



A Platform Agnostic Approach: How Mobile Web & Apps are Changing the Game for Valpak

MBO Presentation – 10/11/2011

Fred Steube, Digital Innovation Director


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Agenda

Fred Steube

Digital Innovation Director

Cox Target Media - Valpak

A Platform Agnostic Approach:

How Mobile Web & Apps are Changing the Game for Valpak

- **The case for Valpak's platform agnostic approach**
- **QR codes are changing the game for traditional print companies**
- **Impact of location-based marketing in the local promotional space**
- **Mobile innovations continue to change the traditional media space**





Valpak's Platform Agnostic Approach


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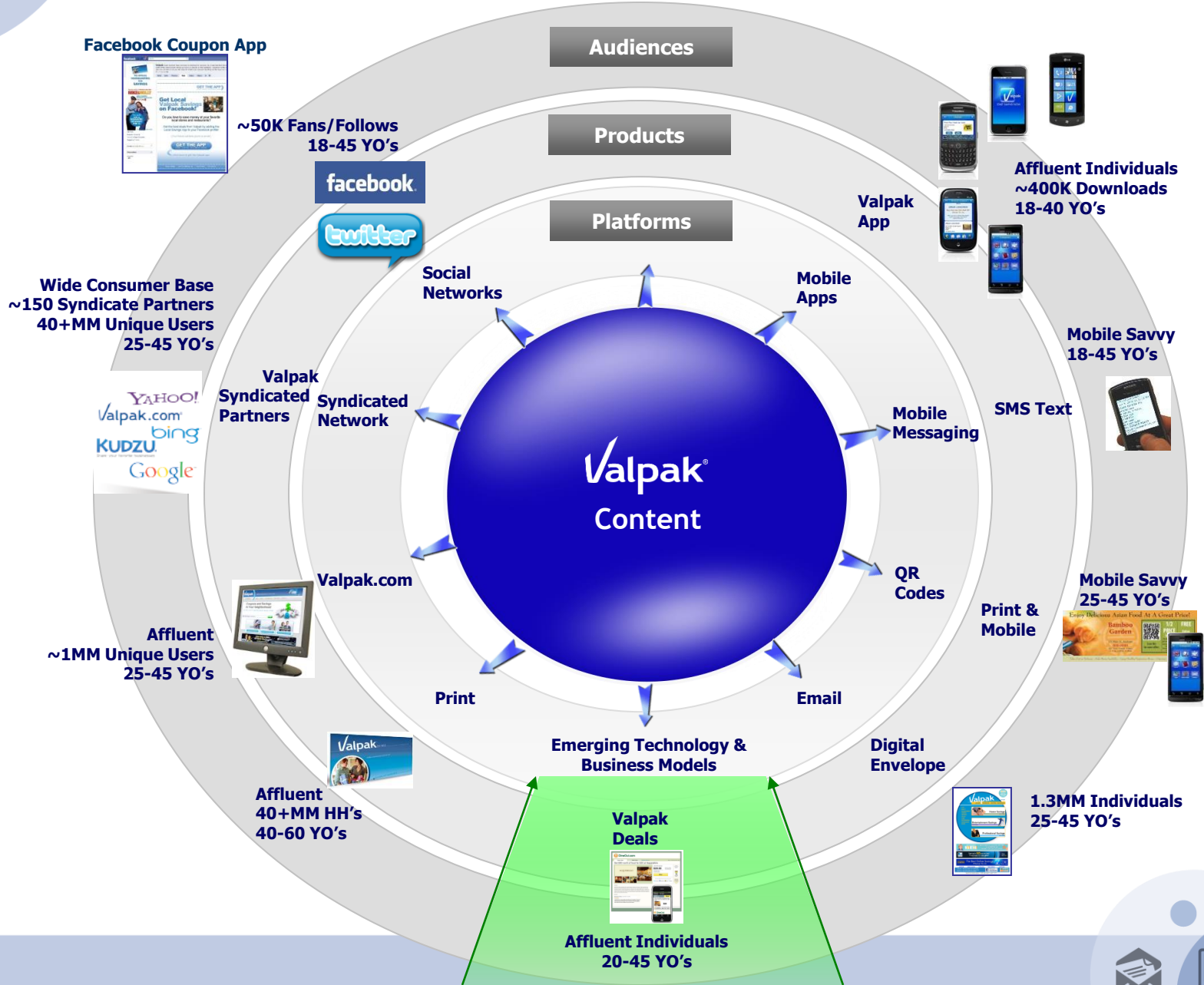
The Leader in Delivering Local Values



