



The Electronic Couponing Guideline & Briefing Pack

**Recommended Best Practice for the
Distribution of Coupons & Vouchers Online**

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1. Executive Summary

This report has been prepared to outline “best practices” for developing and executing marketing campaigns incorporating Internet coupons and to help marketers better understand the challenges of this new medium and navigate quickly through the process to create successful Internet (print-at-home) coupon programs.

While the Internet has become a popular coupon distribution method, there are challenges that need to be considered including replication and copying, coupon attributes manipulation, unintentional distribution, print quality & scannability at Point of Sale, accurate tracking of coupon prints and redemptions and retailer acceptance. These guidelines expand on how to take the following basic steps to mitigate these concerns:

- Employ Coupon Print Software to prevent the coupon from ever being displayed on screen or being stored as a file and unintentionally distributed e.g. as an email attachment.
- Enforce coupon print limitations to control the number of coupons printed per individual, household and/or campaign.
- Use unique barcodes & identifiers to link back to an individual consumer and detect fraud.
- Ensure coupon and barcode print quality for maximum compliance at Point of Sale.
- Employ anti-copying measures for preventing and/or detecting photocopies.
- Set rolling expiration dates to increase response rates and deter fraudulent behaviour.
- Print the consumer’s name or other forms of identification on the coupon to deter misuse.
- Take extra precautions when running “Free Product” offers.

A poorly designed Internet coupon may cause problems for retailers and consumers. Therefore, all Internet coupons should follow a standard coupon design with an emphasis on deterring alterations and counterfeits and making it easy for retailers to spot irregularities.

To ensure acceptance of Internet coupons by retailers, the following measures should be taken:

1. Employ an experienced and reputable Internet coupon supplier or software application
2. Notify your sales and accounts team of the coupon promotion and have them notify their contacts i.e. buyers, marketing managers, store managers of the upcoming promotion so that staff at store level are aware of the promotion.
3. Monitor redemption activity with both your Internet coupon supplier and your clearing house.

2. Report Objectives

To develop and publish a comprehensive guide to distributing coupons over the Internet , discussing current trends, benefits, opportunities, and issues associated with Internet distributed coupons as they apply to consumers, manufacturers, retailers and clearing houses.

This report has also been prepared to outline “best practices” for developing and executing marketing campaigns incorporating Internet coupons and to help marketers better understand the challenges of this new medium and navigate quickly through the process to create successful Internet coupon programs.

This re-draft of the Electronic Couponing Guideline and Briefing Pack is the result of extensive consultation throughout the industry and is recommended to all users of Internet coupons including agencies (sales promotion, digital, direct marketing & promotional insurers) as well FMCG marketers and retailers as essential reading.

It forms part of a wider education programme undertaken by the IPM Coupon Committee which includes Notes for Guidance on Coupons, Guidelines for Coupon Handling Houses, Euro Coupons and Retailer Handling and Compliance available from (www.theipm.org.uk/bestpractice). The IPM Coupon Committee will continue to monitor Internet coupons and will inform members of the IPM and of the general marketing community of future changes and factors affecting them.

3. Overview

It has been recognised by the IPM that the Internet has become a very efficient and targeted way of distributing coupons to consumers. The exceptional graphics and dynamic multimedia capabilities of the Internet allow manufacturers and retailers to work together too creatively and intelligently target consumers. Consumers can access manufacturer and retailer websites or third-party coupon distribution sites to find retailer and manufacturer-sponsored coupons. As a result, Internet coupons have become an attractive part of many companies’ overall marketing strategies.

The large scale growth in consumers’ use of the Internet and the rapid adoption of Broadband in recent years, means that it now offers advertisers both scale and reach on par or in some cases greater than the more common forms of coupon distribution.. There are now 38.1m people online representing 75% of the UK Adult population (eMarketer, March 2008). Nine in 10 UK Internet users are on broadband now, and women and the over-50s are also spending far more time online, which makes the Internet a very attractive medium to a broader set of advertisers (IAB UK, 2007).

In 2007, there was an unmistakable shift towards Internet coupons by marketers with an increase of 650% in Internet Coupons printed (Couponstar, 2007). Also, Internet coupons became the 3rd most popular choice for coupon delivery in the UK with 16% of consumers stating that they would most like to receive coupons “over the internet” that they can “download and print at home and then use in-store” (Brain Juicer, 2007).

