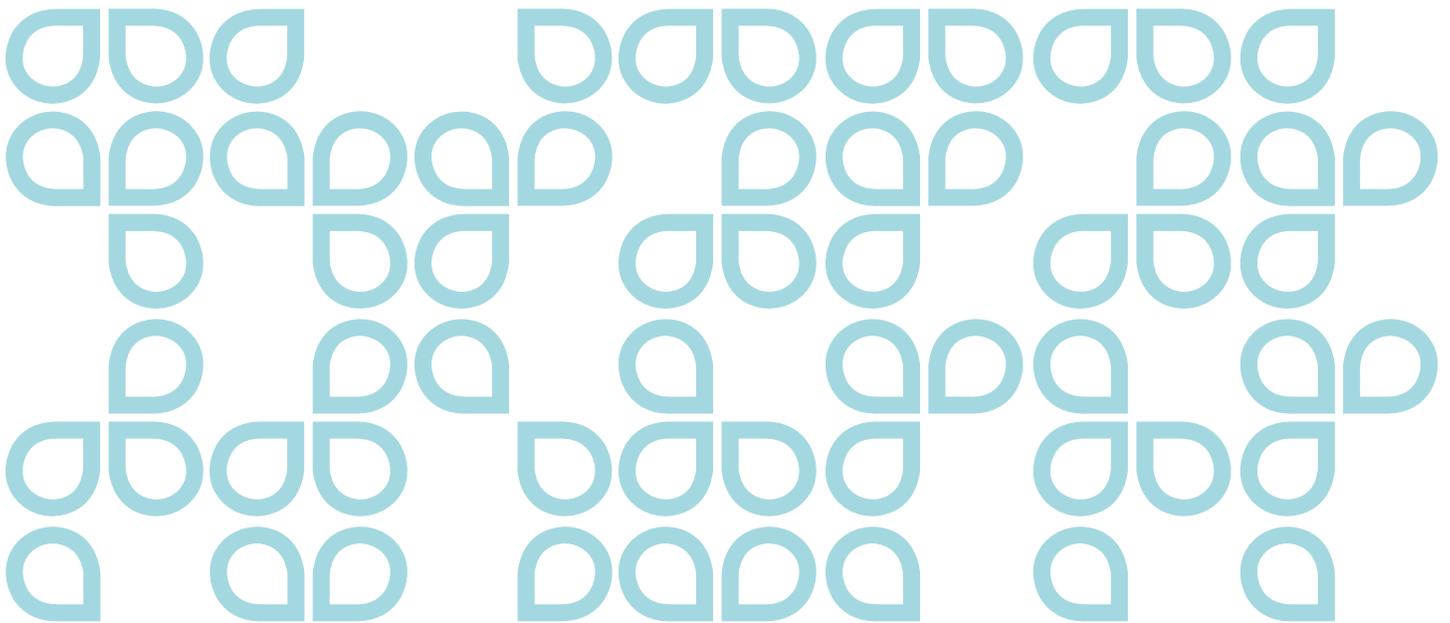




PERFORMANCE **MARKETING** ASSOCIATION



Using Coupons from a Consumer Perspective:

created by the PMA Coupons & Deals Council

Performance Marketing Association

5 Things this paper will cover

1. Metrics prove that consumers not only love coupons in an online setting, but rely on their usage in most transactions
2. Consumers embrace coupons in almost any content but the easier and more seamless the experience, the better
3. There is literally no demographic for online coupon usage, they are ubiquitous
4. Merchants can use consumer behavior to create a better coupon experience
5. Digital coupons ARE incremental

History of Online Coupons

While the history of physical coupons goes back to Coca Cola's usage in 1887, there is no firm date as to when online coupons began, although we can point to some critical dates that cemented their usage:

2006 - RetailMeNot is founded, now the largest online coupon site

2010 - Target becomes the first national chain to accept mobile coupons in-store

2012 - Mobile phone coupon use surpassed 5 billion

2019 - More than 55.7 million Americans are now using online coupons, representing 25 percent of the U.S. population

Merchant Strategies for Using Coupons

There are many ways you can use coupons to your benefit and have a positive end result. Here are some strategic ways to utilize coupon promotions so that both you and your customers are happy.

Utilize Thresholds. Use coupons to increase sales by creating a threshold, or a minimum requirement in order for a coupon to work. If there's a minimum dollar amount for the coupon or deal to be valid, it can increase the average order value. A couple examples are 20% off \$150+ order and Free Shipping on \$75+ order. You can even do a tiered offer that increases the discount the more the customer spends, such as 10% off when you spend \$50+, 15% off when you spend \$75+ or 20% off when you spend \$100+.

Create A Sense of Urgency. Coupons are often a limited time promotion and this can make shoppers feel like they need to make their purchase ASAP before the coupon expires. This helps prevent shoppers from browsing but not committing to buying. As a result, you can reduce shopping cart abandonment. To help create this sense of urgency, include special wording in your ad copies such as "Today only!" and "Limited Time".

