lloyd, the noted retail consultant.

“We can influence shoppers to stay longer, cover more square footage, and buy more,” he said in a lively and entertaining presentation at the Industry Coupon Conference hosted earlier this year by the Association of Coupon Professionals in San Antonio.



ACP Offers Free Poster to Help Retailers Detect Fraudulent Internet Coupons

The Association of Coupon Professionals (ACP) has developed an easy-to-read poster to help store associates tell the difference between legitimate and fraudulent Internet coupons. It is available to retailers free of charge.

The ACP Retailer Coupon poster comes in two sizes: 11-inch x 17-inch for placement in a retailer's break or training room and 8.5-inch x 5.5-inch for placement near the cash register at checkout.

From time to time, fraudulent coupons have been unknowingly accepted by some supermarkets and the subsequent negative publicity has given Internet coupons a black eye. The poster aims to prevent those occurrences.

"The poster was developed by the Internet Coupon Guidelines Task Force to help educate cashiers and provide tips in recognizing legitimate Internet coupons," said John Morgan, executive director of ACP.

The poster instructs cashiers to look closely for obvious alternations in the coupon, unusually long expiration periods, free/high-value offers, and other

To assemble his "Seven Pearls" of merchandising wisdom, Lloyd has observed over 1,000 customers in several stores across the U.S. Here are his "Pearls":

- **Our store managers' work schedules oftentimes are not properly correlated with our sales per hour and sales by day.**
Actionables: Cross-tabulate you're Best with the Busiest; reassess the capabilities of your "after 6 pm" managers.
- **There seems to be no decrease in the customer's shopping productivity over time.**
Actionables: Consider "bump-outs" in alternating aisles; position "hot spots" deep within the second half of the store; create music "zones" within the store; offer a beverage to the customers to consume while shopping.
- **We should not allow "bare-handed" shoppers in our stores Carts or carry-baskets only, please.**
Actionables: Use a wide variety of carts; carts in three locations: outside, inside front, and in the back, all faced in the direction of the stores' traffic flow; six stacks of baskets, 25 in each, color-coded and positioned with a purpose; offer carry-baskets to bare-handed shoppers.
- **Customers who use ad flyers or coupons are robust buyers.**
Actionables: Conduct a profitability test on both types of buyers; offers flyers and coupons more conspicuously, professionally and strategically around the store; educate your associates on the flyer's contents and location of the items in the ads within the store.
- **Customers who shop with a list are surprisingly prolific.**
Actionables: Party planners are customized shopping lists; clip strips throughout the store; magnets for the "fridge."
- **The impact of sampling cannot be overstated.**
Actionables: Consistent schedule.
- **When an associate interacts with a customer, his/her purchasing behavior goes into overdrive.**
Actionables: Greeters; management's presence with



indications of possible fraud. Examples of legitimate coupons are on the poster for comparison sake.

The ACP will send the posters to retailers free of charge. The cost of the program was funded with the help of sponsors: E-centives, Carolina Services, Hormel Foods, Pepsico, Unilever, Brand Coupon Network, SEA Enterprises, Coupons, Inc., NCL Graphics, RPR, with the support of the Food Marketing Institute (FMI) and GS1US

For more information about the poster, contact John Morgan at 610-789-9993 and John.Morgan@acp-hq.org, or visit www.couponpros.org.

ACP Board of Director's Elections Held

The recently held Industry Coupon Conference is also the annual meeting of the ACP. Elections for the board of directors were held and the following board members were re-elected: Dan Abraham, Brand Coupon Network, Jane Michels, Coupons, Inc., Jackie Broberg, General Mills, Joanne Walk, Hormel Foods Corporation, Val Stark, NCL Graphics, Len Harris, Kellogg Company, Earl Ellsworth, and Universal Marketing Services. Also, elected for the first time, was John Bigler of Cunningham Electronics. They join current board members, Debbie

business cards; offer carry-baskets.

One final tip from Lloyd: "Doing your own traffic study will help you think more like the customer, not just a retailer. You'll change the way you merchandise your store and be better able to build your sales."

"Tipping Point" for Digital As New Technology Rolls on

Several changes in the marketplace are paving the way for more consumers to turn to digital-only coupons during the recession. Meanwhile, new technology now being tested suggests that a more sophisticated promotion is in the wings for marketers and retailers looking to offer savings to shoppers.

"Consumers want coupons more than they have in the past," said Fran Garcia of Coupons, Inc., who urged manufacturers to use digital coupons as a way to entice purchases of national brands in today's troubled economy that has seen dramatic sales increases for private label products.

"In 2008, disposable income was down -2%. Consumers are hurting. They need to find places to save and places to manage their budgets and make them go a little bit further," said Garcia for the industry's leading network for digital coupons.

He said more retailers are now joining the company's Digital FSI network which has thousands of affiliated partners including hundreds of newspaper and television station sites, as well as other lifestyle sites.

