Couporns and discounting increased in popularity during the U.S. economic recession that followed the burst of the housing bubble in mid-2007. Many brick-and-mortar and e-commerce brands responded (and, perhaps, contributed) to consumer demand for deals by relying heavily on discounts to drive sales during these tough times. The increased adoption of mobile devices further fueled consumer desire for discounts, allowing brands to send their customers offers that could be redeemed quickly and easily, even without visiting a physical store.

Today, although the economy has improved, consumer demand for discounts remains steady even for print coupons and it is growing rapidly for consumers who receive and use coupons digitally. To stay competitive, marketers face a dizzying array of options and must understand large amounts of information in order to make smart strategic and tactical decisions regarding offer types, coupon distribution technologies, and methods of redemption.

This whitepaper, developed by BlueHornet, offers information marketers can use to offer effective digitally distributed coupon programs that can be used for online or offline redemption. It provides a comprehensive overview of the current digital coupon landscape, including:

- Goal Definition
- Security Considerations
- Strategic & Tactical Execution
- Testing, Analytics, & Optimization

In addition, the whitepaper includes program examples and a look at what’s on the horizon for next-generation coupon programs.
INTRODUCTION: WHAT’S THE BIG DEAL ABOUT COUPONS?

Consumers love to feel like they’re getting a deal. For example, look no further than the once-iconic American brand, JCPenney, and their highly publicized 2012 efforts to differentiate by doing away with discounts. In 2012, when the company’s new CEO, Ron Johnson, publicly declared the beginning of overall lower pricing and the end of coupons and sales, customers showed their disapproval by taking their business elsewhere. Sales plummeted, Johnson lost his job, and, in a move that ironically required JCPenney to first raise prices across the board to protect profit margins, the company returned to offering discounts.

Coupons and Email Marketing

In a June 2013 iMediaConnection article by Curtis Tingle, SVP of strategic demand & development at Valassis, the number of consumers who regularly use coupons has increased by over fifteen percent from 2007-2012. Emphasizing the importance of a multi-channel coupon strategy, Tingle cites research on coupon usage by type: While consumer use of print coupons has remained steady over the past five years, there has been a six percent increase in consumer use of in-store coupons and a substantial 140 percent boost in use of digital coupons. Additionally, 75 percent of digital coupon consumers obtain coupons via email.

BlueHornet’s own market research further supports the role that email plays in an effective coupon strategy. For two years running, our studies have shown that the primary reason consumers sign up for email marketing programs is to receive discounts.

WHICH OF THE FOLLOWING IS YOUR MOST IMPORTANT REASON FOR SIGNING UP TO RECEIVE EMAILS FROM COMPANIES SEEKING YOUR BUSINESS?

<table>
<thead>
<tr>
<th>Reason</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>TO RECEIVE DISCOUNTS</td>
<td>72.6%</td>
<td>83.5%</td>
</tr>
<tr>
<td>TO GET PRODUCT/SERVICE UPDATES</td>
<td>9.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>IF I LOVE THE BRAND</td>
<td>8.2%</td>
<td>7.0%</td>
</tr>
<tr>
<td>TO PARTICIPATE IN PRODUCT RESEARCH</td>
<td>10.0%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Source: BlueHornet Report: 2013 Consumer Views of Email Marketing; n=1,001.
FIRST STEPS & CONSIDERATIONS

What is your goal?
The usual answer to this question is something along the lines of, “to sell more stuff.” However, when marketers are pushed for greater clarity, it quickly becomes apparent that the opportunity extends beyond boosting revenue alone.

Let’s look at a typical birthday offer as an example: Emailing a loyal customer a single-use coupon code that is valid for 30 days can accomplish multiple goals. It may:

• Drive incremental revenue by incenting a purchase that may not have otherwise been made
• Reward a loyal customer
• Add value to email program participation

Here are some additional goals you may wish to achieve with your coupon program:

• Attracting new customers
  Discounts can be an effective way to entice first-time consumers to give your product or service a try.

