

New generation of coupons means users clip less

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The Cellfire mobile coupon application for iPhone and iPod Touch is demonstrated Thursday, Aug. 27, 2009, in New York. (AP Photo/Dan Goodman)

(AP) -- Electronic coupons, arriving by cell phone, Twitter, e-mail and Facebook, are helping generate an old standby's comeback and bringing in new, younger customers.

Many shoppers, especially young consumers like 30-year-old April Englebert, used to reject coupons printed in newspapers and direct-mail booklets as passe or cumbersome.

But Englebert, an accounting clerk in Portland, Ore., was so thrilled when she cut her monthly grocery bill from \$500 to \$300, mainly with electronic coupons, that she recruited friends and co-workers to try them.

"It's awesome," Englebert said. "There is a lot of free stuff to be had."

Coupon use had been declining since 1992 as consumers found less need for or some embarrassment in using them. But as the economy worsened, frugal became cool and their popularity grew.

Use of electronic discounts and coupons more than doubled in the first half of 2009 compared with the same period last year as overall coupon use rose 23 percent, according to coupon-processing company Inmar Inc. They now account for more than 3 percent of all coupons used, up from roughly 2 percent in 2008.

While they still represent a small part of the total coupons used, they have strong potential - growing quickly and providing a new way for shoppers to stretch increasingly tight budgets.

"It does take some significant outside forces for people to wake up and pay attention to the savings opportunities available to them," said Matthew Tilley, director of marketing for Inmar.

On a recent shopping trip to the grocery store, Englebert tucked a clutch of offers under her tattooed arm. Besides the store's printed circular, there were manufacturers' coupons she'd gotten by e-mail and coupons she'd bought on [eBay](#). Using in-store sales and coupons, she bought 14 items - including macaroni and cheese, meat and other items - for a grand total of \$5.98, saving \$24.88.

Englebert said she spends about five hours a week hunting for coupons -

checking her favorite blogs for the hot deals of the day, searching manufacturer Web sites for special promotions and finding groups on Facebook or through Twitter feeds among other tools. She even hits eBay where something like a \$5-off coupon may not be of any value to someone who isn't going to use it but is worth the 99 cents she might pay for it.

Users can print digital coupons from Web sites or e-mail, but many are entirely electronic. They can be uploaded to a store's loyalty card or arrive on a cell phone as a promotion code or image. There are also iPhone applications, handheld devices in stores and screens built into grocery cart handles that alert shoppers to deals in stores. And retailers continue to try new formats.

Electronic coupons offer the same benefits for retailers as any discount program: driving consumer traffic, building loyalty, increasing sales and attracting new customers.

They also eliminate printing costs, reduce paper waste, can be updated more quickly and have higher redemption rates than their print counterparts.

And coupon aggregators such as Coupons.com and Cellfire say online coupon users tend to skew younger and more affluent than the traditional coupon user. Cellfire, for example, says 60 percent of its users are between 18 and 35.

But technological hurdles remain in syncing electronic coupons with checkout systems and in preventing counterfeiting and hacking.

Many Internet coupons are designed to limit customers to only two per computer, but some users try to find ways around that.

Newer coupons can have serial numbers or a user's name built in so any abuse can be tracked, said Charles Brown, co-chair of the coupon council for the Promotion Marketing Association and vice president of marketing for NCH Marketing Services.

But companies are still figuring out the new dynamics of managing the array of coupons and how fast they can spread.

Marsh Supermarkets had to halt a recent [Facebook](#) deal offering \$10 off a \$10 or more purchase as the coupon spread much further and faster through the social networking site than the Midwest grocer had intended.

"It just went everywhere. We did not anticipate that," company spokeswoman Connie Gardner said. "We would not have issued it if we had known."

Most notoriously, KFC faced traffic jams and overwhelming demand this spring at several restaurants and ultimately offered rain checks to cope with unanticipated demand for free grilled chicken meals offered in a coupon posted on TV talk show host Oprah Winfrey's Web site.

Overall, electronic coupons lack the reach of print because consumers must seek them out - as opposed to finding them in the mailbox or on the front step, Brown said.

Experts say both electronic and traditional print formats are likely to grow, though it will be a while before they match the all-time peak in coupon use of 7.9 billion in 1992. In 2008, consumers redeemed just 2.6 billion coupons of all types.

"When airplanes were invented, trains didn't go away. When TV was invented, radio didn't go away," Brown said. "Various medias work

together and reach consumers at different times."

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