They are very aggressive about their participation," he said of the retailers. "They want programs, they want national brands, and they want to move into this in a big way. How do manufacturers capitalize on this opportunity? By using the power of digital coupons to capture a very desirable and fertile audience for their brands," said Garcia, in a presentation at the annual Industry Coupon Conference hosted by the Association of Coupon Professionals (ACP).

He said his company is currently testing an in-store kiosk and a shopping cart device for digital coupons. On the horizon are tests of dedicated in-home printers and a shopping list application for



Settle, Inmar, Pam Samaniego, Catalina Marketing Corp., Dadi Akhavan, E-centives, Inc., Mike Sonsthagen, Kimberly-Clark, John Irwin, Promotion Eyes, Ron Fischer, Redemption Processing Reps, Mary Ann Pindulic, Unilever on the fifteen member board.

Executive Committee elections were also held. Len Harris, Kellogg's was re-elected President, Mike Sonsthagen was elected Vice President, and Joanne Walk Hormel was elected to serve the remaining year of the Treasurer's position that was vacated by Sonsthagen's election to Vice President. Pam Samaniego, Catalina Marketing serves as Secretary and John Irwin, Promotion Eyes serves as Past President to round out the 5 member executive committee.

Awards

The Lifetime Achievement Award (formerly the William G. Cargill Award) was awarded to Mary Ann Pindulic, of Unilever at the recent Industry Coupon Conference. Pindulic is just the seventh recipient of this prestigious award which was initially awarded in 1998 and the first since 2006. Pindulic is currently the head of the Unilever Coupon Committee, responsible for coupon redemption compliance and has worked at Unilever for 38 years. She is past president of the Coupon Information Corporation, and has

the iPhone.

More consumers with big families are online more often and are responsive to retailers' merchandising efforts, according to Garcia, who cited compelling statistics from a national study of 25,000 consumers. There were 26 million digital coupon users in 2005 and that number grew to 40 million by 2008.

Meanwhile, readership of the Sunday newspaper – the traditional carrier of FSIs – is down to 49%, Garcia reported, while Internet use is up to 75%.

He said the typical Mom is online 2.8 hours per day – more time than she spends on other media. "Is your budget corresponding to this change?" he rhetorically asked CPG manufacturers. "In other words, if this is where the consumers are, are you talking to them in these same places?"

According to Garcia, the troubled economy is prompting more consumers to switch from national brands to private label products to save on grocery bills. Sales of store brands have increased dramatically in virtually every grocery category.

"Consumers are more sensitive about what they spend. How should manufacturers capitalize on this opportunity? If the major threat is private label, digital coupons can mitigate the difference," he said.

Garcia said about 150 retailers are offering the Digital FSI, including such major chains as HEB, CVS, Kroger, Safeway and Walgreens. "They have been very aggressive. They are looking for different ways to distribute these coupons and get the word out that they have free coupons available on their websites," he said, adding that his company anticipates printing about a billion dollars in consumer savings this year.

What's on the horizon for Coupons, Inc.? Garcia listed several programs currently in test:

- **In-Store Kiosk** "A Digital FSI is available when consumers go into the store, pick their coupons, print them, and redeem them for products."
- **Shopping Cart** "We have a shopping cart test underway with one of the largest technology firms in the world."



served and chaired on numerous ACP and other industry association task forces and committees. Congratulations Mary Ann in recognition for all you hard work serving the coupon industry.

Industry Achievement Award

Stark and Tilley awarded Industry Achievement Awards

Val Stark, NCL Graphics and Matthew Tilley were both awarded the Industry Achievement Awards at the Industry Coupon Conference recently. Stark and Tilley both worked tirelessly for the ACP. Stark is the chairman of the Education committee which presented the Coupon 101/102 workshop 5 times in the past 12 months. He also helped initiate and chaired the new Printer task force. He also is a member of the board of directors. Tilley is a member of the Digital coupon task force and helped initiate and chair the Market Research Task Force and presented at the Industry Coupon Conference. Congratulations Val and Matthew for your hard work.

- **At-Home Printer** “That basically would circumvent the computer. So the smart printer then would actually have the Digital FSI live at all times. You would look at the Digital FSI, immediately print what you want with no need to go through the computer to get to the coupon.”
- **Shopping List** “We just purchased a company that provides the application Grocery IQ, which is a shopping list technology provided for the iPhone. It’s the most popular grocery app. We’re going to make something similar available to many other providers, and we will also deliver coupons via that mechanism.” It will also soon be available for Android handsets.

“These are not far off, dreamy concepts,” said Garcia. “These are things that we are actively working on and will be in the market relatively soon.”

In a separate announcement recently, Coupons.com said that in just over five months the savings printed on its digital coupon network in 2009 surpassed the \$313 million in value printed in all of 2008. In 2009, the value of savings printed increased 212 percent compared to the same period last year.

