

# Electronic Coupons for Brick & Mortar Redemption

By **Barbara Cohen** and **Matthew Ruan**

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Online channels can provide an alternative channel to distribute savings. This “clicks-to-bricks” strategy is illustrated by four Web sites: [SalesHound.com](http://SalesHound.com), [DailyShopper.com](http://DailyShopper.com), [CouponPages.com](http://CouponPages.com) and [ValuPage.com](http://ValuPage.com).

## **SalesHound.com**

SalesHound.com is one of the leading clicks-to-bricks shopping information resources for consumers, retailers and manufacturers. SalesHound.com’s Web site is expansive: It covers roughly 30 product categories with 1,300 brands available from 250 retailers. And, through a partnership with Val-Pak, users have access to more than 30,000 local coupons as well. Customers navigate these deals with the help of a search engine, but also can be alerted to deals by submitting their e-mail address and a description of the item they’d like buy when it goes on sale. The sales information provided about items found on the SalesHound.com Web site can be purchased at more than 165,000 locations ranging from PetsMart to Williams-Sonoma, Bugle Boy to Coach.

To the customer, SalesHound.com is a convergence point for deals in his or her area. These deals are not available for purchase online, but the products can be bought at traditional brick-and-mortar stores. From the perspective of the retailer, SalesHound.com drives traffic to retail stores by providing customers with information about their current sales and promotions.

For example, savvy, bargain-minded shopper Greg goes online looking for deals on jeans. He goes to SalesHound.com, enters his ZIP code and performs a search. The site shows him that the Bugle Boy outlet down the street from his house has men’s jeans on sale that week for 15 percent off the regular price. Greg walks down to the store and purchases a pair. The result: SalesHound.com has driven a sale to an offline, physical store via its online Web site. Not only did the customer save money, but Bugle Boy has also made a sale that otherwise may have gone to the Gap or another competitor. And of course, the hope is that once in the store, the retailer has the opportunity to up/cross-sell.

SalesHound.com does not charge consumers to access its site or use its search engine. SalesHound.com’s business model appears to be based on the fee it charges retailers to partner with its Web site. By becoming a partner, retailers can advertise sales and promotions in SalesHound.com’s searchable database.

## **DailyShopper.com**

DailyShopper.com also drives in-store traffic via the Internet. It differentiates itself from SalesHound.com by offering some sale items for purchase online as well as in the store. Furthermore, through an agreement with Val-Pak similar to SalesHound.com, DailyShopper.com also provides consumers with a broad array of coupons that may be redeemed in local stores. Thus, Seattle-based DailyShopper.com has a product range that, by observation, appears to be greater in scope than SalesHound.com.

Visitors to DailyShopper.com can search for sales and coupons that are valid both online and offline. They can also be alerted via e-mail, similar to a feature offered by SalesHound.com, about deals

concerning items they select ahead of time. So from the user's perspective, DailyShopper.com provides him or her with various channels by which to save money.

For retailers ranging from Bloomingdale's to Radio Shack, DailyShopper.com enables advertisers to reach a broader online audience, thus driving traffic to either a physical or online store. DailyShopper.com also provides retail partners with their own online circular or store page that is made available through the DailyShopper.com Web site and its network of Web partners. For manufacturers ranging from Sony to Revlon, DailyShopper.com provides the opportunity to work with retailers to target promotions, cross-promote and reinforce their brands online. These "brand partners" are given their own "brand store" on DailyShopper.com that provides customers with detailed product information and, more importantly, a link to local and online retailers that carry their products. DailyShopper.com also partners with media outlets such as [Citysearch](#) and [GTE Superpages](#). These sites benefit from participating in the DailyShopper Network by receiving valuable local content from DailyShopper.com.

**DailyShopper.com**  
provides the  
opportunity to work  
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their brands online.

For example, Herb goes online to purchase a DVD player. He stumbles across a network partner that brings him to the DailyShopper.com Web site. After perusing the Web site, Herb decides he wants to buy a Panasonic DVD player, but the price is still higher than he had expected. So Herb tells the "deal detective" that he is looking for a Panasonic DVD player below \$300. A week later, Best Buy has one on sale for \$249.99; the deal detective e-mails Herb about the sale and he goes to his local Best Buy and purchases the player, along with some DVD movies. In the end, Herb has purchased the player he wanted for the price he wanted, Best Buy made a sale that it may not have made otherwise and Panasonic has one more user that may have gone with another brand had he not seen Panasonic's link on DailyShopper.com.

DailyShopper.com also does not charge users for access to its Web site. However, it gains revenue from several different channels: retailer partners, brand partners and media partners. Each of the three types of partners pays DailyShopper.com for access to its users and, accordingly, driving traffic to either a physical store, Web site, or, in the case of brand partners, to the Web site of someone who sells their product.

### **CouponPages.com**

CouponPages.com is a Web site that enables users to find coupons that are redeemable at local stores. CouponPages.com provides coupons for large national corporations, as well as for small merchants that may have only one or two locations. Therefore, while CouponPages.com may not have the most coupons of any site of its kind, it does have a variety of local retailers. From Stogie's Fine Cigars in Miami to Westchester Taxidermy in Carmel, N.Y., CouponPages.com gives local merchants the opportunity to reach a broader, online audience.



