

Online Coupons Boast High Redemption Rate

Contributed by eMarketer
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Digital promotions are slowly replacing weekly circulars, particularly among younger consumers

The recession has encouraged a host of deal-seeking behavior among consumers, including searching out online and mobile coupons as well as taking advantage of daily deal offers, which have risen in popularity dramatically.

And thanks to television shows like “Extreme Couponing” where shoppers save hundreds of dollars during strategically planned supermarket visits, old-fashioned coupon-clipping is back in the spotlight, too.

Though shoppers still scour the Sunday paper for coupons, those free-standing inserts have the lowest redemption rate of all formats, according to NCH Marketing Services.

Instantly redeemable grocery coupons featured on the outside of a package were the most likely to be claimed, followed by coupons downloaded from the internet, at nearly 17%. Health and beauty products had a 13.6% redemption rate for the same digital format.

The high redemption rate for online coupons could be attributed to both a growing familiarity with the process as well as the increased availability of online offers. NCH also found a 15% increase in promotions distributed digitally in the first half of 2011 versus the first half of the previous year.

eMarketer estimates that overall, 88.2 million US internet users will redeem an online coupon for either online or offline shopping this year, up from 83.6 million in 2010.

In addition, opt-in email lists and other targeted offers, along with the fact that many online coupons are found by searchers directly seeking out deals, mean digital offers are more likely to reach consumers who want to redeem them. Free-standing inserts, by contrast, are distributed more widely, likely depressing the redemption rate.

Home-printed coupons not only stand a better chance of being redeemed, they also attract more new buyers than traditional coupons. According to Knowledge Networks, nearly half of consumer packaged goods (CPG) coupon redeemers from 2008 to 2010 had not previously bought the promoted item compared to 34% that had used free-standing inserts.

Overall, 35% of consumers surveyed by SymphonyIRI downloaded coupons from manufacturer or retailer websites, while 31% did so from dedicated coupon sites. Coupons were popular across all incomes, though preferred sources varied.

Those making less than \$35k overindexed most heavily for manufacturer sites, whose offerings in many ways resemble the same types of packaged goods deals found through free-standing inserts.

Only daily deal sites gained in popularity as incomes rose, reflecting a tendency of wealthier shoppers to embrace new digital sources first. According to a Consumer Goods Technology (CGT) study, coupons were the preferred discount among all internet users (80%), while daily deals landed closer to the bottom (16%).

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