• Rewarding loyal customers
  Everyone wants to feel special. Exclusive offers are a powerful way to build a relationship with your customers and let them know that they matter to you.

• Promoting a specific product
  If you are looking to showcase a newly launched product, or you need to clear some shelf space to make room for next year’s merchandise, offering product-specific discounts might be your solution.

THERE’S MORE TO COUPONS THAN JUST DRIVING REVENUE...

WITH A COUPON FOR $5 OFF AN ENTRÉE AND A FREE SLICE OF PIE, THIS MARIE CALLENDER’S “HAPPY BIRTHDAY” EMAIL MAY DRIVE ADDITIONAL REVENUE, BUT IT ALSO REWARDS THEIR LOYAL SUBSCRIBER, EXTENDS BRAND AWARENESS, AND ADDS VALUE TO PARTICIPATION IN THEIR EMAIL MARKETING PROGRAM.
• Encouraging word-of-mouth promotions
  Building a promotional plan around sharing discounts can mobilize your subscriber base and make
  them an extension of your marketing team as they promote your offer to their friends and families.

• Converting abandoned carts
  Are users leaving your site without completing their purchase? Done strategically, re-marketing to
  them with a discount code can help bring them back and seal the deal.

• Brand awareness
  Coupons can be one piece of your larger branding initiative, ensuring you have an active presence
  on deal sites and search engine results. Having your brand’s coupons out in the marketplace
  increases brand recognition, whether or not consumers redeem them. In this case, offer
  redemption is less relevant than program reach.

Achieving clarity about the goals you are trying to accomplish can considerably ease decision-making
processes around the implementation and execution of your campaign.

How much to discount?
Do you need to provide a dollar-off or percent-off discount to motivate your customer? How much is
enough to incent the desired behavior? When do you introduce the offer? Finding the right combination of
offer and timing is likely situational and is something you should test. Too often, we assume that the offer
should be 20% off, only to learn through testing that $10 off is not only a more effective converter, but one
that also reduces costs. Given the simplicity of testing in email, it is never advisable to guess your way in to
a strategy.

Another variable to consider is the minimum order amount. Consumers are willing to add an additional
product to a shopping cart to reach the threshold that will give them free shipping.

What items to discount?
Often, marketers offer a single discount that can be applied to the purchase of most products, but
discounting a specific product or service can be highly effective—and profitable. Look at where your
highest profit margins are, and identify where there’s room to discount. If something is popular and will
sell regardless of its price, you should find something else to mark down. Do you carry complimentary
products where the sale of one will lead the consumer to another purchase? These are ideal candidates
for coupons.

Another approach is to consider logistics. Do you need to clear out room for new models? Are you
overstocked on something in particular? Move what you have in stock. If you are offering a service, make
sure your offer isn’t too resource intensive, making fulfillment a challenge.

Lastly, don’t forget that your discount doesn’t have to just be tied to a product or service. Free shipping
and handling and extended warranties can motivate buyers as well.
Cadence
Finding the optimal cadence is tricky. Sending offers too frequently could train your customers to only buy when they have coupons. We all know of brands that send a “40% off one item” coupon every week. On the surface, this seems like a great deal. And it is. However, an otherwise substantial 40% discount can quickly become devalued when it is sent out too frequently. If the offers came quarterly instead, consumers may feel more pressure to use them instead of letting them go to waste. The right cadence for your brand depends on your audience and their expectations, and will require testing to find the perfect balance.

Creating Urgency
Cadence is one method to drive urgency, but there are other effective ways:

• Expiration dates
  Not just for security purposes, many marketers use expiration dates as a way to force consumers into making a quick decision. If the coupon they receive doesn’t expire for a month, it’s too easy to file it away where it will be forgotten.

• Flash Sale
  Flash sales take expiration dates to the extreme. The offer may only be valid during a very short window of only a few hours. Not only does this effectively create urgency, but it can also build customer loyalty among your subscribers—giving them a sense of being an insider as one of the few that knew about the sale. It also trains them that your emails need to be opened as they are received or else they could miss out on a great deal.

