

Consumers embrace online coupons, usage on the rise at retail stores

BY ELLEN RANTA

Online coupons are increasing in popularity as consumers look for savings and convenience in the down economy, and grocery and specialty retailers are taking advantage of the new forms of marketing to help boost sales.

According to a Simmons Market

Research Bureau study, 40 million people printed coupons from online in 2008, a 20 percent increase over the previous year. The study also showed a 46 percent growth to 6 million people who use printable online coupons but do not use newspaper coupons.

Online coupons allow marketers to reach brand-loyal consumers throughout the U.S.,



Coupon Sherpa, an application for the Apple iPhone, allows users to browse and upload coupons to their iPhone.

including those areas where customer-concentration isn't high enough to warrant direct mail, said Matt Saline, president and CEO of Mambo Sprouts Marketing, which develops and executes direct mail, retail, Web and market research programs targeted at health, natural and organic product consumers. Its Web site, www.MamboSprouts.com, offers a variety of online coupons for

natural and organic products. Also, marketers can control how many coupons are available for download, refining promotional strategies in response to economic conditions, and online couponing offers opportunities to collect customer information, pinpointing regions where demand is greatest.

There are three different online coupon solutions and all of them are expanding, said Alec Newcomb, vice president of MyWebGrocer.com, an online grocery service provider.

"The economy has definitely made some dramatic shifts in consumer behavior, and coupon

Continued on PAGE 4



VOLUME 74, NUMBER 9
SEPTEMBER 2009 • \$7.00

6

4 GENERAL NEWS

www.gourmetnews.com • SEPTEMBER 2009 • GOURMET NEWS

ONLINE COUPONS

Continued from PAGE 1

use across the board is up," Newcomb said. "With the lack of a newspaper in some markets now, online coupons are a viable option."

The most popular is the printable coupon that consumers find online, print and carry to the store with them. Retailers and manufacturers alike use this avenue, Newcomb said, as it is easy to track and easy for consumers to understand. It is the most similar to the traditional method of clipping coupons, but without all the work involved.

Large retailers like Safeway and Kroger are taking the paper trail out of coupons by allowing customers who have a loyalty card to directly deposit coupons onto their cards and reap the savings automatically at checkout.

The loyalty card solution is great for consumers who tend to forget coupons or who just don't want to deal with a stack of paper at the register, Newcomb noted. It is also good for retailers who already have a loyalty card program in place, as it can help further the customer's loyalty to the store.

As reported in August's issue of *Gourmet News*, Safeway recently expanded its couponLink program to all of the company's 1,739 supermarkets. The program allows customers to link online coupons to their Safeway Club Card. Safeway is also partnering with CellFire, a provider of mobile coupons, to allow customers to receive coupons right on their mobile phones.

"This takes the hassle out of shopping with coupons," said Mike Minasi, president of marketing for Safeway, in a prepared statement. "There is no paging through newspapers and no clipping and carrying coupons. Customers don't even have to remember to bring coupons to the store."

The mobile coupon allows customers to upload a coupon onto their cell-phone

and have their phone scanned directly at checkout. As it is a fairly new technology, the kinks are still being worked out, and not all retailers have the right type of scanner to scan a bar code on the screen of a phone.

"The mobile coupons may take a bit longer to catch on," Newcomb said.

Started in February of this year, Coupon Sherpa, an application for the Apple iPhone that allows users to browse and upload a variety of coupons to their phone, has "really taken off," said Luke Knowles, CEO, but he admitted it still needs a little tweaking.

"Our application really works well for retailers, but is a little tricky when it comes to manufacturers coupons because there needs to be a paper trail, something to send back to the manufacturer," Knowles said.

Coupon Sherpa's strength right now is in merchandise stores and restaurants, Knowles said, but a better grocery system is coming.

"Since there is a need for it, the solution will follow," he said. "Mobile coupons are really still in their infancy, but I do see this as the next logical conversion for shopping and technology."

While the economy may be fueling the demand for discounts, consumers are still concerned with reducing their ecological footprint and see online and mobile coupons as a way to cut back on paper waste.

Retail stores of all sizes see the value of e-coupons in driving store traffic and offering savings to value conscious customers, Saline said.

"Our studies reveal that despite the recession, natural and organic coupon users remain committed to eating healthy—we are seeing this firsthand in the increase in demand for healthy organic product coupons of all kinds," he said.

Organic manufacturers like Santa Cruz

Organic, Equal Exchange Coffee and Modmix Organic Cocktail Mixers have all gone the way of the paperless coupon, and Saline said he expects the trend in online discounting to continue, as younger people, who tend to be more tech-savvy, continue to print coupons from retail sites, as well as from social media outlets like Facebook and Twitter.

Modmix, a Los Angeles based company that produces organic cocktail mixers, can be found on Facebook and Twitter and features a printable dollar-off coupon on its Web site as well as on

MamboSprouts.com.

"We just started the online coupon in June, but we think it is working out," said Tricia McCracken, vice president of marketing for Modmix.

Modmix opted for an online coupon as a way to inexpensively market its products, but also appreciates the green aspect of online coupons, McCracken said.

McCracken said she hopes to generate awareness for Modmix in the organic community through the coupon on MamboSprouts.com.

If smaller retailers are in tune with the changing trends in couponing and are well-run, Saline said, they can manage to "hang on and do quite well, even in the down economy." **GN**



GOURMET GOLDS

Continued from PAGE 1

Penny Sikalis, vice president and Gourmet Housewares Show manager, presented the Gourmet Golds during an evening reception on the show's opening night, Saturday, August 9 in San Francisco.

Dan Koch, national sales manager for Vita-Mix, said the product development team at Vita-Mix worked tirelessly to develop the mixer developed for home chefs. It hits store shelves this month.

With a suggested retail price of \$549, it has three programmed settings: Smoothies, Hot Soups and Frozen Desserts.

Along with the "Best in Show" award, Gourmet Gold awards were presented in eight categories including:

- Cookware and Bakeware: Minden Grill Co. Inc.—Minden Master Range Top Grill
- Gadgets and Cutlery Accessories: Inno-Labs—Fire Wire™
- Gourmet Gifts and Specialty Foods: Highway Inc.—Australian Beer Glass

• Green by Design: Roland Products Inc.—Goodbye Detergent!

• Kitchen Electrics: Fissler USA—CookStar Induction Pro Portable Cooktop

• Tabletop Textiles: Mastrad Inc.—Vegetable Keep Sack

In a prepared statement, Sikalis said, "We are extremely pleased with the quality of entries into the Gourmet Golds. Each year the products continue to heighten the level of the competition, and it has truly developed into a preview of the best the show has to offer."

All exhibitors were eligible to submit new products for the competition. Judges at the show included Peter Giannetti, *HomeWorld Business*; Sam Grawe, *Dwell Magazine*; Karen Martin, *Kitchenware News & Housewares Review*; Michelle Moran, *Gourmet Retailer*; Liezel Munez-Gunn, *Oprah Magazine*; Warren Shoulberg, *HFN* and Margo True, *Sunset Magazine*. The judges reviewed nearly 100 product submissions as part of the competition.

The Gourmet Housewares Show is scheduled for Aug 7-9, 2010, here. **GN**