“We’re seeing increased momentum in all aspects of our business,” said Steven Boal, CEO of Coupons.com. “Consumers are adopting digital coupons in droves as they search for savings, and more leading brands are turning to digital coupons to build relationships with those consumers. We see no signs of a slowdown and are targeting to print approximately \$1 billion in savings by the end of the year.”

Increased interest in digital coupons by both brands and consumers is converging to drive unprecedented growth, according to company executives. CPG marketers that already utilize digital coupons are using them more often, while more companies are discovering digital coupons to promote their products for the first time.

“We’ve been very pleased with the success of our digital coupon campaigns and have been steadily moving more and more of our couponing budget out of the newspaper and onto digital delivery,” said Karl Schmidt, director of promotion marketing at General Mills. “Digital’s reach and distribution has grown to the point where it is



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Committee & Task Force Updates

Anyone from an ACP member company can volunteer to serve on a committee or task force. It's an opportunity to participate in the improvement of the industry while developing new relationships with industry leaders. Most work is done through monthly conference calls and on-line collaboration. If you are interested in volunteering, contact John Morgan, Executive Director of ACP at (610) 789-9993, or John.Morgan@acp-hq.org

approaching that of newspaper inserts.”

More than 40 million people currently print online coupons, according to Simmons Market Research Bureau.

JICC Recommends Delaying DataBar Debut One Year

The Joint Industry Coupon Committee (JICC) does not want the UPC-A barcode to be removed from coupons beginning January 1, 2010. The trade group recommended a deferred date of January 1, 2011 to help ensure that the industry has enough time to prepare for proper implementation of the new barcode, the GS1 DataBar.

Why the delay? Informed coupon sources say because not enough retailers are ready to scan the new GS1 DataBar.

Plans to implement the new DataBar called for manufacturers to take the first step of printing the new DataBar alongside the original U.P.C.-A bar code on their coupons. Changes to the face of coupons began January 1 of last year. The U.P.C.-A bar code was scheduled to be fully retired in January 2010 when all retailers would be scanning the GS1 DataBar that was to be on coupons by itself.

According to the Grocery Manufacturers Association (GMA), a GS1 DataBar readiness survey was disseminated mid-March 2009 to the industry to solicit feedback pertaining to retailer/manufacturer readiness for the January 1, 2010 implementation of the GS1 DataBar on coupons. The response from the survey suggested that removing of the UPC-A barcode beginning January 1, 2010 would create a significant hardship for many retailers that may not be equipped to scan the new GS1 DataBar by that date.

The JICC recommendation to defer implementation, GMA said in a statement, should not dissuade ready retailers that are eager to capitalize on the additional capabilities of the DataBar from beginning to scan the new symbol on or before January 1, 2010

The JICC is currently soliciting comments on the deferred GS1 DataBar implementation date. The review period runs through July 17, 2009. Executives are encouraged to contact Logan Kastner at lkastner@gmaonline.org or 202-637-8065 to share additional



Market Research Task Force

Lead by chair Matthew Tilley of Inmar the Market research task Force seeks to develop unique consumer insight through the pooling of research. The group is currently is developing industry standards for on-line measurement of promotions and looking to define on-line promotion vehicles.

Printer Task Force

The Printer Task Force lead by chair Val Stark, NCL Graphics, is developing guidelines for the secure printing and delivery of coupons as well as analyzing print accuracy through the printing process.

Coupon Guidelines

The Coupons Guidelines committee lead by Ron Fischer, RPR, is updating existing guidelines and developing best practices for coupon design and processing. The committee is also collaborating with the Joint Industry Coupon Committee (JICC), the Food Marketing Institute (FMI), Grocery Manufacturers Association (GMA) and the Coupon Information Corporations (CIC) to prioritize and delegate the work to be accomplished and adopt the developed guidelines.

feedback.

Meanwhile, the National Association of Chain Drug Stores (NACDS) announced that it supports GMA's recommendation that the GS1 DataBar system implementation be delayed until Jan. 1, 2011.

"In this tough economic environment, it is justifiable to temporarily postpone the implementation of the new GS1 DataBar technology," said NACDS president and CEO Steve Anderson. "This mandated technology change – especially for those surrounding money-saving coupons – must be viewed through the lens of the economic reality faced by retailers and their valued customers."

JICC works to increase efficiency and effectiveness in the development, distribution and redemption of coupons. It is comprised of individuals from retailers and manufacturers who oversee coupon programs and includes representatives from GMA, Food Marketing Institute, National Grocers Association and NACDS.

Free Standing Insert (FSI) Coupon Activity Increased 9.3% During the First Half of 2009

Retailer promotion activity increased 23.6% to more than 4 billion pages

199 new product introductions included FSI coupon support

Free Standing Insert (FSI) coupon activity increased 9.3 percent versus the same time period a year ago based on Coupons Dropped during the first six months of 2009 according to Marx Promotion Intelligence, a division of TNS Media Intelligence.

