inmar®

2014 COUPON TRENDS

2013 YEAR-END REPORT

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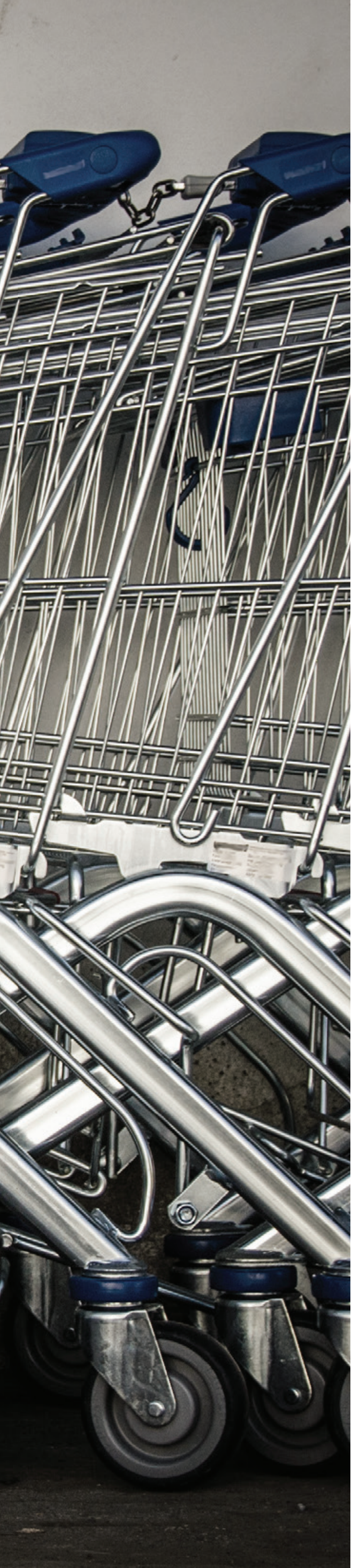
On the cover:

A historical photo from United Fruit Company, Unifruitco Magazine, October 1948, p. 9.

INMAR DRIVES BUSINESS RESULTS

FOR OUR PARTNERS THROUGH THE APPLICATION OF ADVANCED ANALYTICS, REAL-TIME DATA MANAGEMENT AND INDUSTRY EXPERIENCE. WE ANALYZE TRENDS AND BUSINESS STRATEGIES, INDUSTRY PRACTICES AND STANDARDS, AND TECHNOLOGY OPPORTUNITIES TO SUPPORT OUR CLIENTS' PROMOTIONAL PROGRAMS. OUR CLIENTS INCLUDE SOME OF THE WORLD'S LEADING CONSUMER PACKAGED GOODS MANUFACTURERS AND RETAILERS THAT TRUST INMAR TO SECURELY MANAGE AND SETTLE MORE THAN FORTY BILLION DOLLARS IN TRANSACTIONS EVERY YEAR.



A MESSAGE FROM OUR LEADERSHIP

Each year, Inmar's Coupon Trends Report offers our clients a review of the last twelve months' worth of coupon distribution and settlement data as well as shopper insights and promotional trends — all in an effort to guide marketing strategy and tactics in the coming year. This year, before speaking to the present state of the promotions industry or its future implications, I would like to start by looking back.

At the turn of the twentieth century, American consumers shopped at the market they knew well. The shopkeeper knew them and stocked what he knew they would buy. It was an intensely local and highly personalized economic ecosystem that was marked by deep-rooted shopper loyalty and individualized customer service. It was a relationship. All that began to change with the advent of the supermarket. While customers enjoyed the new bounty of choices and cost savings that came with new economies of scale, such efficiencies came at the cost of those personal relationships with their neighborhood grocer.

Today, the CPG/grocery industry is at a tipping point. The industry is focused on rebuilding this relationship with data-driven customer service. Brands and retailers alike will be able to know their customers and drive shopper loyalty like never before while creating even greater industry efficiency in the process. Inmar is at the front of the impending change, which will see successful retailers aggressively adopt a multi-channel sales solution that will significantly enhance digital engagement with shoppers. A long time coming, and still in its infancy, this movement is growing because shoppers are demanding it. They have learned from their experiences in other industries – banking, travel, even politics – and are applying their expectations to the grocery channel. Traditional retailers must respond to these clearly expressed consumer desires or risk serious loss-of-share to those emerging retailers that are already delighting customers with new methods of engagement.

Given the complexity and capital-intensive nature of the grocery business, it is entirely understandable that adoption of of omni channel commerce has not yet been widespread. That must change, however, as shoppers are eagerly seeking out, and rewarding, those brands and retailers that are able to make their purchase experience faster, easier and smarter. It's not an easy task, but with Big Data, marketers now have what they need to identify and engage with shoppers on a truly individual level. Through effective analysis and application of the data, brands and retailers can deliver genuine 1:1 value to consumers – in real time and at scale. Inmar is fully invested in this future and we look forward to sharing these new capabilities with your teams.

The 2014 Inmar Coupon Trends Report points to the emergence of that future — spotlighting continued, increasing consumer demand for convenience, savings and service as well the industry's efforts to meet those demands. Exponential consumer adoption of digital promotions, continued high-volume redemption of paper coupons and the impact of in-store delivery methods on the in-store experience were all part of the promotion story in 2013. This edition of the Inmar Coupon Trends Report provides insight into that activity, contains detailed data points on key aspects of the promotion industry and includes results from our Annual Shopper Behavior Survey.

We hope you will find this report helpful to your business and brand promotional needs. Please know that Inmar stands ready to assist you in finding new ways to drive revenue while creating a superior shopper experience.

Regards,

John Ross

Inmar Chief Marketing Officer and
President, Inmar Analytics

EXECUTIVE SUMMARY

While digital coupons, shopper analytics and shifting consumer tastes continue to shape the GPG and grocery industries, the paper coupon remains a powerful influencer among shopopers. Coupon redemption remained steady in 2013 at 2.9 billion coupons redeemed while distribution grew 3.6 percent – compared to 2012. Some 329 billion coupons for Consumer Packaged Goods (CPGs) – including both traditional, paper coupons and digital, (paperless coupons) – were distributed in the U.S. last year. Of the coupons distributed in 2013, roughly 40 percent were for food products and 60 percent for non-food products.

The preferred method of distribution for marketers – and the most popular method for redemption by consumers – continues to be Free-standing Inserts (FSIs). FSIs represented 89 percent of all coupons distributed in 2013 and accounted for 41 percent of all redeemed coupons. According to the Inmar 2014 Shopper Behavior Study, 49 percent of shoppers regularly use FSI coupons – making them the most frequently used method among shoppers (when ranked against the other discovery/acquisition methods). In terms of redeemed offer count, more than one billion of the 2.9 billion coupons redeemed in 2013 were FSIs.

At the same time, digital coupons – enabling more personalized promotion and deployed by marketers with enhanced targeting – continued to grow over the overall rate of coupon growth and, consequently, increased their share of redemption. These are load-to-card coupons that consumers load directly to their shopper loyalty accounts from retailer and publisher websites, as well as other locations. With no paper involved, these offers are applied automatically at checkout and discounts instantly credited when the shopper presents their loyalty card or unique individual identifier.

In 2013, more than 66 million digital coupons were redeemed industry-wide according to Inmar estimates – a 141 percent increase over 2012. Inmar, alone, facilitated the redemption of almost 44 million digital coupons in 2013, giving it the largest share of digital coupon redemption information in the industry. That represents a 120 percent increase over the approximately 20 million paperless coupons the company settled in 2012.

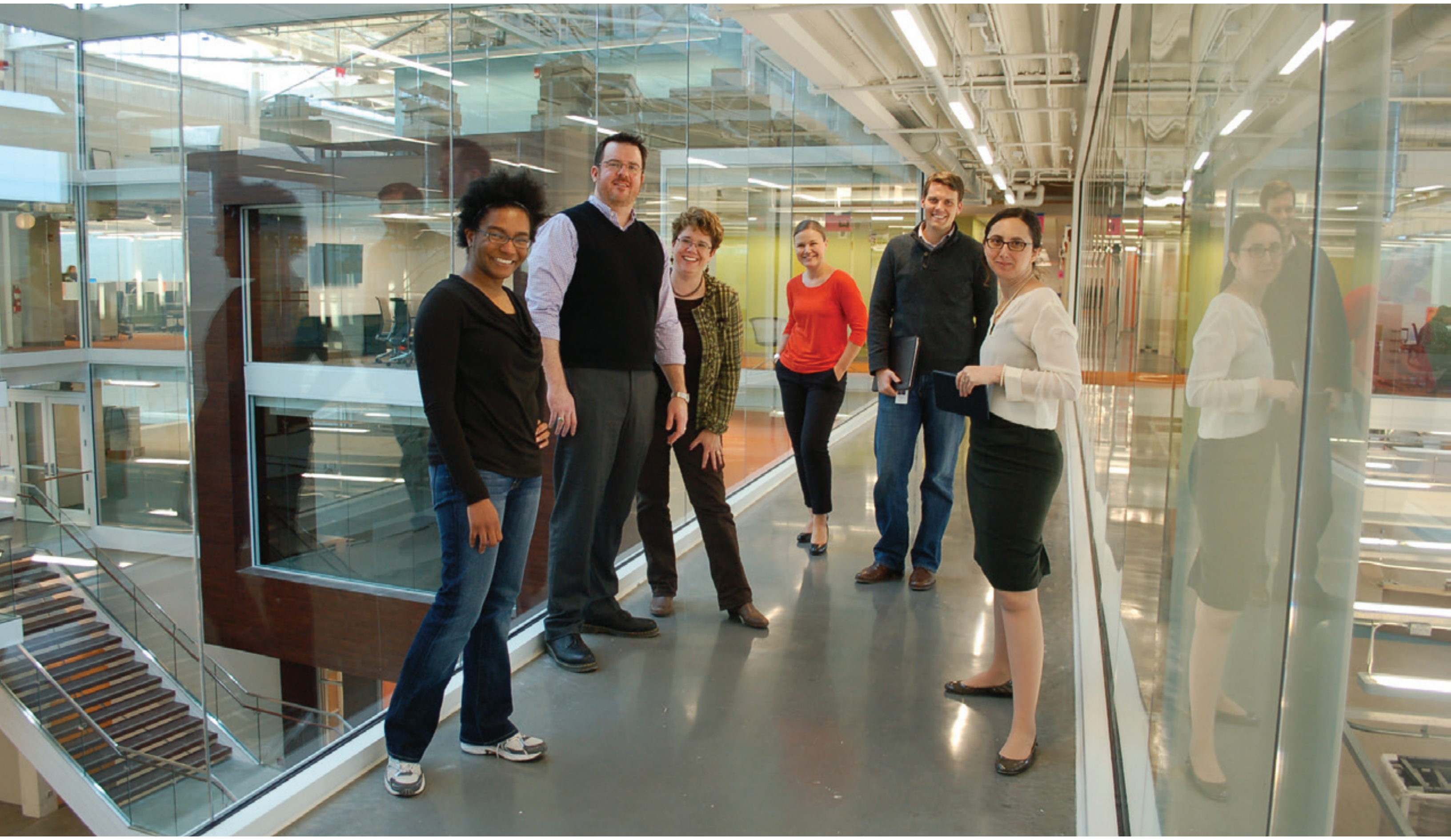
Other methods accounting for sizable portions of coupons redeemed included instant redeemable (15.6 percent), electronic checkout (8.4 percent), shelf pad (5.9 percent), internet print at home (5.2 percent) and direct mail (4.1 percent).

As shopper behavior continues to change and offer expectations continue to increase, advertisers must employ holistic engagement strategies that deliver both mass distributed offers for reach, as well as relevant, targeted content through both traditional and digital methods. More than ever, effectively delivering value into the marketplace requires the careful and consistent application of consumer-centric analytics.

Responding to market conditions, advertisers are making offers more attractive and easier for consumers to redeem. While the average face value of distributed coupons declined slightly in 2013 (down 0.6 percent to $1.56), the average face value of redeemed coupons grew significantly (up 12.4 percent to $1.27). Consumers responded to offers they found compelling – motivated to action, in large part, by the face value of the offer.

At the same time, the average purchase requirement of coupons distributed decreased 5.1 percent to 1.48 units per offer – compared to 1.56 units in 2012. Redemption periods for distributed coupons did not contract (as they have for the last four years) and remained unchanged at 2.2 months. Finally, the average redemption period for coupons redeemed expanded 1.9 percent to 5.3 months.

Our experience and shopper insights work reveal consumers appear appreciative of lengthier redemption periods and the flexibility to use coupons on their own schedule as their needs warrant.



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.

With the exception of overall distribution volume, overall redemption volume and our digital insert, all data contained in this report exclude digital coupon data.

A NOTE ON THE 2014 SHOPPER BEHAVIOR SURVEY

Results are based on an online survey of 1,091 shoppers conducted by Inmar Analytics in January 2014. Respondents were between the ages of 18 and 69 and were the primary or shared decision maker/shopper in their home.

