

In-Store

The Newsletter of In-Store Marketing & Business
September 2005

TM



DEAR READER:

I, like the rest of the country, am horrified at what happened (and didn't happen) as a result of Hurricane Katrina. How could people still be left in dire distress more than a week after the hurricane occurred? Our prayers are with them and I am impressed with the efforts supermarkets and CPG manufacturers are making to help.

GEMCON is going to be GREAT! We have terrific retailer speakers, a Retailer/CPG Collaboration panel, the latest in grocery/CPG technology and the best networking anywhere! Sponsors are Betacorp Management, comScore Networks, Catalina Marketing, National Payment Card, and Capture Resource. See www.gemcon2005.com and Register Now!

Back to the hurricane and along the lines of "how does it affect me?" we're having gas shortages down here in SW Florida that threaten to continue. I have a feeling we may see changes in shopping patterns (larger orders less frequently, and as a result, people doing more price-based shopping than today. Two companies called Cairo and ShopLocal might get a boost from this—you key in your zip code and what product you're looking for and they tell you how much it costs at various participating retailers. I also wonder what gas shortages would do to fuel reward programs..... Maybe you could have gas available only for people who have earned gas points. Or would that be against the law?

ELECTRONIC MARKETING



Giant Eagle will be allowed to continue rewarding shoppers by offering discounts on gasoline. The anti-trust division of the state Attorney General in Pittsburgh decided just last week that Giant Eagle is not selling fuel below cost by offering discounts per gallon based on purchases in-store. As reported last issue, the Petroleum Retailers & Auto Repair Association in Pittsburgh had charged that Giant Eagle was violating the Unfair Sales Act with its fuelperks! program.

The trade group had charged that more than 30 member gasoline stations were "substantially hurt" by fuelperks!, which gives customers a 10-cent per gallon discount for every \$50 spent inside a Giant Eagle supermarket. Giant Eagle has countered that it's not selling gas below cost, only rewarding customers for their loyalty. *Source: Pittsburgh Tribune-Review, article by C.M. Mortimer*

Albertsons has started a new program called "avenue" that is running in Jewel stores in Chicago area. Customers go to the main site (www.jewelosco.com) and click on "avenue." Streaming video on the site has a brief visual explanation of the kiosk and savings.

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The JewelOsco website says: “avenue selects personal offers for you every day...The savings offers avenue selects for you are based on products you enjoySimply shop in Jewel-Osco stores.....When you check out, simply present the same Preferred Card.... If you want to plan around the offers valid today, you can extend them by up to two weeks by using the ‘Extend your avenue’ offers’ link. This can only be used once for any given set of offers. If you do not extend your offers, the offers you have tomorrow may well be different from the ones you have today.”

Nine of the Chicago-area Jewels have a “customized savings kiosks” where customers can check the same information via an Internet link by just scanning their cards. The Jewel-Osco stores also have PRN and Sign Storey. *The multi-media approach, including Catalina printers at the front-end, is a great venue for CPG manufacturers who want to entice consumers via multiple touchpoints.*

A survey of 1,000 consumers, commissioned by Grizzard Performance Group and conducted by Infosurv in May 2005, states that **more than half of consumers (58 percent) are not bothered when some customers receive special treatment** “because they provide more value to the company.” The survey also found that 79 percent of consumers expect special treatment from companies they are especially loyal to, purchase from frequently, or refer other customers to. Michael King, group vice president at Grizzard, said he was surprised by the magnitude of knowledge consumers have about how companies treat their customers and why that treatment is different.

The second part of the study shows that managing consumer expectations potentially has a big impact. Seventy-nine percent of consumers expect special treatment. They understand that differentiation does not mean anyone gets treated badly, but that more important customers may get a higher level of service. But do they get it?

Barry and I sure do expect it and we sure don't get it. I still maintain that I'd be happy if any employees even recognized me. At one of the stores where we do most of our shopping there is one bagger who remembers me – she's Haitian and I happen to speak some Haitian Creole. Otherwise there is not a soul in the store that has a clue who we are.

“All other things being equal, the more insight you have with respect to your customers, the higher return you should be able to generate from them. Interaction strategies based on customer value are working in the marketplace, and the Grizzard study shows that customers know their role as it relates to a company. **The question then becomes, do you know the role your company plays in your customer's life?**” *Source: Peppers & Rogers Group*



BetaCorp Management, Inc., the provider of three-dimensional (3D) holographic self-service kiosks that we talked about in the July issue, announced that Kevin McKenna has joined its executive team as president and CEO. Interim President Clay Boykin will assume the duties of EVP and COO.

