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Agricultural Extension Service  
University of Minnesota

USER'S GUIDE

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COUPONS AND REBATES

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OBJECTIVES:

For class participants to:

1. Become aware of the increasing availability of coupon, refund/rebate and premium offers for household items.
2. Learn how they are used by merchants as a marketing technique.
3. Develop ways to determine if and how they will be used in family shopping.
4. Become aware of how they influence family decisions.
5. Develop a way to organize such offers to use them effectively.

BACKGROUND INFORMATION

Coupons apparently started more than 80 years ago when a major cereal manufacturer offered one cent off to anyone who would try its new cereal. Today, it is estimated that a typical family receives more than 1,200 coupons per year. About one-fourth of what major packaged goods companies spend on marketing goes for consumer promotions as coupons, price-off promotions, cash refunds, premiums, and free samples. Companies have been increasing the percentage of their marketing budget they spend on consumer promotions, while reducing the percent they spend on trade promotions.

Estimates of how much a family can save by using coupons, refunds, and premium offers vary widely. The more convenience

foods, coffee, name brand items, pet foods, and paper goods a family buys, the greater the potential savings. The more newspapers, magazines, and mail order items coming into the home, the greater the exposure to coupon and refund offers.

Families should not let offers shape their purchasing habits. They should decide what they need to buy and then use available offers to reduce the price. A store brand or non-national brand will often sell for less than the national brand minus the coupon or rebate value. Trading off on brands may save more than coupons and rebates and will require less consumer effort.

Time and effort are important factors to consider in marketing offers. For example, one survey reports that persons seeking rebates spend an average of 8 to 10 hours per week to save \$320 to \$350 yearly. This means that these rebate users received about 70 cents an hour for their time. Are there other things they might do with their time for greater return? Many of the coupon and rebate promoters overestimate savings because they ignore the value of time, the cost of the products that are required to get the refunds or coupons, and alternative, less expensive products.

Many groups print bulletins or newsletters about current rebate items. Samtur's book and Changing Times article, both listed in the references below, give several of these. Some of the food magazines also feature current rebate offers. You may wish to use a magazine or newsletter as an example as you teach.

Fraud has been a problem with both coupons and rebates. Companies involved in the promotions and the companies who specialize in processing the offers are developing systems to check for illegal use of the offers by consumers, retailers, or scheme organizers. Follow the rules of the offers to avoid consequences.

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Market Research Department, 1900 N. Third Street, Clinton,  
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#### HOW TO PREPARE FOR A PROGRAM USING THIS GUIDE

Select one or more activities from the next section. Choose ones that will teach the points you wish to emphasize. Some activities, such as #1, 2, and 3, require some prior contact with participants. Decide if this is practical for you. If it's not, consider how you might modify the activity, i.e., you supply coupon and rebate offers to be used in the activities. You might ask some of the questions from the survey questionnaire and get a show of hands at the meeting.

Plan to have needed supplies or ask participants to bring them for the activities you select below.

Prepare a class outline, i.e., introductions, purpose of lesson, background information, activities, etc. Plan a summary of what the class experiences revealed about the use of coupon and rebate offers. If you plan to follow up with evaluation questionnaires, let the class know and explain how you intend to use the information.

#### SUGGESTED LEARNING ACTIVITIES

1. Survey the class to determine their present awareness and use of coupons and rebates. A questionnaire is included in this package and may be duplicated for pre-class distribution. Summarize the answers to the questions and use this to begin class discussion.
2. Have class members bring a weekly grocery specials section of a newspaper, a magazine that includes several offers, a Sunday newspaper coupon section, or recent direct mail coupon offers. Have participants bring scissors and a pocket calculator. At the meeting, use the offers for the following activities:

a) Working in teams, cut out and add total dollar value of coupons and refunds and list premiums. You might use the following format:

<u>Source of Offer</u>	<u>Total Value of Coupons</u>	<u>Total Value of Rebates</u>	<u>List of Premiums</u>
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Discuss why this is not a reflection of what a family can save, what types of products are being promoted, and how types of promotions vary in terms of effort and cost to redeem.

