

Mobile Coupons

State of the Industry 2016

BY KOUAPON MEDIA

Mobile Offers Take Off

We'll get right to it — things are looking up for mobile coupons. According to eMarketer, the number of adult mobile coupon users in the US rose nearly 18% to 92.6 million in 2015.

And it's not stopping there. By the end of 2016, mobile coupon users will increase by 11% to 104 million in the US.

As one of the industry's leading mobile offer platforms, Koupon Media is seeing this growth firsthand. In 2015 Koupon's platform doubled in size reaching a lifetime **500 million** mobile coupons delivered. Furthermore, Koupon's average redemption rates continue to be **10x greater** than traditional paper coupons.

In this report, our goal is to provide some exciting growth numbers in the mobile coupon industry. While we're at it, we'll also share some of our favorite campaigns of 2015 and reveal some insights we've gleaned from launching more than 3,200 campaigns in 2015.

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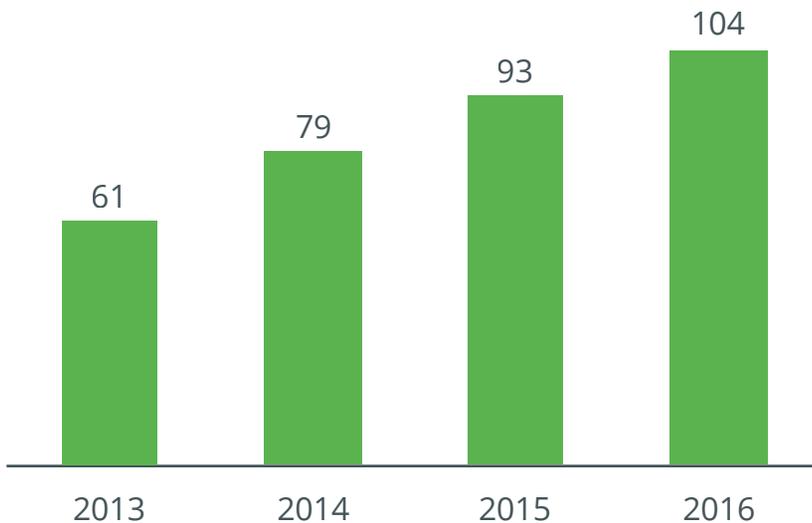
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Industry Trends

The results are in — customers spend more money, buy more products and adopt new technologies when they're given a mobile coupon. As mobile engagement becomes increasingly important to brands and retailers, mobile coupons are emerging as a top priority.

US ADULT MOBILE COUPON USERS (IN MILLIONS)¹



42%

OF MOBILE USERS HAVE USED A MOBILE COUPON²

26%

INCREASE IN BASKET SIZE WHEN CUSTOMER USES A MOBILE COUPON³

39%

OF CUSTOMERS SPEND MORE IF THEY RECEIVE A PERSONALIZED COUPON⁴

60%

OF CUSTOMERS WOULD ADOPT MOBILE PAYMENTS IF OFFERED COUPONS⁵

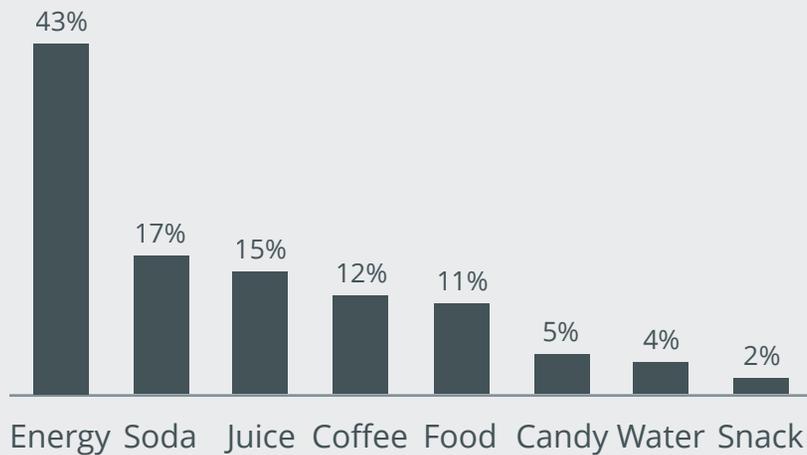
Offer Insights

As mobile coupons become ubiquitous, platforms like Koupon Media are learning more about how customers interact with them. In 2015, Koupon's data team analyzed thousands of offers to reveal insights about an offer's type, promoted products and redemption patterns. These are just a few of the things we learned.

