



# Pulling Back the Curtain:

## *Why Print at Home and Paperless Coupon Redemption Rates Differ*

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It's been said that numbers don't lie, but sometimes they make much more sense when you understand what's behind them. Take the redemption rates of digital print at home and digital paperless coupons, for example. At first glance, both coupon formats may seem fairly similar. After all, both types of coupons start out as digital media, and require consumers to select and activate offers they're interested in using — whether by printing them (print at home) or by downloading them to a retailer's loyalty card (paperless).

But, the redemption results for print at home and paperless coupons are quite different, with print at home coupons typically redeeming at nearly double the rate of paperless. In fact, the average consumer packaged goods (CPG) redemption rate for print at home coupons was 14.5 percent in 2015, compared to paperless coupons, which redeemed at 7.3 percent<sup>1</sup> (see table below). This large gap has existed since paperless coupons were introduced, and remains mid-way through 2016.

Average Redemption Rate: CPG Coupons	2015 Middle-Half Range**	2015 Average
Digital Print At Home	4.9% - 26.5%	14.5%
Digital Paperless	1.5% - 9.9%	7.3%
Digital Blended*	5.2% - 20.5%	12.6%

\*Digital blended are offers made available so that consumers may choose to print at home or download for use at a specific retailer. As of year-end 2015, blended redemption consisted primarily of digital print at home formats.

\*\*The middle-half range excludes 25% of the offers with the lowest redemption rates and 25% of the offers with the highest rate. The middle 50% in comparison to the average provides an indication of how much variability exists within the data.

Source: NCH Marketing Services, Inc., 2016 CPG Coupon Facts

The differences may seem puzzling at first – but they need not be. By pulling the curtain back and taking a look at what's behind the numbers, you can gain insight into why these two similar-looking media redeem so differently.

## Redeemable Anywhere

One key reason print at home coupons redeem at a higher rate is simply because they're ubiquitous – they can be redeemed at virtually any retailer that accepts coupons. This makes them flexible for the consumer as they plan their shopping. As long as a retailer can accept traditional paper coupons, consumers can almost always use print at home coupons as well.

Where paperless coupons are concerned, while they can certainly be convenient for the tech-savvy shopper, one limitation is that they are often tied to a specific retailer's shopper loyalty program. As a result, consumers are only able to redeem these coupons at stores that have enabled point-of-sale systems to accept the offers. This influences coupon usage – 77 percent of shoppers select stores based on where they can use paper coupons, in contrast to only 20 percent of consumers who have increased their shopping at stores accepting paperless coupons<sup>2</sup>.

## Consumer Engagement

Both print at home and paperless coupons require similar levels of engagement. Consumers actively seek out and select offers of interest to them. However, with print at home, consumers invest additional time to print the coupon, increasing the likelihood that they'll remember to use it.



## Reinforced Purchase Intent

Print at home coupons also have an edge in generating higher redemption rates from a large segment of consumers. This is simply because it's easier and more typical for shoppers to plan their list and remember to purchase a product when they have a physical piece of paper in-hand. This is true of coupon users across generations; even millennials who lead in the use

of paperless discounts reported the largest increase in use of paper coupons from the mail and newspaper-delivered coupon books<sup>3</sup>.

Mobile-enabled shopping list apps can also serve as reminders, but the habit to use them hasn't been fully adopted yet, due to the availability of paperless coupons. Today, tangible paper coupons simply have more reach and activation if a marketer is striving for volume.

## Consider Strategic Purpose

Some marketers have different strategic uses for paperless and print at home coupons, which impacts the redemption rate for both media. For example, marketers may utilize a paperless offer as part of their

shopper marketing program to align with a particular retailer's loyalty program. As a result, while the paperless coupon offer may be more targeted, affecting its redemption rate, the overall scale can be somewhat limited because it's typically tied to one retailer.

### **Does Digital Blended Close The Gap?**

Marketers may also choose to issue a digital coupon offer via a blend of print at home and paperless coupons, where the consumer can elect to print the coupon or download it for use at a specific retailer. On average, NCH sees a higher redemption rate for blended offers than standalone paperless coupons, and overall response is more closely associated to a print at home average. This is due to the group of consumers who activate an offer and prefer to print the coupon, so they can use it anywhere they shop.

Both print at home and paperless coupon media formats are valuable components in a promotional media toolkit, but their differing redemption rates don't necessarily define their effectiveness. Both formats have their individual strengths and strategic uses. By understanding why print at home and paperless coupons redeem so differently, marketers can deploy promotional dollars effectively to achieve their marketing objective.

Keep watching The Loop blog for more insights on the advantages of using print and digital together to activate consumer purchases.

Note: If you're trying to compare digital redemption rates to other print coupon formats, you're comparing apples to oranges. Digital coupon redemption is measured as a percent of coupons actually printed or downloaded, not against a distribution quantity of all potential liability exposure of the offer as is the case with other media such as an FSI (free-standing insert).

#### Sources:

1. NCH 2016 CPG Coupon Facts™
2. 2016 Valassis Coupon Intelligence Report
3. 2016 Valassis Coupon Intelligence Report