THE COUPON TRENDS REPORT TEAM (OPPOSITE PAGE, LEFT TO RIGHT): Nicole Steward-Streng, Manager, Shopper Insights; Andrew W. Coleman, Senior Consultant, Inmar Analytics; Susan Jones, Senior Director, Promotion Consulting; Masha Beversdorf, Senior Graphic Designer; Kevin Keller, Marketing Manager, Promotion Network; Devora Rogers, Senior Director, Retail Marketing Insights

NOT PICTURED: Beth Agejew, Senior Analyst; Laird Garner, Manager, Consulting; Gail Schneitler, Senior Market Research Manager

KEY TRENDS

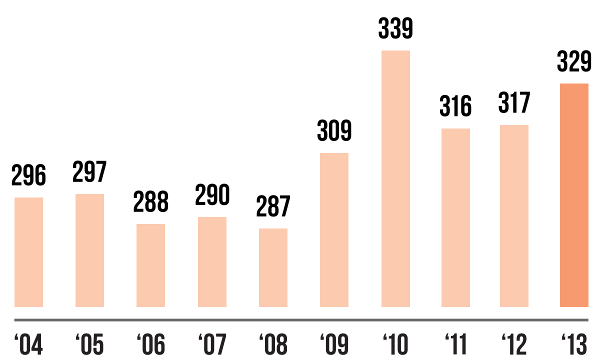
Disguised as merely a humble scrap of paper, there is actually significant complexity within a single coupon. Not only does it serve as a branding vehicle and reminder to purchase, coupons can also uncover insights into overall brand health. With more than forty distinct coupon methods available for offer distribution, coupons can provide a glimpse into consumer behavior and shopper activity: where offers are discovered (online, at home, in store, at shelf), how offers are acquired and presented (particularly relevant for digital/mobile use cases), and, of course, redemption data that help marketers evaluate and prioritize their retail partnerships. Similarly, the statistics of coupon redemption and settlement offer much more than one might expect. These figures offer insights into what shoppers value and what offers will likely resonate with consumers in the coming year. Changes in average redemption rates by method, the average face values of coupons redeemed and the average purchase requirements of redeemed coupons all offer guideposts for marketers to create compelling offers and to better predict shopper response.

DISTRIBUTION

OVERALL COUPON DISTRIBUTION (WITH DIGITAL; IN BILLIONS)

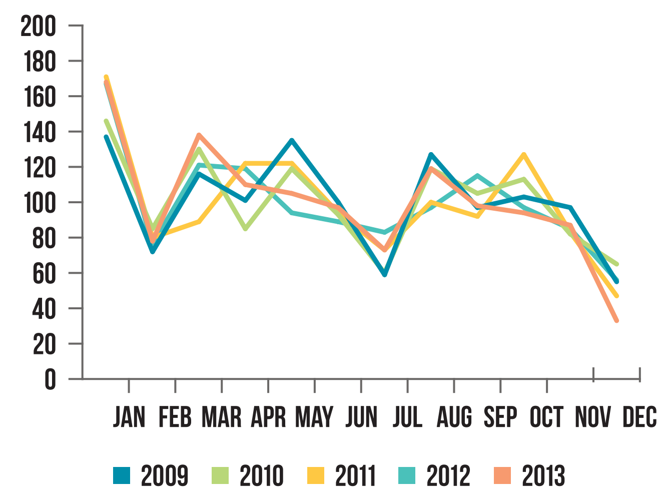
In 2013, industry-wide coupon distribution volume (including digital) increased 3.6% to 329 billion coupons.

The value of all coupons distributed was roughly $513 billion, an increase of $15 billion (+3.0%) over the previous year. On average, every person in the United States was offered $1,617 in coupon savings; however, consumers only took advantage of $3.7 billion of these savings or $11.60 per person.



DISTRIBUTION INDEX BY MONTH

Generally speaking, coupons are distributed in a repetitive cycle from year-to-year with distribution peaks in January (New Year, Super Bowl), early spring (Easter), early fall (Back-to-school), and, to a lesser extent, winter holidays. 2013 saw a more dramatic decline in fourth quarter, driven primarily by non-food.

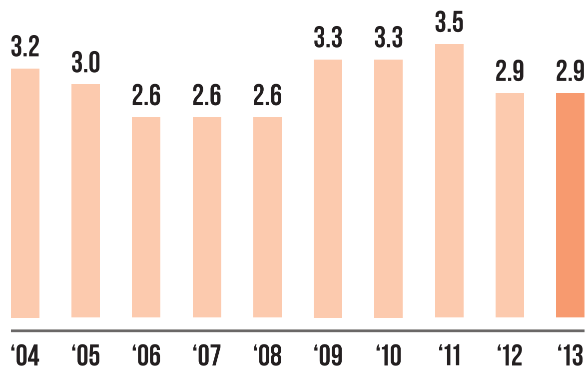


RULE OF THUMB: DISTRIBUTION TRENDS INDICATE WHAT MARKETERS ARE DOING. REDEMPTION TRENDS INDICATE WHAT CONSUMERS ARE DOING.

REDEMPTION

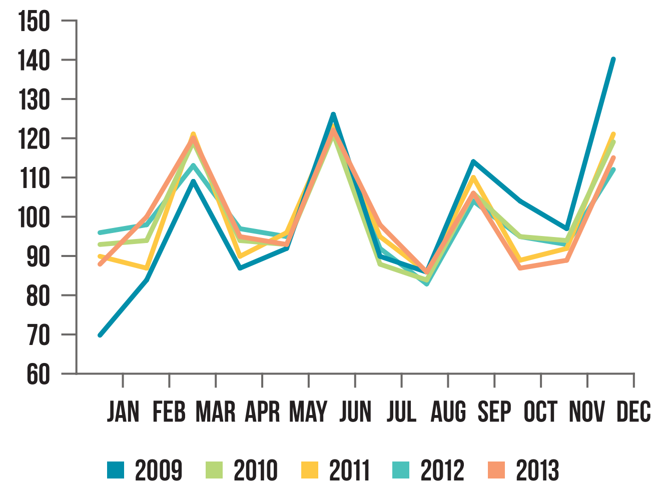
OVERALL COUPON REDEMPTION (WITH DIGITAL; IN BILLIONS)

In 2013, industry-wide coupon redemption volume (including digital) was flat at 2.9 billion coupons. Increases in direct mail, electronic checkout, electronic shelf, instant redeemable, internet print-at-home and digital volume helped sustain the overall redemption volume level.



REDEMPTION INDEX BY MONTH

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



77 PERCENT OF SHOPPERS BOUGHT GROCERIES FROM A NON-GROCER IN 2013[1], WHICH CORRESPONDS WITH THE GROWTH IN VALUE FOR CHANNEL RETAILERS (3.2%) AND C-STORES (2.0%) COMPARED TO SUPERMARKETS (1.1%) IN 2013[2].

[1] Are Grocery Stores Doomed? Study Shows More Shoppers Buying Food At Target, Walmart, Pharmacies – Clare O'Connor, Forbes.com February, 2014

[2] Funny Things Happened On Our Way To Our Economic Recovery – Nielsen November, 2013

METHOD

PERCENT OF TOTAL COUPON DISTRIBUTED BY METHOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
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	1.2%	0.9%	0.9%	0.7%	1.0%
Direct Mail Co-op	0.1%	0.2%	0.3%	0.5%	0.2%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	1.3%	1.2%	1.0%	1.0%	1.1%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf	0.3%	0.2%	0.1%	0.1%	0.2%
Free-standing Insert	88.2%	86.8%	87.3%	88.1%	89.0%
Handout	1.0%	0.9%	0.8%	0.7%	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	2.1%	3.1%	2.9%	2.8%	2.1%
In-pack	0.5%	0.4%	0.4%	0.4%	0.3%
In-pack Cross Ruff	0.3%	0.4%	0.3%	0.1%	0.3%
Instant Redeemable	0.5%	0.6%	0.6%	0.5%	0.6%
Instant Redeemable Cross Ruff	0.4%	0.3%	0.4%	0.4%	0.4%
Internet Print-at-home	0.3%	0.4%	0.4%	0.5%	0.4%
Magazine On-page	1.7%	1.9%	1.6%	1.3%	1.2%
Magazine Pop-up	0.5%	0.4%	0.8%	1.0%	1.0%
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	0.2%	0.2%	0.3%	<0.1%	<0.1%
On-pack	0.2%	0.2%	0.1%	0.1%	0.1%
On-pack Cross Ruff	0.1%	0.2%	0.1%	0.1%	0.2%
Prenatal	<0.1%	<0.1%	n/a	n/a	<0.1%
Shelf Box	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad	0.5%	0.6%	0.6%	0.4%	0.4%
Sunday Supplement	0.1%	0.4%	0.6%	0.5%	0.6%

With 89.0% of total coupon distribution, free-standing insert (FSI) coupons dominated the industry-wide coupon distribution mix. Other methods with at least 1.0% of total coupon distribution included direct mail, electronic checkout, in-ad, magazine on-page and magazine pop-up. FSI coupon distribution volume increased 4.3% to 287 billion coupons.

Among methods that saw a decline in distribution in 2013, in-ad experienced the most significant change; its shift in share from 2.8% in 2012 to 2.1% in 2013 represented a decline of more than two billion coupons distributed. Additionally, internet print-at-home coupons’ share of distribution was down slightly to 0.4%; distribution volume was down 10.7% to 1.3 billion coupons.

PERCENT OF TOTAL COUPONS REDEEMED BY METHOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	0.2%	0.2%	0.2%	0.1%	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%	0.2%	0.1%	<0.1%	<0.1%
Direct Mail	2.9%	2.8%	3.4%	3.7%	4.1%
Direct Mail Co-op	0.6%	0.5%	0.4%	0.5%	0.5%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	7.9%	8.1%	7.7%	8.0%	8.4%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	0.1%	0.1%
Electronic Shelf	1.7%	1.7%	1.7%	1.6%	2.0%
Free-standing Insert	49.1%	44.0%	43.9%	43.9%	41.0%
Handout	3.4%	2.9%	3.0%	3.1%	3.0%
Handout Co-op	0.1%	0.1%	0.1%	0.1%	0.1%
Handout In-store with Sample	0.1%	0.1%	0.2%	0.4%	0.4%
Handout Off-store Location	0.2%	0.3%	0.2%	0.2%	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	2.0%	2.3%	1.8%	1.6%	1.3%
In-pack	3.0%	2.4%	2.6%	2.1%	2.0%
In-pack Cross Ruff	0.6%	0.6%	0.5%	0.5%	0.5%
Instant Redeemable	9.2%	13.2%	12.8%	12.5%	15.6%
Instant Redeemable Cross Ruff	6.2%	4.5%	4.4%	5.6%	4.6%
Internet Print-at-home	1.5%	2.8%	4.7%	4.6%	5.2%
Magazine On-page	0.6%	0.7%	0.7%	0.5%	0.4%
Magazine Pop-up	0.3%	0.3%	0.2%	0.3%	0.3%
Military Handout	0.5%	0.4%	0.3%	0.4%	0.4%
Military Magazine	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Military Shelf Pad	0.8%	0.7%	0.6%	0.5%	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	2.0%	2.0%	2.3%	2.0%	1.8%
On-pack Cross Ruff	0.4%	0.6%	0.4%	0.4%	0.5%
Prenatal	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box	0.3%	0.3%	0.2%	0.2%	0.3%
Shelf Pad	5.4%	7.5%	7.0%	6.1%	5.9%
Sunday Supplement	0.1%	0.1%	<0.1%	0.4%	0.2%

FSI's share of the coupon redemption mix decreased from 43.9% in 2012 to 41.0% in 2013. Redemption volume for FSI coupons was down 9.9% to 1.1 billion coupons.

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

Internet print-at-home coupons accounted for 5.2% of total coupon volume, an increase from the previous year's 4.6%. Internet print-at-home coupon volume increased 9.4% to 0.15 billion coupons.

2013 METHOD INDEX (EXCLUDING DIGITAL)

METHOD	INDEX
Consumer Relations	5890
Instant Redeemable	2591
On-pack	2225
Military Shelf Pad	1977
Shelf Pad	1479
Shelf Box	1380
Internet Print-at-home	1314
Instant Redeemable Cross Ruff	1261
Bounceback	1195
Electronic Shelf	1143
Military Handout	1056
Handout In-store with Sample	784
Electronic Checkout	772
Electronic Kiosk	626
In-pack	590
Handout	490
Direct Mail	425
Hospital Sample	380
Military Magazine	364
Handout Off-store Location	309
On-pack Cross Ruff	294
Direct Mail Co-op	272
Handout Off-store Location with Sample	226
Color Run-of-press	202
In-pack Cross Ruff	175
Handout Co-op	172
Handout Off-store Location Co-op	130
Direct Mail with Sample	125
Prenatal	99
Direct Home Delivery	99
In-ad	64
Free-standing Insert	46
Newspaper Run-of-press	42
Magazine On-page	36
Magazine Pop-up	29
Sunday Supplement	29
Newspaper Co-op	17

When the percentage of coupons redeemed by method was indexed against the percentage of coupons distributed by method, the resulting index showed that in-store distributed coupons such as instant redeemable, shelf pad, instant redeemable cross ruff, electronic shelf and shelf box were very popular with consumers – as were internet print-at-home coupons.