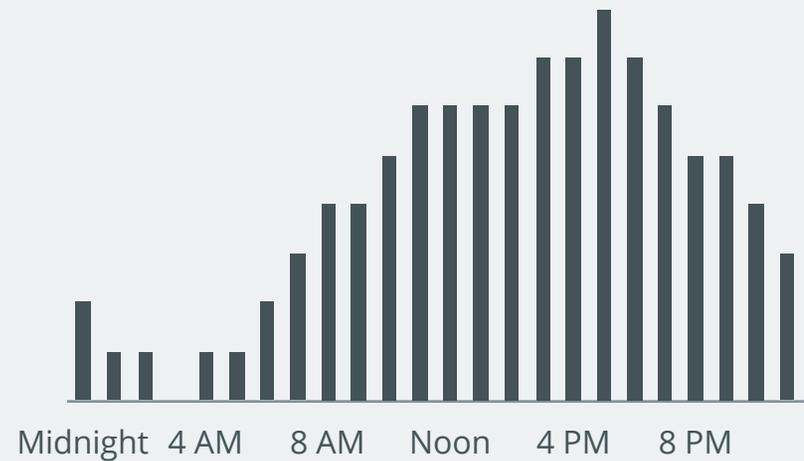
REDEMPTION RATE BY OFFER TYPE



REDEMPTION RATE BY PRODUCT CATEGORY



C-STORE REDEMPTIONS BY HOUR OF DAY



Koupon Year In Review

As one of the leading mobile offer platforms, Koupon powers campaigns for the world's largest brands and retailers. In 2015, our platform launched more than 3,200 promotions that delivered more than 200 million offers to customers. Overall, these campaigns drove more than 20 million store trips and \$100 million in bottom line impact for our clients. Now that's results.

2015 BY THE NUMBERS

20

million

TOTAL STORE TRIPS

\$100

million

REVENUE DRIVEN

200

million

OFFERS DELIVERED

2015 Success Stories

Koupon Media powered thousands of offer campaigns in 2015. In this section we are highlighting five of our favorites.

Some of them are noteworthy because of the sheer impact they made on a client's business. Others introduced new concepts and revealed innovative ways to deliver offers.

Whatever the reason, these campaigns not only demonstrate what makes a campaign succeed, they also illustrate the promise of mobile coupons in the years to come.



Success Story #1

RETAILER DRIVES 90,000 STORE TRIPS IN A MONTH

The Objective

A large c-store chain was launching a mobile offers program with Koupon Media and looking for the best way to introduce the coupons to its customer base.

The Solution

The retailer leveraged the Koupon Platform to launch a "30 Days of Free" campaign, delivering a new free offer each day for 30 days across its Facebook, Twitter and Instagram channels, and as an advertisement on radio and TV.

The Results

The campaign was a huge success — most offers hit their redemption caps and 88,646 store trips were generated. Today the retailer continues to see positive results with its new mobile offers program.

2.4 mil

OFFER VIEWS

88,646

STORE TRIPS

\$314k

ADDED REVENUE

 Success Story #2**MAJOR BRAND ENGAGES CUSTOMERS BY DELIVERING OFFERS THROUGH TV AD****The Objective**

A large CPG's brand marketing team was looking for new and interesting ways to engage customers on mobile devices and to drive trial of the product.

The Solution

The brand leveraged the Koupon Offer Network to deliver in-store redeemable offers through a TV ad spot.

The Results

The free offer became the centerpiece of the brand's commercials, delivering 150,000 offers and driving a 26% redemption rate.