• While supplies last
  A different approach to having an expiration date is to have a limited number of products you will sell at the discounted price. First come, first served. This is the type of offer that can result in lines wrapped around buildings on Black Friday. And while this can be great for business, make sure your business [online or offline] can handle the volume and reasonably meet demand.

• Limit 5 per person
  Here’s a technique that has been highly effective from many brands: Limiting the quantity, even when the discounted price remains unchanged, can create a strong sense of urgency with customers.
Right Coupon to the Right Person at the Right Time
Giving someone a coupon at the wrong time won’t convince them to make a purchase, regardless of its value. Segmenting your subscriber list is essential to targeting the right audience for your offer. What are some factors you need to consider to make sure your message is reaching the right person at the right time?

- **Product Lifecycle**
  When are your consumers most likely to buy? Does your product typically have a one year lifecycle? Do you have a new product line launching next month? This will all factor in to making the right decision.

- **Location**
  You aren’t going to sell many snow blowers in San Diego. When applicable, make sure you consider geography as a part of your segmentation.

- **Historical purchase data**
  $100 off a $500 purchase for a customer who hasn’t spent more than $50 historically won’t be as effective as a $10 off a $50 purchase.

- **Competition**
  Know what else is competing for your consumers’ attention. If your biggest competitor is going to put all of their efforts into owning the month of June, is it worth it to try to compete directly or should you focus elsewhere until the time is right?

- **Seasonal factors**
  Swimsuits in November? A lot of products require you to take a seasonal approach.

Security
Where Do Your Risks Lie?
A few years back, we worked with a restaurant client that had a major problem with their coupon program, which offered a small discount to attract new diners. However, it wasn’t restaurant patrons who were using the coupon—it was the restaurant’s server staff. Waiters would secure multiple coupons and apply the discount to a table’s bill after the diners left, keeping the difference for themselves. Multiply this across a few unscrupulous employees and a number of locations over a period of time, and the loss was substantial. Once the problem was identified, it wasn’t difficult to solve. But it highlights the fact that coupon security can be a moving target with many variables to consider.
Be in Control
In some situations, it’s OK for a coupon to go viral. But most of the time, you need to have more control over how many times a coupon gets used, as well as the ability to attribute the sale to a specific campaign.

One-Time Use Coupon Codes
Unique, one-time-use coupon codes are the gold standard when it comes to security and control. Even if the intended recipient passes the code on to a friend, it can still only be used once.

Generic Coupon Codes
If you want to control the use (and potential misuse) of your coupons, we do not recommend the use of generic codes. Your best bet is to use deterrent techniques and disclaimer copy to limit your risks.

Deterrent Techniques
Before putting deterrents in place to limit the security risks that come with using generic codes, decide whether your coupons will be hosted on a landing page or directly within the email. If the coupon is on a landing page, you can leverage deterrents that rely on advanced programming languages like Javascript and PHP. However, this requires additional steps from subscribers who want to redeem your offer and can potentially reduce overall program effectiveness. That said, here are some different methods to explore:

- Personalization (name, email address, etc...)
- Match identity to coupon at point of sale
- Send PDF direct to print tray
- Impose print limits with a script
- Block landing page from search engines
- Single-use links
- Watermarks
- Include barcodes to be scanned at point of sale
- Design fake barcodes as deterrent
- Store coupon file outside of web-accessible domain
- Use of expiration dates
STRAATEGY & TACTICAL EXECUTION

Couponing without a strategy, especially when done at a frequent cadence, can backfire. In addition to the obvious risk that coupons can easily cut too far into your margins, customers may become conditioned to wait for a discount before making purchases. Done poorly, couponing can even lead to brand devaluation, particularly for high-end or exclusive brands.

These risks don’t mean you should avoid couponing altogether, or even that you should coupon less often. They do mean that you need a sound couponing strategy and an optimized tactical plan. While getting coupons may make your customers happy in the short term, they may not be smart for your business over the long term without a plan. Here are a few important questions to consider:

Distribution Channels: Online, Offline, or Both?
Email can be used to distribute discounts that can be redeemed only in-store, only online or both. BlueHornet’s 2013 Consumer Views of Email Marketing report, a survey of 1,000 U.S. consumers conducted in February of 2013, indicated that nearly 75 percent of respondents were extremely or somewhat likely to pull up a coupon on their mobile device to redeem it at point of sale. So if you have the infrastructure to support and track in-store redemption of digitally delivered codes, you should do it.