REDEMPTION RATES BY METHOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	9.97%	20.44%	4.43%	0.69%	3.58%
Color Run-of-press	0.24%	0.57%	0.16%	0.35%	0.29%
Consumer Relations	20.08%	15.56%	17.94%	4.26%	4.64%
Direct Home Delivery	2.73%	4.54%	14.97%	0.62%	1.29%
Direct Mail	2.62%	2.33%	3.20%	4.29%	4.41%
Direct Mail Co-op	2.65%	4.09%	2.26%	1.80%	1.09%
Direct Mail with Sample	2.06%	2.98%	1.44%	2.38%	0.92%
Electronic Checkout	6.74%	6.28%	6.98%	7.74%	6.62%
Electronic Kiosk	5.84%	1.71%	4.29%	5.52%	3.33%
Electronic Shelf	4.95%	6.83%	8.76%	13.40%	11.17%
Free-standing Insert	0.53%	0.58%	0.51%	0.55%	0.47%
Handout	2.96%	3.18%	2.85%	3.53%	3.64%
Handout Co-op	2.64%	1.20%	1.50%	1.03%	1.20%
Handout In-store with Sample	3.46%	3.06%	3.61%	4.47%	4.58%
Handout Off-store Location	1.59%	2.57%	3.20%	3.07%	1.95%
Handout Off-store Location Co-op	2.07%	0.97%	0.74%	0.44%	2.34%
Handout Off-store Location with Sample	1.57%	2.72%	2.36%	2.70%	2.61%
Hospital Sample	2.41%	2.38%	4.02%	2.47%	3.34%
In-ad	0.74%	0.91%	0.62%	0.61%	0.46%
In-pack	4.71%	5.21%	5.30%	5.58%	3.45%
In-pack Cross Ruff	2.42%	1.69%	1.79%	2.04%	1.70%
Instant Redeemable	16.74%	22.93%	22.94%	18.46%	23.85%
Instant Redeemable Cross Ruff	11.43%	15.62%	9.93%	11.73%	11.13%
Internet Print-at-home	7.79%	5.93%	7.54%	11.91%	9.00%
Magazine On-page	0.35%	0.41%	0.36%	0.42%	0.29%
Magazine Pop-up	0.64%	0.48%	0.54%	0.28%	0.22%
Military Handout	9.07%	10.57%	10.00%	9.11%	9.53%
Military Magazine	2.25%	2.13%	1.88%	2.62%	2.61%
Military Shelf Pad	12.08%	22.53%	20.26%	17.04%	17.72%
Newspaper Co-op	0.63%	0.56%	0.24%	0.45%	0.37%
Newspaper Run-of-press	0.23%	0.37%	0.26%	0.19%	0.38%
On-pack	6.01%	12.48%	13.30%	12.99%	12.86%
On-pack Cross Ruff	4.34%	3.86%	3.43%	3.64%	2.96%
Shelf Box	8.51%	8.11%	12.12%	9.91%	10.39%
Shelf Pad	8.88%	11.60%	12.14%	11.67%	11.08%
Sunday Supplement	0.49%	0.45%	0.33%	0.07%	0.66%

In 2013, average redemption rates ranged from 0.22% for magazine pop-up coupons to 23.85% for instant redeemable coupons. The FSI redemption rate decreased from 0.55% to 0.47%. The average redemption rate for internet print-at-home coupons decreased from 11.91% to 9.00%.

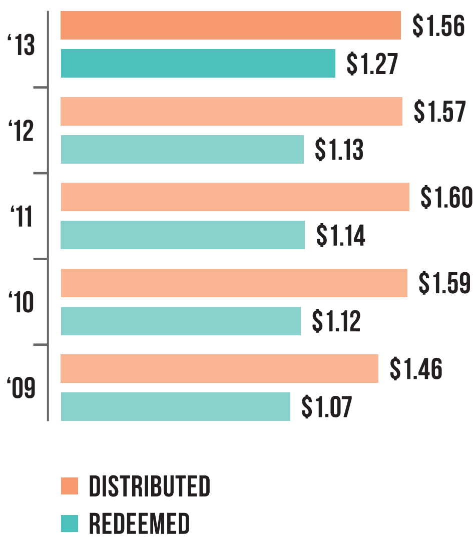
MIDDLE-HALF RATES BY METHOD (EXCLUDING DIGITAL)

METHOD	REDEMPTION RATE	REDEMPTION RATE RANGE
Bounceback	4.49%	1.81% - 46.02%
Color Run-of-press	0.38%	0.13% - 1.73%
Consumer Relations	22.08%	7.10% - 42.78%
Direct Home Delivery	1.60%	0.34% - 2.94%
Direct Mail	5.69%	1.69% - 16.56%
Direct Mail Co-op	3.15%	1.00% - 12.91%
Direct Mail with Sample	0.87%	0.36% - 2.04%
Electronic Checkout	6.26%	2.26% - 12.26%
Electronic Kiosk	3.97%	1.73% - 9.53%
Electronic Shelf	9.12%	2.42% - 19.09%
Free-standing Insert	0.41%	0.15% - 0.85%
Handout	6.43%	1.54% - 24.28%
Handout Co-op	1.76%	0.64% - 4.78%
Handout In-store with Sample	4.21%	1.11% - 11.27%
Handout Off-store Location	5.93%	1.68% - 29.20%
Handout Off-store Location Co-op	1.05%	0.50% - 3.00%
Handout Off-store Location with Sample	2.30%	0.48% - 8.24%
Hospital Sample	4.69%	2.72% - 10.57%
In-ad	0.47%	0.11% - 1.82%
In-pack	2.53%	0.54% - 8.16%
In-pack Cross Ruff	0.84%	0.17% - 3.11%
Instant Redeemable	19.15%	5.98% - 36.27%
Instant Redeemable Cross Ruff	9.96%	2.93% - 21.69%
Internet Print-at-home	11.22%	3.07% - 28.31%
Magazine On-page	0.15%	0.02% - 0.64%
Magazine Pop-up	0.15%	0.07% - 0.27%
Military Handout	12.65%	3.31% - 21.99%
Military Magazine	1.42%	0.66% - 3.37%
Military Shelf Pad	19.98%	12.13% - 28.56%
Newspaper Co-op	0.34%	0.27% - 1.42%
Newspaper Run-of-press	0.37%	0.14% - 0.87%
On-pack	19.22%	4.64% - 34.25%
On-pack Cross Ruff	2.50%	0.86% - 7.47%
Shelf Box	9.82%	4.96% - 22.40%
Shelf Pad	8.76%	3.02% - 21.17%
Sunday Supplement	0.34%	0.04% - 2.04%

Middle-half rates and ranges eliminate the top and bottom 25% of the data to remove variability and, thus, outliers. The chart above shows these rates and ranges by coupon distribution method for 2013. Methods with the widest range of middle-half redemption rates include bounceback, consumer relations, instant redeemable and on-pack.

FACE VALUE AND PURCHASE REQUIREMENT

AVERAGE FACE VALUE DISTRIBUTED AND REDEEMED (EXCLUDING DIGITAL)



In 2013, the average face value distributed for all coupons, excluding digital, fell 0.6% to $1.56. In contrast, the average face value redeemed increased 12.4% to $1.27.

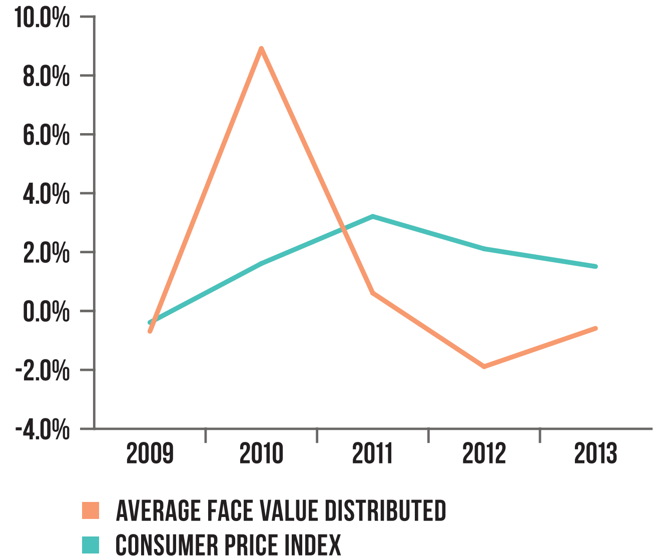
Average face values distributed ranged from $0.71 for handout off-store location with sample coupons to $3.40 for newspaper co-op coupons. The average face value distributed for FSI coupons was $1.55 and the average face value distributed for internet print-at-home coupons was $1.73.

From a product category standpoint, the average face values distributed ranged from $0.93 for refrigerated coupons to $3.80 for entertainment coupons.

Average face values redeemed ranged from $0.66 for military magazine coupons to $3.70 for consumer relations coupons. The average face value redeemed for FSI coupons was $1.15 and the average face value redeemed for internet print-at-home coupons was $1.52.

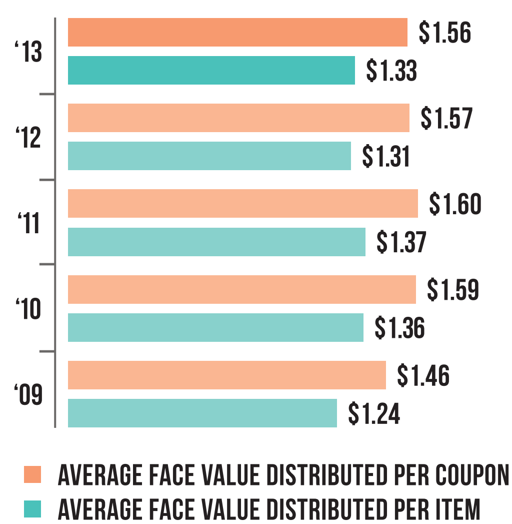
From a product category standpoint, the average face values redeemed ranged from $0.88 for packaged deli coupons to $4.74 for entertainment coupons.

AVERAGE FACE VALUE DISTRIBUTED vs. CPI - PERCENT CHANGE



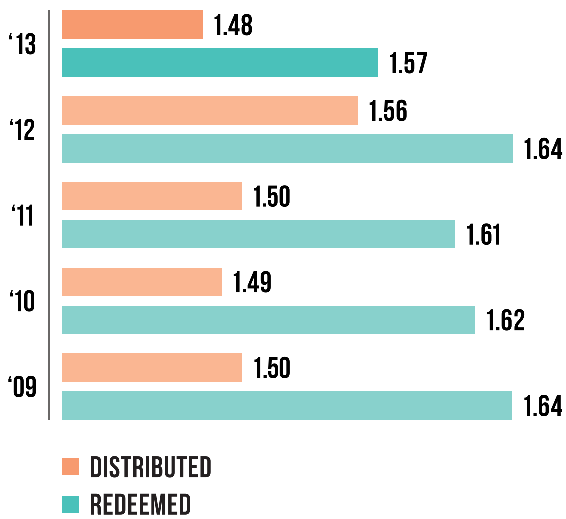
The average face value distributed decreased 0.6% in 2013 in contrast to the Consumer Price Index, which increased 1.5%. The fact that coupon average face values increased at a slower rate than CPI may have made coupons appear less attractive to consumers.

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



In contrast to the average face value distributed per coupon, the average face value distributed per item increased 1.5% in 2013 to $1.33.

AVERAGE PURCHASE REQUIREMENT DISTRIBUTED AND REDEEMED (IN UNITS; EXCLUDING DIGITAL)



A coupon's purchase requirement is the number of products a consumer must buy to receive the discount. In 2013, the average purchase requirement distributed for all coupons decreased 5.1% to 1.48 units; the average purchase requirement redeemed decreased 4.3% to 1.57 units.

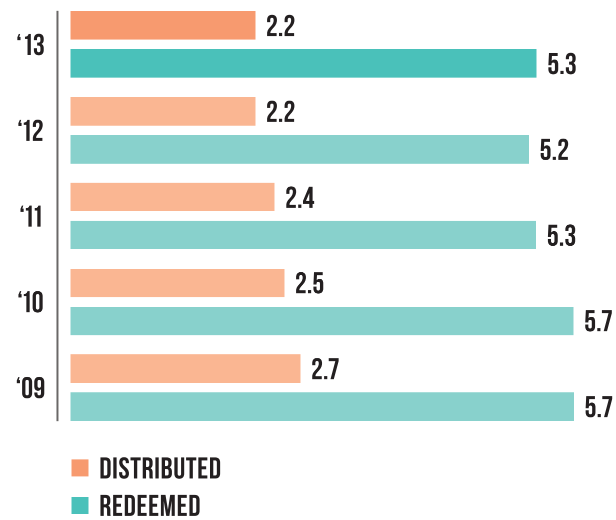
The average purchase requirement distributed ranged from 1.00 units for color run-of-press coupons to 3.81 units for prenatal coupons. The average purchase requirement distributed was 1.47 units for FSI coupons, and 1.35 units for internet print-at-home coupons.

The average purchase requirement redeemed for all coupons ranged from 1.01 units for color run-of-press coupons to 3.34 units for newspaper co-op coupons. The average purchase requirement redeemed was 1.50 units for FSI coupons, and 1.37 units for internet print-at-home coupons.

With respect to product category, the average purchase requirement distributed ranged from 1.00 units for apparel coupons to 1.93 units for household coupons. The average purchase requirement redeemed ranged from 1.00 units for apparel coupons to 1.98 units for household coupons. Despite having the highest purchase requirement for any product category (distributed AND redeemed), average purchase requirement for household category coupons still declined from 2.21 units (redeemed) and 2.05 units (distributed) in 2013.

REDEMPTION PERIOD

AVERAGE REDEMPTION PERIOD DISTRIBUTED AND REDEEMED (IN MONTHS; EXCLUDING DIGITAL)



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

In 2013, the average redemption period distributed was flat at 2.2 months, while the average redemption period redeemed increased 0.1 months (1.9%) to 5.3 months.

The average redemption period distributed ranged from 1.3 months for newspaper co-op coupons to 13.3 months for bounceback coupons. The average redemption period distributed was 1.9 months for FSI coupons and 4.9 months for internet print-at-home coupons.

The average redemption period redeemed for all coupons ranged from 1.7 months for in-ad coupons to 21.5 months for prenatal coupons. The average redemption period redeemed was 2.0 months for FSI coupons and 6.0 months for internet print-at-home coupons.

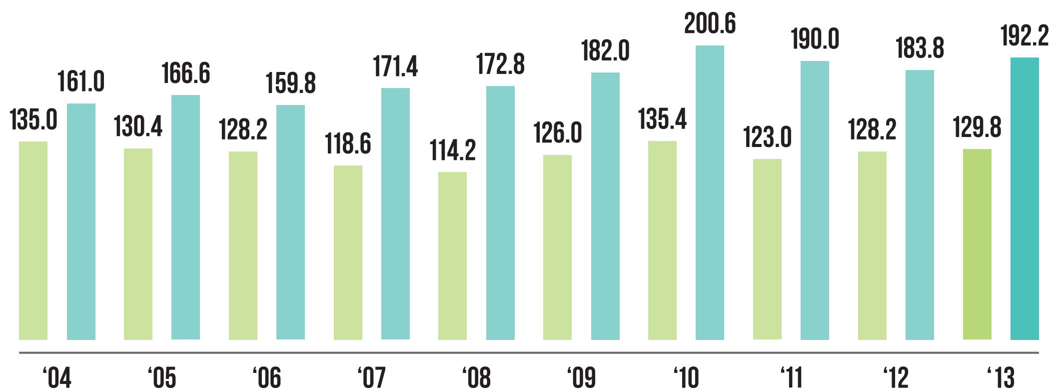
The apparel category had the longest average redemption period distributed at 4.6 months, while the entertainment category had the shortest at 1.3 months. The healthcare category had the longest average redemption period redeemed at 8.0 months, while the frozen category had the shortest at 4.5 months.

