



# PENNSYLVANIA COUPON REDEMPTION SERVICES REPORT 2019

## Year In Review

Pennsylvania Coupon Redemption Services (PCRS), the coupon processing subsidiary of Pennsylvania Food Merchants Association (PFMA), had a very productive 2019 with strong demand for our services, the implementation of numerous program enhancements and better than budget financial results.

“We strive to provide PFMA members and other food retailers with top quality, value-priced paper and digital coupon processing services,” stated PCRS President Autumn Thomas, “and to generate revenues to support PFMA government relations and membership programs.”

PCRS provides traditional paper coupon clearing services directly to PFMA members, Iowa-based grocery chain Fareway Stores and retailers from the former East Central Ohio and Michigan food retailer associations and supplies third-party paper coupon processing to the Connecticut Food Association, Illinois Food Retailers Association, New Hampshire Grocers Association and Utah Food Industry Association.

PCRS clears digital manufacturer coupons too – for Oregon-based C & K Markets, C & S Wholesale Grocers, Fareway Stores, Granite Falls IGA, Redner’s Warehouse Markets and the Utah Food Industry Association/Associated Food Stores. PCRS onboarded two additional digital coupon clients in 2019 – Caputo’s Fresh Markets/Illinois Food Retailers Association and Ridley’s Family Markets, a family-owned chain of 28 grocery stores based in Idaho. “We’re also the preferred digital coupon processor for retail customers of Accelitec and Invisipon,” Thomas added.

To meet client reporting needs and maximize system functionality/security, we invested again this year in upgrades to PCRS’ proprietary coupon payment and reporting software and systems. Paperless payment and reporting was expanded, by-store manufacturer deduction and credit e-files were added to the third-party client end-of-month reporting suite; a combination Manufacturer Deduction/Credit Detail Report, which accounts for all manufacturer adjustments made to a payment in one consolidated report, was added to the standard direct payment report package and a second digital coupon program was launched for Fareway Stores. Equipment upgrades were made in advance of pending Microsoft product retirements. All Windows 7 PCs were replaced and the PFMA server and accounting system migrated from Windows Server 2008 and Dynamics SL 2011 to Server 2016 and Dynamics SL 2018.

Nationally, CPG marketers are reducing their reliance on coupons to incentivize consumer purchases at the same time how and

what consumers buy in the way of CPG products is changing dramatically and involves fewer coupons (think more private label sweetened corn flakes sales at the expense of Kellogg’s Frosted Flakes). That’s led to a multi-year decline in the number of coupons issued and redeemed, which means all coupon processors are facing significantly smaller YOY same-store coupon submissions.

The total first half 2019 U.S. coupon distribution of 125 billion coupons was 12.6% less than the 143 billion coupons for the first half of 2018. Total distribution also dropped 12.5% between 2018 and 2017 and 1.2% between 2017 and 2016. Less popular non-food coupons now account for 76.4% of all coupons issued and their continued growth further tips the weight of available coupons toward lower-average redeeming coupons. Overall, 2019 offers were less enticing to consumers as a modest rise in average face value (up 4.9% to \$2.15) was more than offset by the 21% of coupons with a multiple purchase requirement and the shrinking offer duration period (down 2.9% to 6.7 weeks).

Total first half 2019 U.S. coupon redemption (715 million coupons) dropped 22.7% compared to the first six months of 2018, which is not surprising considering manufacturers issued fewer and less attractive coupons. What is unusual is that redemption was down for both paper and paperless coupons – 24% and 17% respectively. To this point, digital coupon redemption, although small in overall scale compared to paper coupons, had demonstrated consistent growth. Total coupon usage also declined 16.9% between 2018 and 2017 and 9.2% between 2017 and 2016.

Despite the challenging industry conditions, there’s reason to remain positive about the viability of coupons. They are a tried-and-true tool for manufacturers to encourage product trial and repeat purchases and advertise their products and coupons help retailers move product, cushion price increases and ensure customer satisfaction and loyalty from today’s savings-driven shoppers. Getting a good deal is a top priority for almost all shoppers and influences where they shop – not accepting coupons deprives shoppers of “free money” discounts, which doesn’t make cents for most food retailers.



