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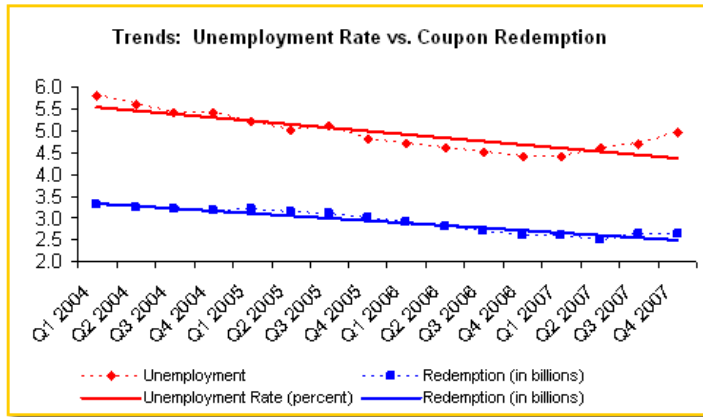
Economic Worries Fuel Consumer Response to Coupons

Brands increase coupon investment by 6%, more expected for 2008

Consumers bucked a 16-year trend by redeeming 2.6 billion manufacturers' coupons in 2007, the same number as the previous year. Prior to 2007, consumer response to coupons consistently declined year-over-year from a high of 7.9 billion coupons in 1992. Economic pressures and consumer-friendly tactics combined to guarantee continued consumer and manufacturer engagement with cents-off offers.

Soft economy yields strong coupon response

Comparing coupon response to key economic indicators over time suggests a strong link between the economy and coupon redemption. Most notably, as unemployment and prices rise, coupon redemption increases.



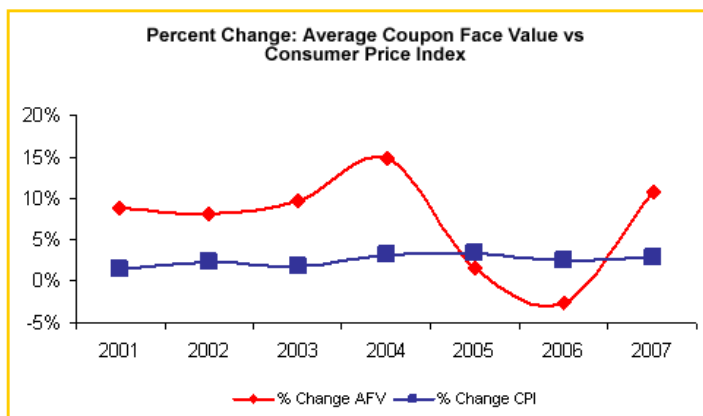
Coupon response tends to run counter to economic indicators. When the numbers indicate a secure economic future, consumers tend to pay less attention to coupons. But, when the numbers indicate an economic downturn, consumers turn to economizing behaviors such as using coupons.

More advertising, more value

Marketers issued 302 billion coupons in 2007, a 6% increase over the previous year. However, that increase belies the fact that manufacturers reduced the number of promotional offers by over 8% while increasing the circulation of those offers by nearly 5%.

Last year, brands saw coupons as more of a mass advertising media. Instead of issuing a lot of finely-tuned, targeted marketing efforts, brands tended to use coupons to support competitive messaging or new product launches.

New products and competitive messages require richer offerings to get the attention of potentially less receptive audiences. Therefore, the broader messaging brought a significant increase in coupon values. Average values increased 10 cents per coupon to \$1.28, marking the highest level seen to date. At a nearly 9% increase, 2007 also saw coupon values outpace price increases for the first time since 2004.



Trends driven by non-food promotions

While overall coupon distribution was up 6%, distribution of coupons for non-food products was up nearly 13%. Food coupon distribution was down slightly, with 2% fewer coupons than in 2006.

Non-food coupons also led the way in face value, upping values by nearly 7%, compared to the 5% increase in food coupon values.

Significant competitive activity in non-food categories did contribute to these trends. However, the increased activity drove down non-food coupon response rates to 0.54% (down from 0.60% in 2006), while food coupon rates remained relatively stable at 1.27% (up from 1.24% in 2006).

For over 20 years, CMS has provided promotions logistics services to leading consumer products companies. Over 700 clients rely on CMS's services for all types of promotions, encompassing every point of the promotion's lifecycle. CMS's ability to provide a seamless experience, from strategic consulting to post-campaign analysis, empowers promotional productivity.