"In the current climate of economic uncertainty, FSI coupons represent a proven promotional vehicle to deliver advertising impact, influence consumer behavior, and secure retailer alignment," said Mark Nesbitt, President, TNS Media Intelligence.

Marx Promotion Intelligence, the industry standard for tracking FSI coupon activity, reports that Coupons Dropped across the Non-



Digital Task Force

Lead by chair Susan Jones of Inmar, the Digital Coupon & Redemption Task Force is developing guidelines and best practices for coupon promotions that do not require a paper coupon to be generated. There is much work to be done as this group aids in accelerating the development of a digital distribution, validation, and redemption infrastructure. The task force has published the Digital Coupon Guidelines and is currently working on data standards and audit.

Industry Coupon Conference Planning

Want to have input to next year's Industry Coupon Conference? Then volunteer for the Industry Coupon Conference Planning Task Force. Lead buy co-chairs Ann Keeler of Integer and Earl Ellsworth of Universal Marketing. The task force has a conference call monthly and works primarily on the conference agenda, but also discusses and provides input to other aspects of the conference.

Food segment of the Consumer Packaged Goods (CPG) industry increased 5.7 percent to 83.6 billion, driven by the 13.1 percent increase within the Personal Care area. Coupons Dropped across the Food segment increased 15.7 percent to 58.2 billion, led by the 10.1 percent increase for the Dry Grocery area. Eight of the nine major areas across the Non-Food and Food segments increased Coupons Dropped for the first half of 2009.

Manufacturers delivered more than \$199 billion in consumer incentives as part of 141 billion coupons distributed across more than 106 billion pages during the first half of 2009. FSI coupon support was included as part of 199 new product introductions during this period, up from 174 during the first half of 2008. Additionally, retailer participation in FSI promotions increased 23.6 percent to over 4.3 billion pages during this six month period, driven by the 29.0 percent growth of "co-marketing" events that frequently link a manufacturer coupon with a retail feature price to communicate a combined offer to the consumer.

"Manufacturers continue to leverage FSIs as an effective advertising vehicle to deliver consumer impressions and reinforce messaging for both new and existing brands," said Mark Nesbitt. "Leading retailers are also increasing their use of FSIs to drive planned shopping trips and build shopper loyalty. Manufacturers and retailers are working together to deliver relevant incentives to their consumers and shoppers during increasingly difficult economic times. Although 'shopper marketing' tactics are still evolving, FSIs have definitely emerged as a key component of manufacturer and retailer cooperative consumer promotion support."



Overall FSI Activity

During the first half of 2009, more than \$199 billion in consumer incentives were delivered via FSIs in Sunday newspapers, up 15.0 percent from the same period in 2008. During the same six month period, over 141 billion coupons were distributed within more than 106 billion FSI pages. FSI coupon average Face Value achieved a new record level in the first half of 2009 at \$1.41, up 5.2 percent versus the first half of 2008. However, Average Expiration (Fuse) dropped below ten weeks for the first time to 9.7 weeks, down 4.6 percent versus a year ago. These trends indicate that manufacturers are delivering more offers of greater value to the consumer, but are managing their financial exposure by reducing the length of time that these offers are available in the market.

First Half 2009 Results versus First Half 2008		
Measure	First Half 2009	% Change
Dollars Circulated	\$199 billion	15.0%
Coupons Dropped	141 billion	9.3%
Pages Distributed	106 billion	4.7%
Face Value (average)	\$1.41	5.2%
Fuse (weeks)	9.7	-4.6%



Top 10 Manufacturers based on Coupons Dropped

Procter & Gamble continues to lead among CPG manufacturers based on total FSI Coupons Dropped, driven in part by their proprietary P&G brandSaver vehicle. General Mills and Unilever also distributed proprietary FSI coupon vehicles during the first half of 2009 and were among the most active manufacturers. Corporate “scale” events, including proprietary FSI coupon vehicles, are a growing tactic for CPG manufacturers to leverage the strength of their portfolio of brands to break through weekly competitive promotion activity to win “share of voice” with consumers and “share of merchandising” with retailers.

Manufacturer	Rank 2008 (1 st Half)	Rank 2009 (1 st Half)
Procter & Gamble Co	1	1
Johnson & Johnson	5	2
General Mills Inc	3	3
Unilever	6	4
Reckitt Benckiser PLC	2	5
SC Johnson & Son Inc	4	6
Kimberly-Clark Corp	8	7
Nestle SA	7	8
L'Oreal SA	10	9
Colgate-Palmolive Co	9	10

Top 10 Categories for New Product Activity

During the first half of 2009, there were 199 new products that delivered FSI coupons across 301 event dates as part of their introduction, averaging 1.5 event dates per new product. This activity is up from 174 new products, 251 event dates, and 1.4 event dates per new product during the same six month period in 2008. The Snacks category led with 21 new products, followed by the Cereals with 13 new products and the Milk/Milk Products categories with 11 new products. After a decline in new product activity in 2008, manufacturers again appear to be investing in innovation to grow their brands.