REDEEMING ONLINE COUPONS AT POINT OF SALE

NEARLY 75% OF CONSUMERS SAY THEY’RE LIKELY TO REDEEM A COUPON RECEIVED ON THEIR MOBILE DEVICE AT POINT OF SALE.

Source: BlueHornet Report: 2013 Consumer Views of Email Marketing; n=1,001.

For many marketers, the question is less about infrastructure and more about the effectiveness of the campaign. Email campaigns focused specifically on driving online sales allow for immediate direct response from the recipient, who is already online when they receive the offer. For this reason, make sure that your email coupon program allows for easy online redemption.
Code Considerations: Generic or Unique; Single- or Multi-Use

Some of the most important strategic decisions you’ll make will center on your coupon codes. The type of codes you distribute and the redemption rules around them will have a direct impact on whether your coupon program meets your business goals.

The major points of consideration are whether to issue generic coupon codes (something like “FREESHIP” that you send to everyone) or unique codes that are only issued once. And although you can get as granular as you need to when it comes to redemption rules, at a strategic level, you should decide whether your codes will be good for single- or multi-use.

All generic codes are multi-use by nature, since everybody receives the same code. These codes go viral online, which means that they can be strategic if your goal is to drive site traffic or to increase brand awareness. You do have the ability to set some limits, notably the length of time that the code can be redeemed. And while the inability to track redemption is one of the most obvious downsides to using generic codes, related issues include security risks from potential abuse of the code and inventory management challenges. These factors can negatively affect the profitability of your program.

With unique coupons, your ability to control the campaign increases exponentially—you may limit the use to one time or allow multiple uses of the same code over a period of time that you also control. For your customers, unique coupons drive longer-term brand loyalty. Since the offers are exclusive and can be personalized at an individual level or based on past behavior, the customer may feel highly valued.

However, unique coupon codes do require more from a management side of things—for marketers setting up and running the campaign, as well as from your customer service team, who may see an uptick in support requests to reset one-time use parameters that may have failed due to customer-side technical issues, user error, etc.

### Comparing Generic vs. Unique Coupon Codes

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<td>+</td>
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<td>Set Time Limit</td>
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Tactical Execution of Your Coupon Program
With a strategic foundation in place, it becomes much easier to identify the tactical components of your coupon program. Here are five tactical tips, each geared toward using email to more effectively distribute unique coupon codes for online redemption:

1. **Give a discount at sign up.**
   Email best practices recommend that marketers take advantage of the first 30 days of the relationship when engagement is highest. Why not go one step more, and take advantage of the first 30 minutes by sending a unique discount code in the subscriber’s welcome letter? Whether you choose to promote the discount on the web sign-up form to increase acquisition or you let it come as a pleasant surprise in the welcome message, this is a fantastic way to provide immediate value. And it’s the perfect context—a thank you for signing up—which minimizes the risk of creating an expectation for every email.

2. **Consider distributing unique coupon codes in triggered emails.**
   Welcome messages aren’t the only triggered emails that can offer effective coupon distribution opportunities. Triggered emails deploy when the consumer conducts a particular activity or reaches a milestone; often, you can map your discount strategy according to similar criteria. If so, it may make sense to send the coupon code at that same time.

3. **Make online redemption quick and easy.**
   Don’t expect your customer to transcribe a multi-character coupon code onto a piece of paper and type it into a field on the payment page. Improve conversion rates and ensure ease of use by inserting unique codes directly into the body of the email, making them easy to copy and paste.

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**WHEN IS GOING VIRAL A BAD THING?**

It’s amazing how quickly a generic coupon code, (ie: SAVE20, distributed to every subscriber) can find its way onto the Web. Some marketers do say that this viral effect has helped their business. The question, however, is, “at what cost?”

