



Complete Guide to
**COUPON
ADVERTISING**

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INTRODUCTION

You wouldn't be reading this if running a business were easy. You know the statistics don't favor small businesses.

While approximately 543,000 new businesses are started every month, more of these shut down than open. While 70 percent of businesses survive at least two years, only half last five years. Only one in three will make it at least 10 years. There are numerous reasons for shutting down a business, many of which are well beyond your control. What that means is that you have to redouble your efforts in the areas you can control. A good mantra is the Serenity Prayer:

**Grant me the serenity to accept the things I cannot change,
Courage to change the things I can,
And wisdom to know the difference.**

As a business owner, you need to vigorously attack those things you can change. Once you have your staff in place, your inventory stocked, licenses and permits in order, and the other hundred things you need to open the doors, you need to look at one more thing that is well within your control: advertising.

Advertising can work. Let's start with that basic premise. If you don't believe it, this e-book is not for you. The real challenge for business owners is finding which form of advertising works for them. So, now that you are in a courageous and serene mindset, let's give you a little wisdom and talk about one ubiquitous form of advertising: **coupons**.

Different Advertising Serves Different Purposes

Before focusing on coupons, a brief word on what coupon advertising is not. Coupons are a form of direct response advertising. The purpose of this form of advertising is designed to elicit an action from the reader. Think of one of the most common coupon offers:

“Buy One, Get One Free!”

The action is right there in the offer: “Buy One!” This contrasts sharply with brand advertising. A brand example is:

“I’d like to buy the world a Coke and keep it company!” (Go ahead and hum a few bars—I’ll wait....)

The purpose of the ad is to invoke an image of warm, fuzzy feelings, not to direct the consumer to actually buy the product at that very moment. Companies with large budgets and big markets can really take advantage of branding campaigns. Alternatively, local businesses can also build a brand in their local market. Think of realtors and lawyers as examples.

However, for many small businesses, the better option is to either get an immediate action from the customer or to give him or her a reminder to take for later use. Enter the coupon.

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THE BENEFITS OF COUPONS FOR SMALL BUSINESSES

Let's take a quick look at some of the facts about coupons.

There's Proof That People Use Them

One might think that only lower-income families and elderly individuals use coupons. This couldn't be further from the truth. In fact, research shows that coupons are most commonly used by affluent shoppers and Millennials—not to mention, every other demographic. A whopping 96 percent of Americans use coupons. Of this, 88 percent of all consumers and 91 percent of Millennials use paper coupons, despite technology's ever-growing influence on consumer spending habits.

We know what you're thinking: "Okay, almost all Americans use coupons. But just how often do they use them?" The answer is "a whole lot." For starters, more than half of Millennials spend more than two hours each week looking for coupons and deals. Eighty-five percent of consumers look for coupons prior to visiting a retailer.

In short, it's proven that a vast majority of consumers frequently search for and use coupons—and for a variety of industries.





Coupons Provide Direct Tracking

Tracking traditional advertising ROI can be difficult. While branding ads help in the early part of the sales cycle, and can be vital in generating a full sales pipeline, there is not as much activity that a prospect takes during this time. For example with TV, billboard ads, and other mass marketing, the only reliable way to measure success was through regional monthly sales.

Conversely, digital advertising provides a surplus of data—and it can be difficult to know what to measure. There are impressions, click through rates, conversions, cost per conversion and quality score, just to name a few.

One of the best features of coupon advertising is its direct tracking capabilities: Every coupon can be physically tracked. This boosts the value of coupon advertising, as businesses know exactly how a particular offer, design, or location is performing.

**“EVERY
COUPON CAN
BE PHYSICALLY
TRACKED.”**

Customers Expect Coupons

Not only is it proven that a majority of customers use coupons, but research also shows that, over time, customers come to expect them. In fact, 70 percent of consumers expect to receive product discounts in exchange for their personal information, while 55 percent expect to receive exclusive offers and events. With this in mind, it becomes clear that coupons can help build loyalty and inspire repeat customers.

Members-only and loyalty programs not only create proud, card-carrying members, but they build expectation. Seventy percent of consumers consider member-only discounts and offers the key benefit of loyalty and reward programs, and 22 percent say that deals and offers motivated them to join a loyalty program in the first place. Not only are members convinced they're receiving the best deal, but promotions and coupons influence consumers into buying additional products.

Through repetition, persistence, and continuity, businesses can create a loyal consumer base. It's entirely possible to train your customers—especially your regulars—to know when to expect a coupon and how much of a discount they are going to receive. If a brand offers steep discounts too frequently, you're likely to scare off full-price patrons. Instead, it's important to offer discounts at a predictable frequency, to ensure that usage stays at a normal level.



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Coupons Compel Consumers to Act

Looking to make an impact and influence how your consumers purchase your products? Coupons not only compel consumers to act, but they impact how much money they spend. Nearly 90 percent of adult consumers said that promotions influence the amount they spend and the items they purchase. Like building loyalty, the more you offer your customers, the more they're willing to spend.