FOOD VS. NON-FOOD

While food and non-food coupons may look similar, their performance, distribution and redemption trends vary significantly. Industry-wide coupon trends provide a helpful starting point, but savvy marketers understand that proper evaluation of their brands' coupon performance requires a closer comparison of like offers. Between the macro (industry) and micro (subcategory) sits this first level of analysis: distinguishing Food trends from Non-Food trends.

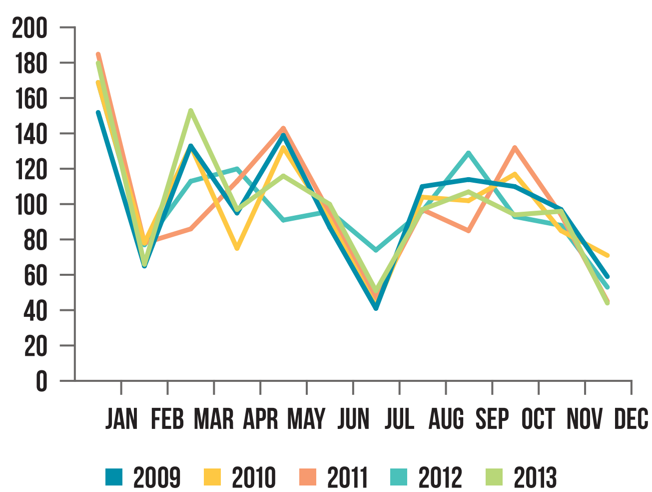
FOOD vs. NON-FOOD DISTRIBUTION

FOOD vs. NON-FOOD COUPON DISTRIBUTION (IN BILLIONS; EXCLUDING DIGITAL)



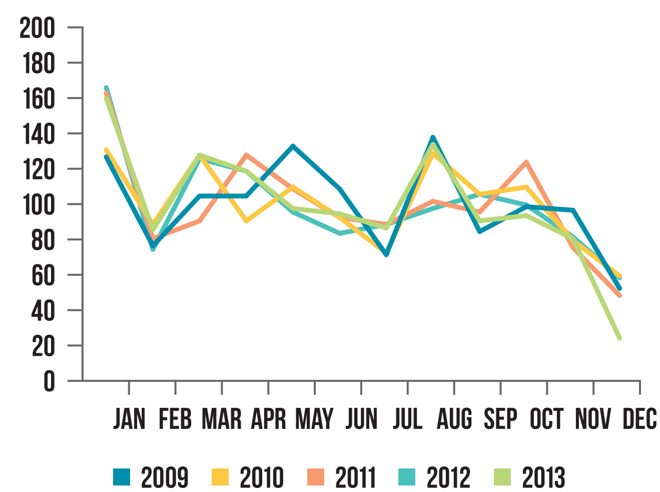
In 2013, distribution volume for food coupons increased 1.2% to 129.8 billion coupons, and distribution volume for non-food coupons increased 4.6% to 192.2 billion coupons.

DISTRIBUTION INDEX BY MONTH – FOOD (EXCLUDING DIGITAL)



As with the overall industry, food coupons are distributed in a repetitive cycle from year to year. The noticeable dip in July 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 2013, with the July dip leveling off slightly and spring distribution being more spread out.

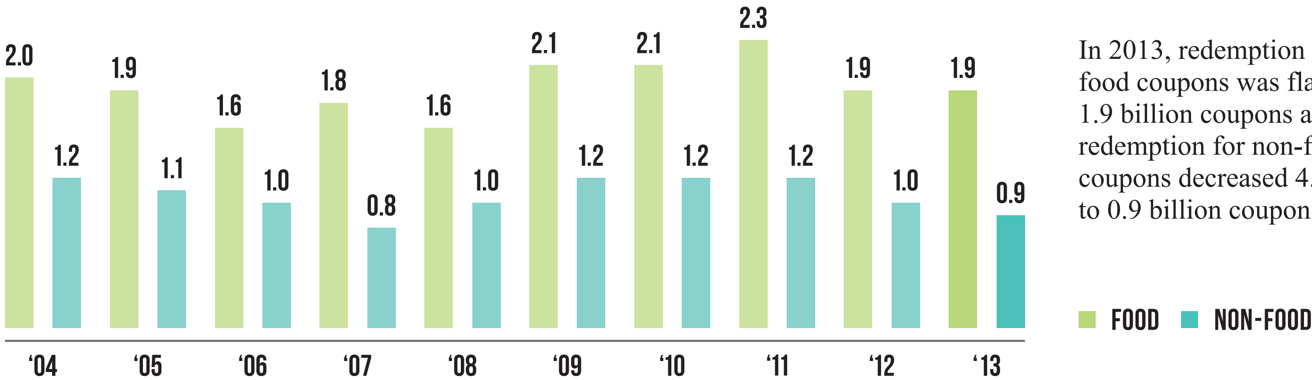
DISTRIBUTION INDEX BY MONTH - NON-FOOD (EXCLUDING DIGITAL)



Coupon distribution for non-food products is also somewhat cyclical, with a noticeable peak in January and a noticeable dip in December. 2013 saw a more dramatic drop in fourth quarter compared to other years.

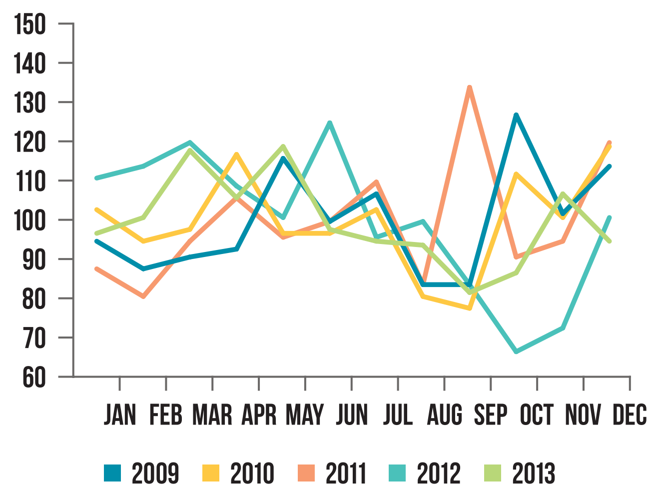
FOOD vs. NON-FOOD REDEMPTION

FOOD VS. NON-FOOD COUPON REDEMPTION (IN BILLIONS; EXCLUDING DIGITAL)



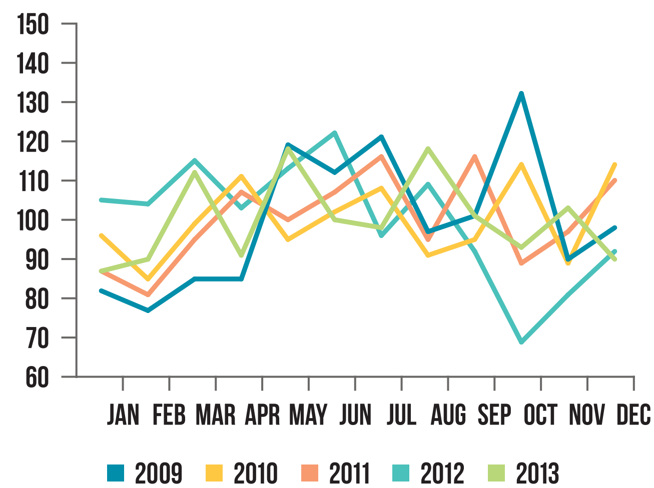
In 2013, redemption for food coupons was flat at 1.9 billion coupons and redemption for non-food coupons decreased 4.3% to 0.9 billion coupons.

REDEMPTION INDEX BY MONTH – FOOD (EXCLUDING DIGITAL)



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

REDEMPTION INDEX BY MONTH – NON-FOOD (EXCLUDING DIGITAL)



As with food coupons, in 2013, non-food coupons demonstrated a noticeable dip in redemption in October/November.

IN RECENT YEARS, FOOD OFFERS ACCOUNTED FOR ONLY 40% OF ALL COUPONS DISTRIBUTED, BUT MORE THAN TWO-THIRDS OF COUPONS REDEEMED.

FOOD vs. NON-FOOD METHOD

PERCENT OF TOTAL COUPONS DISTRIBUTED BY METHOD – FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	<0.1%	<0.1%	0.2%	<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	1.7%	1.6%	1.4%	1.1%	1.8%
Direct Mail Co-op	0.2%	0.1%	0.3%	0.3%	0.3%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	2.4%	2.3%	1.8%	1.9%	2.0%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf	0.4%	0.3%	0.2%	0.2%	0.3%
Free-standing Insert	82.9%	80.5%	81.9%	84.1%	84.4%
Handout	1.3%	1.3%	1.2%	0.8%	0.8%
Handout Co-op	0.1%	0.2%	0.2%	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	4.3%	6.5%	6.3%	5.5%	4.7%
In-pack	0.5%	0.4%	0.3%	0.3%	0.2%
In-pack Cross Ruff	0.1%	0.2%	0.2%	0.1%	0.3%
Instant Redeemable	0.7%	1.0%	1.2%	0.8%	1.1%
Instant Redeemable Cross Ruff	0.6%	0.7%	0.7%	0.9%	0.7%
Internet Print-at-home	0.2%	0.5%	0.4%	0.5%	0.5%
Magazine On-page	1.6%	1.8%	1.1%	0.9%	0.7%
Magazine Pop-up	0.3%	0.2%	<0.1%	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	0.3%	0.1%	0.2%	0.1%	0.1%
On-pack	0.3%	0.3%	0.3%	0.2%	0.1%
On-pack Cross Ruff	0.2%	0.3%	0.2%	0.2%	0.3%
Prenatal	<0.1%	n/a	n/a	n/a	<0.1%
Shelf Box	0.1%	0.1%	<0.1%	0.1%	<0.1%
Shelf Pad	1.1%	1.2%	1.2%	0.9%	0.9%
Sunday Supplement	0.2%	0.1%	0.2%	0.3%	0.1%

In 2013, 84.4% of all coupons distributed for food products were free-standing insert (FSI) coupons. Other methods with at least 1.0% of total food coupon distribution were direct mail, electronic checkout, in-ad and instant redeemable.

PERCENT OF TOTAL COUPONS DISTRIBUTED BY METHOD – NON-FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
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	0.9%	0.5%	0.5%	0.4%	0.4%
Direct Mail Co-op	0.1%	0.2%	0.2%	0.5%	0.1%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	0.6%	0.6%	0.4%	0.4%	0.5%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Shelf	0.2%	0.1%	0.1%	0.1%	0.1%
Free-standing Insert	91.8%	91.0%	90.7%	91.0%	92.1%
Handout	0.8%	0.7%	0.6%	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	0.1%	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	0.5%	0.7%	0.7%	0.9%	0.3%
In-pack	0.5%	0.5%	0.5%	0.5%	0.5%
In-pack Cross Ruff	0.4%	0.6%	0.3%	0.2%	0.3%
Instant Redeemable	0.3%	0.4%	0.3%	0.3%	0.3%
Instant Redeemable Cross Ruff	0.2%	0.1%	0.1%	0.1%	0.1%
Internet Print-at-home	0.4%	0.3%	0.3%	0.4%	0.3%
Magazine On-page	1.7%	2.0%	2.0%	1.6%	1.5%
Magazine Pop-up	0.7%	0.6%	1.3%	1.7%	1.6%
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	0.1%	0.3%	0.3%	<0.1%	<0.1%
On-pack	0.1%	0.1%	<0.1%	<0.1%	<0.1%
On-pack Cross Ruff	<0.1%	0.1%	<0.1%	<0.1%	<0.1%
Prenatal	n/a	<0.1%	n/a	n/a	n/a
Shelf Box	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Pad	0.1%	0.2%	0.1%	0.1%	0.1%
Sunday Supplement	0.1%	0.6%	0.8%	0.7%	1.0%

With 92.1% of total, FSI coupons dominated the coupon distribution mix for non-food coupons. Other methods with at least 1.0% of total non-food coupon distribution included magazine on-page, magazine pop-up and Sunday supplement.

PERCENT OF TOTAL COUPONS REDEEMED BY METHOD – FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	0.2%	0.2%	0.2%	0.1%	0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	0.5%	0.4%	0.4%	0.5%	0.4%
Direct Home Delivery	<0.1%	0.3%	0.1%	<0.1%	<0.1%
Direct Mail	3.1%	3.3%	3.9%	4.2%	4.8%
Direct Mail Co-op	0.7%	0.4%	0.4%	0.5%	0.6%
Direct Mail with Sample	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Electronic Checkout	9.6%	9.5%	8.4%	9.3%	10.0%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	0.1%	0.1%
Electronic Shelf	1.9%	2.0%	2.2%	2.0%	2.7%
Free-standing Insert	45.2%	41.2%	41.7%	41.6%	37.5%
Handout	3.8%	2.9%	3.2%	3.0%	3.0%
Handout Co-op	0.1%	0.2%	0.1%	0.1%	0.2%
Handout In-store with Sample	0.2%	0.2%	0.3%	0.4%	0.4%
Handout Off-store Location	0.1%	0.2%	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	3.0%	3.2%	2.2%	2.0%	1.4%
In-pack	1.7%	1.3%	1.0%	0.7%	1.2%
In-pack Cross Ruff	0.1%	0.2%	0.2%	0.1%	0.2%
Instant Redeemable	9.1%	11.2%	11.6%	10.7%	13.8%
Instant Redeemable Cross Ruff	6.0%	4.9%	5.5%	6.8%	5.4%
Internet Print-at-home	1.5%	2.7%	4.3%	4.2%	4.9%
Magazine On-page	0.7%	0.7%	0.6%	0.5%	0.4%
Magazine Pop-up	0.2%	0.2%	0.1%	<0.1%	<0.1%
Military Handout	0.3%	0.2%	0.3%	0.3%	0.3%
Military Magazine	0.1%	0.1%	0.1%	<0.1%	<0.1%
Military Shelf Pad	1.0%	0.8%	0.6%	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	2.3%	2.5%	2.0%	2.3%	2.2%
On-pack Cross Ruff	0.3%	0.3%	0.4%	0.3%	0.6%
Prenatal	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Shelf Box	0.4%	0.5%	0.3%	0.3%	0.4%
Shelf Pad	7.5%	10.3%	9.6%	8.2%	8.2%
Sunday Supplement	0.1%	<0.1%	<0.1%	0.6%	0.2%

FSIs accounted for 37.5% of all coupons redeemed for food products in 2013. Other notable methods included instant redeemable (IR)/IR cross ruff, electronic checkout, shelf pad and internet print-at-home coupons. Other methods with at least 1.0% of total food coupon redemption included direct mail, electronic shelf and on-pack.

