

Marketing

In the Digital Age, Paper Coupons Still Rule

► Bargain-hungry shoppers can't stop clipping

► "For consumers, it's a ritual behavior"

In the weeks leading to Thanksgiving, **General Mills** will flood newspapers with millions of paper coupons for cans of its Pillsbury Crescents and Biscuits. "Print is still an effective and efficient way to reach consumers," says Joe Trimble, promotions marketing manager for General Mills. He heads the coupon group at the Minneapolis-based maker of brands such as Cheerios, Betty Crocker, and Yoplait, which issues tens of millions of coupons most weeks. It remains a juggernaut in the world of printed discount chits.

The paper coupon is not only a curious survivor of the digital revolution; it's thriving in it. In just the first half of 2014, consumer packaged goods companies distributed 171 billion coupons—of which 92.5 percent were in booklets called free-standing inserts, often found in Sunday newspapers, according to data from NCH Marketing Services, a coupon audit and settlement

A Tree's Worst Nightmare

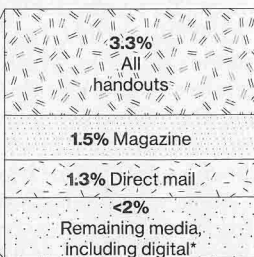
First-half 2014 coupon distribution by media

92.5%

Free-standing insert (FSI)

7.5%

All other media



company. Digital coupons (including those downloaded to smartphones and scanned at the point of sale or loaded onto loyalty cards) are growing but remain a sliver—less than 1 percent—of all consumer packaged goods coupons.

That may seem like a lot of wasted trees, given that people redeem less than 1 percent of paper coupons from inserts, but there are compelling reasons print remains the standard. Manufacturers pay insert publishers a fraction of a penny to distribute each coupon, whereas the cost per digital coupon is typically a nickel to a dime per download, says Curtis Tingle, chief marketing officer at marketing services company **Valassis**, which owns NCH and the RedPlum coupon booklet.

Paper coupons "are efficient. They are broad-scale—you can reach tens of millions of households in any given day in the country," says General Mills' Trimble. And marketers get space on the page for other promotional devices, such as recipes, that a digital coupon might not have room to display.

Plus, not all retailers have the hardware to scan a digital coupon from a smartphone. Consumers—including millennials—simply prefer paper-based discounts, according to survey data from Valassis. Even those who use digital coupons don't snub print. "For consumers, it's a ritual behavior," Tingle says. And when a life change—particularly having a baby—tightens family budgets, even digitally oriented consumers turn to paper inserts for deals.

There's no denying the print newspaper reading demographic is aging: The median age of an adult mobile news user is 17 years younger than the typical print reader, according to 2012 data from the Newspaper Association of America, the latest available. "As demographics shift, and more supermarket retailers incorporate new digital marketing technology, I would expect to see this continue to gradually migrate to more digital," says Brian Numainville, principal at researcher Retail Feedback Group. For now, however, consumers needn't put away their scissors. —*Venessa Wong*

The bottom line Packaged goods companies distributed 171 billion coupons in the first half of 2014, mostly in newspaper inserts.

B Edited by James E. Ellis and Dimitra Kessenides
Businessweek.com/companies-and-industries

DATA: NCH MARKETING SERVICES/VALASSIS
*INCLUDES NEWSPAPER, ALL DIGITAL FORMATS, IN- AND ON-PACK & CROSS-RUFF, MILITARY, AND MISCELLANEOUS

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