McKenna has been around this industry for quite a while, including positions with SmartSource Direct iGroup; Catalina Marketing and Nabisco. He will direct all aspects of development for BetaCorp, and focus on developing new business for the company's Automated Coupon Machine (ACM). In addition to customer-attracting (and entertaining) holographs, the kiosks also deliver print-on-demand coupons, advertising and consumer personalization solutions. Retail locations include Buy For Less, Reasor's Supermarkets, Homeland and Crest Foods, with participating manufacturers including Kraft, Bar-S Foods, Griffin Foods, Fast Fix'ins, Advanced Brands and Field's Pies. See www.betacorp.com.

GEMCON: Betacorp is one of our major GEMCON sponsors and will have one of its 3D holographic kiosks in the exhibit area.

FLOOR GRAPHICS

You may remember that I was less than pleased last issue with a Wal-Mart spokesperson's comments about floor graphics. Since then, I learned more about it and it jogged a memory – I'm sure I had this in In-Store a while back. The company named FLOORgraphics did, about seven years ago, provide its “FLOORAd” product at Wal-Mart but apparently it was successful enough that Wal-Mart decided to do it on its own, taking FLOORgraphics (the company) out of the picture.

But also apparently, Wal-Mart's internal execution was dismal. Less than 30% of the floor ads were installed at all; of those that got installed, many were not properly installed; and many of the decals were not properly maintained. In fact, we heard it was not unusual to see a campaign that was 6-8 months old, still in an aisle, with pieces or corners of the floor decal missing.



Tim Grimes with FLOORgraphics likened it to printing only 30% of your magazine circulation and then allowing the magazines you printed to get wet. What kind of sales lift could you expect from that?

I asked Tim what's involved in installing and maintaining floor graphics. He said there's a lot to it.

"First, unlike the Wal-Mart in-house program, our own people place the ads. We recognize that Wal-Mart store managers just have too many other tasks to do to manage floor advertising, because we guarantee execution rates above 96%."

"To ensure that our people execute at that level, we run execution reports, monitor each store placement, take Digital Audits pictures of store executions, and audit and 'score' our own installers every month. Second, we have creative standards against which we review every FLOORad and make suggestions to clients to ensure their ads have all the design and content elements we have proven are key to driving sales."

"Any successful Advertising Campaign requires great creative and full execution. You need to size the ads appropriately for each store size and traffic. If you use lower-cost, undersized ads like Wal-Mart did in its program (2' X 2'), you're inviting failure. Stores the size of Wal-Mart's need Jumbo and FloorBILLBOARDS (12 square feet) like we use in the South American, Mexico, and European hypermarkets to effectively reach and impact shoppers."

FLOORads (the branded product) by FLOORgraphics the company are used in over 10,000 grocery stores and hypermarkets internationally. CPG clients include P&G, Nestle, Georgia Pacific, Unilever, Kraft, and Con-Agra. Thank you, Tim, for setting the record straight!

I recently came across a company called Communithek, Inc. that provides a suite of loyalty solutions for retailers and restaurants. Through its wireless kiosk, called the Customer Enrollment Kiosk (CEK), merchants collect customer information in the store location. The data collected at the kiosk is sent, instantaneously, via secure wireless transmission directly to the client's database to be used for future email marketing and customer loyalty purposes.

Beyond collecting customer information in the store location, the CEK is designed to be coordinated with any loyalty and rewards program. The CEK comes with an optional barcode scanner or magnetic strip reader that enables customers to conveniently perform numerous functions directly at the kiosk, including enrolling in the loyalty program, checking point balances and redeeming points directly in the store via an on-board coupon printer. Through a secure login page, clients can track the performance of the kiosks, as well as the activity of each of their customers in the loyalty program.

The whole process, beginning with the collection of data through the implementation and coordination of the loyalty program, can be handled by and through Communithek. See www.communithek.com for a demonstration and more information or contact Communithek's VP Eitan Misulovin.

COUPONS



NCH Marketing Services, Inc., a Valassis company, and Pinpoint Data, LLC, have formed a business alliance that establishes Pinpoint as NCH's designated supplier for coupon coding and verification services.

"The alliance is a natural extension of NCH's and Pinpoint's shared commitment to helping clients better protect their promotional dollars," said Lawrence Fox, a VP for Pinpoint Data. "While NCH's controls help protect clients during the redemption process, Pinpoint can deliver controls that help protect NCH clients against costly mistakes in the coding of their offers."