4. Terms of Reference

The term “Internet coupons” can be defined as anything distributed via the Internet. However, the IPM recognises that there are a number of types of “Internet coupons” and different delivery solutions including, but not limited to:

- **Coupons for Online Redemption (Promotion Codes, Offer Codes, Discount Codes, etc):** A manufacturer or retailer distributes promotional discount codes for consumers to use to receive a discount whilst shopping online.
- **Web to Post Coupons:** A consumer visits website and enters their address, and possibly other information, in order to receive coupon(s) via the post.
- **Internet Print-at-Home Coupons:** Manufacturer sponsored (can be redeemed at any retailer stocking the advertised product) or retailer specific coupons (restricted to a given retailer) which are printed at home by the consumer. They are most commonly offered in a “controlled” web environment, such as the coupon image is not shown on the screen to avoid possible online manipulation, and the number of prints allowed by the consumer are limited.

This report is written in reference to “Internet Print-at-Home Coupons” and can be applied to both manufacturer sponsored and retailer specific coupons. However, many of the best practices and security precautions given here are applicable to any company seeking to maximise the benefits of their online promotions.

5. Benefits of Internet Coupons

Today, Internet coupons provide a variety of benefits for both consumers and marketers:

Benefits to Consumers

As technology evolves, consumers continue to respond to value. Coupons have always provided value in the form of price discounts. Internet print-at-home coupons add further value by giving consumers an innovative, easy and convenient way to save money on a variety of goods and services. The benefits to consumers include:

- **Instant Gratification:** Consumers simply click on the desired coupons and print them straight away.
- **Convenience:** Consumers access Internet print-at-home coupons at their leisure and can elect to receive coupons via e-mail.

- **Relevance and Control:** Marketers can offer coupons and information targeted to individual preferences and consumers can choose the coupons they want to print.
- **Interactivity:** Internet coupon promotions offer interactive and enjoyable presentations for the consumer e.g. watch a video or play a game before printing coupons.
- **Product Research:** Consumers can receive more in-depth information about the brand or product by linking to the brand's site or to other Web pages.
- **Additional Incentives:** Internet promotions (coupons and other) can offer additional incentive value based on further consumer interaction (e.g. enter a competition).

Benefits to Marketers - Both Manufacturers and Retailers

Internet coupon promotions offer various benefits to marketers - both manufacturers and Retailers including:

- **Return on Investment:** Generate measurable in-store sales as a direct result of online marketing and advertising spend.
- **Cost Efficiencies:** The Internet is an easy, cost-effective way to reach a large audience and avoids the unnecessary wastage associated with some traditional forms of couponing.
- **Additional Consumer Insights:** With Internet coupons, marketers can measure activity and success by the standard measurements of coupon distribution and redemption; and their activities such as views or prints, which indicate levels of interest or purchase intent even if the coupons were never redeemed.
- **Access to a New, Desirable Demographic:** Printable coupons reach a younger, potentially more desirable audience. Users spend more heavily and are more likely to try new products.
- **One-to-One Marketing Capabilities:** Internet coupons can be tailored to individual consumer needs. Marketers can learn more about consumer buying habits creating unique one-to-one marketing opportunities.
- **Full Transparency:** Results are measurable from the time a shopper clicks to receive the coupon to when they print it to when they redeem it.
- **Cross Marketing Opportunities:** Marketers can use printable coupons to introduce customers to other brands in the portfolio with incentives to try them out.
- **Extensive Tracking and Measurability:** Marketers can conduct tests in real time and measure the results on an individual promotion and/or consumer level.

- **Flexibility and Speed:** The speed and targeting capabilities of Internet coupons allow marketers to quickly execute promotions, including last-minute programs, and react to changing market conditions or competitor promotions.

6. Challenges of Distributing Coupons Online

FMCG manufacturers, retailers, and others are using the Internet as an effective method for reaching consumers and meeting marketing objectives. While the Internet has become a popular coupon distribution method, there are challenges that need to be considered.

There are six categories of challenges associated with Internet print-at-home coupons:

1. Replication and Copying

The opportunity exists to make multiple copies of Internet print-at-home coupons by photocopying, scanning, or reprinting the original coupon. Consumers can also print multiple copies if the Internet coupon vendor does not have technology in place to limit the number of prints by a consumer.