b) Stack the coupons and refunds by types of products offered. You may wish to make signs on index cards to help participants sort the offers into similar groups. You might divide them into these categories:

- 1) cereals, breads, breakfast foods
- 2) baby food
- 3) dairy foods, oil, margarine
- 4) snack foods, candy
- 5) soups, fruit, vegetables
- 6) seasonings, sugar, salad dressing
- 7) meat, poultry, seafood
- 8) baked goods and desserts
- 9) beverages
- 10) cleaning products and paper goods
- 11) health and personal products
- 12) pet foods
- 13) others

Discuss the types of products with the most offers, the amounts of offers for different products, companies that seem to have most offers, and restrictions and requirements in money, time, or effort to redeem.

c) Have teams sort through the coupons and refunds and select only those products and brands their families regularly buy and add up the value. Discuss how this value compares to the total value of coupons available.

d) Have teams sort through the remaining offers and see if others have potential for being a good value for their families in terms of money, nutrition, or utility. What is the value of these offers? What costs and effort would be required to use these offers?

e) Have teams sort out the items they might be enticed to buy because of the coupon offer.

f) Have teams divide the offers into stacks of: basic food items, convenience foods, foods that make limited nutritional contributions, pet food, and non-food items. What kinds of products have the most offers? How would their use affect family's nutrition and lifestyle?

3. Ask class members to check around their homes before the meeting and record what coupon, refund, and premium offers they find. Ask them to record types of offers, value of offers, procedures and requirements for redeeming, and restrictions. Summarize the information and discuss.

4. Discuss different methods of organization for use of coupons and rebates. This might be in shoe boxes with dividers, file boxes designed for cancelled check storage, purse folders, or envelopes. Families need to establish categories that work for them. You might use the list in 2.b. as a beginning point of discussion. Talk about how they might handle keeping the file current with dates. Some people use colored paper clips on offers to mark different months for expiration dates.

5. Discuss sources of information regarding offers. You might include groups that promote use by newsletters, books, display racks in stores, magazines, exchange clubs, exchange boxes, etc.

6. Set up some decision situations where a consumer is faced with a choice of redeeming coupons on a brand item or selecting a lower cost local or generic label item. Ask the class member what choice they would make and why.

7. Discuss the ethics of using offers in terms of adhering to the requirements set down by the companies making the offers. Another discussion question you might ask is: would the cost to companies of issuing, redeeming, and payment to retailers and others for handling offers be better used to reduce consumer food costs?

#### EVALUATION

A sample class evaluation form is included. You may wish to add additional questions, perhaps related to how you advertised or delivered the program.

Consider the amount of time participants need between the program and your follow-up to have made any changes. Perhaps one or two months is adequate. There is a variety of ways you might collect the information. For organized groups, it might be done at a later meeting. You might mail the questionnaire with a cover letter telling where to return it. You might have volunteers do a telephone survey. You will want to use a sample of participants if the program involved a large number of participants.

Agents, report your results on a NARS form. If you wish to report electronically using the EXTEND network, request information for ordering a disk from Dottie Goss, 275 McNeal Hall, St. Paul, MN 55108.

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COUPONS AND REBATES  
(Grocery Money)

How big a role do coupons and rebates play in my grocery shopping?

- \_\_\_\_\_ 1. On the average, the number of price reduction coupons my family usually uses in a month are:  
(a) none (b) 1-10 (c) 11-20 (d) 21-30 (e) 31-40  
(f) more than 40
- \_\_\_\_\_ 2. The dollar value of the coupons we use in one month is approximately:  
(a) 0 (b) \$.50-\$5 (c) \$6-10 (d) \$11-20 (e) \$21-30  
(f) \$31-50 (g) \$51-100 (h) more than \$100
- \_\_\_\_\_ 3. On the average, the number of rebate/refund offers my family uses in one month are:  
(a) none (b) 1-5 (c) 6-10 (d) 11-20 (e) 21-30  
(f) more than 30
- \_\_\_\_\_ 4. The dollar value of the rebates/refunds we use in one month is approximately:  
(a) 0 (b) \$1-5 (c) \$6-10 (d) \$11-20 (e) \$21-30  
(f) \$31-50 (g) \$51-100 (h) more than \$100
- \_\_\_\_\_ 5. The sources of the coupons my family uses are:  
(a) newspaper grocery advertisements  
(b) newspaper company advertisements  
(c) magazine advertising  
(d) direct mail advertising  
(e) exchange with others  
(f) packages of purchased items  
(g) all the above  
(h) other (specify: \_\_\_\_\_)
- \_\_\_\_\_ 6. My family collects coupons and rebate/refund offers:  
(a) yes (b) no
- \_\_\_\_\_ 7. My family has a filing system for coupons and rebate/refund offers:  
(a) yes (b) no

