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'Thrift is new normal' as coupons make a comeback in U.S.

By Stuart Elliott

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NEW YORK: The faltering American economy could mean renewed interest in coupons as shoppers refocus on the cost of the products they buy - if they do actually buy anything these days.

Coupons that offer cents off, or percents off, the price of things like groceries, clothing and restaurant meals are particularly popular when consumers need to stretch their dollars. So word that a recession began last December could bring an increase in the number of coupons offered by marketers, as well as redemption rates by consumers.

"Thrift is the new normal," said Lance Saunders, executive vice president and head of account planning at the ad agency Campbell Mithun. "There's no stigma to getting anything on discount. Instead, there's a sense of pride."

Complete data for coupon use in 2008 will not be available until next year. In 2007, according to the Coupon Council of the Promotion Marketing Association, 89 percent of the population in the United States said they used coupons, compared with 86 percent in 2006.

"I've looked at some data that show 94 percent say they're using coupons in 2008," said Charles Brown, co-chairman of the council and an executive with NCH Marketing Services.

Last year was the first time since 1992 that redemption rates for coupons did not fall from the previous year. Brown attributed that to the problems that consumers began to have with subprime mortgages, which "made them start being more conscious about saving."

"Back in the recessions of the 1970s and the 1980s," he said, marketers saw "consumers redeem more coupons."

Already, there are some signs of a nascent coupon chic: The Lucky Brand of apparel sold by Liz Claiborne is offering coupons on a humorous holiday Web site (luckybuckoff.com). The more skillfully computer users play a game, the larger the discount they earn on coupons redeemable at stores or on the regular Lucky Web site (luckybrandjeans.com). The discount, 20 percent off for every player, can be raised to 25 percent or 30 percent.

"It's a tough time for all of us," said Kristin Patrick, vice president for marketing at Lucky Brand in Los Angeles. "This is about entertaining your customers and getting them engaged with the brand."

The campaign was created by Lime Public Relations & Promotion.

Procter & Gamble, the largest advertiser in the United States, is producing a retail version of BrandSaver, the coupon booklets that the company inserts in Sunday newspapers 14 times a year.

A temporary store named BrandSaver Live opened Friday on West 57th Street at the Avenue of the Americas in Manhattan. At the store, scheduled to remain open through Dec. 11, visitors can receive advance copies of the BrandSaver coupons to be distributed with Dec. 14 newspapers, along with samples and demonstrations of products like Clairol, Downy, Olay and Tide.

Coupons are "an effective trial and awareness vehicle," said Jim Leish, director for North American commercial operations at P&G in Cincinnati. This means that coupons encourage consumers to try products and raise the profiles of brand names, especially as the lower prices of store-label products at supermarkets and drugstores are luring shoppers.

All You, a magazine published by Time Warner and sold by Wal-Mart Stores, is offering subscribers to a new weekly e-mail newsletter, All You Deals and Meals, a sneak peek at the coupons to appear in the coming issue of the magazine.

"Our reader is a value-driven consumer," said Diane Oshin, publisher of All You, which regularly runs so many coupons in each issue that it carries a coupon index, typically next to the masthead.

"We are not an FSI," Oshin said, using the industry term for a newspaper coupon booklet, free-standing insert. But many advertisers in All You have found that the coupons give them a great return on their investment, she said.

Valpak Direct Marketing Systems, which distributes coupons under the Valpak brand, has been advertising on national programs like "ABC World News."

New technologies are also helping to renew interest in coupons, especially for younger consumers. There are scores of Web sites where coupons can be obtained by clicking rather than clipping; among them are coupons.com, couponcabin.com, couponcode.com, couponmom.com, 8coupons.com, fatwallet.com and shortcuts.com. Many also deliver coupons by e-mail messages.

And coupons are increasingly available on cellphones and other mobile devices from companies like Cellfire and Outalot. Among the marketers offering mobile coupons are Arby's, Caribou Coffee and GameStop.

An advantage of coupons delivered through new technologies is that they can be customized and personalized, which could help make them more effective and efficient for the sponsors.

"Consumers are craving value, and marketers are no different," said Todd Morris, senior vice president at Catalina Marketing in St. Petersburg, Florida.

Catalina provides coupons that can be aimed at specific customers at the checkouts of more than 200 store chains, for products sold by more than 300 companies.

Morris describes such coupons as "discretionary discounting" rather than "one size fits all."

For instance, shoppers who buy a tube of a certain brand of toothpaste can receive a coupon to save money on their next purchase - if they buy three tubes. "Only when they change behavior, and buy more, more often, do they get a discount," Morris said.