PCRS was started in 1956 by retailers, for retailers. Thousands of supermarkets, convenience stores and other retailers across the U.S. count on PCRS for:

**A LOW PROCESSING FEE:** For only pennies per coupon, PCRS will handle the processing and payment of all paper and digital manufacturer coupons, including all tobacco coupons.

**PROMPT PAYMENT:** PCRS pays on time, every time – and offers multiple payment plans for added flexibility.

**NO EXTRA CHARGES:** PCRS has zero miscellaneous fees and **no** fee for any manufacturer deductions a store may receive. **Many PCRS competitors charge 16 cents or more for each coupon charged back.**

**FAST AND ACCURATE**

**PROCESSING:** PCRS utilizes the latest scanning technology, system controls and proprietary payments software to ensure you get paid properly for all coupons submitted.

**SIMPLE SUBMISSION PROCESS WITH NO MIMIMUM SHIPMENT SIZE OR FEE:**

There is no need to separate, sort or count your coupons. Simply keep them in a safe place after accepting them from customers and submit them to PCRS regularly.

**DETAILED AND CLEAR PAYMENT REPORTING:** PCRS payment reports provide all the data necessary to help you track and manage this important segment of your business.

**EXPERIENCED AND PROFESSIONAL CUSTOMER SERVICE:**

help with coupon handling best practices, fraud issues and manufacturer deductions is always just a call or click away. We'll put our decades of coupon processing experience and food retailer advocacy to work for you!

Not a PCRS client? **Contact us at 800-543-8207 x 3129 or [pcrs@pfma.net](mailto:pcrs@pfma.net) to enroll.** Onboarding is quick and easy and the PCRS team will work hard to earn your business.



To maximize manufacturer reimbursement for the coupons you accept from consumers, PCRS encourages our customers to:

1. Adopt and advertise a coupon policy which tells customers what coupons the store accepts and under what terms – post the policy at the customer service area and on the web and ensure all front-end personnel know and follow the policy. **Contact PCRS for a sample policy.**

2. Do not alter the physical appearance of any coupon after accepting it from a consumer, other than having cashiers write on the front of any free or variable price coupon the amount of the discount given.

3. Train cashiers to check every coupon's expiration date and only accept coupons that haven't expired.

4. Submit coupons to PCRS at least every one to two months – letting more time go between shipments may result in manufacturers denying payment for coupons being too far past their expiration date grace period.

5. Treat coupons like cash – store them securely while in-house and wrap coupon shipments carefully to ensure they arrive undamaged to PCRS.

**Contact PCRS for detailed coupon shipping guidelines and information on freight carrier insurance limitations** (USPS, UPS and FedEx do not insure coupons for their face value; only the scrap paper value of the physical contents is paid out in case of a claim).

6. Take steps to protect against counterfeit coupons. Most bogus coupons are print-at-home Internet offers for free products or with high values. Counterfeits create financial harm for retailers because the manufacturer will not honor them. Any Internet print-at-home coupon deserves extra scrutiny by cashiers or self-checkout attendants – especially if the coupon doesn't scan at checkout or is for a free item. Currently there are no valid Internet print-at-home coupons that offer a free product or have a face value in excess of 75% of the sale price of the item.

The Coupon Information Corporation (CIC), a not-for-profit association of CPG manufactures aimed at fighting coupon fraud, posts information about known counterfeit coupons on its website. PCRS encourages retailers to regularly monitor the CIC's counterfeit coupon alerts at <https://couponinformationcenter.com>.

7. Know the difference between a valid manufacturer coupon (that can be submitted to PCRS for processing and payment) and an image of a coupon displayed on a cell phone. Even if the cell phone image scans for the displayed face value and has not expired, it is not a legitimate manufacturer coupon and cannot be sent to PCRS or any other coupon processor for payment. Manufacturers will not accept a cash register receipt in lieu of a coupon. **Contact PCRS for more information.**

*“PFMA members have benefited for decades from the professional and valued services provided by PCRS. I would strongly encourage all our members and partners to consider utilizing these important services.”*

*— Alex Baloga, President & CEO,  
Pennsylvania Food Merchants  
Association*