The primary impact of coupon copying is the potential for unbudgeted redemption liability. In addition, replicated coupons may not have the same print quality as the original offer. Replicated coupons may not move efficiently through the redemption process, resulting in a slow-down at the point-of-sale, reduced checker productivity, and hard-to-handle issues that add costs to the clearing process.

***Note:** Replication of coupon offers is not unique to Print-at-Home coupons. Other types of coupons such as direct mail, in-store, magazine, etc. are also susceptible to replication using computer software, colour copiers, printers, etc.*

2. Coupon Attributes Manipulation

Coupon attributes (face values, expiration dates, barcodes, etc.) can be altered. Therefore, it is important for marketers to select Internet partners (Internet coupon providers, vendors, and agencies) who use technology to utilise strict controls. If the technology used by a coupon issuer or vendor does not have appropriate controls in place, an online coupon can be manipulated.

3. Unintentional Distribution

Through e-mail, online forums, and online auction sites all coupons have the potential to reach a wider base than originally planned. As a result, coupons other than those intended by the

marketer could be introduced into the marketplace. It's critical to choose the right Internet coupon solution as unintentional distribution and or changes in design could cause:

- Increases in promotion liability
- Inconsistent or incorrect product messaging or targeting
- Deductions resulting from discrepancies between a retailer's expected coupon receivables and a manufacturer's authorised reimbursement
- Decreased productivity at point of sale

4. Print Quality & Scannability at Point of Sale

Print quality can be compromised by the type of printer used by consumers, resulting in coupons that may scan incorrectly at the point-of-sale or the retailer or manufacturer clearing house, resulting in consumer ill-will, slow-down at checkout and hard-to-handle issues that add to the cost or time of the clearing process. It is therefore critical to employ software capable of the proper rendering of coupon barcodes.

5. Tracking Coupon Prints and Redemptions

One of the fundamental advantages of Internet coupons is its ability to be measured. However, if reporting data is not accurate, ambiguous or timely, the marketer is in danger of drawing false conclusions on the success of the campaign. It is important to the successful ongoing management of your internet couponing activity to use applications that can measure the prints taken by consumers and combine this with reliable redemption data.

6. Retailer Acceptance

Understandably, major retailers only want to accept legitimate manufacturer coupons and whilst they are generally supportive of Internet coupons, acceptance of coupons is likely to be much better if these guidelines are adhered to and where possible the software and / or service provider has a reputable track record in this specialist field

7. Industry Initiatives to Manage the Challenges

No technology-driven distribution method is without valid concerns over security, especially one where the consumer is responsible for the printing. However certain basic steps can be taken to mitigate most of these concerns.

- **Employ a Coupon Print Solution**

The coupon print application software should prevent the coupon from ever being displayed on their computer screen.

A good coupon print application will allow marketers to maintain control over the coupon printing process and print quality. It will also prevent the coupon from being stored as a file on a consumer's hard drive, making it extremely difficult to manipulate in a graphics application like Photoshop and forward the coupon on as an attachment to unauthorised recipients.

It should also comply with industry standards for consumer-friendly software downloads and be supported across all the major internet browsers such as Internet Explorer, Firefox and Safari.

- **Detect and Block File Based Printers**

A consumer trying to print their coupon to a file based printer, image writer or fax application should be detected and denied from proceeding any further through the print process. This prevents the consumer from distributing the coupon uncontrolled online e.g. as an email attachment or manipulating the coupon attributes in a graphics application.

- **Enforce Coupon Print Limitations**

Marketers should be able to set predetermined limits to at the very least control the total number of coupons printed for a campaign (campaign limits). Further print limitations such as the number of coupons printed by an individual, household or participant should be exercised if required. Once the preset limit is exceeded, the consumer should no longer be able to select and/or print the offer.

- **Use Unique Barcodes & Identifiers**

Each coupon printed should be marked with a unique barcode and an identifier that ties to the data in a marketer's database.

These unique barcodes and identifiers should enable each coupon to be tracked and linked to a specific consumer or computer. Fraud can then be detected through the reconciliation of redemption data feeds (through cooperation between the Coupon Clearance House and Internet coupon technology vendor) to the marketer's print-activity database. If a duplicate coupon is detected, it can be flagged and the consumer's machine restricted from further printing.

