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PAMELA RIEMENSCHNEIDER

# A TICKET TO SALES

ONCE RARE IN THE PRODUCE DEPARTMENT, COUPONS ARE GAINING MOMENTUM

By Tom Burfield

THE SLUGGISH ECONOMY SENT DISTRIBUTION AND redemption rates upward, and as if consumers needed still more incentive, TV shows like "Extreme Couponing" have turned more shoppers than ever into coupon clippers.

If you added up all other promotions, they still don't compare to coupons, says John Morgan, executive director of the Drexel Hills, Pa.-based Association of Coupon Professionals.

"(Coupons are) the go-to for stimulating consumers to purchase," he says. "The fact that you're seeing barcodes on produce opens up a huge marketing opportunity for retailers or producers."

### Billions distributed

Coupons for perishables aren't specifically tracked, but marketers distributed 332 billion consumer packaged goods coupons in 2010, 21 billion more than the previous year, according to NCH Marketing Services Inc., Deerfield, Ill., a nationally recognized authority on coupon research.

About 78% of consumers report using coupons regularly, up 14.7 share points from pre-recession levels, and overall redemption volume in the U.S. grew 3.1% to 3.3 billion coupons.

Free-standing inserts (FSIs) account for the vast majority of coupons — 87.7%. The second-largest share of coupons — 5.2% — was delivered in-store.

Digital coupons, including paper and paperless formats, grew 37%, but still accounted for a relatively small amount of the total.

### Effective tool

It's rare to see coupons for nonbranded produce commodities,

but many suppliers of branded produce consider them an effective marketing tool.

Dulcinea Farms LLC, Ladera Ranch, Calif., distributes most of its coupons via FSIs.

"That's a great vehicle because we can be very strategic about where we're doing our drops and make sure we have the proper distribution at the retailers in any given area," says John McGuigan, general manager.

The company also distributes coupons through retailers and on-pack when the tomato season gets under way.

The redemption rate has "increased exponentially over the past couple of years," he says. In fact, the 2011 rate is almost triple that of 2010.

Los Angeles-based Paramount Farms strives to achieve a "fully integrated home-to-store kind of approach" by tying in its FSI coupons with a \$20 million "Get Crackin" TV advertising campaign and in-store displays for Wonderful pistachios, says Marc Seguin, senior marketing director.

By running a \$1-off coupon in a Sunday FSI, the company reaches 50 million consumers and has a "great opportunity to put your product out there with a timely message," he says.

### Trial drivers

Driving trial is the primary strategy behind coupons issued by Fresherized Foods, Fort Worth, Texas, makers of Wholly Guacamole products, says Tracey Altman, vice president of marketing.

"We run a lot of coupons," she says, including Sunday FSIs and online through social media. For Thanksgiving, the company ran coupons ranging from 50 cents to \$2 off to show its appreciation to its Facebook fans.

Fresherized Foods often uses coupons to try to get consumers to use its products during off-peak times

Over the years, the company has learned to get the most from its coupons by offering, for example, a \$1-off coupon in areas where its products are not well established, and a \$1-off-two coupon where consumers are familiar with them.

Mann Packing Inc., Salinas, Calif., does about a half-dozen Mann-branded on-pack offers each year, says Elena Hernandez, marketing and communications specialist.

"We like to have coupons on-shelf where (buying) decisions are made," she says.

The offers are "colorful and enticing" so they'll stand out on the shelf. They have a redemption rate of 17% to 35%.

The company also does tie-in offers with other products, such as Litehouse dressing or Reynolds Wrap aluminum foil, and offers some online coupons through its website.

### FSIs too pricey

FSIs aren't worth the cost for San Juan Bautista, Calif.-based



Earthbound Farm, says Samantha Cabaluna, director of communications. Instead, the company uses its website and coupon and deal blogs.

In a recent promotion, consumers could take a quiz and receive a \$1-off coupon for any Earthbound Farm product. When Wal-Mart offered a 1-pound bag of organic lettuce for 99 cents, "The coupon blogs went crazy," Cabaluna says. The firm's website nearly crashed under the pressure of 20,000 hits a day.

Earthbound Farm also uses coupons to cross promote its own products and other products, such as Muir Glen organic tomatoes or Annie's Homegrown naturals dressings.

Bloggers have become an important part of any company's public relations campaign, Altman says.

"When we run coupons on Facebook, we get lots of coverage from them and their fans," she says. "We estimated a good 2 million folks were touched by the bloggers' news feed last time we did a coupon. They help drive sales and remind consumers to pick us up."

Even some commodity boards have jumped on the coupon bandwagon.

"The (Irvine-based) California Avocado Commission has generally used coupons to incent purchase in cross promotions with other branded products," says Jan Delyser, vice president of marketing. "The coupons can be cents off for the purchase of one or more avocados, and in some cases, cents off with the purchase of the partner's product."

The Eagle-based Idaho Potato Commission also works with companies that offer joint coupons and pay for their redemption, says Seth Pemsler, vice president of retail/international.

"For example, we have a program now with a 55-cent coupon good on Idaho potatoes with purchase of Fresh Gourmet crispy toppings," he says. "During February we often have coupons supplied by Mrs. Dash (seasonings), which are usually 75 cents off Idaho potatoes with purchase of Mrs. Dash."