Provide Exclusive Codes to Publisher. If you want to improve your relationship with publishers and get extra exposure simultaneously, offering exclusive codes is a great way to go. Publishers want unique and attractive offers that users can only get on their site. Since they are considered rare and valuable, many publishers will offer special placements on their sites in exchange for exclusive codes.

Key Players in Online Couponing

The PMA membership roster hosts a number of top players in the online coupon space.

<https://thepma.org/corporate-members/>

Best Practices for Merchants Using Coupon

Include Terms and Restrictions. Be sure to list out any exclusions so that customers don't try a code on multiple products only to discover it only works on certain products. This reduces frustration and also reflects well on both merchants and affiliates when users know what to expect.

Include Valid Run Dates. Most coupon codes are not evergreen so you'll want to include the beginning and expiration dates in the deal information, including the ad copy. This will ensure publishers know when to post and remove coupons from their sites, reducing the chance of invalid or expired deals being listed. It's also helpful to include the times and timezones, and can look like 20% off any order at BestStore.com. For instance: *Valid from 12:00am EST 9/1- 11:59pm EST 9/4.*

Use Simple Coupon Codes. Make it easy for customers to use their special discount by creating simple, easy to remember codes. You'll want to avoid long codes with lots of upper and lowercase letters and numbers. You'll also want to make sure codes aren't case-sensitive to make the checkout process as easy as possible. This is especially important for mobile users and they usually memorize the code and enter it once they're cart is ready.

Overall, coupons are a great way to:

- Promote your products and offer discounts, especially during the holidays.
- Be listed on large coupon/deal sites and get special placements if you provide exclusive codes.
- Keep up with competition and provide an incentive for shoppers to choose your products over similar ones.
- Increase AOV, particularly if you utilize thresholds and tiered offers.
- Decrease shopping cart abandonment by creating a sense of urgency.

Profile of the Online Coupon User

The Internet coupon user is an impossible demographic to pin down, as it's so varied. According to the research, a vast majority of adults consult coupon websites and attempt to use digital coupons when shopping. The largest age group to use coupon websites is 35-44, with 41 percent of these online adults who use tools or websites to find good deals when shopping online, including 47 percent of these women and 34 percent of these men using coupon websites.

Why are Coupons Valuable?

Coupons are a great incentive for shoppers to complete a purchase because they know they are getting a discount that they otherwise would not have gotten. Many merchants offer a coupon for first time customers who sign up for their newsletter. This is a great way to draw in new customers and be able to send them updates on new products and any special offers going on.

Do you have a shopper who abandoned their cart or are about to navigate away from your site? Offer them a special coupon to get them to complete the purchase. There are services such as UpSellit that can help increase your conversions by analyzing visitor's behavior and offering them an incentive, like 15% off their first order, if they are about to leave your site.

Put simply, coupons can help merchants attract new customers, convert shoppers who are on the fence, and keep customers coming back for more discounts.

Why are Consumers Drawn to Online Coupons?

Simply put, using coupons gives shoppers a sense of power and nurtures "smart shopper feelings", according to a study done by Psychology Today (2). It provides the shopper with the thrill of saving money to the point where they are willing to pay more for a discounted product rather than pay less for a cheaper item with no discount.

Valassis, a shopper marketing firm, also found interesting results in a survey they conducted where 80% of those surveyed said a coupon would influence them to make a purchase from a brand they don't usually buy from (2). This means the majority of shoppers are willing to venture into the unknown by giving a different brand a chance all for the sake of being able to use a coupon.

Another study from Coupons.com revealed that coupon usage actually creates happiness. Coupon recipients of a \$10 voucher had a 38% rise in oxytocin levels while their respiration, heart rate, and perspiration dropped (3). It appears that it's not just the mental satisfaction of getting a deal, but there are also positive physical reactions as well.

Are Coupons Building Incrementality?

Not only do coupons make existing customers feel valued, they also attract new customers! A Valassis study reports that "86% of the shoppers surveyed said coupons have influenced them to try a new product." Lowering the cost of the initial purchase can invite customers to try a new brand or convince them to switch over from a competitor.

Roughly 80% of those surveyed said a coupon would influence them to purchase a brand they typically would not buy. Shoppers who clicked on a coupon ad were 2x more likely to convert on a retailer's site. 94% of transactions driven by coupon affiliate paid search ads were incremental.

5 Key Takeaways

1. Coupons are incremental.
2. Everyone uses digital coupons.
3. In digital coupon usage, experience is important, but consumers will search far and wide to save money.
4. Merchants can utilize best practices to control couponing - i.e. coupon programs don't have to be scary!
5. Coupons create happiness!

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Coupons from a Consumer Perspective

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For more information on the PMA, our resources, or membership please visit www.thepma.org