PERCENT OF TOTAL COUPONS REDEEMED BY METHOD – NON-FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Beginnings Magazine	<0.1%	n/a	n/a	n/a	n/a
Bounceback	0.2%	0.2%	0.2%	0.1%	0.1%
Color Run-of-press	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Consumer Relations	0.2%	0.2%	0.3%	0.3%	0.3%
Direct Home Delivery	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Direct Mail	2.4%	1.9%	2.4%	2.6%	2.8%
Direct Mail Co-op	0.5%	0.7%	0.4%	0.6%	0.3%
Direct Mail with Sample	0.1%	<0.1%	<0.1%	0.1%	<0.1%
Electronic Checkout	5.1%	5.7%	6.3%	5.6%	5.3%
Electronic Kiosk	<0.1%	<0.1%	<0.1%	0.1%	<0.1%
Electronic Shelf	1.4%	1.2%	1.0%	0.8%	0.7%
Free-standing Insert	55.8%	49.1%	48.0%	48.4%	47.8%
Handout	2.8%	2.8%	2.7%	3.2%	3.0%
Handout Co-op	0.1%	0.1%	0.1%	0.1%	<0.1%
Handout In-store with Sample	0.1%	0.1%	0.1%	0.3%	0.3%
Handout Off-store Location	0.2%	0.3%	0.2%	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%	0.2%	0.1%	<0.1%	0.1%
In-ad	0.3%	0.6%	0.9%	0.7%	1.1%
In-pack	5.3%	4.5%	5.7%	4.8%	3.8%
In-pack Cross Ruff	1.3%	1.3%	1.1%	1.3%	1.0%
Instant Redeemable	9.4%	17.0%	14.9%	15.9%	19.1%
Instant Redeemable Cross Ruff	6.6%	3.7%	2.3%	3.3%	3.0%
Internet Print-at-home	1.6%	3.1%	5.3%	5.3%	5.8%
Magazine On-page	0.5%	0.6%	0.8%	0.4%	0.5%
Magazine Pop-up	0.4%	0.4%	0.5%	0.7%	0.8%
Military Handout	0.9%	0.7%	0.5%	0.7%	0.6%
Military Magazine	<0.1%	<0.1%	<0.1%	<0.1%	0.1%
Military Shelf Pad	0.6%	0.5%	0.4%	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	1.4%	1.2%	2.7%	1.4%	0.9%
On-pack Cross Ruff	0.5%	1.0%	0.5%	0.4%	0.2%
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	1.9%	2.4%	2.1%	2.1%	1.5%
Sunday Supplement	<0.1%	0.1%	<0.1%	<0.1%	0.1%

Free-standing insert (FSI) coupons accounted for 47.8% of total coupon redemption for non-food coupons in 2013. Other notable methods included instant redeemable, internet print-at-home and electronic checkout coupons. Other methods with at least 1.0% of total non-food coupon redemption included direct mail, handout, in-ad, in-pack, in-pack cross ruff, instant redeemable, instant redeemable cross ruff and shelf pad.

2013 METHOD INDEX – FOOD (EXCLUDING DIGITAL)

METHOD	2013
Consumer Relations	3309
Bounceback	2366
Military Shelf Pad	1735
On-pack	1489
Instant Redeemable	1259
Internet Print-at-home	1014
Shelf Pad	932
Shelf Box	888
Electronic Shelf	794
Instant Redeemable Cross Ruff	768
In-pack	664
Military Handout	661
Handout Off-store Location	632
Handout In-store with Sample	559
Electronic Checkout	497
Electronic Kiosk	390
Direct Home Delivery	374
Handout	362
Direct Mail	272
Handout Off-store Location Co-op	247
Hospital Sample	232
Color Run-of-press	199
Direct Mail Co-op	193
Direct Mail with Sample	190
On-pack Cross Ruff	183
Military Magazine	172
Sunday Supplement	171
Handout Co-op	133
Handout Off-store Location with Sample	121
In-pack Cross Ruff	71
Magazine On-page	52
Prenatal	45
Free-standing Insert	44
In-ad	31
Newspaper Run-of-press	30
Magazine Pop-up	29
Newspaper Co-op	27

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

2013 METHOD INDEX – NON-FOOD (EXCLUDING DIGITAL)

METHOD	2013
Consumer Relations	13854
Instant Redeemable	7124
On-pack	2694
Instant Redeemable Cross Ruff	2224
Shelf Pad	1912
Military Handout	1813
Military Shelf Pad	1749
Internet Print-at-home	1715
Shelf Box	1440
Bounceback	1185
Electronic Checkout	1138
Military Magazine	1095
Handout In-store with Sample	1030
Electronic Shelf	1019
Electronic Kiosk	977
In-pack	815
Hospital Sample	667
Direct Mail	647
Handout	640
Handout Off-store Location with Sample	558
On-pack Cross Ruff	457
In-ad	395
In-pack Cross Ruff	381
Direct Mail Co-op	326
Handout Off-store Location	262
Direct Mail with Sample	170
Direct Home Delivery	112
Color Run-of-press	109
Handout Co-op	101
Free-standing Insert	52
Magazine Pop-up	50
Magazine On-page	35
Newspaper Run-of-press	32
Handout Off-store Location Co-op	16
Newspaper Co-op	10
Sunday Supplement	10

In 2013, in-store distributed coupons such as instant redeemable and shelf pad were well received by non-food consumers. Coupons which encouraged repeat purchase (in-pack and on-pack) also generated high indices among non-food consumers.

REDEMPTION RATES BY METHOD – FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	8.07%	25.71%	10.23%	0.37%	2.43%
Color Run-of-press	0.99%	0.59%	0.32%	1.17%	0.54%
Consumer Relations	23.43%	15.11%	22.21%	26.74%	4.21%
Direct Home Delivery	3.33%	4.83%	17.82%	0.55%	1.50%
Direct Mail	3.03%	2.92%	3.48%	5.14%	5.27%
Direct Mail Co-op	5.01%	4.97%	3.65%	2.26%	2.41%
Direct Mail with Sample	6.41%	4.72%	1.08%	2.75%	3.31%
Electronic Checkout	7.04%	6.55%	7.42%	7.97%	6.85%
Electronic Kiosk	5.88%	4.59%	4.34%	4.63%	3.20%
Electronic Shelf	5.86%	7.31%	9.68%	15.75%	12.20%
Free-standing Insert	0.77%	0.87%	0.81%	0.89%	0.75%
Handout	3.81%	3.97%	3.39%	4.23%	4.79%
Handout Co-op	3.14%	1.62%	1.66%	1.16%	1.91%
Handout In-store with Sample	5.17%	5.41%	7.24%	8.02%	6.96%
Handout Off-store Location	4.57%	5.21%	5.28%	5.14%	3.74%
Handout Off-store Location Co-op	2.14%	1.01%	1.09%	2.29%	2.35%
Handout Off-store Location with Sample	6.89%	2.76%	4.95%	3.98%	2.30%
Hospital Sample	1.51%	1.90%	4.10%	n/a	n/a
In-ad	0.82%	1.01%	0.66%	0.60%	0.48%
In-pack	3.85%	4.62%	5.67%	4.78%	5.18%
In-pack Cross Ruff	1.57%	1.43%	2.63%	2.79%	1.20%
Instant Redeemable	13.51%	19.03%	19.03%	15.93%	19.52%
Instant Redeemable Cross Ruff	12.71%	13.64%	10.52%	12.10%	9.81%
Internet Print-at-home	8.71%	14.14%	9.26%	16.91%	11.59%
Magazine On-page	0.69%	0.68%	0.69%	0.92%	0.76%
Magazine Pop-up	0.70%	0.87%	1.12%	0.80%	0.51%
Military Handout	10.70%	9.46%	9.45%	8.50%	9.13%
Military Magazine	1.79%	2.10%	1.94%	2.76%	2.04%
Military Shelf Pad	20.41%	21.46%	21.60%	19.96%	21.37%
Newspaper Co-op	0.87%	0.51%	0.54%	0.45%	0.29%
Newspaper Run-of-press	0.45%	0.50%	0.99%	0.35%	0.46%
On-pack	7.04%	11.12%	11.54%	10.26%	12.91%
On-pack Cross Ruff	1.50%	2.67%	2.88%	2.45%	3.17%
Shelf Box	8.56%	8.17%	12.16%	10.26%	11.10%
Shelf Pad	9.60%	11.27%	13.34%	12.61%	11.51%
Sunday Supplement	1.54%	0.74%	0.66%	0.25%	n/a

In 2013, average redemption rates in the food product category ranged from 0.29% for newspaper co-op coupons to 21.37% for military shelf pad coupons. At 0.75%, the average redemption rate for FSI coupons was above the overall industry average of 0.47%.

MIDDLE-HALF RATES AND RANGES BY METHOD – FOOD (EXCLUDING DIGITAL)

METHOD	REDEMPTION RATE	REDEMPTION RATE RANGE
Bounceback	3.75%	1.64% - 21.24%
Color Run-of-press	0.57%	0.21% - 4.87%
Consumer Relations	21.63%	7.11% - 42.00%
Direct Home Delivery	1.79%	0.36% - 2.65%
Direct Mail	7.29%	2.42% - 18.21%
Direct Mail Co-op	6.73%	1.64% - 14.61%
Direct Mail with Sample	1.94%	1.11% - 2.92%
Electronic Checkout	6.78%	2.94% - 12.91%
Electronic Kiosk	4.12%	1.86% - 9.63%
Electronic Shelf	9.69%	3.05% - 19.17%
Free-standing Insert	0.64%	0.29% - 1.15%
Handout	7.30%	1.99% - 24.48%
Handout Co-op	1.84%	0.67% - 4.69%
Handout In-store with Sample	5.55%	2.12% - 13.95%
Handout Off-store Location	6.02%	1.16% - 31.83%
Handout Off-store Location Co-op	0.96%	0.33% - 3.47%
Handout Off-store Location with Sample	3.88%	1.08% - 16.86%
In-ad	0.45%	0.12% - 1.82%
In-pack	4.05%	1.23% - 9.67%
In-pack Cross Ruff	1.33%	0.39% - 4.79%
Instant Redeemable	16.77%	5.23% - 32.86%
Instant Redeemable Cross Ruff	9.38%	2.77% - 20.40%
Internet Print-at-home	15.64%	4.90% - 35.18%
Magazine On-page	0.53%	0.19% - 1.55%
Magazine Pop-up	0.51%	0.13% - 1.22%
Military Handout	5.33%	1.33% - 20.40%
Military Magazine	1.42%	0.66% - 2.36%
Military Shelf Pad	21.24%	13.60% - 29.62%
Newspaper Co-op	0.28%	0.04% - 0.92%
Newspaper Run-of-press	0.31%	0.14% - 0.71%
On-pack	19.76%	5.00% - 35.36%
On-pack Cross Ruff	2.61%	0.88% - 7.21%
Shelf Box	10.26%	5.51% - 22.40%
Shelf Pad	9.20%	3.24% - 21.37%

Middle-half rates and ranges eliminate the top and bottom 25% of the data to remove variability and, thus, outliers. The chart above shows these rates and ranges by coupon distribution method for food products for 2013. Methods with the widest range of middle-half average redemption rates include consumer relations, handout off-store location, internet print at home and on-pack.

