

The Age of Digital Coupons



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Coupons are experiencing a renaissance. Shoppers are on the prowl for savings, and merchants are responding online. Electronic coupons have the capability to deliver significant savings to consumers when, where and in the format they need them – including the Web, e-mail or any mobile device. The amount of Internet print-at-home coupon distribution is climbing; up 41 percent from last year according to Nielson Clearinghouse, and comparable to the number of offers in a Sunday newspaper. “In 2009, consumers printed \$313 million in savings from Coupons.com,” explains Patrick Crisp, senior director of communications for Coupons.com.

Coupons by the Numbers

Traditional grocery items and packaged goods have represented the majority of online coupons. But today, retailers, restaurants, car rental and entertainment providers, among others, are battling for the consumer's tightly held wallet. Simmons Market Research Bureau claims that more than 40 million people in the U.S. use online coupons to generate substantial savings and the number of shoppers who adopt online coupons will multiply. Also according to Simmons:

- Today's e-coupon users skew to a younger, wealthier crowd with larger households that appear less likely to subscribe to the traditional, print newspaper and clip coupons.
- Factors impacting the growth of Internet print-at-home coupons include the convenience of browsing on a twenty-four-hour, year-round basis, the increase of users with Internet access, and the decline of newspapers.

According to the Harris Interactive Poll 2009, coupons are the deciding factor in the purchases of a growing number of consumers.

- At 41 percent, the 35-44 age group is the largest segment to use handheld devices or websites to find deals when shopping online.
- Nearly one-third of households with children use coupon websites.

Digital Advantage

“There is a wealth of shopping options available to consumers, and an online coupon is a call-to-action,” explains Morgan. “Digital coupons drive customer loyalty.”

- By tracking and analyzing online activity, the Web enables marketers to develop engaging, long-term relationships with each consumer, states Kelly O'Neill, product marketing director at ATG. This information gives marketers the ability to personalize coupons based on consumer segments, refine offers based on the results of a coupon campaign, expand offers to include a “friends and family” element + 15% forward the offer!

“Digital coupons drive customer loyalty.”

Shifting Spaces

To attract new shoppers, retain existing customers and increase average sales, a wide range of suppliers including Kroger, Safeway, CVS, Walgreens, K-mart, HEB, Duane Reade and other intermediaries are leveraging online coupon programs and recording double-digit results, claims Crisp. On the marketing side, two practices are evident regarding coupon usage: Brands new to online coupon programs are using them strategically to increase sales, while brands acclimated to online coupon programs are increasing the amount of unique coupons and allowable prints. “We've been very pleased with the success of our digital coupon campaigns and have been steadily moving more and more of our couponing budget out of the newspaper and onto digital delivery,” says Karl Schmidt, director of promotion marketing at General Mills.

Companies recognize that online coupons provide a lower barrier to entry and higher return over traditional newspaper coupon inserts. Consequently, some companies are transitioning their entire coupon budget to online distribution and eliminating print coupons completely.

Crossing Channels

“To determine the most effective channel for online coupons, marketers are measuring the methods of discovery: e-mail, mobile, Web, and search,” claims John Morgan, executive director for the Association of Coupon Professionals. According to the 2008 Online Coupon Survey conducted by Coupons Inc. & Simmons Market Research Bureau, the majority of online coupon users will access all channels to get money saving coupons. Research shows that coupons are dramatically increasing effectiveness of online marketing campaigns, including websites, e-mail, mobile and social networking initiatives.

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