First Half 2009 Results by Sector versus First Half 2008		
Rank	Product Type	# New Products
1	Snacks	21
2	Cereals	13
3	Milk/Milk Products	11
4	Bread Product/Shelf	8
4	Alcoholic Beverages	8
6	Pet Food & Treats	7
6	Prepared Food/Frozen	7
8	Sauce	6
9	Household Cleaning Products	5
9	Breakfast/Frozen	5



Giant Integrated Coupons

Manufacturer coupons supplied by **Coupons, Inc.** are now available on-line for **Giant Food Stores** customers. By registering at GiantFoodStores.com, shoppers can browse a coupons page and promoted items to their shopping list. Manufacturer coupons will automatically print out when the shopping list is printed.

The retailer uses Grocery Shopping Networks personalization engine to build weekly ads for each customer who has a loyalty card. Based on information from a customer's loyalty card, the website will display shopper favorites on sale and will align coupon offers with sale items, providing the customer with the lowest price on their favorite brands.

Safeway Launches Digital Service

Following successful tests at **Randalls** and **Tom Thumb** supermarkets, **AOL's**

Shortcuts digital coupons have now been rolled out to all 1,500 stores in the Safeway chain, including **Genuardi's**, **Dominick's** and **Vons**.

The move makes Safeway the first retailer to offer the service after **Kroger** implemented Shortcuts last year. Safeway is promoting its new coupon services through "Coupon Link" directory on its website, as well as those of all its subsidiaries.

CVS Debuts Coupon Center

CVS/pharmacy, America's largest retail pharmacy, has launched an online "Clip and Print" Coupon Center on CVS.com, enabling shoppers to collect coupons redeemable at any of the chain's stores. Featuring coupons for everything from household items and snacks to health and beauty needs, the service is an easy-to-use database that lets shoppers browse through specific product categories as well as local savings offers, simply by providing an appropriate ZIP code.

The Coupon Center on CVS.com will allow customers to take advantage of one single, web destination to compile their coupons and save during every shopping trip. The coupon center combined with the weekly CVS/pharmacy circular and the ExtraCare



Rewards program, which earns shoppers 2% back on purchases, allows shoppers to maximize their time and savings. Both general manufacturer's coupons and CVS/pharmacy-exclusive offers are included in the CVS.com coupon center.

Sour Economy Sparking Increased Redemption Rates

Coupons are suddenly a hot promotion.

The fourth quarter of last year was the beginning of what may become a major comeback for redemption, according to statistics compiled by Inmar Promotion Services. Coupon redemption surged by nearly 10% in the fourth quarter, compared to the same period the previous year.

What is behind the recent popularity of coupons?

The overarching reasons are the poor economy and new technology, according to coupon analysts. Clipping coupons from the Sunday newspapers suddenly is an easy way to reduce the grocery bill. At the same time, more consumers are also printing coupons from the Internet as confidence in digital offers grows.

According to Inmar, the economic turmoil of the third and fourth quarters of last year had an impact on how consumers shopped, what they purchased, and how aggressively they sought discounts.

"At that point, the combination of higher unemployment, declining consumer confidence and declining retail sales had created a 'savings psychology' that encouraged more use of coupons," stated Inmar in a special report projecting the anticipated consumer response to coupons in the current economy.

Marketers haven't backed off their use of coupons. Last year, they issued 317 coupons – a 5% increase over 2007.

"The high level of distribution, combined with a 9% increase in face value (up to \$1.44 on the average coupon, outpacing inflation), a slight drop in the purchase requirements and the generally sour economy, make coupon offers more attractive to consumers than ever," stated Inmar. "The fourth-quarter timing of certain promotions, coupled with a rapidly deteriorating economy, created something of a perfect storm for increasing redemption."



Meanwhile, over 40 million people currently print online coupons, up 20% from last year according to Simmons Market Research Bureau. In the same time period, the number of people that only print coupons from the Internet and never use newspaper coupons has risen a dramatic 46% to 6 million.

The value of coupons printed in February of 2009 surged 120% as compared to the same time last year, according to Coupons.com, the world's largest network for digital coupons. The company says that the most popular coupons printed in February were for ready-to-eat cereal, with yogurt and salty snacks rounding out the top three. The ready-to-eat cereal category also led the list in January 2009. Yogurt climbed to the second spot from fourth and salty snacks rose from seventh in January to third. Sweet snacks fell off the February list, after ranking ninth in January.

Shoppers printed \$39 million in savings from the Coupons.com publisher network in February, an increase of \$21 million, or 120%, since February 2008. Regionally, more coupons were printed in the South Atlantic than in any other region last month. The other top regions were (in order): East North Central, Mid-Atlantic, West South Central, Pacific, West North Central, Mountain, East South Central and New England.

Will the overall redemption rate for all coupons continue?