"We're very excited about our partnership with Pinpoint," said Laura Yarashus, NCH's VP of product development.

“Just one mistake in a coupon’s bar code could cost companies thousands of dollars. I’m confident that Pinpoint will be able to help NCH’s clients eliminate this unnecessary waste, so they can do even more with their promotional dollars. The alliance is also expected to pave the way for additional, long-term benefits for NCH clients, such as helping them manage a potential transition to a new Reduced Space Symbology (RSS) barcode.

I asked Charlie Brown of NCHMarketing about this announcement, the impact of coupon design errors and the status of RSS codes.

“Poorly designed coupons impact the retailer’s ability to efficiently handle coupons at POS,” said Charlie. “Thus, some retailers have implemented policies in which manufacturers are fined for design/bar coding errors as a way to deal with the problem. The communication of fines is typically directed to the manufacturer and therefore NCH does not have any specific numbers. Our manufacturer clients have shared with us that these retailer fines are a concern, and they are looking for ways to minimize the impact of such fines.”

Does the Business Alliance include all of Pinpoint's products? (They include CouponChek and Product-Chek Barcode Verification, the Family Code Manager, Product Data Dispatcher and the Barcode Wizard.)

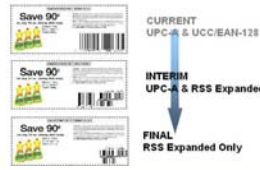
“Yes, although the focus of the alliance is on those services that specifically impact the coupon marketplace. We believe there can be improvement in bar code accuracy from using Pinpoint’s products which will lead to efficiencies for the entire industry. The alliance provides NCH clients with convenient help to eliminate poorly coded or hard to handle coupons. Accuracy of the existing code structure is very important, and we want to make it easier for clients to avoid any hard to handle coupons and the cost impact they have on the entire redemption process.

What’s the status of the RSS coding on coupons? Is it approved yet? Is there a final format?

RSS for coupons remains in the proposal stage. The marketplace has to resolve some important issues, but when it does, we are positioned to be ready. The Pinpoint products will help clients create and verify the new more complex code to be compliant with any published GS1 US (formally UCC) standards.

What do you see as the possible time-frame for us to see the initial efforts at that coding?

Two-Phased Migration



The proposal calls for various readiness stages, starting with processors and manufacturers, and an interim phase where UPC A remains on the coupon and RSS is used in place of

EAN 128. This way retailers who are not yet ready for RSS can still scan the UPC A to capture the face value, or for validation, just as they do today. I don’t believe we’ll see wide-spread adoption at retail until an RSS Sunrise date is established for other uses at POS.

Is there software under development that will help the manufacturers assign these codes in the first place, in addition to the just-announced after-the-fact validation?

The Pinpoint suite of products can assist clients with much more than just after-the-fact validation of coupon bar codes. Its Barcode Wizard, for example, walks users through simple step-by-step selections that generate GS1 US-compliant coupon or product barcodes. These barcodes are then delivered electronically to the client in .eps format. Also, Pinpoint’s Family Code Manager guides users in properly establishing and utilizing Family Code structures. The product identifies family code structure inconsistencies or irregularities, as well as any code assignments that do not follow GS1 US guidelines. *Thank you, Charlie Brown!*

INTERNET

ComScore Networks recently released online traffic market share data for online search engines:

- Google Sites, 36.5%
- Yahoo! Sites, 30.5%
- MSN-Microsoft Sites, 15.5%
- Time-Warner, 9.9%
- Ask Jeeves, 6.1%
- InfoSpace Network, 0.9%
- Other, 0.6%



GEMCON: ComScore, one of our major GEMCON sponsors, will enlighten the GEMCON audience with statistics about how consumers navigate Supermarket and CPG sites!

News Corp., parent of Fox Broadcasting, Fox News Channel, and the Twentieth Century Fox film studio, announced that it **has set aside \$1 billion for Internet-related acquisitions.** Speaking with analysts on August 10, Chairman-CEO Rupert Murdoch said News Corp.'s priority now is the Web. Said Murdoch, "We have tens of billions of dollars of asset value in our news, sports and general entertainment businesses. While we monetize this value daily in the form of our TV shows, channels, films, books and newspapers, our priority now, which is our mandate, is to perfect a plan that will monetize them across the world on the Internet."