150k

OFFERS DELIVERED

71%

CLICK THROUGH RATE

26%

REDEMPTION RATE

Success Story #3

SCRATCHER OFFER DRIVES \$1 MILLION IN SALES

The Objective

A large retailer's marketing team was looking for a new and different way to engage customers in mobile channels and drive them into stores.

The Solution

The retailer leveraged Koupon Media's Offer Scratcher solution to text its customers a game that led to an offer for 50%, 35% or 25% off a purchase.

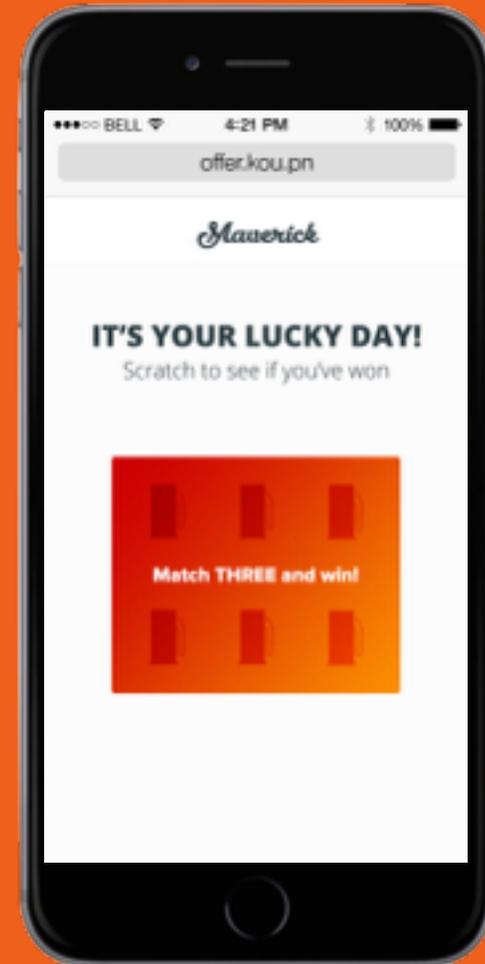
The Results

The scratcher campaign was a success, realizing a 43% click through rate and generating more than \$1 million in additional revenue.

73,471
STORE TRIPS

\$1 MIL
ADDED REVENUE

28x
ROI



 **Success Story #4****BRAND DRIVES SALES USING KOUAPON OFFER NETWORK****The Objective**

A niche CPG brand's marketing team wanted to leverage a mobile promotion to raise awareness and drive sales at a specific c-store chain.

The Solution

The brand bought media across multiple ad networks and leveraged Koupon's technology to deliver a mobile offer to customers.

The Results

The brief campaign was a hit, helping the brand raise awareness and deliver more than 27,000 offers that drove more than 3,000 purchases in stores.

27,000

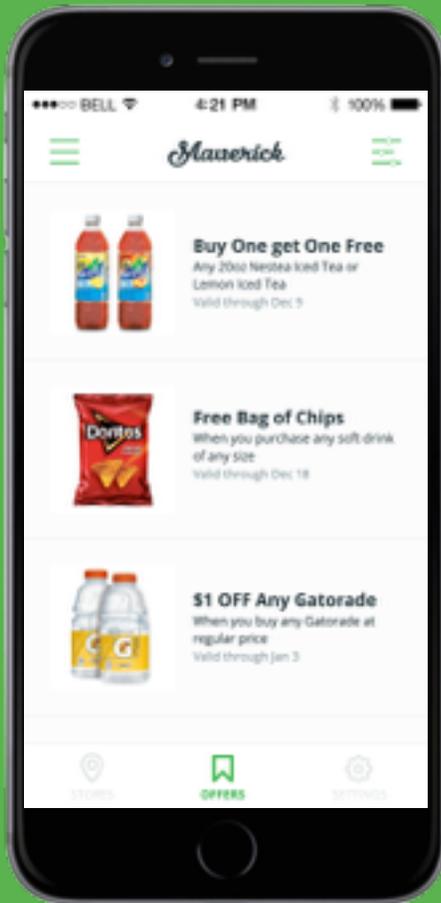
OFFERS DELIVERED

12%

REDEMPTION RATE

4,431

STORE TRIPS



Success Story #5

RETAILER SUCCESSFULLY LAUNCHES MOBILE APP WITH OFFERS

The Objective

A large c-store retailer was launching a mobile app, but it wanted to ensure that it engaged customers and drove store trips.