The year is starting strong. Consumers redeemed over 8% more traditional coupons in January than they did in January 2008. "While we can't predict the future, it is safe to say that the traditional coupon is back in vogue for consumers," stated Inmar.

For years, almost seven of ten coupons were redeemed in conventional supermarkets. But last year, Inmar reported that the mass channel saw a 15% increase in redemption overall. This consisted of a 20% increase in redemption for food coupons and a 13% increase in non-food coupons. Mass now accounts for almost 19% of all traditional coupons redeemed, while consumers redeem less than 64% of their coupons in grocery stores.

For marketers, an uptick in coupon redemption is coming at the right time due to the increasing popularity of private label products. According to Nielsen Homescan, private label sales grew over 10% in food, drug and mass merchandisers in 2008 while branded



dollar sales were up less than 3% during the same period.

“Coupons may be the effective weapon you need to defend your turf in the grocery aisle,” Inmar advised marketers.

Brand Coupon Network to Provide Analytics with Cause-Couponing Initiative

Brand Coupon Network, LLC (BCN) has contracted with Knowledge Networks/PDI (Promotions Decisions, Inc.), to provide analytic services to gauge online coupon efficiencies. Appreciating the current economic climate and the decline of newspapers which have long been the conventional distribution medium for FSIs (free standing newspaper coupon inserts), online channels are poised to be successors for couponing and timely candidates for analytics.

Currently the “Digital FSI” is the most prevalent online method of mass distribution providing a variety of offers to a variety of consumers through a variety of portals. www.Coupons.com and www.SmartSource.com employ this online strategy and charge participating brands on a pay-per-print basis. This form of financial consumer engagement is effective in moving product and encouraging trial.

BCN (www.BrandCouponNetwork.com), an online leader in causal marketing couponology, offers an innovative alternative which engages consumers emotionally as well as financially. www.CouponsforCauses.org allows consumers to select a cause, download and print out their coupons. Consumers immediately benefit from their coupon savings. Once the coupons are redeemed and cleared, brand sponsors are charged on a per-redemption basis. The media charge for each coupon redeemed is then shared with the cause. Currently Children’s Miracle Network and Feed the Children are partners. Other major national nonprofits are being considered.

BCN has contracted with Knowledge Networks/PDI to analyze the audience reach, incremental sales and ROI of its *Coupons for Causes* trial program. “Intuitive marketers are turning to the Internet for more effective consumer promotions. Their target demos are online so it only makes sense to see how effectively emotional/financial engagement moves the needle. We are delighted to have a pre-eminent analytic leader like KN/PDI



evaluating the program,” stated Dan Abraham, President of BCN.

“The market has been looking for this type of sizzle for some time,” states Bob Kennedy of Cpons.com, an online innovator in golf couponing and a former CPG brand manager. “The success of FSIs is testament to the fact that financial engagement works. And countless fundraisers indicate that emotional engagement certainly works as well. BCN’s peanut butter and chocolate approach is brilliant.”

“The uniqueness of *Coupons for Causes* lies in the fact that consumers can save money while championing their needy causes. Brands and retailers can grow traffic, move products and build loyalty by leveraging this altruistic tie in. Causes benefit from our donations without solicitation. We provide a compelling, timely win/win/win one-of-a-kind opportunity seldom achieved,” stated Dan Abraham, president of BCN.

Coupons for Causes is slated to launch in late summer to capitalize on the massive back-to-school constituency interested in saving money and championing causes.

Print Coupons at RetailMeNot.com

RetailMeNot.com, a consumer destination for coupons, discounts and promotional codes for merchandise, travel and services, now offers RetailMeNot.com Printable. At this website, consumers can find more than 90,000 printable coupons from thousands of manufacturers, retailers and vendors, and local offers that can be redeemed in-store. RetailMeNot.com is now the only website to offer a one-stop resource for more than 240,000 coupons for both online and in-store discounts.

At launch, RetailMeNot.com Printable will feature coupons from three partners, **MoneyMailer.com**, **redplum.com** and **Valpak.com**. Discounts from these sources will appear alongside printable coupons added by users, all integrated and delivered via the same easy-to-use RetailMeNot.com interface.

RetailMeNot.com aims to grow RetailMeNot.com Printable by adding new printable coupon partners in the future.



New Syndication Program

MyCoupons.com has launched its Coupon Syndication Program that allows websites, social networks and affiliates to private label the MyCoupons.com coupon content. It offers integration options for web sites interested in earning additional revenue by offering coupon content on their websites.

The syndication program offers the option of directly hosting the content and having its partners brand it, or a simple XML feed that can be integrated into their partner's current content. Syndication Program partners earn revenue based on the coupon usage by their customers.

In-Store Coupons for iPhone

Approved by **Apple**, a new Coupon Sherpa application is available at the **iPhone App Store**. **Finish Line, Zales Jewelers, Coldwater Creek, Gordon's Jewelers, CompUSA, Jackson-Hewitt** and **Tiger Direct** are among the over 100 retailers that shoppers can find coupons for on the application. Shoppers can find coupons for men's and women's clothing, electronics, restaurants, pet supplies, sporting goods, and local services.