### A sales lift

Suppliers of products like NatureSweet cocktail tomatoes always give Earl Cronk, a produce category manager for the 128-store Price Chopper Supermarkets chain based in Schenectady, N.Y., plenty of warning about where and when they're running FSI coupons.

"We do see lift, and we do try to promote it on our end," he says.

Cronk typically tries to feature the item on ad, "and we



make sure we have a nice display and make the item readily available for the customer," he says.

Sometimes suppliers will ask what they can do to stimulate growth, Cronk says.

"We'll actually point them to our social media people," who might run a story on the Price Chopper Facebook page along with a cents-off coupon.

### Consumer darlings

"People like coupons, there's no question about that," says Dick Rissman, produce director for Dahl's Food Markets, a

## CHAINS' COUPON POLICIES VARY

Most retailers accept traditional cents-off manufacturer's coupons provided they have expiration dates and scannable barcodes. To guard against potential fraudulent use of coupons, many chains will not accept print-at-home Internet coupons for free items.

Retailers typically will not double coupons with a face value of more than 50 cents, but it's common practice for retailers to accept competitors' coupons under certain conditions.

Wal-Mart, for example, accepts competitors' coupons for a specific item for a specified price but not for dollars off, cents off or percentage off. The stores will not accept competitors' double or triple-value coupons or buy-one, get-one-free coupons without a specific price.

Wal-Mart's coupon policy states that, "The system will prompt for supervisor verification for 40 coupons per transaction, a coupon of \$20 or greater on one item, \$50 or more in coupons in one transaction."

Price Chopper accepts manufacturer print-at-home Internet coupons up to a face value of \$5 and includes free and buy-one, get-one-free offers.

Price Chopper reserves the right to limit coupon quantities "to ensure adequate product levels and fast, efficient checkouts."

Like many chains, Hy-Vee stores accept only one vendor coupon per item, however, a customer may use a vendor coupon in combination with a Hy-Vee coupon on the same item.

To prevent fraud, Hy-Vee will not accept vendor coupons that involve any kind of free product, including "buy one, get one free" offers.

The company's coupon policy states that, "A store director has authority to set monetary limitations (for example, \$2.50 per coupon) for the acceptance of Internet coupons.

Retailers can reduce their chances of being defrauded by monitoring a list of counterfeit coupons on the website of the Coupon Information Corp., Alexandria, Va. — [couponinformationcenter.com](http://couponinformationcenter.com)

chain of 13 stores based in Des Moines, Iowa.

Instantly redeemable coupons on bagged salads are especially effective, he says.

Dole was running an offer in November for a steep discount when consumers buy two salad blends.

"We've definitely seen a little bit of a surge on our blends," he said in late November.

Sometimes, supermarket chains run their own coupons.

United Supermarkets has run an in-ad coupon entitling customers to free strawberry glaze when they bought two pounds of strawberries. The glaze manufacturer reimbursed the chain for the free product.

"It was very successful," says Tommy Wilkins, director of produce procurement, adding, however, that the chain itself does not run a lot of coupon deals.

Rissman occasionally runs cents-off coupons in the Dahl's ad good on any produce item.

"(Shoppers) may try something more expensive, like a pineapple, than they normally would," he says.

Price Chopper also runs produce coupons in its ad on occasion or on Facebook, Cronk says.

### Work with suppliers

As a retailer, you can put your suppliers' coupons to work for you by setting up special displays or promoting items featured in Sunday FSIs.

Paramount Farms works closely with retailers when it's dropping a coupon for Wonderful brand pistachios, Seguin says.

"It gives us an opportunity to tell retailers this is a significant day and week for us because we're dropping an FSI," he says.

He encourages retailers to set up floor displays and to feature a hot price in their ads, which becomes even hotter with a \$1-off coupon.

The company's merchandisers will even help customers build those displays.

Fresherized Foods alerts customers when coupons for Wholly Guacamole will drop, Altman says. If they maximize that opportunity, they can see a sales increase of up to 15%.

Dulcinea gives retailers a three-month heads up when the company plans to run an FSI coupon, McGuigan says.

"It's valuable for them to go out and give (featured products) better placement in-store, feature them on ad and go more aggressive on price," he says.

### Catalina coupons

Coupons issued in-store tend to have some of the largest redemption rates.

St. Petersburg, Fla.-based Catalina Marketing Inc. says the

*The average face value of coupons is \$1.46,  
and the average time period to redeem  
coupons before they expire has dropped to  
10.1 weeks.*

NCH Marketing Services



Coupons issued in-store, like these at H.E. Butt in Austin, Texas, have some of the highest redemption rates.

company "understands and influences the purchasing of more than 75% of American shoppers through more than 25,000 grocery, drug, and mass merchant stores nationwide."

Such familiar names as Shop 'n' Save, Ralphs and Safeway are in the Catalina network that offers in-store incentives for brands like Dole, Ocean Spray, Diamond and Tropicana.

"Catalina incentives at supermarkets and grocery stores redeem at an average rate of 6.8%," says Darren Moss, vice president of marketing.

That's more than eight times greater than other non-shop-

per-driven traditional promotional methods, he says.

Coupons, which the company says are only part of its brand-building strategy, are triggered based on the shopper's purchasing history — either through Universal Product Code scans or loyalty card use — and delivered at the point of sale via a full-color, high-speed printer, Moss says.

"Catalina Marketing gives produce retailers unique insight into customers' shopping habits before they issue coupons and thus pitch their deals and discounts with surgical precision," Moss says. **PR**

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