The Solution

The retailer reached out to Koupon Media to leverage the Koupon Platform and deliver highly targeted in-store redeemable offers through its mobile app.

The Results

In its first month the app grew to 1 million views and 100,000 redemptions. Today, the retailer is seeing triple those numbers and continues to grow by 100% month over month.

3 MIL

MONTHLY VIEWS

25%

REDEMPTION RATE

500K

STORE TRIPS

2015 Insights

After almost five years of delivering millions of offers on behalf of retail and brand clients, Koupon's Data Science team has developed a deep understanding of what it takes to launch a successful campaign.

For this year's State of Mobile Coupons report, we decided to share a few key insights that our brand and retail clients use to plan, target and execute a mobile offer campaign.

More specifically, we've answered five of the top questions we receive from marketers. These questions address the core makeup of an offer, when and where customers engage with them and the types of devices customers are using in the process.

QUESTIONS WE ANSWER

What type of offer is best?

Which products perform the best?

How quickly do customers redeem an offer after seeing it?

When do consumers redeem offers?

What type of phones are customers using to redeem offers?



Choosing the Right Offer Type

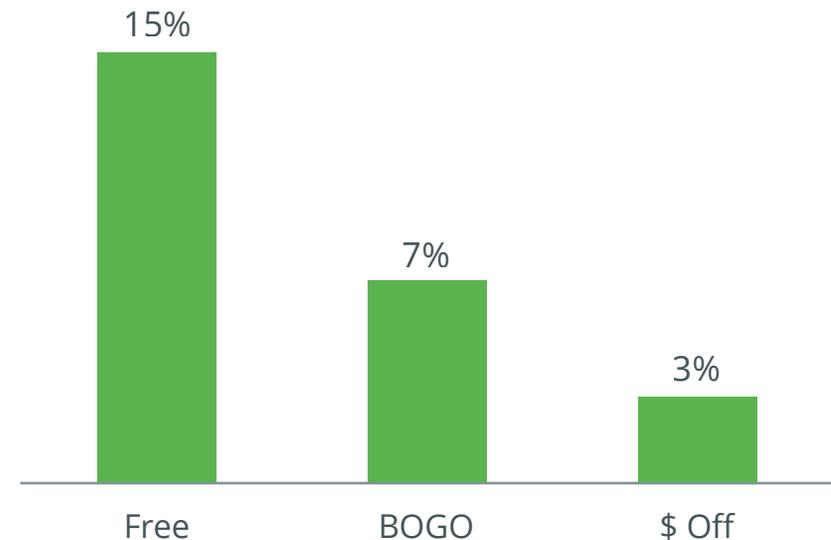
Clients often ask us how to increase an offer's chance for success, and while every campaign is different, there are some best practices we've learned over time.

Not surprisingly coupons that deliver a free product perform the best. But it's stunning to see how successful BOGO offers are comparatively.

At Koupon we understand that marketing budgets don't always allow for a free offer, so we recommend Buy One Get One offers.