Coupons can also help sway consumers from your competition. Seventy-eight percent of consumers said they were influenced to buy a brand they wouldn't typically consider due to a coupon. Similarly, 80 percent of shoppers would switch stores or brands when offered a compelling promotion. For small businesses competing against big-box brands, coupons can help draw customers into their store in the first place.



COMPONENTS OF A GOOD COUPON

Not all coupons are created equal. There are effective coupons that drive consumers to a business and create repeat, loyal customers, and there are coupons that negatively impact businesses and end up unused.

The best coupons maximize profit, not revenue. It's important to know how to make an offer profitable. For example, an offer that's 50 percent off may

be unprofitable for a small business. However, if an average product is \$50 and you offer \$10 off a purchase of \$20 or more, the real discount is just 20 percent—while the perceived value is much higher.

To ensure you're creating coupons to benefit your business, follow the acronym CODE (category, offer, distance, execution). Below is a checklist to help.

THE COUPON CODE CHECKLIST

Category

- ✓ Businesses with low cost of goods sold and in industries where coupons are expected are better positioned to leverage coupons.

Distance

- ✓ Coupons must target the potential customers for your business.

Offer

- ✓ Needs to be bold and compelling.
- ✓ Numbers generally work better than percentages. For example, \$15 off \$30 or more is better than 20 percent off.

Execution

- ✓ Coupons must follow the right repetition, exposure, and offer.

TYPES OF COUPONS

In 1887, Coca-Cola distributed what's widely agreed to be the very first coupon: a free glass of Coke.

(Note: Coke took its first advertising steps with direct response a long time before its famous branding jingle.)

In the hundred-plus years that have passed, there have been innumerable iterations and media of promotions and coupons. From print formats such as newspaper and circulars to digital, the goal of coupons is generally the same: to drive traffic and increase profits.

There are, however, formats that have stood the test of time. Let's review which types of coupons are best suited for small businesses.

Newspapers and Circulars

Newspapers were once the gold standard of local advertising for small businesses. However, the digital age has drastically reduced readership by sending more ads online. As a result, the ROI for print ads isn't what it once was. While studies show 56 percent of consumers claiming they have clipped

coupons from a newspaper in the 30 days prior to polling, others show that, in early 2016, just two in 10 U.S. adults got news often from print newspapers. What's more, this number fell from 27 percent in 2013.

What does this mean? Even though consumers may still find coupons in their local newspapers, the number of actual readers is on a steady decline, due to the influence of digital and TV news. The same goes for weekly circulars. While 49 percent of shoppers say they plan their shopping around circulars, coupons, and deals, a European survey found that only 23 percent of respondents said they relied exclusively on print media.

While weeklies, circulars, and alternative newspapers may provide a less expensive option for small businesses, ultimately, they are seen by fewer eyes. The technique of newspaper advertising also raises another question: Do consumers really see your ads when they're reading about the latest news or researching a local-interest event?

Group Buying Websites

Popularized over the past decade, group buying websites are e-commerce marketplaces that connect subscribers to local services by offering limited-time discounts and promotions. While many companies are able to leverage these websites to attract new consumers, advertise a variety of businesses, and generate incremental revenue, they also have their negative effects on small businesses.

Unlike mainstream coupon advertising, group buying websites almost exclusively cater to low-end bargain hunters and one-time customers.

Because their customer base largely consists of deal seekers, there are low rates of spending and return. Many of these websites also have low conversion rates for repeat customers. Perhaps the most damaging factor for small businesses, however, is that oftentimes, these deals are not even profitable. Some companies, for example, pocket 50 percent of the revenue from each deal. Because many companies are built on margins of at least 75 percent, small businesses often pay the price of working with these group buying websites.



Direct Mail Advertising

The direct mail advertising industry has been around for well over 100 years. With Valpak local coupons and other direct mail techniques, brands advertise straight to people's homes, hoping that residents see the delivered coupons and bring them into shops. While direct mail may not be on the top of your advertising list in the 21st century, it still does have its perks: [According to a recent survey](#), 22 percent of all consumers preferred mailed coupons to other methods.

While some find success in this medium, direct mail can be approached much like newspaper and print advertising. For starters, good advertising requires repetition, exposure, and targeting. Businesses must be prepared to pay for multiple mailing campaigns. Without numerous mailings, messaging may never be seen. Plus, direct mail advertising is often

thrown away without hesitation. There's a reason "junk mail" got its unfortunate name. Finally, direct mail advertising takes on a "spray and pray" approach. By targeting consumers in broad ZIP codes, you may be reaching consumers 30 miles from your business. Even if your message is seen, they are unlikely to choose you over a local competitor.



“DIRECT MAIL ADVERTISING IS OFTEN THROWN AWAY WITHOUT HESITATION. THERE’S A REASON ‘JUNK MAIL’ GOT ITS UNFORTUNATE NAME.”