REDEMPTION RATES BY METHOD – NON-FOOD (EXCLUDING DIGITAL)

METHOD	2009	2010	2011	2012	2013
Bounceback	11.84%	12.44%	3.05%	7.85%	6.71%
Color Run-of-press	0.01%	n/a	0.10%	0.04%	n/a
Consumer Relations	13.45%	17.93%	8.92%	1.07%	7.43%
Direct Home Delivery	1.32%	1.57%	3.09%	0.71%	0.83%
Direct Mail	2.02%	1.55%	2.54%	2.81%	2.90%
Direct Mail Co-op	1.29%	2.91%	1.64%	1.31%	0.51%
Direct Mail with Sample	1.57%	2.22%	1.77%	2.21%	0.71%
Electronic Checkout	5.89%	5.57%	5.79%	7.15%	5.91%
Electronic Kiosk	4.04%	n/a	3.52%	8.57%	4.13%
Electronic Shelf	3.68%	5.99%	6.34%	8.25%	7.76%
Free-standing Insert	0.39%	0.40%	0.33%	0.35%	0.29%
Handout	1.89%	2.31%	2.20%	2.63%	2.54%
Handout Co-op	0.69%	0.77%	1.20%	0.75%	0.43%
Handout In-store with Sample	1.91%	1.54%	1.33%	1.71%	2.16%
Handout Off-store Location	0.59%	1.06%	2.62%	1.82%	1.23%
Handout Off-store Location Co-op	0.28%	0.90%	0.59%	0.08%	n/a
Handout Off-store Location with Sample	0.78%	2.68%	1.82%	2.00%	3.01%
Hospital Sample	2.71%	2.52%	1.05%	0.86%	n/a
In-ad	0.34%	0.34%	0.40%	0.69%	0.40%
In-pack	5.36%	5.64%	5.10%	5.86%	2.80%
In-pack Cross Ruff	2.77%	1.72%	1.63%	1.76%	1.86%
Instant Redeemable	29.04%	29.98%	30.06%	25.81%	32.67%
Instant Redeemable Cross Ruff	9.01%	19.29%	7.52%	10.31%	19.31%
Internet Print-at-home	6.86%	2.80%	5.77%	8.18%	6.63%
Magazine On-page	0.13%	0.25%	0.16%	0.24%	0.10%
Magazine Pop-up	0.58%	0.39%	0.39%	0.28%	0.21%
Military Handout	8.09%	11.28%	10.47%	9.74%	9.96%
Military Magazine	3.89%	2.25%	1.46%	1.84%	3.58%
Military Shelf Pad	6.52%	25.87%	18.14%	12.42%	11.74%
Newspaper Co-op	0.19%	n/a	0.07%	n/a	1.60%
Newspaper Run-of-press	0.04%	0.09%	0.05%	0.12%	0.23%
On-pack	4.86%	16.00%	19.07%	23.26%	12.65%
On-pack Cross Ruff	18.52%	7.53%	4.14%	11.03%	2.27%
Shelf Box	3.35%	1.10%	n/a	3.70%	4.80%
Shelf Pad	6.22%	14.23%	7.13%	6.86%	8.47%
Sunday Supplement	0.14%	0.19%	0.31%	0.04%	0.04%

Average redemption rates in the non-food product category ranged from 0.04% for Sunday supplement coupons to 32.67% for instant redeemable coupons. At 0.29%, the average redemption rate for FSI coupons was below the overall industry average of 0.47%.

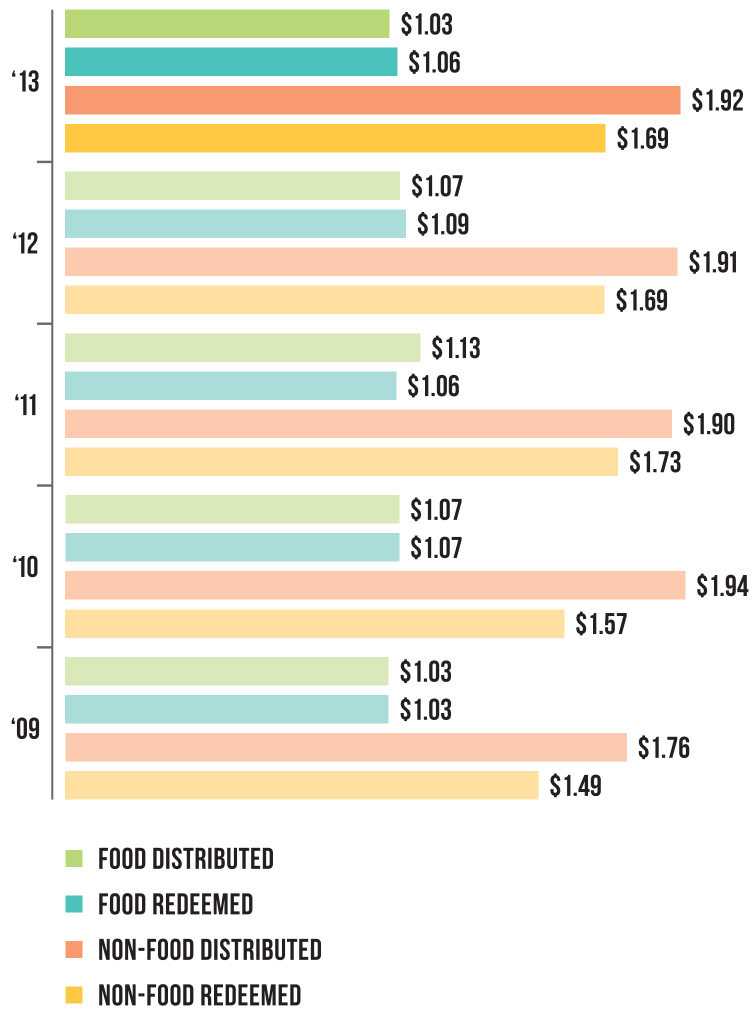
MIDDLE-HALF RATES AND RANGES BY METHOD – NON-FOOD (EXCLUDING DIGITAL)

METHOD	REDEMPTION RATE	REDEMPTION RATE RANGE
Bounceback	7.54%	2.02% - 63.89%
Consumer Relations	23.84%	7.00% - 45.36%
Direct Home Delivery	0.38%	0.34% - 2.94%
Direct Mail	3.88%	0.71% - 11.87%
Direct Mail Co-op	2.10%	0.63% - 9.14%
Direct Mail with Sample	0.63%	0.32% - 1.38%
Electronic Checkout	3.64%	0.96% - 9.12%
Electronic Kiosk	3.42%	1.78% - 7.29%
Electronic Shelf	5.39%	0.88% - 14.17%
Free-standing Insert	0.18%	0.07% - 0.37%
Handout	5.05%	0.79% - 23.52%
Handout Co-op	1.62%	0.45% - 6.39%
Handout In-store with Sample	1.04%	0.22% - 2.86%
Handout Off-store Location	5.40%	2.20% - 24.00%
Handout Off-store Location with Sample	1.97%	0.20% - 5.16%
In-ad	0.49%	0.09% - 1.79%
In-pack	2.09%	0.39% - 6.58%
In-pack Cross Ruff	0.77%	0.14% - 2.69%
Instant Redeemable	31.88%	12.46% - 48.02%
Instant Redeemable Cross Ruff	19.19%	4.86% - 36.25%
Internet Print-at-home	7.69%	1.94% - 19.75%
Magazine On-page	0.05%	0.01% - 0.10%
Magazine Pop-up	0.14%	0.07% - 0.23%
Military Handout	17.32%	10.19% - 23.30%
Military Shelf Pad	15.90%	4.66% - 22.98%
On-pack	15.52%	3.18% - 29.64%
On-pack Cross Ruff	1.95%	0.86% - 7.47%
Shelf Box	4.31%	0.35% - 18.06%
Shelf Pad	7.67%	1.87% - 17.47%
Sunday Supplement	0.04%	0.02% - 0.05%

Middle-half rates and ranges eliminate the top and bottom 25% of the data to remove variability and, thus, outliers. The chart above shows these rates and ranges by coupon distribution method for food products for 2013. Methods with the widest range of middle-half average redemption rates include bounceback, consumer relations, instant redeemable and instant redeemable cross ruff.

FACE VALUE AND PURCHASE REQUIREMENT

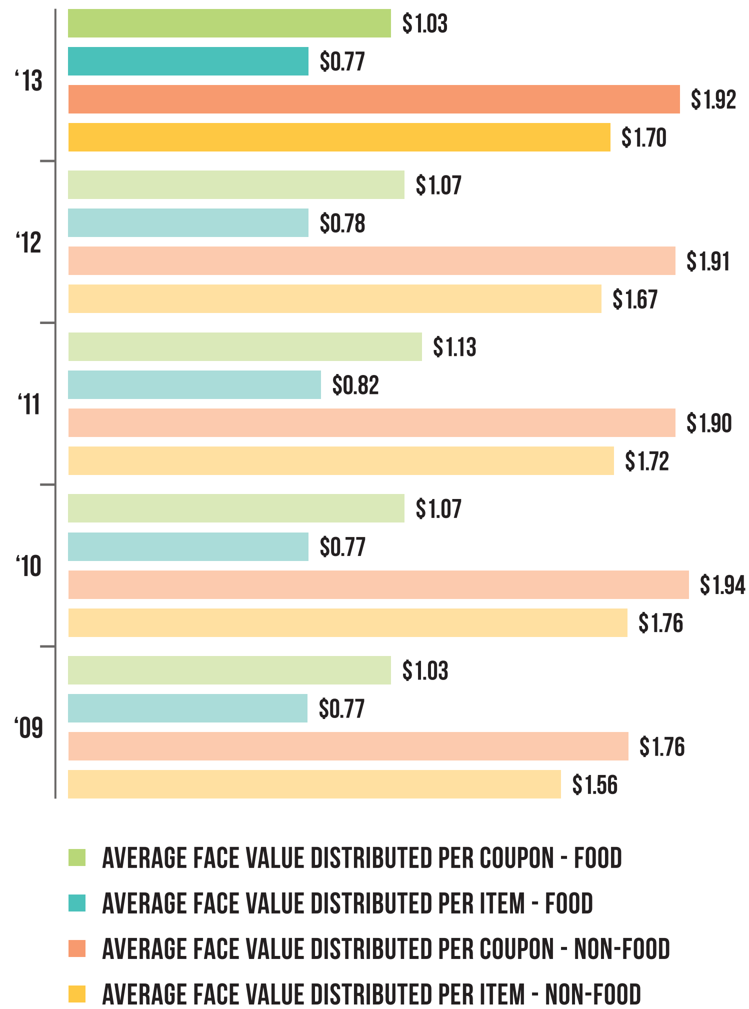
AVERAGE FACE VALUE DISTRIBUTED AND REDEEMED – FOOD VS. NON-FOOD (EXCLUDING DIGITAL)



In 2013, the average face value distributed for food coupons decreased 3.7% to $1.03. In contrast, the average face value distributed for non-food coupons increased only 0.5% to $1.92.

The average face value redeemed for food coupons decreased 2.8% to $1.06, while the average face value redeemed for non-food coupons was flat at $1.69.

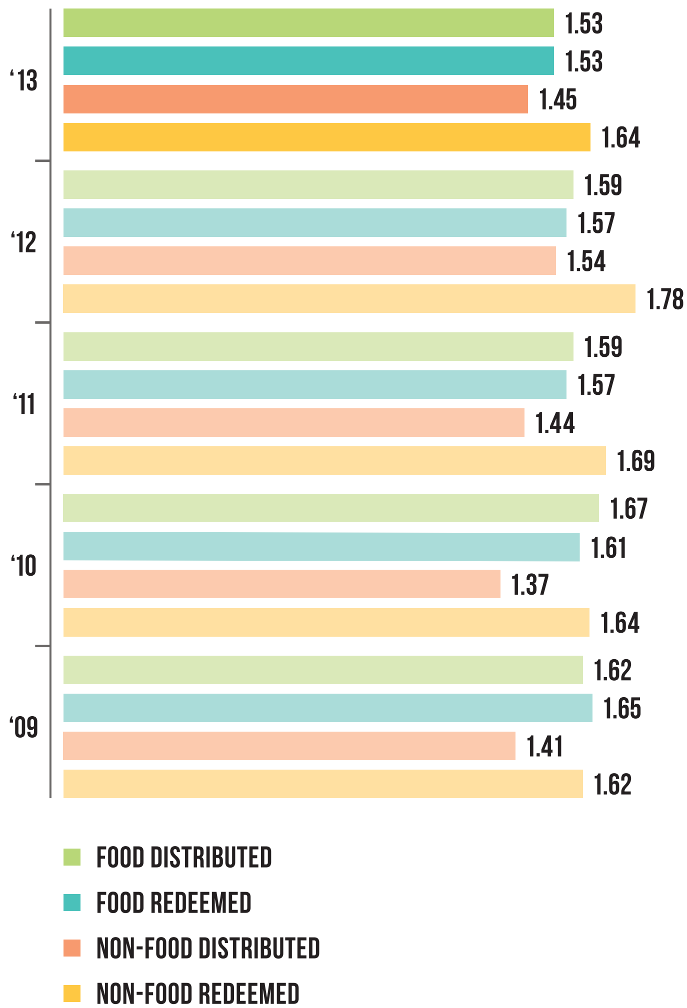
AVERAGE FACE VALUE DISTRIBUTED PER COUPON vs. AVERAGE FACE VALUE DISTRIBUTED PER ITEM (EXCLUDING DIGITAL)



As the average face value distributed per coupon for food products decreased, so did the average face value per item. In 2013, the average face value distributed per coupon for food products was $1.03, while the average face value distributed per item was $0.77, suggesting that marketers in the food category used multiple-purchase coupons to promote their products.

In the non-food category, the average face value distributed per coupon was up 0.5%, while the average face value distributed per item increased 1.8%.

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

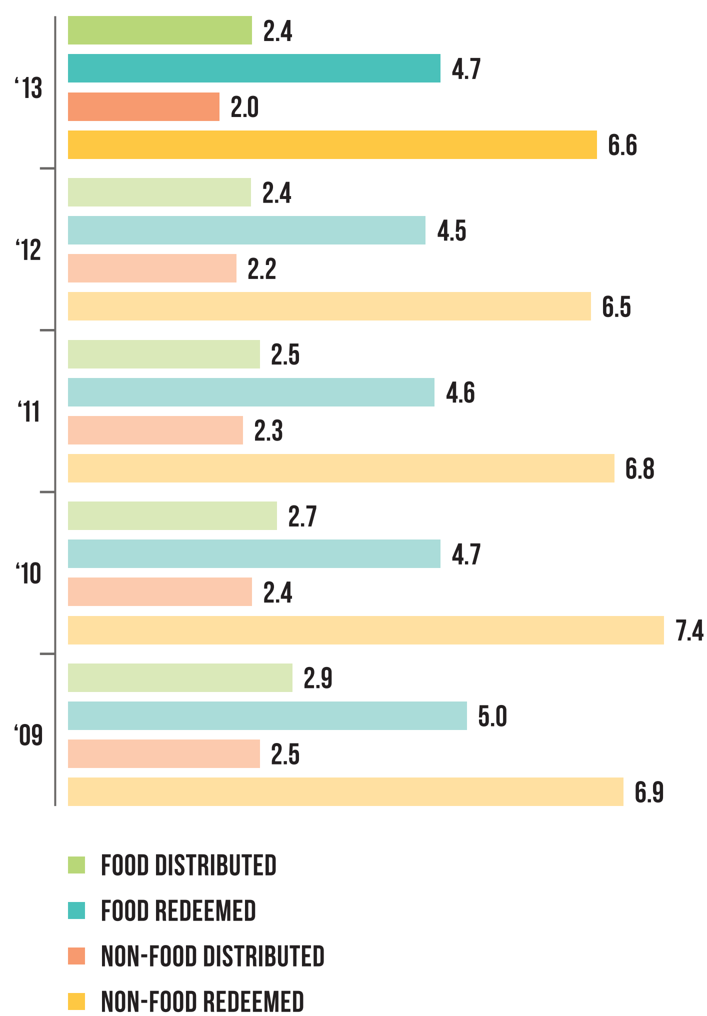


In 2013, the average purchase requirement distributed for food products decreased 3.8% to 1.53 units, while the average purchase requirement distributed for non-food products decreased 5.8% to 1.45 units.