Murdoch stressed the company's strength in local content, a potentially lucrative arena that rival Internet portals are still staking out. "With 35 owned local stations, 21 regional sports networks, a variety of print publications and more than 200 local Web sites, we already have the assets to be a dominant player on the Web."

News Corp. recently grouped its Internet assets under one unit, Fox Interactive Media, to tap into growing online advertising. Last month ago it acquired Intermix, parent company of social networking site Myspace.com. President Peter Chernin said current revenues from Internet operations -- excluding those of Intermix -- were \$100 million. *Source: AdAge Online from article by Claire Atkinson in Crain's.*

HOMETOWN TOUCH IN RECIPES:

I like hometown touches, and www.shopridleys.com has a recipe feature that appears to be entirely populated with recipes from local folks. Ridley's Family Markets, a 13-store operator based in Payson, Utah, asks customers to submit their favorite recipes and has them in a "recipe book" on its site.



Also, there's a CIRCLE at the bottom of each recipe page that says, "Click here to sign up for a free birthday cake" it says, "This birthday cake is only for children in your family under the age of 12. You must be a gold or platinum member during the month of redemption." *It sounds to me like there's some good segmentation going on.*

Here's a sample recipe:

Grandma's Elk Pot Roast - Linn Gittins - Hyrum, Utah

Ingredients: 5 lb elk roast, 1 can cream of mushroom soup, 7 stalks celery, 1- 8 oz. can mushroom (or equiv. fresh), 1/4 teaspoon liquid smoke, 1 medium onion, 2 minced cloves garlic, 1 1/2 cups water, 2 tablespoons lard, salad oil or butter.

Directions: Heat oil in presto cooker. Brown elk roast evenly on all sides on medium high heat. Dice celery, onions, garlic, and mushrooms and cook till done. put in 1 1/2 cups water, liquid smoke cream of mushroom soup. Put lid on and set rocker on top and heat till rocker rocks slowly. Cook for 60 minutes from time rocker starts rocking gently. Let pressure drop on own accord. (Do not fill presto cooker past 2/3 full and read cooker instructions carefully!!)

Comments: Serve with baked potato, and favorite veggies. Cream of mushroom soup makes the gravy for potato's. ENJOY YOUR HARVEST LIKE NEVER BEFORE!!

Some of the recipe-sharing consumers even end their recipes with: "SHOP RIDLEY'S!!!"

ELECTRONIC PAYMENT



EDJ Enterprises, Inc. (EDJ) is making available a set of encryption modules for IBM 4690 sales applications that will **assist retailers in protecting customer account number data** appearing in transaction logs, electronic journals and other files that exist on the IBM 4690 store controller.

The Encryption Utility Set provides a function call that will take a key supplied by the retailer and data supplied by the retailer to be encrypted and return a two part string. The first part is an identifier that describes the encryption characteristics of the data. This would include encryption type, length, initialization vector, etc. The second part of the string is the encrypted data. This data is encrypted and encoded to make the data available in a printable format. The retailer will integrate the routines into their terminal user exit code or into controller applications as needed to protect customer account data. Through the use of function calls, the retailer will pass information to the routine and received encrypted information back to be passed to the appropriate destination. See www.edj.com

CASPIAN is now after the credit card companies along with anyone at all using RFID for any reason, I guess.

It must be time to add the word "spychipped" to my spell-check dictionary. The following from www.nocards.com.



"American Express says don't leave home without it -- your spychipped credit card, that is. They've started shipping out their new see-through "Blue Card" that features a visible RFID tag inside. Already, CVS and 7-Eleven have begun installing contactless credit card readers at checkouts in hopes customers will pay for even very small purchases by waving their wallets or spychipped AMEX key fobs."

"Credit card companies Visa and Mastercard are planning spychipped cards, too, and other merchants, including McDonalds, Walgreens, KFC, and Regal Cinemas have reportedly signed on to the RFID payment agenda. We were dismayed to learn that card-free Meijer supermarkets (one of our favorite retailers) announced Monday they will roll out contactless RFID credit card readers to all 171 Meijers locations. Their gas pumps will be spychip-ready early this fall."