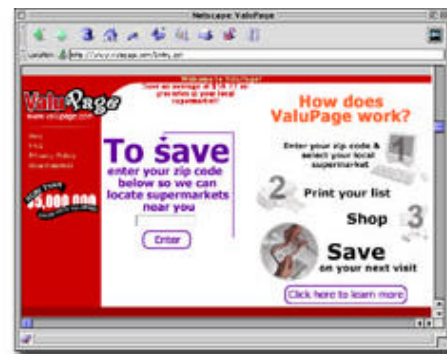
Because CouponPages.com is so locally focused, it provides consumers with discounts on items that may not be found on larger, more nationally focused Web sites. Its users benefit from savings that otherwise might not even have been offered. For the merchants, CouponPages.com drives traffic to their brick-and-mortar stores by giving them access to their local online population.

Here is how it works: Lucinda goes online looking for deals on carpeting. She goes to CouponPages.com and clicks on local coupons, finds the link for her town of Trumbull, Conn., and goes to the carpet section. There she finds an ad for Jerry's Carpeting in Stratford (about a 15-minute drive away) that has a coupon for 15 percent off any carpet purchase. Lucinda prints the page, cuts out the coupon and drives to the store to look at carpet samples and make a purchase. The end result is that Lucinda saves 15 percent off of her carpeting and Jerry's Carpeting has made a sale that, without the help of CouponPages.com, it might not have made.

CouponPages.com, in the meantime, charges local merchants such as Jerry's Carpeting for being listed on its Web site (as well as producing the advertisement itself). CouponPages.com also has a partnership with ValuPage.com where it gets paid for referring users to the ValuPage.com Web site for savings on groceries at local supermarkets. CouponPages.com is a division of Staten Island, N.Y.-based Z Publishing Corp.

### **CouponPages.com**

ValuPage.com, a division of St. Petersburg, Fla.-based **Catalina Marketing**, offers its users savings on groceries at their local supermarkets. With a few mouse clicks, online bargain hunters can print out a bar code that enables them to choose a local supermarket and see what deals are available. But instead of coupons or other promotions, ValuPage users make purchases that entitle them to "Web Bucks." These Web Bucks are subtracted from the user's next grocery bill and the amount is determined by the number of Web Bucks associated with the user's previous purchases.



From the consumer's perspective, ValuPage gives them cash back for purchases they might have made regardless of the savings associated. For the supermarket, the additional savings offered has driven traffic to its store. The manufacturer sells a unit of its product, but also potentially lured a customer away from a competitor's brand. For example, consumer Ruth goes to the ValuPage Web site, enters her ZIP code and chooses her local supermarket. A list of items is displayed and she chooses the items she is interested in purchasing; she then prints out a bar code to bring with her to the grocery store. Once in the store, Ruth makes sure to add to her cart the items she saw on ValuPage. Once in the checkout line, she hands the cashier the bar code to be scanned along with the rest of her groceries. Afterward, Ruth is handed her receipt. Printed on the back is another bar code representing a number of Web Bucks to be deducted like cash from her next purchase.

ValuPage derives its revenues from the supermarkets affiliated with the Web site and, more importantly, the packaged goods manufacturers trying to lure new customers with savings. It offers coupons from more than 70 companies representing 500 brands and can be redeemed at more than 11,500 supermarkets nationwide.

## Summary

While all four Web sites combine the power of the Internet with the familiarity of traditional brick-and-mortar stores, each has its own strength or competitive positioning, as shown in the [Summary Table](#). DailyShopper.com provides its e-commerce-oriented users with links to online stores, as well as physical stores.

And while all of the sites offer savings on national brand items, CouponPages.com concentrates more of its attention on *local* merchants and service providers. ValuPage.com is focused almost exclusively on savings on grocery and health & beauty items. SalesHound.com adds value for its customers but providing not only savings by informational resources, including links for shopping centers in a given area, driving directions, etc.

**View a  
comparison of  
the electronic  
promotional  
sites.**

## Digital Links

Catalina Marketing <http://www.catmktg.com>

CitySearch <http://www.citysearch.com>

CouponPages.com <http://couponpages.com>

DailyShopper.com <http://www.daillyshopper.com>

GTE Superpages <http://superpages.gte.net>

SalesHound.com <http://www.saleshound.com>

Val-Pak <http://www.val-pak.com>

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# Summary of Electronic Promotion Sites

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Web Site	Consumer Benefit	Retailer Benefit	Manufacturer Benefit	Breadth of Products	Revenue Sources	Starting Date/ Ownership
SalesHound.com	Savings utilize the power of the Internet and the familiarity of a brick & mortar retailer	Increased store traffic	Increased brand awareness and showcase for product information	Consumer electronics, apparel, furniture, specialty foods, etc.	Retailers who partner with SalesHound.com	A privately owned company founded in April 1999
DailyShopper.com	Can search for coupons and promotions available in both online and offline stores	Increased traffic to Web site, physical store or both	Increased brand awareness and showcase for product information	Consumer electronics, apparel, furniture, specialty foods; local merchants and service providers	Retailer, manufacturer and media partners pay to be listed on Web site	A privately owned company; began operating in October of 1999
CouponPages.com	Savings utilize the power of the Internet and the safety of a local retailer	Increased store traffic	Not applicable	Any local merchant or service provider	Local merchants pay flat fee to be listed on Web site; national merchants such as ValuPage.com pay for referrals	A privately owned company; began operating in 1998
ValuPage.com	Savings utilize the power of the Internet and the familiarity of the local supermarket	Increased store traffic	Increased brand awareness and ability to target promotions at consumers looking for products in their category	Grocery and health & beauty	Supermarkets pay to be listed and manufacturers pay to promote on Web site	A division of Catalina Marketing, a publicly traded company; began operating in 1996