The average purchase requirement redeemed for food products decreased 2.5% to 1.53 units, while the average purchase requirement redeemed for non-food products decreased 7.9% to 1.64 units.

REDEMPTION PERIOD

AVERAGE REDEMPTION PERIOD DISTRIBUTED AND REDEEMED — FOOD VS. NON-FOOD (IN MONTHS; EXCLUDING DIGITAL)



In 2013, the average redemption period distributed for food coupons was flat at 2.4 months, while the average redemption period redeemed was up 4.4% to 4.7 months. The average redemption period distributed for non-food coupons was down 9.1% to 2.0 months, but the average redemption period redeemed increased 1.5% to 6.6 months.

DIGITAL PROMOTIONS

DIGITAL PROMOTION ANALYTICS SUMMARY

It's bigger, it's better… and it's only just getting started. For the first time, both print-at-home coupons and digital paperless coupons each surpassed 1 billion prints or downloads. More than 2 billion times in 2013, shoppers found and selected the manufacturer deals they wanted through digital technologies.

That also means a great deal of experimentation is taking place with new players adopting new tactics. Inmar sits at the nexus of these complex digital promotion data streams.

Two distinct mediums are considered by some to be "digital promotions" due to the fact that shoppers engage with them directly through digital media (as opposed to other "electronic" methods): internet print-at-home (PAH), and digital paperless (Load-to-card/L2C). We analyzed thousands of actual campaigns, and tens of millions of redemptions, across multiple categories (both food and non-food), retailers, and technology providers to gain more specific insights on these rapidly evolving methods.[1]

A NOTE ON DIGITAL REDEMPTION RATES

It is critical to note that when things like "redemption rate" are reported, it does not directly correlate to the traditional FSI or paper-based redemption rate. FSI distribution best correlates to the number of "views" a digital promotion campaign may have received through various mediums, which are much more difficult to quantify. "Clips" or "prints" are used for calculating digital redemption rates, and are best correlated to shoppers "clipping" an offer from an FSI — which, for obvious reasons, is also extremely difficult to quantify. For this reason it is best to consider "digital versus digital" metrics for the sake of comparison, and to rely on broader goals and measurements for help with promotional marketing-mix decisions.

Inmar took an in-depth look at PAH and L2C campaigns from the end of 2012 through most of 2013. The intent was to gain more actionable insights by focusing on comparable campaigns, rather than the full aggregate. For this reason, some PAH data in this section will differ from what is found elsewhere in the report. The following is a topline view of the insights gathered.

PRINT AT HOME INSIGHTS:

- Approximately 1.27 billion offers were printed in 2013, with 145 million redemptions.
- The average redemption rate for these normalized campaigns was 17%, with an average face value of $1.86.
  - For Food offers, the average redemption rate was 21.6% with an average face value of $1.21.
  - For Non-Food offers, the average redemption rate was 12.1% with an average face value of $2.55.
- A broad distribution of results illustrates that multiple factors (category, face value, brand influence, trade activity, advertising support, etc.) will significantly influence results.

[1] PAH analysis included more than 5000 campaigns launched between July 2012 and September 2013, representing nearly 55 million redemptions. Paperless-L2C analysis included more than 2500 campaigns in the same time period, representing more than 10 million redemptions.

DIGITAL PAPERLESS (LOAD TO CARD) INSIGHTS:

- Load-to-card programs surpassed the 1 billion clip mark in 2013. Approximately 66 million paperless offers were redeemed through "open" digital media,[2] revealing a redemption growth rate of 141%.
- The average redemption rate was 6.32% with an average face value of $1.40.
  - For Food offers, the average redemption rate was 7.2% with an average face value of $1.34.
  - For Non-Food offers, the average redemption rate was 4.8% with an average face value of $1.51.
- L2C also had a fairly broad distribution of results, illustrating that multiple factors (category, face value, brand influence, trade activity, advertising support, etc.) will significantly influence results.

The average redemption rate we discovered was lower than the 11% we reported for 2012. This appears to be the result of a variety of factors, including the rapid implementation of digital technologies into more retail banners and a broader distribution of brands getting into the game. Digging more deeply into the data, we can observe significant differences in how offers are constructed and targeted, including results from retailer to retailer, brand to brand, and even campaign to campaign. For example, when digital offers were grouped by campaign size, a surprising redemption trend was uncovered: *smaller* campaigns (e.g., 5,000 – 10,000 clips/distributed) had a significantly higher average redemption rate (14.71%) than every other cluster. This can be attributed not only to new manufacturers testing the digital waters (and consumers eagerly responding to this new, compelling coupon offer content), but the increased precision, targeting and specificity of such offers. In other words, as manufacturers' targeting methodologies become more sophisticated, the distribution volume for such offers becomes necessarily smaller.

As with any new promotional method (or advertising, or technology), there is no such thing as "build it and they will come" success. Huge variations will occur through the combination of factors at play during a campaign (and redemption rate itself is only a single measure). Some anecdotal observations certainly revealed campaigns with a "fire and forget" approach resulting in low rates and engagement, versus others with well-targeted, solid returns.

Because these variations can make budgeting and forecasting a challenge, one way to normalize the influence of outlier campaigns is to analyze the "middle half" of a coupon method. Middle-half rates and ranges eliminate the top and bottom 25% of the data to remove variability and, thus, outliers. The chart below shows these rates and ranges for print-at-home and paperless digital coupon offers analyzed in 2013. Note the wide range of redemption rates that exist within these middle half averages; even when the top and bottom 25% of data are eliminated, a significant range for "typical" performance still exists. Keep this in mind when attempting to forecast digital redemption rates: even for the "middle half" of data, a wide range of rates can be experienced and should be anticipated!

METHOD	MIDDLE 50% RANGE	MIDDLE 50% AVERAGE
PAH – Food Category	5.0% - 32.5%	15.76%
L2C – Food Category	1.5% - 10.7%	4.93%
PAH – Non-Food Category	2.8% - 14.6%	7.37%
L2C – Non-Food Category	1.3% - 7.4%	3.59%

A NOTE ON DUAL-METHOD PROGRAMS

Inmar clients continue to utilize a digital promotion tactic that Inmar calls "dual method," or those campaigns defined as either delivering PAH prints or L2C clips under the same budget. Dual method offers are not included in this study. We highly discourage this practice due to the vastly different shopper experience each method represents. As with any

[2] Retail store digital offers and digital offers distributed through systems without third-party access are considered "closed," and are not included in this analysis.

promotional method that could be available simultaneously with another, it is critically important to use different offer codes. Otherwise, insights regarding effectiveness are almost entirely lost.

DIGITAL PAPERLESS / L2C CPG RETAILERS

As the shopper technology landscape has changed, so has the ability of brick and mortar retailers to engage in digital promotions. While most are experimenting with everything from text-message based, mobile coupon codes to iPad apps, some are placing large bets in time and resources towards joining "open" offer networks. These networks tap into manufacturer-funded campaigns and help to improve shopper marketing initiatives not just through retail-to-manufacturer collaboration, but also involving third parties for analysis and optimization. The infrastructure for this ecosystem continues to grow at an impressive pace, with more than 17,000 retail rooftops offering "open network" L2C digital coupon programs to their shoppers by the end of 2013. This number is expected to grow in 2014 as retailers seek to keep pace in this new, competitive landscape.

THERE ARE 2.65 BILLION LOYALTY PROGRAM MEMBERSHIPS IN THE U.S. THAT'S 21.9 MEMBERSHIPS PER HOUSEHOLD. HOWEVER, IT IS ESTIMATED THAT LESS THAN HALF OF THOSE MEMBERSHIPS ARE ACTIVE[1].

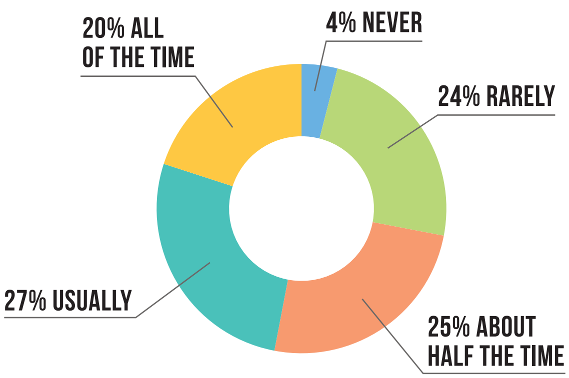
[1] http://www.colloquy.com/files/2013-COLLOQUY-Census-Talk-White-Paper.pdf

2014 SHOPPER STUDY

SHOPPER BEHAVIOR SURVEY

Shoppers remain highly engaged with coupons. Ninety-three percent of survey participants report using the same amount of coupons as they used the prior year or increasing coupon usage in 2013. Shoppers want coupons for the products that they normally purchase, and many of those shoppers that have increased their coupon use over the past year have done so because they are finding coupons for the products that they want to buy. Shoppers are increasingly calling for promotion opportunities that fit into their lifestyle and offer them real savings on the items that they want to buy. Although there is a slight decrease in regular usage across many traditional methods compared to usage last year, those methods that meet shopper expectation for ease of use and personalization are holding steady (load to card, accessed from mobile phone, or printed directly in-store). Shoppers are short on time and looking to emerging technologies to help them shop and save.

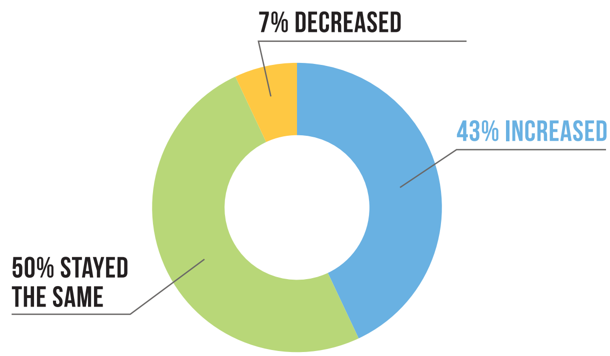
OVERALL COUPON USAGE



Q1.10 *In the last three months, how often have you used coupons when shopping in-store for groceries (i.e., food, beverages), household supplies (e.g., trash bags, dish soap), healthcare items (e.g., cough syrup, vitamins), or personal care (e.g., deodorant, body wash)? Remember that coupons can include paper coupons, those found online, accessed by your mobile phone or loaded to your store loyalty card.*

96% OF SHOPPERS HAVE USED A COUPON IN THE LAST 3 MONTHS

Retailers and manufacturers are continuing to engage shoppers through promotional efforts, with an overwhelming majority of shoppers (96%) reporting using coupons in the prior three months. Almost half (47%) of the shoppers in our survey were regular coupon users, a slight decrease from those shoppers who reported regular coupon use in last year's shopper survey.



Q5.2 *Think about your overall use of coupons for groceries, household supplies, healthcare items, or personal care products over this last year. Compared to last year, has your usage increased, decreased, or stayed the same?*

74% OF SHOPPERS SAY USING COUPONS MAKES THEM FEEL SMARTER

Shoppers have called on retailers and manufacturers to make couponing easier. When shoppers find more coupons for the products they purchase, have coupons loaded to their loyalty card, or find promotions in one place, they appear to be more likely to use coupons. Among those respondents reporting that they increased their coupon use in 2013, more than half did so because they found more coupons for products that they wanted to buy (58%) and saw more coupons online (56%).