- **Ensure Coupon and Barcode Print Quality**

Coupon barcodes should be printed clean for maximum compliance at Point of Sale. The software employed should ensure printing of the images, copy and most importantly the barcodes at the highest DPI resolution possible.

- **Employ Anti-Copying Measures**

Use best efforts to provide methods for preventing and/or detecting duplicates and photocopies.

- **Set Rolling Expiration Dates**

Limit the amount of time consumers have to copy or manipulate the coupon by setting rolling expiration dates. For example, setting the rolling expiration date to 14 days means the expiration date printed on the coupon will be set to 14 days from the day the coupon is printed unless it encroaches on the final expiration date set which may be sooner.

- **Personalisation - Printing the Consumer's Name on the Coupon**

Whenever possible, the consumer's name or other forms of identification e.g. their Membership ID should be printed on the face of the coupon to deter consumers from misuse.

- **Include Strong Legal Copy**

Enhance security messaging and include "It may not be used against any other product as this would constitute a breach of the terms of this offer. Only one coupon may be used against each such retail purchase. Not photocopies accepted. Coupon is not transferrable" in the legal copy, printed on the coupons.

- **Take Extra Precautions for "Free" Coupons**

Take extra precautions when running "free product" offers. Your coupon partner should advise you of the extra measures to be taken to protect against fraud.

- **Mark Unapproved Coupons "Void"**

For coupons that are not ready for distribution or still in design mode, mark all coupons and especially their barcodes with the word "void" or a similar marking to avoid the coupon being leaked prior to the live date.

- **Quality Assure Sample Coupons**

Prior to launching an Internet coupon, validation of the coupon bar code value etc. should be verified to ensure it accurately reflects the intent of the offer. Scanning the coupon barcode is highly recommended to validate the offer, prior to authorising your vendor to release the offer to the public.

8. Redemption Data Analysis

When evaluating Internet coupon vendors, marketers should gain a complete understanding of the control and treatment measures provided by the software employed. The existing coupon EAN barcode and Internet vendor-specific security codes provide marketers the ability to capture additional data components for analysis.

If a coupon carries specific consumer demographic information, the information can be obtained through the clearing house as part of the redemption process if the vendor is integrated with the clearing house or are sent the coupon information afterwards. This information can be utilised to determine if fraudulent activity has occurred at the consumer or retail level. Currently, this type of fraud analysis takes place after the coupon has been redeemed by the consumer and processed for payment by the manufacturer.

It is important that the client and Internet coupon supplier agree as to how success is measured. The clearing house will provide redemption activity based on the number of physical coupons submitted by the retailer(s). In order to provide the client with additional redemption analysis the Internet coupon supplier can provide the client with the exact number of “printed” coupons. The client can measure redemption activity based on the number of coupons actually “printed” and redeemed not the number of times the offer was “viewed” or “clicked”. Also, statistics of online to in-store consumer behaviour at the individual level can be provided to the client where the solution is part of the campaign management.

9. Internet Coupon Speed of Redemption

On average, three to four weeks elapse from the time a coupon is printed by the consumer until it arrives at the clearing house for processing. During this time, the coupons may be collected by stores and shipped to a retail chain's headquarters before they are shipped to a clearing house.

It then takes approximately one to two weeks for the clearing house to scan both the EAN-13 barcode and the unique identifier barcode.

All in all, clients should not expect to see their detailed Internet coupon redemption statistics until four to six weeks from the day the coupon was printed.

10. Recommendations for Internet Coupon Design and Layout

A poorly designed Internet coupon may cause problems for retailers and consumers. The result: coupon rejected in store, confused consumers, unhappy retail customers and wasted budgets.

Therefore, all Internet coupons should follow a standard coupon design with an emphasis on deterring alterations and counterfeits and making it easy for retailers to spot irregularities.



