

WEBSAVER COUPONING AND CASHBACK 101



Not since the economic downturn of 2008 has the grocery industry seen such a high demand and usage of coupons. The post pandemic/high inflation economy is highlighting the influence coupons and cashback offers have on consumers and their shopping habits. Given the current environment, we at webSaver.ca are pleased to provide this coupon 101 refresher.

Consumer Promotion Defined:

A Consumer Promotion is any marketing event that seeks to improve a brand's price/value equation without changing the retail shelf price to elicit a shoppers purchase of that item. A "Coupon" is a type of consumer promotion.

So what is a Coupon?

A Coupon is a manufacturer controlled price-discount mechanism that encourages a shopper to buy a brand. It is usually time limited and regarded as a brand building tool.

Coupons provide a shopper an opportunity to gain an immediate price reduction (or post purchase in the case of a CashBack or retailer loyalty program) when they buy the promoted brand from a participating retailer.



COMMON TYPES OF COUPONS

- Coupons (for dollars/cents off at time of purchase - in store or online)
 - Digital (load to card, mobile barcode, promo code)
 - Printable (printed at home)
 - Mail to home (direct mail, often request based and addressed)
 - Instant Redeemable Coupon (found on -shelf or on/in pack)
 - Free Standing Insert Coupons, aka “FSI’s (Bulk mail, in-flyer)
- Cashback Rebates (post purchase, receipt upload validated)
- Loyalty/Rewards Programs
 - Retailer Loyalty where consumers earn points for future redemption
 - Brand programs where consumers earn points for future redemption



REDEMPTION & DISTRIBUTION BY COUPON TYPE

Coupon Media Type	Share of Distribution	Share of Redemption
FSI (Free Standing Inserts)	73%	4%
Instore Coupons (at shelf)	9%	39%
Direct Mail	5%	9%
In/On Pack Coupons	4%	4%
Instant Redeemable Couponsn (IRC)	4%	31%
Other	4%	6%
Internet	1%	7%



WHO USES COUPONS?

84%

84% of shoppers used coupons in the last year (Valassis)

57%

57% of shoppers used coupons in the last week (Inmar)

72%

72% of shoppers who earn more than \$125k use coupons (Visa survey)

80%

80% of shoppers influenced to purchase a new brand (Nielsen)

69%

69% would switch brands if a coupon was offered (Valassis)

REASONS BRAND OFFER COUPONS/CASHBACK

- Gain new customers
- Competitive switch
- Introduce new products/skus
- Counteract competitive pressures
- Supplement other promotional efforts
- Maintain shopper loyalty and brand relationship
- Trade customers up to larger size
- Move out-of-balance inventories
- Target specific markets or retailers
- Cushion price increase
- Maintain brand awareness



GENERAL FACE VALUE GUIDELINES FOR COUPONS/CASHBACK

	Traditional Paper	Request Based	Request Based
Brand Objective	Coupon Discount	Print at Home/Mail to Home	Cashback/Digital Coupon
Continuity/Repurchase	10-20%	10-15%	10-15%
Trial	15-20%	15-20%	15-20%
Brand Switching	20-30%	20-25%	20-25%
Pantry Loading	30-40%	25%-30%	20-25%



FACTORS TO CONSIDER FOR COUPON/CASHBACK PROGRAMS

- Distribution Costs
- Redemption Costs (Face Value + Service Fees)
- Offer type (Buy X get Y \$off, Bogo, Buy 2 X get Y, Free Product)
- Coupon Medium/Type (Printable, Mail2Home, Digital, Cashback - all of the above)
- Do you want First Party Data?
- Do you want to build your CRM?
- Multi Brand Offers (scale) vs Single Brand Offers
- Stand Alone Offers vs Integrated at your brand site





THE PSYCHOLOGY OF A COUPON USER?

- People love a value
- Coupons make people happy, feel smart
- Coupons invite new experiences
- Coupons build loyalty

REASONS TO OFFER COUPONS IN TODAY'S MARKET:



In tough economic periods, consumers are more receptive and aware of opportunities to save money.



Coupon programs increase brand and category sales at retail.



Coupons prevent share, sales and profit loss when a competitive brand is couponing and helps reduce the sales loss to private labels.



Shoppers who use coupons spend more during a single shopping trip.



Build First Party Data and direct shopper relationship (in a non-cookie world)



COUPON OR CASHBACK SETUP CHECKLIST

	Coupons (Non IRC)	CashBack
Establish account with ClearingHouse	Yes	Not Required
Obtain offer barcode from ClearingHouse	Yes	Not Required
Brand Logo & Product PackShots	Yes	Yes
Establish Start/End Dates and Offer Details	Yes	Yes
Set Distribution Budget	Yes	Not Required
Set Redemption Budget	Yes	Yes










BEST PRACTICE COUPON/REBATE TIPS:

- Keep the valid periods short
- Align face values to your goals
- Keep offer terms simple
- Include picture of the product & expiration date
- Offer shoppers a choice in coupon medium/type



HOW CAN WEBSAVER HELP?

With over 12 years of Canadian coupon experience with digital coupons and offers and over 100MM coupons distributed, we are the leading experts when it comes to digital coupons and cashback programs.

-  Campaign objectives and offer design
-  Shopper opt-in, CRM building
-  Campaign budgeting and forecasting
-  Social media integration
-  Offer media type selection
-  Offer portal and/or micro site design and development
-  Brand mobile/website coupon integration

Contact us at sales@websaver.ca with your questions and we'll be happy to help.





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