- 1) **Content** - Provide robust relevant content/offers to consumers - where, when & how they want it
- 2) **Reach** - Appeal to a broader audience spectrum → Exceptional consumer experience
- 3) **Value** - Create immense consumer value to ultimately deliver results to our advertisers and strategic partners
- 4) **Consumer-focused** - Consumer driven & tested product suite & advertising solutions
- 5) **Engagement** - Create consumer engagement via robust content across channels



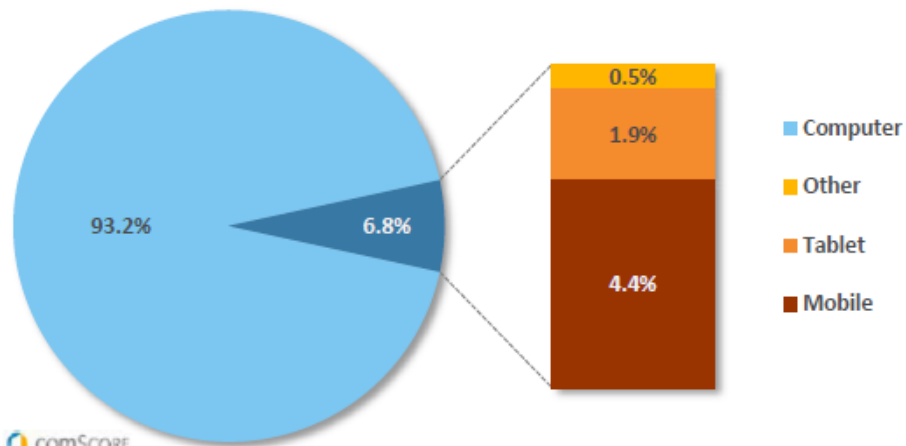
Valpak Digital Messaging Platform



Why Mobile?

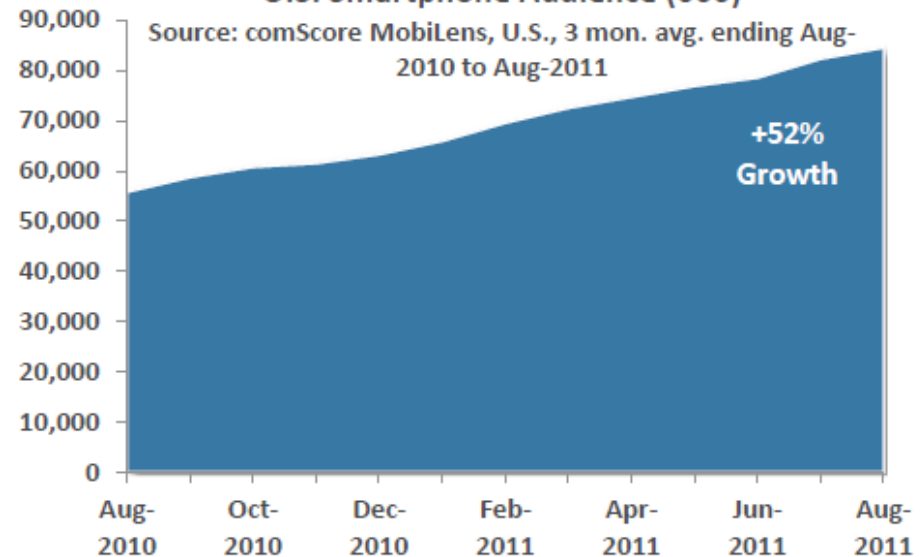
- U.S. digital traffic currently dominated by desktop (still need web strategy)
- Smartphones & tablets drive ~7% of total U.S. traffic & growing
- U.S. smartphone adoption grew ~50+% YOY
- Increased WiFi availability & U.S. mobile broadband adoption are helping drive connectivity