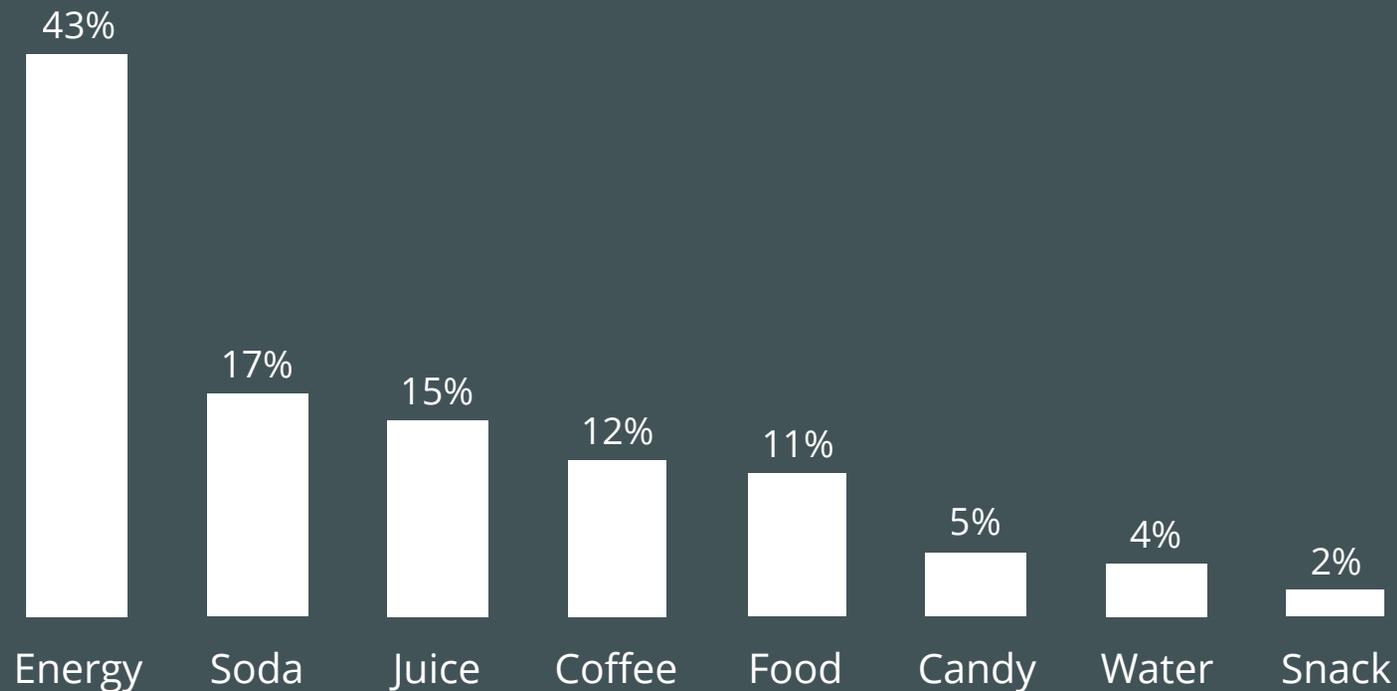
If a free offer isn't possible, a BOGO is always the next best option.