This can be hard to answer because it is difficult to track the redemption of a generic code that has gone viral back to a specific campaign. Most marketers wish to control the redemption of their coupons, using them to engage and reward consumers who are positioned to remain long-term brand fans.
4. **Leverage email’s top capabilities: target and test.**
   Testing and targeting are two capabilities that make email so effective at increasing revenue. Tap both to increase the value of your couponing program. Do tests show that consumers who usually spend more than $100 per visit respond more often to a percentage off discount, while those who spend less than $100 like a flat dollar amount savings? Test it and apply your learning to a targeted discount strategy.

5. **Mobile email means mobile offers.**
   According to BlueHornet’s February 2013 research, email-enabled mobile device usage is up 8 percent over last year. Nearly 85 percent of respondents now own such a device, and 43 percent report reading email most often on a mobile device. This means that your email channel is becoming a mobile marketing channel. As a first step toward optimizing for mobile, make sure that your coupon emails are easy to view and engage with on small screens. As your program advances, consider ways to distribute offers that are valuable to subscribers who are on-the-go.
PROGRAM EXAMPLES

Once you’ve done the initial footwork, set your goals, and aligned your strategic approach to goal achievement, the details around your coupon program may fall neatly into place, highlighting a clear-cut campaign framework that you’ll want to follow. On the other hand, whether it happens in the early stages of your program or once you’ve been deploying online coupons effectively for a while, at some point you’ll likely find yourself looking for new offer distribution campaign ideas. Here are some to consider:

- **Unique code delivered via welcome message**
  This tops our list of tactical recommendations and has proven highly effective for California-lifestyle brand Pacific Sunwear. It allows marketers to drive acquisition and extend the customer lifecycle at its earliest point, often incenting a first purchase with a brand.

- **Gamification**
  The idea behind gamification is to provide points and rewards for behaviors to motivate your audience. There are typically three major categories of motivation for a consumer: Recognition, altruism, and savings. If you currently leverage gamification, or are looking to leverage a strategy like this, coupons can be an effective reward and savings motivator. Just make sure that the reward is considered carefully in gamification program ROI calculations, so that while it motivates the customer it is still profitable for your brand.

- **Controlled Virality**
  How can you encourage your users to share a coupon code, but in a way that you are in complete control of? This is an interesting twist on the use of unique, one-time-use coupon codes. Normally the marketer would only include one unique code in an email, but there’s no reason that you couldn’t include multiple unique codes. You can position it as “One for you, one to share,” and encourage your subscribers to help spread the word, but only to as many people as you give them codes for. This way you get the best of both approaches.

**UNIQUE COUPON CODE IN A WELCOME EMAIL**

PAC SUN VALUES THE ABILITY TO REWARD LOYALTY WITH A UNIQUE CODE AND THEIR WELCOME EMAIL PROGRAM ALLOWS THEM TO START NEW RELATIONSHIPS OFF ON THE RIGHT FOOT.
• **Complimentary Products**
  The principle is a simple one. The more hot dogs you sell, the more hot dog buns you sell. Some products are natural compliments to one another, and marketers can use this to their advantage. Knowing which of your products this applies to puts you in a position to maximize your profits through a strategic coupon program. After you’ve discounted one, watch the sales from the other at full price go up as well.

• **Snowball Effect**
  Ever wonder why there are so many coupons for free desserts with purchase of a dinner? It turns out that if one person at the table orders a dessert, the rest of the table is more likely to also order dessert. And with desserts generally being a high profit item, giving away one to sell an additional three works out well. This method works best in scenarios that involve groups of people where it is unlikely that one person will partake by themselves.

**Holiday Campaigns**

• **Christmas In July**
  As the holidays draw nearer it is more difficult to rise above the noise. As a result, holiday offers seem to start earlier each year. Some brands have seen success with “Christmas in July” campaigns that use offers to encourage early birds to take advantage of serious deals. This approach can be risky—if the offer isn’t good enough, you may get backlash from consumers who aren’t ready to ring in the season while they’re still shopping for swimwear.