When shopping at brick-and-mortar stores, consumers show the cashier the appropriate coupon from the application on their iPhone or iPod Touch. The cashier then types in the barcode number, or scans the coupon if that store has an optical scanner.

Most-Redeemed Online Coupons?

Ready-to-eat cereal was the most popular category of online coupon printed in March according to **Coupons.com**, the leading network for digital coupons. Cereal, a perennial favorite for consumers seeking to maximize their budgets, was followed by baby products and baking ingredients. The ranking is based on the number of coupon prints by category across the Coupons.com publisher network.

Nutritional and diet products ranked as the fourth most popular coupon category, with Yogurt falling to the No. 5 spot from No. 2 a month ago. In addition, several non-grocery categories, including laundry supplies and personal care, entered the top ten, suggesting an increase in the popularity of coupons for household



essentials. Similarly, both salty snacks and portable snacks fell off the March list, after ranking in the top five the previous month.

Decline of Newspapers Will Spur Growth of Digital Discounts: Study

Redemption of digital coupons will increase steadily as young consumers weaned on the Internet mature into mainstream family shoppers. Meanwhile, coupons distributed by newspapers face a challenging future as circulation continues to decline around the country.

That was the bottom line of a new study on trends in consumer couponing released by the sponsors: Platform-A's Business Intelligence organization, in partnership with Information Resources, Inc. (IRI).

Based on input from more than 36,000 IRI panelists gathered in September, 2008, the study gauged consumer usage of traditional newspaper coupons and interest in digitally distributed online coupons. The research comes at a critical juncture, when American families are extremely value-focused and eager to stretch their buying power, yet newspaper circulation (and thus the traditional vehicle for coupons) is in steep decline.

"This data highlights a number of trends that are converging to make online couponing an appealing option for CPG manufacturers," said Mark Ellis, Senior Vice-President, AOL / Platform-A. "We have an economy that makes coupons much more relevant to the average consumer, a rising generation of families totally at home with the Internet, and an overall decline of the newspaper and its Sunday circular distribution. There's clearly a huge window of opportunity here."

The study reports that more than 90 million consumers (78% of retail shoppers) currently use newspaper coupons, with nearly one out of every four of the newspaper coupon clippers likely to be at least 65 years old. It also revealed that nearly four out of every 10 shoppers – a total of 40 million consumers – would be very likely to use coupons accessed online. Not surprisingly, the younger the consumer, the more comfortable they were with the idea of accessing coupons online.

The youngest market segments are the most receptive to online



coupon offers, with 51% of 18-24 year-old shoppers indicating that they would be very likely to use coupons presented to them online.

While historically ambivalent to traditional coupons, younger couples are the most likely life-stage group to use online coupons, indicating an opportunity to influence product choices within this segment. Young couples without children are among the respondents most likely to use a coupon they found online, followed by shoppers with younger children.

Value-focused promotion is clearly the strategy of choice right now in the CPG market, evident in the fact that eight out of Platform-A's top 10 CPG clients use value-based messaging in their online advertising. And, many of these advertisers are already taking advantage of the innovative approaches to couponing available online, such as AOL's Shortcuts.com. Launched in 2008, the site allows consumers to apply online coupon promotions directly to their grocery loyalty cards, making coupon discounts paperless and automatic at checkout.

"What's particularly remarkable about the study results is how open young people are to the idea of using coupons online – even though clipping coupons from the newspaper really hasn't been their thing," said J. P. Beauchamp, senior vice president, IRI Consumer & Shopper Insights. "I think we'll be seeing CPG manufacturers jumping on this trend – using online coupons to court a new generation of consumers and build loyalty during these cost-conscious times."

Inmar teams with InstaSave to enhance Lowes Foods loyalty offering

Inmar, the nation's leading digital promotions settlement provider, announced today that it is providing financial settlement services for InstaSave, a digital marketing firm partnering with Lowe's Food Stores, Inc. InstaSave enables Lowes Foods Rewards members to download digital offers to their loyalty card that can be redeemed electronically at checkout.

Lowes Foods has been at the forefront of the paperless coupon trend. Through the Lowes Food's e-Offers program on their website, www.LowesFoods.com/InstaSave, and mobile phones, Rewards Card members have access to national brands and Lowes Foods brand offers, personalized coupons based on



purchase patterns, special promotions and regular e-updates on new products and savings.

“As more of our shoppers are looking for digital offers, we’ve been able to greatly increase the scale of our Rewards program since we started working with InstaSave in January,” said Lisa Selip, Director of Marketing for Lowes Foods. “And now that InstaSave is working with Inmar, we have confidence that digital promotions will work for our bottom line just like they work for our customers.”