- \_\_\_ 8. My family has a filing system for proofs of purchase needed for many rebate/refund offers:  
(a) yes (b) no
- \_\_\_ 9. The time my family usually spends collecting, filing, and using coupons and rebate/refund offers in a month is:  
(a) 0 (b) 5-60 minutes (c) 1-2 hours (d) 3-10 hours  
(e) 11-20 hours (f) more than 20 hours
- \_\_\_ 10. My family seeks information about or trades offers in:  
(a) rebate/refund newsletters (b) books written on the topic  
(c) local swapping clubs (d) exchange organization  
(e) other (specify: \_\_\_\_\_)

About my family:

- \_\_\_ 11. The number of family members in my household is:  
(a) 1 (b) 2 (c) 3 (d) 4-6 (e) 7 or more
- \_\_\_ 12. We live:  
(a) on a farm (b) in a rural area, but non-farm  
(c) in a small town (d) in an urban area
- \_\_\_ 13. The number of family members who do grocery shopping for the family is:  
(a) 1 (b) 2 (c) 3 (d) 4-6 (e) 7 or more
- \_\_\_ 14. The principal grocery shopper is employed away from home each week:  
(a) 0 hours (b) 1-20 hours (c) 21-39 hours  
(d) 40 hours (e) more than 40 hours
- \_\_\_ 15. The highest level of education completed by the principal shopper is:  
(a) grade school (b) high school (c) junior college or technical school  
(d) 4 year college degree or above
- \_\_\_ 16. The age of the principal shopper is:  
(a) 24 or younger (b) 25-34 (c) 35-44 (d) 45-64  
(e) 65 or older
- \_\_\_ 17. The total annual family income before taxes is:  
(a) under \$5,000 (b) \$5,000 to 9,999  
(c) \$10,000 to 14,999 (d) \$15,000 to 24,999  
(e) \$25,000 to 49,999 (f) \$50,000 or more

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To assist the Agricultural Extension Service in planning quality programs to meet your needs, please complete this questionnaire.

\_\_\_\_\_ 1. Where did you attend the class on couponing and refunding?  
a) agent lesson for local leaders  
b) unit lesson given by local leader  
c) open meeting  
d) other (specify: \_\_\_\_\_)

Yes	No	2. Since the lesson my family has:
_____	_____	a) become more aware of the number and dollar value of coupons and rebate offers coming into our home.
_____	_____	b) become more aware of manufacturers' motives in using this marketing technique.
_____	_____	c) become more selective in the coupons and rebate offers we use.
_____	_____	d) increased the dollar value of coupons and rebates used for products usually purchased.
_____	_____	e) set up a system for organizing offers to expedite their use.
_____	_____	f) become active in groups that share information about offers.

3. Please describe any changes you made or plan to make in coupon or rebate use: \_\_\_\_\_  
\_\_\_\_\_

\$ \_\_\_\_\_ 4. What is the increased dollar value saved each week by your family through the use of coupons and rebates as a result of the class?

\_\_\_\_\_ hrs. 5. How much time does your family spend to save this amount?

Yes    No

- \_\_\_\_    \_\_\_\_    6. Did you share the class information with others?  
If yes, how many? \_\_\_\_\_
- \_\_\_\_    \_\_\_\_    7. Would you like more information on shopping?  
If yes, please tell what type of information would  
be most useful. \_\_\_\_\_
- 
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