• **Holiday Countdowns**
  A holiday countdown campaign that delivers a daily offer can give marketers a way to increase message frequency without irritating subscribers. Again, be cautious not to burn out your subscribers and be sure to pair a campaign of this nature with the ability for subscribers to “opt down” to a lower messaging frequency.

• **A Gift for You**
  Discounts can be effective ways to drive early gift buying for others, but that’s not all. “Self-gifting” is a growing holiday occurrence. According to the National Retail Federation, the average shopper plans to spend $237 on themselves over the holidays. Marketers can further promote this behavior by offering discounts to incent it: “One for them, one for you” type discounts can be effective and attention-grabbing.

**12 DAYS OF DEALS: A HOLIDAY COUNTDOWN CAMPAIGN**

BUILD ANTICIPATION AND INCREASE YOUR FREQUENCY WITH A SERIES OF EXCLUSIVE, ONE-DAY-ONLY OFFERS, AS PACSUN DID WITH THEIR 12 DAYS OF DEALS CAMPAIGN.
To maximize the success of your couponing strategy, it is critical to close the loop on the metrics and results. Too often, organizations stop short of truly understanding the profit that was earned through their program efforts and only focus on the revenue that was generated. So before you deploy, be sure to:

- **Define Your Goal(s)**
  Before you can successfully roll out your coupon strategy, you need to first determine what the goal of the campaign is. Are you trying to deplete inventory, increase repeat purchasers, double profits? Knowing and understanding the goal is the first step in building an effective testing plan.

- **Establish Anticipated Learnings**
  Next, identify what it is that you are setting out to learn from the test. There are a number of things you may want to look at, such as:
  
  - Offer-type testing ($ off versus % off)
  - Offer-value testing ($5 versus $10 off)
  - Offer-motivation testing (savings versus altruism)
  - Incremental purchase testing (driving a behavior that would have not otherwise occurred)

  It is also a good idea to identify and fine tune elements of the campaign like discount frequency, cadence/wait times associated with abandon cart programs, and inclusion of urgency in the messaging.

- **Choose Your Testing Methodology**
  The anticipated learnings that you establish should drive the construction of your test. If you are doing offer-type testing you may be able to successfully determine a winning offer-type by leveraging an A/B test; however, if you are trying to understand incremental behavior you will need to use a control group.

- **Analyze the Results**
  Avoid beginning your test with a preconceived notion of what you believe the results will be. It is critical to not let your personal opinions shape the way the data is interpreted and presented.
Key Performance Indicators

Here are some KPIs that you should establish and track to evaluate the success of your coupon strategy:

- **Redemption Rate**
  To calculate redemption rate, divide the number of coupon codes redeemed by the number issued. Multiply that by 100. This will help to determine the percent rate at which your coupons are actually being redeemed.

- **Average Order Value (AOV) with Coupon**
  Many brands find that customers spend more on average when they have a coupon or discount because they feel they are actually saving more money. Look at the AOV of your customers when they do use a coupon code versus when they do not. Among coupon users, do you see an increase, decrease or no movement?

- **Length of Time to Use**
  Once the coupon code has been obtained, what length of time elapses before the customer actually uses the coupon? Use this information to help determine expiration dates or to identify whether you might need to create a sense of urgency so that the codes don’t remain unredeemed.

- **Attribution**
  Can you attribute the conversion and use of a coupon code back to the original email communication? Tracking to this level of visibility can help determine what offers, content, timing and cadence are most effective for the goals and objectives you have defined.
OPTIMIZING FOR SUCCESS

Setting Success Metrics—Goal + Hypothesis
After years of working with marketers, we still find that when asked if a program was a success, only a few can definitively answer with significant supporting data. To understand the impact of your coupon program, first you need to determine your goal, but don’t stop there. Go to the next level and state a hypothesis—what do you think the outcome will be and what do you deem success?

- Here’s an example of goal + hypothesis:
  The goal is to drive first-time purchases from new subscribers. Our current conversion rate with this audience is 2% and we would like to double conversion over a control group.