This collaborative effort leverages Inmar’s digital promotions settlement platform, Conexions, and InstaSave’s consumer interface to offer savings to Lowes Foods shoppers.

“Paperless offers deliver the power of promotions to a whole new audience,” said Warren Withrow, the President and Chief Executive Officer of InstaSave. “These promotions attract an important consumer set for Lowes Foods that gets missed by traditional promotions.”

Once an offer is presented by the consumer via a loyalty card, the Conexions platform protocol settles the resulting financial transaction between the retailer and the brand. The result is a convenient enhancement to the shopping experience while Conexions provides seamless, efficient and accurate financial reconciliation.

“Paperless promotions represent an exciting, emerging opportunity in the marketplace,” said Susan Jones, Vice President of Business Development for Inmar. “Conexions provides the financial reconciliation platform that all parties need to make cutting-edge technology like InstaSave’s, effective and successful in store.”



Zavers Launches Digital Network to Link Online and Mobile Advertising with In-Store purchase Real Time

Zavers modernizes incentives: major supermarket chains in Northeast deploy platform; leading manufacturers offer digital coupons

As the economy continues to strain consumers' budgets, retailers and manufacturers are offering promotions online and on mobile phones to drive shoppers to stores. However, tracking and measuring the success of these promotions has been difficult.

Zavers, a digital promotions and information management company, is changing all that with today's launch of its digital incentive network, enabling manufacturers and advertisers to instantly measure the effectiveness of their marketing efforts, including which coupons are leading to sales. This innovation digitally closes the loop by measuring an offer from the time it is created by the manufacturer to the moment it is downloaded by the consumer to the actual retail sale. With Zavers, retailers can enhance their customer loyalty programs, and consumers can save money without having to clip or remember to carry paper coupons.

Zavers is the first digital coupon program in the New York metro area. The A&P, The Food Emporium, Super Fresh and Waldbaum's supermarket chains have deployed the Zavers' digital incentive network in their locations throughout New York, New Jersey, Pennsylvania, Maryland, Washington, D.C., Connecticut and Delaware. The adoption of the Zavers platform represents a significant enhancement to their customer loyalty club programs and CRM efforts, offering members a new, easy way to save on the products they want.

Leading product manufacturers are offering digital coupons for nearly 30 well-known brands with more than \$40 in savings. Offers are available on a wide variety of food, health and beauty, paper, diaper, and vitamin products. Coupons can be viewed and saved at Zavers.com, and at each participating retailer's web site.

"Zavers is the 'missing link' that finally accelerates the digital advertising market by linking ad impressions and retail purchases," said Chris Shipley, CEO, Guidewire Group, Inc., a leading emerging technology market analyst firm. "Ahead of any company



we've seen in this space, Zavers is winning over the trifecta of ecosystem actors and positioning to take the prize in the incentive marketing space," added Shipley.

"This represents a major step forward for marketers and advertisers who can now link their online and mobile promotions with in-store redemption," said Thad Langford, president and CEO of Zavers. "Zavers signifies the evolution of the paper coupon system to the new digital promotions model. This is extremely timely as an estimated 85 percent of all American adults use the internet or cell phones — and most use both. It's time to be where they are and for manufacturers and retailers to know which offers are most effective."

"Now, more than ever, we are working to help our customers through these challenging economic times," said Jennifer MacLeod, senior vice president, marketing and communications, A&P. "Digital coupons will allow our customers to not only save money but also time. Now saving more is effortless."

Unlike traditional paper coupons, Zavers intelligent digital network provides the data product manufacturers need to optimize their marketing programs by instantly measuring consumer response to promotions from the initial online or mobile impression through to purchase at retail.

"Prior to Zavers, product manufacturers did not have an effective way to track and measure the success of their programs, and consumers wanted to save dollars without the hassle of clipping coupons," said Anita Bajaj Newton, chief marketing officer of Zavers. "Understanding the ROI of their marketing spending is more important than ever for marketing and advertisers. With Zavers digital network, manufacturers and advertisers, gain access to a wealth of data captured from the time the consumer sees the coupon through its redemption at retail. With this data, manufacturers and advertisers can instantly track their marketing investment in real time."

Innovative Approach Solves Paper Coupon Problems at Every Step. Here's how it works:

- A brand manager at a manufacturer creates an online incentive program, such as a dollar-off coupon, for their product. The coupon is featured and tracked in any digital media, such as banner and video placements in popular online and mobile

Web sites, the manufacturer's Web site, retail partner Web sites, the Zavers.com Web site and on Zavers mobile Web site.

- The consumer clicks on the coupon from the Web site and saves it in their free, digital account. Then, once at the register of their favorite participating retail store, such as the A&P supermarket chain, they simply swipe their loyalty card to automatically receive the discount and the discount is verified on the receipt.
- Zavers instantly captures and reports the redemption data to the product manufacturer who can see the sales effectiveness of their promotion allowing them to optimize their marketing investment.