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DIGITALLY DISTRIBUTED COUPONS OUTPACED PRINT FSI COUPONS IN FOOD UNIT INCENTIVES IN 2013, ACCORDING TO KANTAR MEDIA

Walgreens.com leads key retailers with the greatest unit incentive in 2013

MINNEAPOLIS, MN, February 28, 2014 – An analysis by Kantar Media’s Marx found that digital coupons distributed in 2013 on key websites (including Load to Card and Print at Home coupon types) delivered higher incentives per unit in all five CPG (consumer packaged goods) food areas compared to Print FSI (Free Standing Inserts) coupons distributed in Sunday newspapers. (Face Value Per Unit, as calculated by Marx, is the the face value of the coupon divided by the number of units required to use it.)

“2013 represents a pivotal year for digitally distributed coupons. In a way, this is a coming of age story, where digitally distributed offers are reaching the full potential of their incentives as set by the behemoth – the Print FSI.” stated David Hamric, General Manager at Kantar Media’s Marx. “While incentive levels are critical, it is also important to consider the activity levels in which food and non-food areas are represented. For digitally distributed coupons, all five CPG food areas have a greater share of activity than compared to Print FSI food areas in 2013. Even though the gap in incentive levels is closing between digital and print offers, the share of activity remains distinctly different in digital.” concluded Hamric.

Digitally distributed coupons offered an average incentive of \$1.29 in Face Value Per Unit while Print FSI Face Value Per Unit levels were 3.8 percent higher, measuring \$1.34 in 2013. The Other Packaged Good Area drove the largest Face Value Per Unit divergence, with digitally distributed coupons offering a \$0.98 higher incentive than Print FSI coupons. However, six of the nine areas in both digitally distributed coupons and Print FSI coupons differed by less than 10% in their Face Value Per Unit incentive levels. Personal Care and Health Care, two Non-Food areas, stand out as distributing lower Face Value Per Unit incentives in digitally distributed coupons than in Print FSI coupons. (Higher incentives per unit or Face Value Per Unit supports a shopper’s increase in how many units are purchased, providing more financial support for the shopper.)

In terms of share of activity, CPG food areas captured 47.6 percent of digitally distributed coupons, while Non-Food areas captured 53.8 percent share of activity in 2013. (Due to events crossing multiple areas, percentages may add to more than 100). This compared to 35.6 percent share of Food areas activity within Print FSI and 64.7 percent share of Non-Food activity for Print FSI. For Food areas, digitally distributed coupons had a 12 percent larger share of activity than Print FSI.

CPG Areas	2013 Digital Activity			2013 Print FSI Activity		
	Share of Activity (1)	Face Value (2)	Face Value Per Unit (2)	Share of Activity (3)	Face Value (4)	Face Value Per Unit (4)
Cereals	3.4%	\$0.81	\$0.63	1.0%	\$ 0.93	\$ 0.62
Dry Grocery	23.7%	\$1.12	\$0.76	20.7%	\$ 1.02	\$ 0.71
Frozen Products	5.9%	\$1.24	\$0.82	4.4%	\$ 1.02	\$ 0.80
Health Care	14.6%	\$2.20	\$2.11	18.2%	\$ 2.35	\$ 2.19
Household Products	10.6%	\$1.24	\$1.03	14.3%	\$ 1.23	\$ 0.92
Other Packaged Goods	4.0%	\$3.26	\$3.13	2.5%	\$ 2.43	\$ 2.15
Personal Care	24.6%	\$1.77	\$1.59	30.1%	\$ 2.07	\$ 1.70
Refrigerated Foods	8.5%	\$0.94	\$0.68	6.1%	\$ 0.83	\$ 0.62
Shelf Stable Beverages	6.2%	\$1.26	\$0.95	4.1%	\$ 1.20	\$ 0.94
Total	101.4% *	\$1.52	\$1.29	101.4% *	\$ 1.63	\$ 1.34

Source: Kantar Media

1. Share of Digital Activity is based on # of Events 2. Digital Face Value and Face Value Per Unit are averaged across all events in that Area 3. Print FSI Activity share is based on Coupons Dropped 4. Print FSI Face Value and Face Value Per Unit are weighted by circulation

* Totals equal more than 100% due to events crossing multiple areas

Face Value Per Unit in Digital Diverges by Website Type

In 2013, all four website types- Brand, Network, Retailer and Affiliate - reported different levels of Face Value Per Unit. Affiliate Websites reported the highest level of Face Value Per Unit at \$1.42 in 2013, followed by the Retailer Websites at \$1.33. Network and Brand Websites were more closely aligned at \$1.22 and \$1.15, respectively. The Affiliate Website Type represent websites that pass on offers from other websites such as Network Website Types.

Among Retailer websites, Walgreens.com led with the highest Face Value Per Unit at \$1.98, 32.8 percent higher than the average Face Value Per Unit of \$1.33 for all key retailer websites. Following Walgreens.com, the next two ranked retailer websites, Walmart.com and Target.com, differed by only \$0.01, coming in at \$1.38 and \$1.37, respectively. The lowest recorded Face Value Per Unit incentive in 2013 across key retailer websites was Safeway.com with \$1.07, 24.2 percent below the average for all key retailer websites, and 85.0 percent below the highest retailer ranked website, Walgreens.com.

The website unique visitor metric is used to measure the number of people exposed to these incentives through its coupon website location. Although Walgreens.com had the highest incentive level in 2013, it did not capture the most visitors. However, among key retailer websites, Kroger.com did capture the most visitors, ranked #1 in 2013, followed by Target.com, ranked #2. The key retailer website with the lowest number of unique visitors in 2013 was Jewelosco.com, ranked #9.

Digital Coupon Face Value Per-Unit (FVPU) By Website Type 2013



Source: Kantar Media

“Incentives are a key component of a coupon that helps drive purchase intent. Typically the higher the incentive the greater the likelihood of a purchase for that brand or product. Competition is fierce among manufacturers to drive sales for their brands, and having the right incentive that gets shopper exposure on the right retailer website can mean the difference between a shopper picking your offer over your competitors,” stated Douglas. “One great advantage of digitally distributed coupons is the ability to specify which level of incentives you wish to offer shoppers across multiple websites. Specifically targeting multiple incentive levels by website requires an understanding of the overall trends at that website, and the tactics that competitors use such as lower or higher than category average incentives. Take Walgreens.com as an example; it ranks highest in 2013 with the highest Face Value Per Unit incentive of \$1.98. Does that mean your brand should offer incentives close to \$2.00? Consider looking at what your competitor’s and your category’s incentive levels are at Walgreens.com to effectively customize your offer armed with the best competitive insights.” concluded Douglas.

About Kantar Media

Kantar Media provides critical information that helps our clients make better decisions about communications. We enable the world's leading brands, publishers, agencies and industry bodies to navigate and succeed in a rapidly evolving media industry. Our services and data include analysis of paid media opportunities; counsel on brand reputation, corporate management and consumer engagement through owned media; and evaluating consumers' reactions in earned media. As the global house of expertise in media and marketing information, Kantar Media provides clients with a broad range of insights, from audience research, competitive intelligence, vital consumer behaviour and digital insights, marketing and advertising effectiveness to social media monitoring. Our experts currently work with 22,000 companies tracking over 4 million brands in 50 countries.

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