Combining goal + hypothesis will give you the ability to determine whether your program is a success. What’s more, if you have not met your success metrics, you’ll have a framework for effectively communicating the degree to which you missed your target, which will allow you to optimize your program with those specific results top of mind.

Ways to Optimize Your Coupon Program Results
While achievement of specific success metrics should ultimately drive your optimization strategy, there are a myriad of things you can do up front to position your program to achieve good results.

- Use Segmentation to Target Specific Customers
  There are many ways to help ensure that you’re sending the right coupon to the right person at the right time, and segmentation is often a critical component of those programs. You can segment and target customers who:
  - Have a low average order value (AOV) to increase it.
  - Have a high AOV to reward their loyalty.
  - Have not purchased in x period of time, to re-engage them.
  - Purchase regularly to add an incremental purchase.
  - Respond to a particular type of offer (i.e., % off, free shipping, or $ off), so that you can send them the offers that they prefer.

This list of segmentation opportunities is far from comprehensive. But it should reveal that a program optimized for results and profitability is one that is usually segmented according to a strategy and is focused on a specific outcome. Profitable coupon programs are rarely based on sending the same offer to your entire customer base.
• **Increase Redemption by Creating a Great Customer Experience**
  Even the best offer is less likely to be redeemed if the overall customer experience is poor. Ways to optimize the customer experience and increase redemption include:

  - The offer is clear—A single offer is usually the easiest to grasp, but some brands find success with tiered offers that change based on the amount of purchase or time frame.
  - Terms and conditions are clearly stated.
  - If there’s a barcode, there’s an alternative way to input the code itself.
  - It is convenient to use and redeem. For example, don’t send an offer good only for in-store redemption to customers who are not near one of your stores.
  - The coupon can deliver on the expectations it sets. For example, if you’re using a coupon to clear remaining year-end merchandise, don’t send the offer to a larger customer segment than what you can reasonably fulfill—unless “limited quantity, first come, first served” messaging is used to set expectations and generate a sense of urgency.
  - You consider SMS vs. push notifications. Is one method more effective with your customers? Factors will include the number of times you plan to send the offer, as recipients may incur a cost for text messaging. While push notifications may seem less intrusive, they may not be as effective, since when they’ve been dismissed, they’re gone for good.
  - You consider print vs. mobile redemption. Does the coupon have to be printed? If you have an e-commerce site, your coupons should be redeemable online. Also keep in mind that today’s mobile-savvy and environmentally-conscious consumers mostly prefer to show or scan a coupon on their mobile device at point of sale vs. printing it at home and bringing a piece of paper to the store. However, it is a best practice to provide an option to print a mobile offer. If you do, below are some tips to ensure good print usability.
Print Usability

If you are asking customers to print out your coupon, there are some usability issues you should consider as you create your design.

- Wallet-Sized
  Don’t use a whole sheet of paper for your coupon if you don’t have to. It’s most convenient if you can make your coupon fit into a standard wallet to make it easy for consumers to take it with them. A good benchmark is to make your coupon no larger than a dollar bill.

- Color
  Remember, not everyone has a color printer. You can use color in your design, but make sure that it translates well when converted to black and white. Also be sure to consider ink coverage. Don’t make a full page coupon with a black background, for instance, as consumers will be put off about wasting ink.

- Non-Printing Page Elements
  If your coupon isn’t a PDF or a single image and is composed of HTML, you may run into some issues. Most browsers have default settings that will prevent background HTML colors and background images from being printed. If they are integral to your design, you will run into issues. For instance, if you have white text on a page element with a background HTML color of black, the black won’t print and you’ll be left with white text on a white background.

- Embedded Web Fonts
  With the growing popularity of embedded web fonts using the Google Font API, Font Squirrel, and other services, you’ll need to test to see how your fonts translate to print. You may need to define a media=”print” style sheet, make absolute paths within your @font-face declaration, or make your typeface in to an image to get it to print properly.

