



COUPON MARKETING



The least expensive way to drive traffic
as well as in store and online sales.

RAVEN⁵
Unique as your customers.

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Introduction to Coupon Marketing

Contest marketing is the perfect vehicle to distribute coupons, gather data, build awareness, drive in store and online traffic and develop a favourable product and brand impression.

Wikipedia defines a coupon as a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product.

Interestingly, credit for the first coupon goes to the Coca-Cola Company for a free glass of Coca-Cola in 1888 to help promote the drink. This advertising innovation was implemented and yet distrusted by employees and sales reps. The coupons were also included in magazines and mailed.



Believed to be the first coupon ever, this ticket for a free glass of Coca-Cola was first distributed in 1888 to help promote the drink. By 1913, the company had 8.5 million tickets redeemed.



Introduction to Coupon Marketing Cont'd

As well, it seems that C.W. Post started using coupons as a marketing tool in 1909 to help sell breakfast cereals and other products. Coupons can be used in a variety of fashions: free product, discounts, free shipping, new customer rewards, upsell current customers, trial offers, etc.

Contest marketing and coupons are a natural tandem as both programs build brand awareness and increase favourable product impressions. They provide the opportunity to drive traffic and sales (both in store and online).

Coupons are a very inexpensive form of marketing. Effective programs can be measured in terms of views (branding), downloads (purchase intent) and redemption (sales).

Inmar's 2015 Coupon Trends Reported that Adults in the United States were offered, on average a total of \$2,227 in coupon savings per person. However, consumers only took advantage of these savings at an average of \$15.34 per person - for a total of \$3.8 billion versus \$545 billion available.

AT A GLANCE TABLE (2015 VS. 2013)		
	Distributed	Redeemed
Total Number of Coupons	319 billion (-2.9%)	2.8 billion (-3%)
Total Value of Coupons	\$545 billion	\$3.8 billion
Average Face Value	\$1.71 (+9.6%)	\$1.32 (+5.1%)
Average Purchase Requirement	1.43 (-2.4%)	1.52 (-2%)
Average Redemption Period	2 Months (-7.2%)	5.3 Months (+2.3%)

**Less than 0.009%
of coupons are
redeemed in the US.**



Percentage of Total Coupons Redeemed by Method

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

Shoppers' affinity for digitally discovered coupons drove a significant increase in electronic discount's share of redemption.

Why Coupons Work

Top FIVE reasons they work:



- 96% of consumers use coupons
- 2.9 billion coupons were redeemed in 2013
- 55% of US internet users will redeem a digital coupon
- 68% strongly believe that digital coupons reflect positively on brand
- 73% of women have printed a coupon from a website

Here are FIVE more reasons (mobile):



- 59.2 million users will use their smartphone to redeem a mobile coupon
- 51% use coupons apps once or twice a month (20% use them daily)
- 88% of consumers consider receiving coupons
- 67% of consumers use branded apps for money savings offers
- 72% of moms say mobile coupons are "most appealing"

Here are FIVE more reasons (social):



- 79% of Facebook users LIKE a company to receive discounts
- 94% of Twitter users FOLLOW a brand to receive deals & offers
- 56.1% of moms share coupons on social
- 47% of women & 33% of men use social as the main source of coupons
- 90% of millennials share deals and 43% of them do so using social

Advantages and Disadvantages

Advantages

Coupon programs offer a host of benefits. They can:

- Increase the number of new customers and/or help move a specific product.
- Build traffic, buzz and sales with an “exclusive” offer.
- Reward current and entice former customers to return.
- Create the opportunity to upsell a more profitable product.
- Provide the marketer with a highly measurable marketing program.

Disadvantages

Coupon programs also have a few disadvantages; a few to keep in mind:

- Mass-cutting.
- Counterfeiting.
- Misredemptions.
- Revenue reduction.



It may seem like your brand is taking a “hit” by utilizing a coupon, but the fact remains that most coupons go unused*. Instead, use them to stay top-of-mind, create brand awareness and provide a reason to reach out to prospects and consumers with an “exclusive” offer.

**Less than 0.009% of all distributed coupons were redeemed in 2014 in the US.*

Designing a coupon

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.



Bar Code	Include a GS1 Databar™ in black ink on a white background. Ensure the save value stated on the coupon and encoded are the same.
Color	Avoid distracting background textures and colors.
Expiration	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.
Face Value	Clearly state and prominently display the coupon's face value. Coupons should offer specific savings. If "free" coupons are used, include a max value and allow space for the retailer to fill in the purchase price.
Legal Copy	Clearly state the legal terms of the offer, including the retailer's handling fee. Include language such as, "coupon valid for items indicated" or "may not be combined with any other offer".
Offer Code	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.
Product Illustration	Always put a picture of your product on the coupon.
Product Name/Logo	The product name should be placed in the center of the coupon and the product logo should be included if space permits.
Purchase Requirements	Clearly state and prominently display the coupon's purchase requirements. Avoid complicating the offer with different sizes, flavors, etc.
Redemption Address	Include the name and address of the manufacturer or manufacturer's agent to which the coupon should be sent for reimbursement.
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 size of the coupon equivalent to those of a dollar bill (6" X 2 1/2"). Small coupons are easily lost and large ones are difficult to handle.
Source Identification	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.