REDEMPTION RATE BY OFFER TYPE



Redemption Rate by Product Type

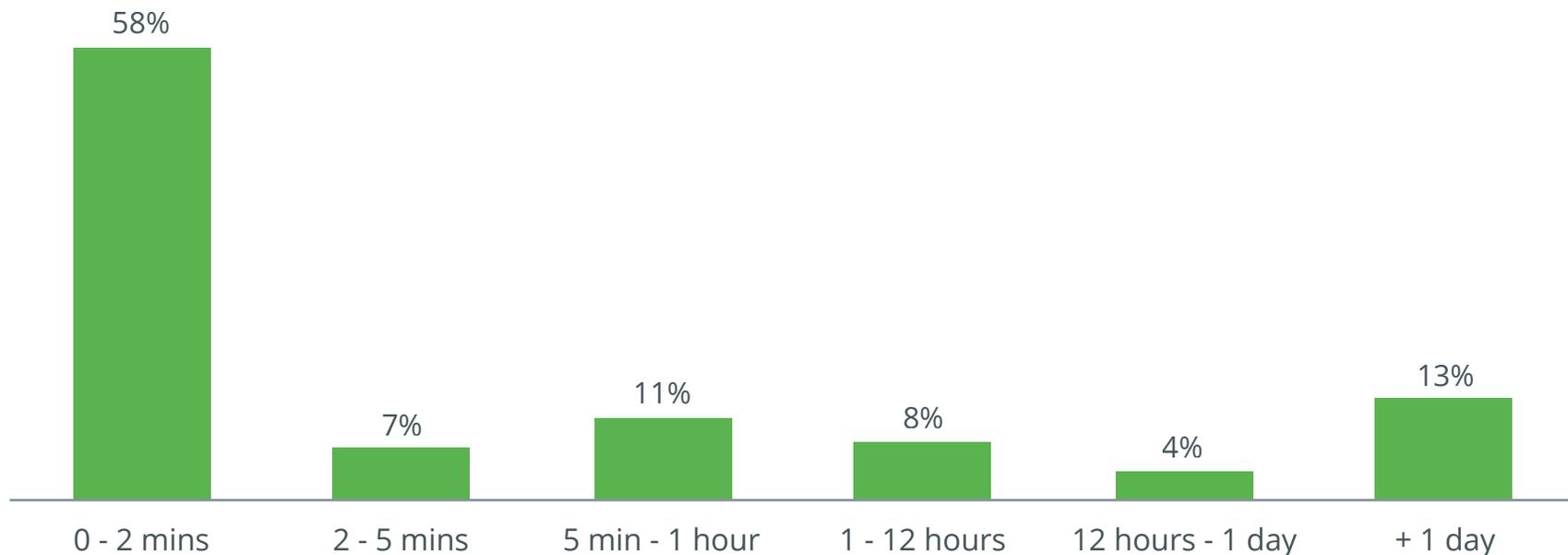
Our clients market and sell a wide variety of products and as expected, some categories experience higher offer redemption rates than others. In this analysis we looked at c-store retailers and found that beverage offers perform the best, led by energy drinks, soda, juice and coffee.



Time to Redemption

In 2015, the majority of customers redeemed an offer within 5 minutes of seeing it. This further emphasizes the importance of delivering an offer to a customer in the right place at the right time. In response, Koupon spent 2015 strengthening its targeting capabilities, allowing marketers to target customers who are most likely to redeem.

65% of customers redeem an offer within 5 minutes of seeing it.