Coupon Not To Scale

Using the Internet coupon example above for reference please find the following recommended guidelines for developing a secure and retailer friendly internet coupon:

- A. **Size & Shape:** The coupon should be rectangular in shape and have minimum dimensions of 5cm x 12cm and maximum of 7cm x 16cm. The coupon should also include a dotted line around the perimeter to indicate the need to cut out the coupon before use.
- B. **Logo or Product Shot:** A colour image of the brand logo or product shot should always be displayed on the coupon to provide a strong visual cue for cashiers to check the product is included within the consumers shop.
- C. **Coupon Header:** The words "Manufacturer's Coupon" should be printed in bold type within a box at the top of the coupon to distinguish its origin
- D. **Expiration Date:** The words "Valid Until" with the actual date "dd/mm/yyyy" should be printed clearly on every coupon. To limit your promotion liability use rolling expiration dates.
- E. **Personalisation:** Whenever possible, the consumer's name or other forms of identification e.g. their Membership ID should be printed on the face of the coupon to deter consumers from misuse.
- F. **Face Value:** The face value should appear once as a bold figure on the coupon. The coupon should offer specific savings amount i.e. pence or pounds to be discounted versus a "percentage discount". Whenever possible, use nonstandard fonts to discourage alteration.
- G. **Offer Description:** The description of the offer should be clearly stated and shown directly under or next to the "Face Value" and the words "your next purchase" should appear in bold type face. Also, the product name, purchase requirement, quantity and if

applicable, size should be stated clearly and conspicuously. Clients should avoid complicated offers; consumers and retailers prefer simplicity.

- H. **Consumer Instructions (Legal Copy):** Consumer instructions should be worded along the following lines: "This coupon can only be used as part payment for (Brand/Product). Only one coupon can be used against each item purchased. Please do not attempt to redeem this coupon against any other product as the refusal to accept may cause embarrassment and delay at the checkout. Void if reproduced, altered or expired. Coupons cannot be sold, transferred or auctioned. Photocopies will not be accepted. This coupon is valid until the date specified at the top of this coupon."
- I. **Retailer Instructions (Legal Copy):** Retail instructions should be worded along the following lines: "To the retailer, (the promoter) will reimburse you the full face value plus an agreed handling charge provided this coupon has been accepted against (the product). (The promoter) reserves the right to require proof of purchase, or to refuse redemption of defaced or damaged coupons or those that have not been correctly redeemed as instructed. Send the coupon to (name and address of the clearing house)."
- J. **Internet Coupon Provider Marks:** If your Internet coupon provider is well respected and known in the industry, printing their name or logo on the face of the coupon will increase the integrity, security and chance of retailer acceptance.
- K. **EAN-13 Barcode: Each different** coupon requires a different EAN-13 barcode to encode its reference number and value. The EAN-13 must be printed in black on a white background and should be at 100 percent magnification and have sufficient **'quiet zones'** on both sides of the bar code to avoid miss scans. When issuing a retailer specific coupon, please use the retailer's bar code and clearly state the retailer's name on the coupon.
- L. **Unique Identifier Barcode:** As with the EAN-13 barcode, the unique identifier barcode should be printed in black on a white background and should be at 100 percent magnification and have sufficient 'quiet zones' on both sides of the bar code to avoid miss scans. The identifier number should also be printed below or near the barcode in case of poor print quality for improved data capture and authentication.

IMPORTANT NOTE: Avoid distracting background textures and colours. Don't try to fill in the entire coupon; white space is okay. Even though many Internet coupons are printed in black and white, UCC scan guidelines for colour should be adhered to as colour impacts scannability.

11. Avoiding Retailer Refusal of Internet Coupons

With every Internet coupon promotion, there will always be a few customers who have problems redeeming their vouchers in-store, but on the whole, the numbers are insignificant. The most common reasons for retailer refusal are:

- Poor print quality making the barcodes unscannable.
- Cashier perception that they need special handling.
- The consumer did not cut the coupon out from the A4 page.
- Cashiers not recognising the coupon promotion or the brand in question.
- The coupon looking blurry, enlarged or reduced, altered or a clear photocopy.

To avoid consumers experiencing retailer refusal of Internet coupons, the following measures should be taken:

1. Employ an experienced and reputable Internet coupon supplier or software application that:
 - uses a standard, professional-looking coupon format.
 - has a process in place that notifies both the clearing house and the retailers of the upcoming coupon promotions.
 - is transparent about what measures they take to avoid retailer refusal and what their process is for dealing with coupon rejection in-store.
2. Notify your sales and accounts team of the coupon promotion and have them notify their contacts i.e. buyers, marketing managers, store managers of the upcoming promotion so that staff at store level are aware of the promotion.
3. Monitor redemption activity with both your Internet coupon supplier and your clearing house.

12. Acknowledgements

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