- High Resolution
  In most situations, a slightly grainy 72dpi quality image printed out will do the trick, but sometimes you need your design to look crisp. How can you achieve this when screen resolution is 72dpi or 96dpi and print resolution is 300dpi? If you can’t serve up a PDF and need your file to be HTML, you can create your images at a larger size and scale them down with HTML/CSS or include a separate media=”print” style sheet.
ADVANCED PROGRAMS: BIG DATA MEETS BIG DEALS

When it’s time to take your coupon program to the next level of sophistication, keep these opportunities and forward-looking trends in mind.

Digital Coupons = Mobile Coupons
BlueHornet consumer research indicates that nearly 85% of consumers own a smartphone that is capable of receiving email messages, and 43% say that they most often read emails on their mobile device.

DO YOU OWN A MOBILE DEVICE SUCH AS A SMARTPHONE THAT IS ENABLED TO RECEIVE EMAIL?

WHERE DO YOU MOST OFTEN READ YOUR EMAILS?

WHEN DO YOU TYPICALLY READ PERSONAL EMAIL?

Source: BlueHornet Report: 2013 Consumer Views of Email Marketing; n=1,001.

Capitalize on email’s ability to increase in-store revenue by giving subscribers the ability to present their mobile device that contains the offer email at point of sale. Leverage off-the-shelf technologies that generate unique bar codes and 2D codes that point of sale readers use to verify and redeem coupons.
Push In-Store Shoppers to Email
Because in-store shoppers usually have their inbox (AKA smartphone) in their hands, it’s a great idea to have plenty of signage in the store reminding shoppers that your coupons are there waiting for them. This is a great antidote to show-rooming and draws additional attention to your email marketing program.

You can even give in-store shoppers an opportunity to join your email marketing program by simply texting their email address to a short code. Then, immediately trigger a welcome email that contains—yup, you guessed it: a unique coupon code—as your way of saying “thanks for joining.”

Apple Passbook
The ultimate in coupon convenience is Apple’s new Passbook. Starting with iOS6, iPhones now have an app dedicated to storing coupons, loyalty cards, tickets, and boarding passes. No more searching through email inboxes to find that coupon. Plus, Passbook is location-aware. It has the ability to remind people that they’ve got coupons for nearby stores. If your customers weren’t in the buying frame of mind before getting Passbook’s gentle reminder, many will be afterward.

Email Coupons and Mobile Wallet Functionality
Even in a world as futuristic as Passbook’s, email’s role is vital. Include an “add to Passbook” link in your email that, when clicked, downloads the unique coupon and adds it to the shopper’s Passbook app. Not all your customers own an iPhone? Don’t worry. Google, Samsung and others have Passbook-like mobile wallet equivalents for Android smartphones that are capable of reading and storing Passbook passes.

The good news is that you don’t need to detect the mobile operating system your subscriber is using or display an OS-appropriate “add to …” call to action. Simply include some responsive design HTML coding in your email and display an “add to mobile wallet” link in the mobile portion of your email. Since both iOS and Android devices are capable of reading HTML used in responsive design, the call to action will appear when the email is viewed on a mobile device and not appear when viewed in a desktop where it doesn’t apply anyway.
CONCLUSION

Regardless of where your coupon program is today, there are many ways to optimize your offers and increase profitability. Favorable consumer sentiment, high engagement, and an ongoing increase in smartphone adoption is driving exciting growth in email and coupon distribution solutions. Here are three clear advantages to using email to deliver coupons:

1. Email gives you instant response data, versus waiting weeks or months to start getting back data on your FSI.

2. Marketers can add coupon distribution and redemption as two additional data points, which when combined with email engagement and purchase behavior data, can improve the ability to build customer personas and predictive analytic models.

3. Email offers a high degree of control over who gets what coupon offer when—right down to the individual.

When it comes to distributing offers or coupon codes via email, marketers do not need to sacrifice strategy to maintain convenience, reach, and speed of execution. By foregoing generic codes for unique ones, and by setting goals for online redemption, email marketers can position their email programs to take full advantage of the digital marketing technologies that dominate today’s email marketing landscape.