Digital and Social Media Advertising

There's no denying the recent influence of digital advertising and coupons. It's predicted that more than half of the adult population will use digital coupons in 2017. While this type of advertising can be effective, it also requires extensive maintenance and upkeep.

Recently, digital advertising has become synonymous with social media. The strategy seems not only effective but affordable as well. It also provides mobile presence that enables customers to connect from their smartphones. However, engaging in social media requires companies to be highly active. For example, you can't leave your Facebook page empty for months without any updates. If you do, followers won't return, which effectively diminishes any impact you

had hoped to achieve. That lost time is an investment, and many small-business owners find a lack of time to already be a significant challenge.

On the other hand, paid search efforts, such as Google's AdWords, bring up ads on websites and search engines based on search queries, browsing history, location, and demographics. Some paid efforts are known as pay per click, which charges businesses based on user clicks. While paid search can be an effective complement to coupon advertising, small businesses must often compete with national brands. Geographic targeting can also be a challenge, because internet service providers don't report home addresses. In other words, these efforts can be difficult to maintain and—not to mention—expensive.

Grocery Store Receipt Advertising

Where's one place that nearly all Americans visit on a regular basis, regardless of income, shopping habits, or age? The grocery store. That's right: People have to eat. Reaching local consumers in areas they frequent is an infallible strategy for brands to reach the eyes of new and existing customers.

The primary shopper of a household visits a grocery store an average of 1.7 times per week. What does this mean for your brand? **That your message will be reinforced more than an hour per week and more than 80 times throughout a year.** Moreover, your ad is placed directly in the hands of customers.

Register tape advertising is an effective technique in which coupons are placed on the back of cash register receipts given to customers at grocery stores. From restaurants and salons to dry cleaners and auto shops, brick-and-mortars benefit from this cost-effective advertising technique. This type of advertising provides potential for customization and relevant exposure.

Research shows that the typical grocery store customer lives within three miles of his or her preferred grocery

store. Business owners can take advantage of this and tailor messaging around reliable data—including age, gender, average household income, and other demographic factors—to ensure that ads are reaching a relevant audience. This precise location targeting, combined with demographic information, enables small businesses to distribute messaging to a hyper specific audience.

“REACHING LOCAL CONSUMERS IN AREAS THEY FREQUENT IS AN INFALLIBLE STRATEGY FOR BRANDS TO REACH THE EYES OF NEW AND EXISTING CUSTOMERS.”

In addition to the benefits of exposure, customization, and targeting, small-business owners can rest assured that their coupons are reaching their audience. After all, these coupons are literally placed into the hands of a targeted audience by grocery store cashiers, along with the customers' change. Unlike direct mail or print techniques, register tape advertising ensures that users receive the coupons in the first place.

Small businesses can achieve greater brand recognition by joining forces with local supermarket chains. When partnering with supermarkets, businesses only pay for the ads running in a particular store, meaning that target audience will be relevant. Grocery store advertising also delivers hyperlocal targeting better than simple ZIP code or city selection so that owners can target customers within three miles of their location.



CONCLUSION

In many competitive verticals like restaurants, salons, dry cleaners, and automotive shops, business owners need to clearly measure the ROI of their ad campaigns and have a partner that's going to help them get in front of the most potential customers at the best price.

IndoorMedia connects brands with prospective customers. As the largest in-grocery-store advertising company in the U.S. and Canada, we print and distribute highly targeted marketing in the form of exposure and direct response advertising.

Finding affordable yet reliable and proven advertising methods is a challenge for many small businesses. Not only is advertising expensive,

but it can also be tough to build brand awareness while targeting a specific audience. While many of the aforementioned marketing techniques have reach, they come at a steep price and with no guarantee of success. Grocery store advertising, on the other hand, equips business owners with daily measureable responses, which are much easier to track than other advertising techniques.

Most grocery stores only allow a few select, qualified businesses and professionals to participate in their cash register tape and shopping cart programs. Businesses also have the option to purchase an exclusive for their category that “locks out” competition. Instead of clashing with competitors, your colorful ads will attract thousands of potential customers with personalized, customized messages designed to meet your marketing needs.

“ATTRACT THOUSANDS OF POTENTIAL CUSTOMERS WITH PERSONALIZED, CUSTOMIZED MESSAGES DESIGNED TO MEET YOUR MARKETING NEEDS.”

IndoorMedia enables small-business owners to target customers within three miles of their business at a lower cost per impression than other types of coupons. Businesses receive continuous blanket exposure every day to thousands of shoppers in a targeted area. From household decision-makers spending an hour pushing around a cart to Millennials popping in and out of a store to buy one or two items, cartvertising and register tape advertising ensure that all bases are covered.

Grocery store advertising enables small-business owners to reap the benefits of national advertising campaigns with extensive, targeted reach. IndoorMedia enables business owners to enjoy the perks of million-dollar campaigns—at the fraction of the price. Think of these customized, full-color grocery store ads as small-scale billboards on shopping carts and receipts. Not only do they demand the attention of shoppers, but they can be targeted around the unique needs of your consumers to increase brand recognition and reach.



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