"If you are a Meijer shopper, please register your concern with the company through <http://www.meijer.com/contact/pcaform.asp> or call (616) 453-6711. (Remember to block your phone number by dialing *67 first.)" *They've certainly got the bases covered. But why wouldn't they want Meijer to know who they are if they're registering a complaint?*

RFID/SPYCHIPS



*I hadn't seen a CASPIAN newsletter in a while, and it turns out Katherine Albrecht has been busy writing a book. It's co-authored by Liz McIntyre and is called *Spychips: How Major Corporations and Government Plan to Track Your Every Move With RFID* (Nelson Current/2005). "It's an explosive expose that tells everything we know about RFID and offers up some new, never-before-published information that will prove in the companies' own words their unsavory plans to monitor everything on earth and all of humanity. "All of humanity"—wow! And we thought tracking supermarket shoppers was a challenge!*

Albrecht is a master press manipulator—look for this book to make news when it comes out on October 4.

Albrecht listed a few other items we might have missed while she was on sabbatical:

- 1- CASPIAN warns of CVS loyalty card security hole
- 2- Levi-Strauss tags jeans in Mexico with RFID
- 3- AMEX and retailers tout spychipped payment cards
- 4- Ex-Bush cabinet member joins VeriChip board
- 5- Spychipped kids' pajamas
- 6- Texas A & M University tagging student uniforms
- 7- UK union workers say "no way" to RFID
- 8- RFID license plates to be tested in the UK
- 9- Homeland Security launches RFID checkpoints
- 10- United Airlines employees get spychipped passports
- 11- Government official uses CVS cards to justify more snooping
- 12- Cleveland Museum of Art to track visitors w/RFID

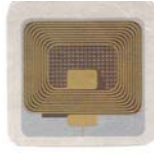
As mentioned above, **Meijer Stores is now using MasterCard PayPass-enabled RFID cards.** Meijer's director of marketing strategy and customer relationship management, Michael Ross, was quoted as saying: "As an early adopter of this new payment option, we recognize the importance to our customers of saving time at checkout. MasterCard PayPass is part of Meijer's continuing efforts to invest in solutions for serving customers quickly and efficiently."

Customers earn points towards Meijer Bucks, which can be redeemed for merchandise. Cardholders accrue two points for each dollar they spend in Meijer stores, and one point for each dollar spent elsewhere. They can earn additional points through special seasonal offers and fuel purchases.

MasterCard PayPass allows cardholders to tap their PayPass-enabled card on a specially-equipped terminal that uses an RFID chip to complete the transaction. Account details are communicated to the terminal and then processed through the MasterCard network for clearing and settlement.

MasterCard's PayPass is already accepted at participating McDonald's, 7-Eleven stores, CVS stores, Ritz Camera Centers, Boater's World Marine Centers, Sheetz units, and Regal Entertainment Group theaters. Source: Progressive Grocer Online

Accelitec, based in Bellingham, WA, is marketing a new RFID-based payment card called PayPilot. “The PayPilot cards are a simpler alternative to credit cards, which come with costly and rising fees that have many major retailers up in arms. When shoppers use the PayPilot card as a debit card or as a prepaid card, the retailer avoids those fees. The system can also give the retailer up-to-the-minute information on sales and inventory.”



“The centerpiece of Accelitec's PayPilot system is a small plastic card with the radio frequency identifier antenna embedded in it. The card can be in traditional credit card size, keychain size or an adhesive button-sized model that sticks to a cell phone.”

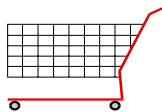
Just recently, Accelitec CEO Thomas Bartz and business development director Fred Miller said they were confident enough to start talking about what they see as their company's rosy prospects. “After three and a half years of development, the two men said their system is ready to go. They expect to announce the launch of a demonstration project of their PayPilot technology at a local retailer within weeks.

Other firms, including major credit card issuers, are launching radio frequency ID cards for shoppers too, but Bartz says the Accelitec system offers more features for both retailers and shoppers. A shopper can get one of the cards within minutes at an automated dispensing machine called an Accelystation and use it at participating retailers. If the card is lost or stolen, it can be suspended in seconds at a PayPilot kiosk. Getting a retailer into the system takes a little longer, but it's only a matter of hours, according to Bartz.

Alpha Technologies of Bellingham is manufacturing prototype dispensing machines and cards as well as the point-of-sale hardware for retailers.” Source: John Stark, The Bellingham herald. See www.paypilot.com

SCANNING

StoreNext Retail Technologies signed an agreement with PSC Inc. to offer PSC's stationary and hand-held scanners to StoreNext dealers and the independent grocers they serve.



PSC is ranked as the worldwide leader in total shipments of stationary bar code scanners, as well as first in stationary scanners for the retail point-of-sale (POS) sector, according to market research and strategy consulting firm Venture Development Corporation (VDC), in its most recent report based on 2004 market data. The new product lineup includes PSC's Magellan family of high-performance bar code scanner/scales designed to enhance productivity in high-volume retail environments, as well as the QuickScan line of hand-held scanners typically used for peripheral lanes and bulky items.