Wolcott, Marion Post, photographer, March 1939

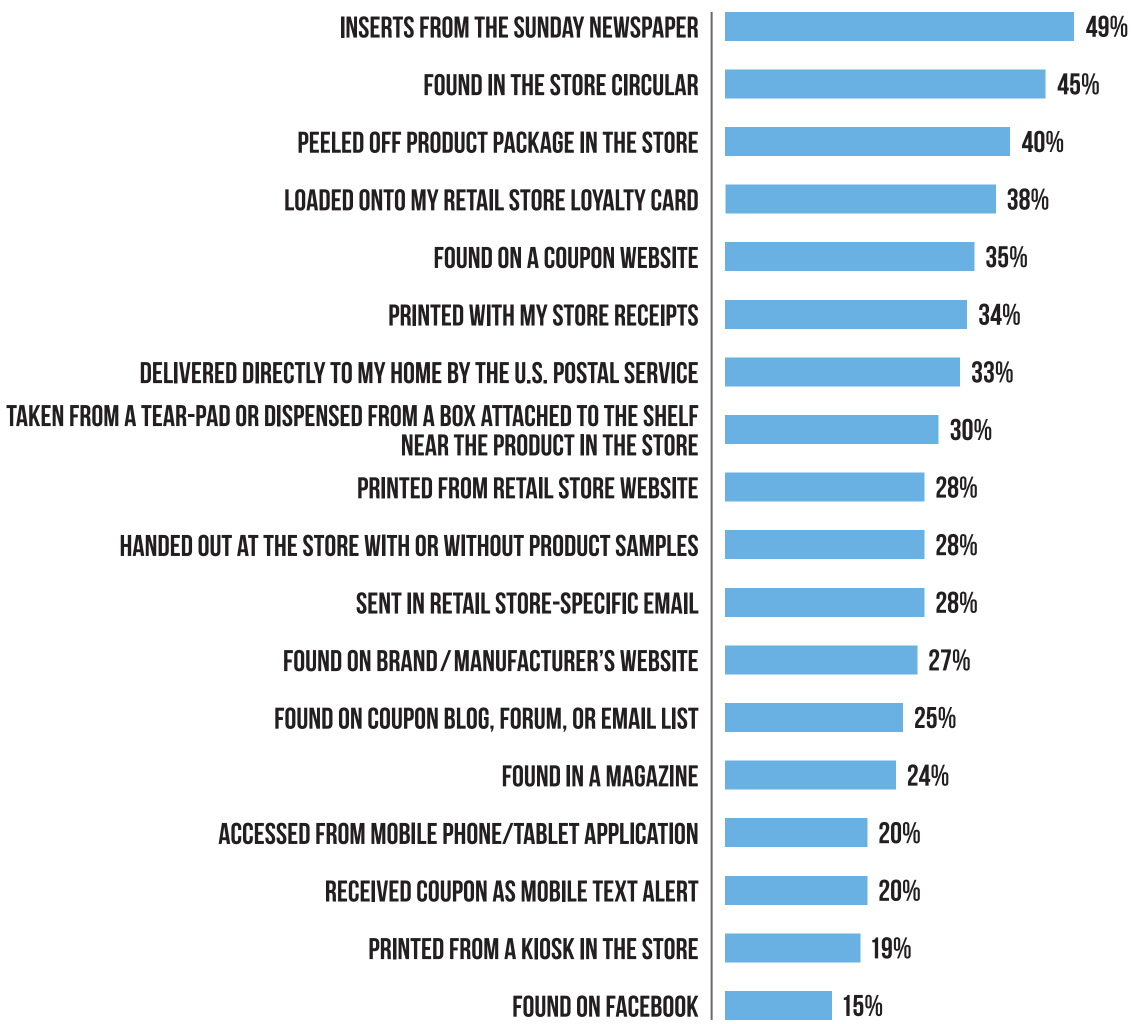
TIMES HAVE CHANGED. ACCORDING TO A 2013 SURVERY, 51% OF MEN REPORTED THEY WERE THE PRIMARY SHOPPER FOR THE HOUSEHOLD[1].

[1] Daymon Worldwide, "'Men On A Mission' Study", Dec 2013

WHY SHOPPERS ARE USING MORE COUPONS

Q5.3 *What are some reasons that your coupon usage has increased over the last year? Please select all that apply. In the past year . . .*

REGULAR METHOD USAGE



Q5.5 *How often do you use the following types of coupons to purchase groceries (i.e., food, beverages), household supplies (e.g., trash bags, dish soap), healthcare items (e.g., cough syrup, vitamins), or personal care products (e.g., deodorant, body wash)? (TOP2Box: Usually/Always)*

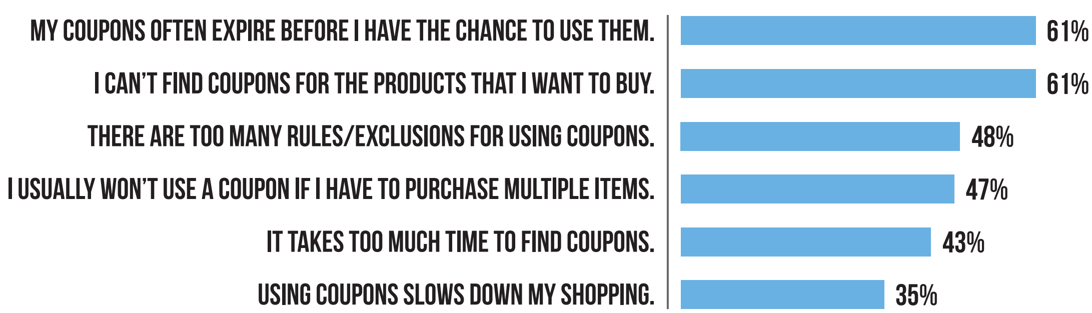
SHOPPERS ARE USING, ON AVERAGE, 5.8 COUPON METHODS REGULARLY

Free-standing inserts (FSIs) still rank as the top regularly used method for shoppers. Although the reported regular use of some methods have seen a decrease compared to last year's shopper survey results, many of the emerging methods are holding steady. More than one in three shoppers regularly load coupons onto their store loyalty card (38%) and regularly use coupons printed with their store receipt (34%).

BARRIERS TO COUPON USAGE

Shoppers are looking for ease in the shopping process. They want to find coupons for products that they normally buy to avoid the hassle of jumping through hoops for little reward. Shoppers are looking for offers that work for them – too often they are finding that their coupons expire before they have the chance to use them or that they can't find coupons for the items that they want to buy. Retailer-driven tactics like reminding shoppers via email when digital coupons associated with their loyalty card are going to expire, or sending personalized offers based on their shopping history, may provide shoppers with incentives to increase the frequency of their coupon use.

56% OF SHOPPERS USE COUPONS BECAUSE THEY WANT TO TRY NEW PRODUCTS



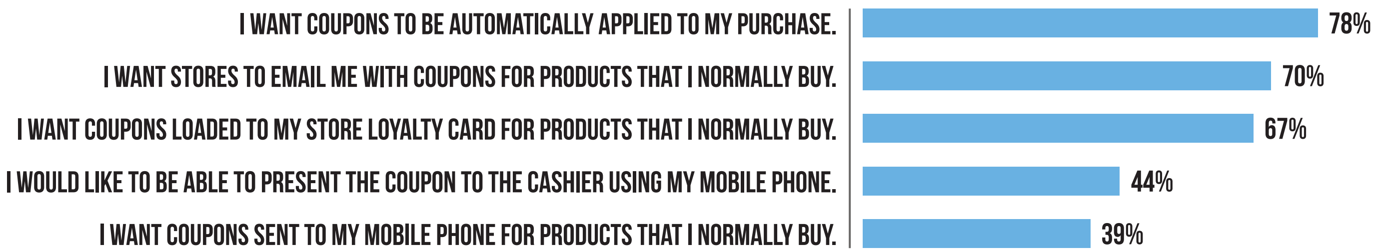
Q7.2 *Please indicate whether you agree or disagree with each statement above.*

COUPON ACQUISITION WISH LIST

There is a gap between what shoppers are looking for and what is currently available for them. More than three-quarters of shoppers want coupons to be automatically applied to their purchase (78%); this percentage held steady compared to last year's results. Shoppers are willing to use coupons to try new products, but what gets them excited is having retailers email them with coupons for the products that they normally buy.

42% OF SHOPPERS WISH ALL COUPONS WERE DIGITAL

SHOPPER ATTITUDES AROUND COUPONS



Q7.3 *Now I would like you to think specifically about coupons and rebates that you can access online using your computer, mobile phone, or tablet. Above are some things that other people have said about accessing coupons online or from their mobile phone. Please rate your agreement with each statement below: (Top2Box: Agree/Strongly Agree)*

66% OF SHOPPERS USE A SMARTPHONE

There is also a gap between how shoppers want to be able to acquire and redeem coupons, and the current options available for them to do so. Forty-four percent of shoppers said they would like to be able to present their coupons to the cashier using their mobile phone, and more than one-third (39%) would like coupons sent to their mobile device. Shoppers are using technology throughout their shopping experience – from finding a store to helping create their shopping list. Finding a way to meet them where they are could be as simple as making sure that your website and emailed content is mobile-enabled.

PROMOTION PLANNING TOOLKIT

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

- 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

LIMITATIONS/CHALLENGES

- Cannot be changed easily – 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

- 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

LIMITATIONS/CHALLENGES

- 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

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 on 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 on 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 reach 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 • 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

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 on 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 on distribution and redemption is very limited • Targeting geographically or demographically is very limited

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 • Can encourage brand switching and attract new users	• Is difficult to control number distributed to stores and to each customer • Offers limited advertising space • Access to analytical data for insight on 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 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

- 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

LIMITATIONS/CHALLENGES

- Limits manufacturer's control over distribution logistics
- Demographic targeting is limited by retailers' ability to version circulars and by the 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

- 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

LIMITATIONS/CHALLENGES

- Requires additional administrative resources to process request

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

BENEFITS/ADVANTAGES

- Helps pacify upset customers
- Bolsters customer relations
- Analytical data for insights available at consumer level if data are captured

LIMITATIONS/CHALLENGES

- 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

- 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

LIMITATIONS/CHALLENGES

- 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 • Requires diligence in execution, like print controls, to avoid higher than average potential for misredemption

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

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

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. Inmar discourages the use of this method code.

BENEFITS/ADVANTAGES	LIMITATIONS/CHALLENGES
	• Blended redemption results for paper and paperless obscure performance comparisons between each • Limits ability to forecast with accuracy due to combined paper/paperless methods • Results in wide variations in distribution- and print-controls

Detroit Publishing Co., 1910

"AT THE TURN OF THE TWENTIETH CENTURY AMERICAN CONSUMERS SHOPPED AT THE MARKET THEY KNEW WELL. THE SHOPKEEPER KNEW THEM AND STOCKED WHAT HE KNEW THEY WOULD BUY. TODAY, THE CPG/GROCERY INDUSTRY'S ACCESS TO REAL-TIME SHOPPER BEHAVIOR HAS THE MARKET AT A TIPPING POINT. THE INDUSTRY IS FOCUSED ON EXPANDING SHOPPER RELATIONSHIPS WITH DATA-DRIVEN CUSTOMER SERVICE."

JOHN ROSS
INMAR CHIEF MARKETING OFFICER AND PRESIDENT, INMAR ANALYTICS

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 Instant Redeemable Digital
Incremental Volume / Repeat Purchase	Bounceback Digital Electronic Checkout	FSI In-pack Instant Redeemable Shelf Box
Retail Support	Digital, esp. on Retailer site FSI, esp. with Retail Co-equity Handout, esp. while sampling	In-ad Newspaper
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	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 COUPON	INTERNET COUPON	IN-AD COUPON
1 Bar Code	Include a GS1 Databar™. Print the Databar in black ink on a white background. Ensure the save value stated on the coupon and encoded in the DataBar are the same.	Include a GS1 Databar. Print the DataBar in black ink on a white background. Ensure the save value stated on the coupon and encoded in the DataBar are the same.	Use of the GS1 DataBar is recommended. If a barcode is not used, print the offer code on the center righthand side of the coupon. If a barcode is used, print the offer code above the barcode.
Color	Avoid distracting background textures and colors.	Avoid distracting background textures and colors. Even though many internet coupons are printed in black and white, GS1 general specifications for color should be adhered to as color impacts scannability.	Avoid distracting background textures and colors.
2 Expiration	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.	Prominently display the expiration date. Include month, day and year. Avoid coupons with no expiration period.
3 Face Value	Clearly state and prominently display the coupon's face value. Coupons should offer specific savings. Use of "free" coupons should be limited. If "free" coupons are used, include a maximum value and allow space for the retailer to fill in the purchase price of the product.	Clearly state and prominently display the coupon's face value. Coupons should offer specific savings. Avoid using "free" and high-value offers to avoid excessive photocopying. If "free" coupons are used, include a maximum value and allow space for the retailer to fill in the purchase price of the product.	State the value of the coupon as a save value (e.g., Save $1.00). Print this value in the center of the coupon.

ELEMENT	MANUFACTURER COUPON	INTERNET COUPON	IN-AD COUPON
4 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, 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."
5 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.	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 barcode.
Paper Stock	Print coupons on heavy paper stock.		Print coupons on heavy paper stock.
6 Perforation	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.
7 Product Illustration	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.
8 Product Name and Logo	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.

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

EFFICIENT COUPON SCANNING

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

USE A FULL-SIZED BARCODE.

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

USE DARK BLACK FOR THE BARCODE.

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

USE 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 should 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 right-hand corner of the coupon may not be terribly exciting, but it will help to ensure smooth processing and scanning.

USE HIGH-RESOLUTION ARTWORK.

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

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 are integrated with the offer entry function so you don't have to log into two separate sites.

FAMILY CODE MAINTENANCE

Within a coupon barcode, such as a GS1 DataBar, a Family Code is the three-digit number used in combination with a manufacturer's Company Prefix to enable a coupon to be valid on a 'family' of products. The Family Code, combined with the Company Prefix, is key to validating the consumer's purchase of the required product. Clients should initially create a thoughtful, comprehensive structure based on their intended coupon marketing strategy so that modification of the structure, once it's implemented, is not necessary.

Our team helps clients create and maintain coupon Family Code structures and communicates the Family Codes to retailers.

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 barcode'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 checkbox questions
- Other custom requests

METHOD CODES AND DEFINITIONS

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

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

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 includes Freestanding magazine outserts, which are several four-color advertisements including coupons from different manufacturers, printed together in a booklet and delivered in a polybag along with a magazine. The outsert and magazine can be delivered to magazine subscribers via the USPS or sold at newsstands.

DIRECT MAIL SOLO (DM) • A manufacturer's coupon 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 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.

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

"AS SHOPPER BEHAVIOR CONTINUES TO CHANGE AND SHOPPERS' 'ENGAGEMENT EXPECTATIONS' INCREASE, ADVERTISERS MUST EMPLOY HOLISTIC STRATEGIES THAT DELIVER BOTH MASS-DISTRIBUTED OFFERS FOR REACH, AS WELL AS RELEVANT, TARGETED CONTENT THROUGH BOTH TRADITIONAL AND DIGITAL METHODS. MEETING THESE GROWING EXPECTATIONS WHILE DELIVERING VALUE TO CONSUMERS DEMANDS EFFECTIVE ANALYSIS OF THE BIG DATA CREATED IN THE MARKETPLACE."

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