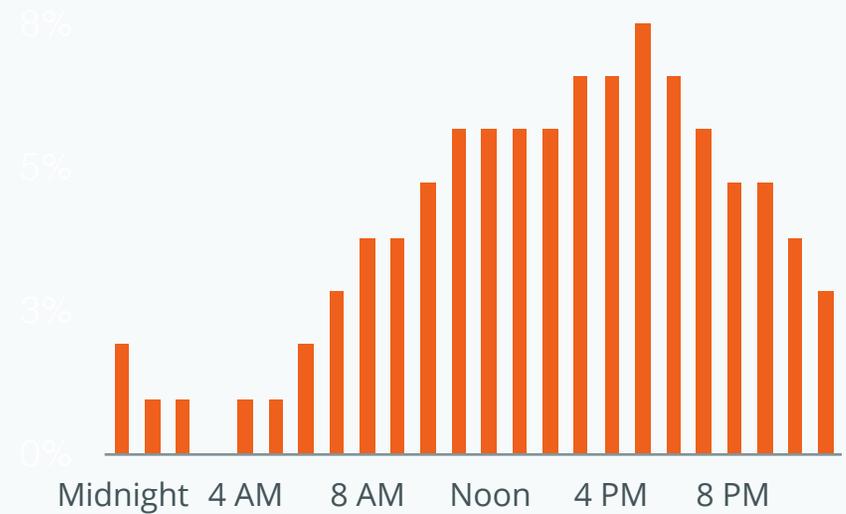


A Closer Look at Redemption Patterns

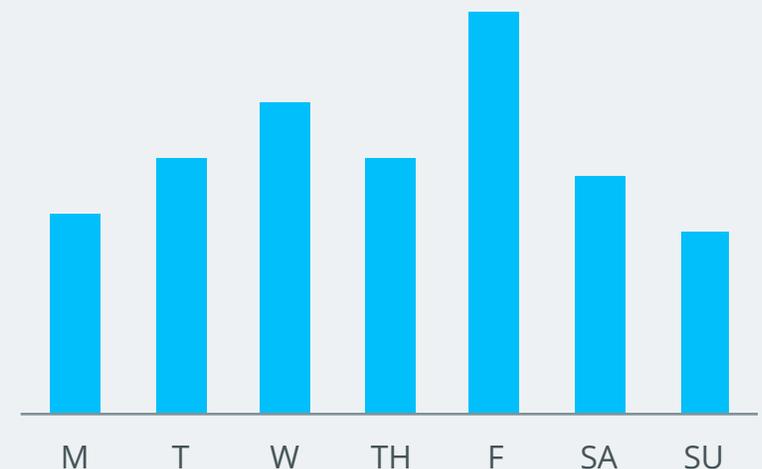
An offer's success isn't just about where the customer is, it's also about *when* they see it. After comparing offer view and redemption patterns across our more than 28,000 c-store clients, we found that engagement peaks on Fridays and during the evening commute.

Retailers seeking to target offers to customers at the right time should focus on the days of week and times of day where their customer is most engaged.

C-STORE REDEMPTIONS BY HOUR OF DAY

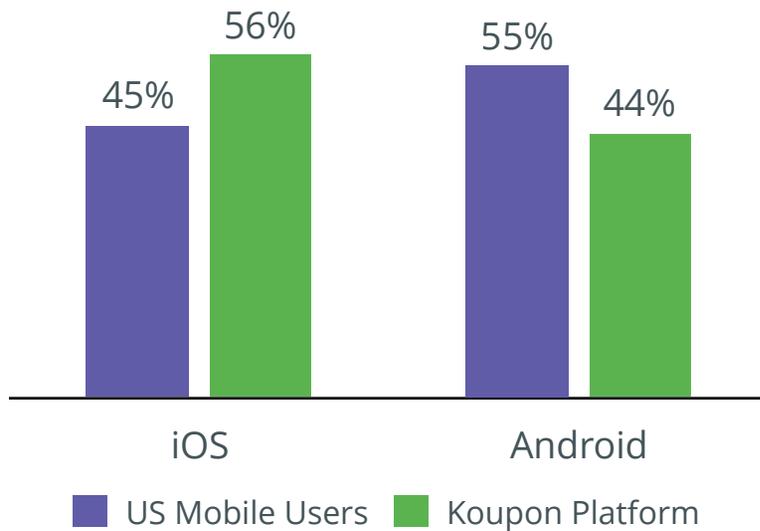


C-STORE REDEMPTIONS BY DAY OF WEEK



Mobile Offer Users By Operating System

As a mobile offer platform, it's important for Koupon to understand which mobile devices consumers are using. We found that mobile offer users over-index in iOS, a finding that's consistent with mobile commerce trends in retail.



What's next?

After a tremendous 2015, the team at Koupon is excited to start the new year. As mobile offer usage and efficacy increases, we expect to see marketers launch more mobile offer campaigns than ever before. Here are a few predictions about what's in store for 2016.



OUR PREDICTIONS

Mobile Offer Reach Broadens

Retailers and brands are learning there is no one-size-fits-all approach to launching an offer campaign. Expect to see true omni-channel offers being promoted in store, through mobile apps and via SMS, email and social channels.

Offers Become Core to CPG Brands

2015 was the year of proving that mobile coupons move the needle. Now that it's been proven, we expect more CPG brands to launch large nation-wide mobile offer campaigns.

Offers Boost Mobile Payments

As mobile payment platforms pursue growth, offers will become key to facilitating adoption and repeat usage. Expect to see both retailers and CPG brands embrace mobile coupons and offers as part of mobile payment strategies.



KOUAPON MEDIA

INFO@KOU.PN | KOUAPONMEDIA.COM

¹ eMarketer US Adult Mobile Coupon Users 2013 - 2016

² Inc. 16 Stats About Mobile Marketing to Boost Your Business in 2016

³ Deloitte Navigating the New Digital Divide 2015

⁴ Coupon Statistics — Statistics Brain

⁵ Accenture Mobile Payment Study 2015