“Our strategic alliance with PSC expands our product offering and gives independent grocers more options when configuring their POS systems with StoreNext dealers,” said Tony van Severter, VP of marketing and products at StoreNext. “This is another important step in our continuing commitment to independent grocers and regional chains by fully integrating the finest products for their stores. For example, we intend to couple our POS software with the unique value-added features of PSC's Magellan scanners to give StoreNext users more control and even higher productivity in their front-end operations.” www.storenext.com

MISCELLANEOUS

Retail Systems Alert Group that publishes ERI - Extended Retail Industry Journal and Top of the Net, is joining forces with another leading provider of business research - AberdeenGroup. *Congratulations to Tom Friedman and the rest of the Retail Systems Alert Group!* Aberdeen research includes “[Workforce Optimization in Retail: From Point of Hire to Point of Sale](#),” and “[The Empowered Point of Service: The Customer Regains Her Kingdom](#),” in which retailers say improving the customer experience is extremely important in building loyalty, followed closely by making the shopping experience more convenient for the customer. It also maintains that a customer-centric in-store experience requires interdepartmental communication and collaboration, along with enabling technologies.

And that's what we're all about, isn't it? I was able to download that report because it was sponsored – by Retailix, Fujitsu, Intel, HP, JDA, NCR, and Microsoft. I think you can download it, too (free!) and it's a good report. Go to www.aberdeen.com



BARRY'S BACK PAGE

We received the CMS 2005 coupon trends book this month that explains what happened in the coupon distribution and redemption world in 2004. For 2004, coupon distribution grew by 9% to 342 billion coupons. This is attributed to the launch of more than 1,300 new products in the general household products category along with increases in the non-food category. If all of the 342 billion coupons were redeemed, consumers would have saved \$318 billion and CPG companies would be bankrupt.

Coupon redemption, on the other hand, dropped 10% to 3.2 billion (bringing the overall redemption rate to below 1%) and CMS feels this drop is due to aging baby boomers becoming empty nesters and therefore buying less and using fewer coupons. However, 69% of consumers surveyed said they still "frequently or almost always check or clip coupons."

Total coupon redemption has decreased from 4.4 billion coupons in 2000 to 3.2 billion in 2004, which is a reduction of over 27%. FSIs still make up over 82% of the coupons distributed and 67% of the coupons redeemed. But in 2004 FSIs had a pitiful redemption rate of 0.78%. That seems strange considering that the average coupon face value of distributed coupons actually increased from \$0.81 in 2002 to \$0.93 in 2004. And the multiple purchase requirements and average expiration period have stayed the same (27% and 3 months, respectively) over the last three years.

There are types of coupons that fared better than FSIs. Electronic checkout coupons only made up 1.1% of the distributed coupons but account for 7.3% of the total redeemed coupons and had a redemption rate of 6.41% (congratulations Catalina).

Electronic Shelf coupons made up 0.6% of the distributed coupons and accounted for 3.6% of the total redeemed coupons and had a redemption rate of 6.29%. Other methods of couponing that had higher redemption rates included: electronic discount – 10.51%; instant redeemable – 18.54%; military handout – 10.16%; and military shelf pad – 26.5%.

One stat that I found surprising is that targeted frequent shopper coupons made up less than 1% of distributed and redeemed coupons. I would have thought that targeted frequent shopper would have made more inroads by now.

One area that wasn't covered in the report was Internet coupons. CMS suspended reporting on Internet coupons due to the divergent methods of reporting coupon distribution quantities.

Although coupon distribution reversed its trend from the steady decline that it experienced over the last few years, I believe that coupon industry will continue to struggle. If CMS is correct in its assessment of why coupon redemption is dropping (Baby boomers becoming empty nesters) then that demographic will continue to erode redemption rates. Baby boomers are in love with old fashioned distribution methods like FSIs and In-ads, but redemption rates for these media will only continue to decline. One boomer turns 60 years old every 7 seconds in the country which is great for Florida Real Estate but not so great for couponing!

Sunday newspaper readership continues to decline among the younger population while Internet usage continues to expand. Cell phone usage and text messaging is also expanding at record rates with the younger population. Both of these media are the key to attracting the younger population to couponing.

I think it's time for the industry to find new methods of distribution that are attractive to the younger generations. What do *you* think?

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