Tracking Effectiveness

One of the great features of coupons and coupon marketing is the ability to measure. It is especially important to note that online coupons can be measured more easily in an ongoing fashion. Tracking codes let retailers know who downloaded, from where and when the coupon was redeemed. Some platforms are also able to track sharers, generations of sharing & the virality of the coupon.



Using this data will allow you to to decide what offers to use, how to use them, and when to use them. Over time you will gain insight and have the ability to anticipate results from each coupon style and each target audience.

The New Normal

Coupons, contests, sweepstakes and promotions are the new normal in today's retail environment. Social gives marketers a fantastic opportunity to involve, engage and entice your customers and prospects.

Coupons provide marketers a marketing opportunity at a very reasonable cost versus other marketing initiatives. Coupons are now expected and invited - they are efficient and they are attracting an expanded audience beyond the "coupon clippers" from the newspaper age. Many buying decisions are NOW made prior to the consumer entering the store. Most large chains have individual product reviews right on their websites. In fact, a study from the Symphony IRI Group found that this impacts 80% of all purchases.

According to ExactTarget there are at least FIVE reasons that motivate consumers to "Like" your Facebook page.



1. 40% to receive discounts and promotions
2. 39% to show support for the company
3. 36% to get a freebie or sample
4. 34% stay informed of activities
5. 33% keep updated on future products

Contest marketing solutions can assist you and your client to build your social currency, engage consumers, gather data, download a coupon or offer, and best of all, share that content with their friends.

Cotter Cunningham of Whale Shark Media in one article makes some interesting statements. Notably coupons work and although pricing and profit are less, the overall sale price increases. "They work. People spend up, and spend more, to get the coupon threshold".

Options

Coupon and discount sites and apps like Groupon, Shopkick, Living Social and RetailMeNot are all about offers, discounts and coupons. Common sense suggests that in order to achieve success online the offer must be compelling and valuable.



With Google, search is the first step in the purchase process today. The availability of information on the Internet makes price shopping and comparison simple and easy. The result is that consumers are not only looking for offers, but may well be waiting to purchase until the next offer or coupon finds its way to them.

Offers, discounts and coupons are the way of the future, you can bet on it!



Coupon Considerations

Savvy marketers cite these reasons for heavy reliance on couponing:



Coupons have the effect of expanding or increasing your market area.



Coupons will entice new customers that have been shopping at your competitor.



Coupons attract new residents when they're actively in the market for products/services.



Coupons will re-activate old customers.



Coupon marketing provides an opportunity of additional profit via sale of related items.



Coupons build in store traffic which results in additional impulse purchases.



Coupons are measurable and accountable.

Coupon Tips

How do you go about creating a coupon promotion that will work for YOU?

1. Make A Solid Offer.
2. Use Bold, Commanding And Specific Headlines!
3. Use Line Illustrations Or Photographs.
4. Use Your Logo In Your Coupon.
5. Make Effective Use Of White Space.
6. Sell The Benefits.
7. Appeal To The Self-Interest Of Your Customer.
8. Always upsell.
9. Spread Your Specials Around - Consider The Traffic Pattern In A Retail Store.
10. Capture Your Customers Name, Address, Telephone, and most importantly EMAIL ADDRESS!
11. Develop An In-House Mailing List For On-Going Direct Marketing Use.

Don't Stop After The Sale!



Summary

Understanding that coupons and couponing has, and continues to be the number one marketing initiative for most marketers is a key take away here. Consumers have loved coupons since they were first used in 1888 and the fact that coupons continue to engage and entice consumers should not be overlooked. We use contest marketing as the primary delivery mechanism for digital coupons, although email and social can be effective methods as well.

Coupons allow marketers to determine what's working and what's not, while at the same time engaging and building brand awareness. Testing is the key for savvy marketers. Your email list represents your most valuable asset and the greatest potential for driving traffic either in store or online. Coupons will ensure your customers keep coming back. **The best things in life are never rationed. Friendship, loyalty, love, do not require coupons, but everything else does.**

A woman with extensive tattoos, including anchors and butterflies, is shown in profile, flexing her bicep. She is wearing a black and white polka-dot bikini top and a black bandana with white patterns around her head. The background is plain white.

Ready to go?

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Unique as your customers.

RAVEN5 finds new prospects and engages existing customers via contest marketing programs that utilize social sharing technology.