

Coupon Distribution Continued to Rise in 2006 to 3.6 Billion

This is the fourth year in a row that the industry has seen an increase in coupons distributed by Canadian packaged goods marketers. Although distribution figures have increased, the significant volume of broad-based media coupons explains the stable redemption. This trend began in 2003 and has continued through 2006.

Personal Care products had the highest volume of coupons distributed. This occurred due to the large amount of couponing in categories such as beauty aids, health care and hair products.

The average face value of all coupons distributed was \$2.02. One reason for this increase is due to widely distributed coupons in the Health Care product group where face values exceeded \$30.00. In the largest redeeming category – food products, the average face value of all coupons distributed grew by 11%.

While the grocery product category accounts for approximately 1/3 of the coupons distributed, it is still by far the highest redeeming category. Grocery products have a history of redeeming much higher than other categories. The most active categories within this group include dairy case, frozen foods, beverages, canned and bottled products, snack foods and condiments. Offers distributed thru Ad Pad coupons, On Package coupons (include IRC) as well as Cash for Kids were the highest redeeming medias for Grocery products.

Free Standing Inserts remained the most significant method of coupon distribution with approximately 58% of the 3.6 billion coupons distributed using this vehicle. Direct mail coupons accounted for 7% and 3% were distributed in magazines. Overall, 68% of all coupons were sent directly to the home. These vehicles achieved respectively 12%, 7% and 3% redemption.

The use of in-store methodologies such as demos, pamphlets, booklets and in store ad pads accounted for 11% of coupon distribution in 2006. Although in-store ad pads represented the largest portion of the distribution, the highest increase in terms of percentages was in pamphlets and booklets available in stores. Approximately 33% of coupons were redeemed using in store coupons.

Although distribution declined for In/On pack coupons in 2006, the redemption remained comparable to the levels achieved in 2005. This is largely due to various on package promotions where marketers offered multiple high value coupons on their products. The redemption rates for these promotions by far exceeded the average rate for the media.

The Cash for Kids Ontario/Atlantic program was also very successful, with the 2006 program achieving an overall rate of 16.8%. Distribution also increased in 2006.

Distribution trends highlight the fact that marketers still rely on coupons as a means to move their product and redemption trends indicate that consumers continue to see the value in this marketing vehicle.