Share of Non-Computer Device Traffic in the U.S.
Source: comScore Device Essentials, U.S., August 2011



comSCORE

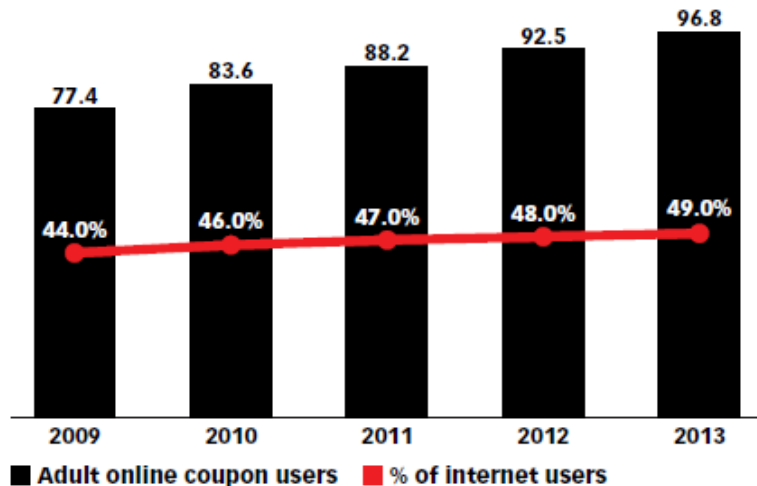
U.S. Smartphone Audience (000)



What's the Opportunity?

- ~50% of adult Internet consumers use coupons
- Mobile coupon usage to nearly double by 2013

US Adult Online Coupon Users, 2009-2013
millions and % of adult internet users

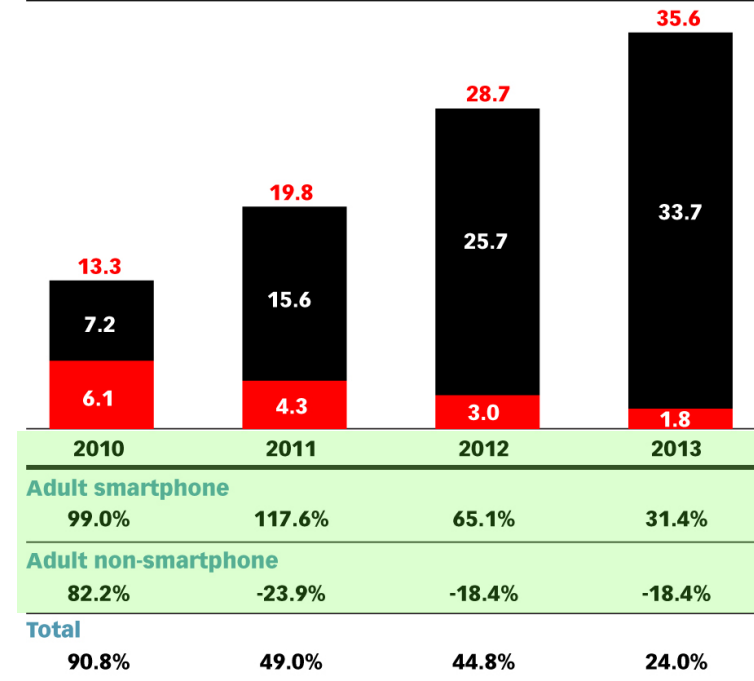


Note: internet users ages 18+ who redeemed an online coupon/code for online or offline shopping in the past year
Source: eMarketer, May 2011

127877

www.eMarketer.com

US Adult Mobile Coupon Users, by Segment, 2010-2013
millions and % change



Note: ages 18+; used mobile phone in the past year to redeem coupon/code obtained from SMS, application, mobile internet and/or QR code for online or offline shopping; includes group buying coupons purchased via mobile phone; numbers may not add up to total due to rounding
Source: eMarketer, Aug 2011

130925

www.eMarketer.com



Why are Mobile Coupons an Important Channel?

- Strong growth in mobile coupon users
- Mobile coupons are an increasingly common marketing tactic
- 28MM iPads sold by June 2011 (~100+MM iPhones)
- Google activated 130MM Android devices by June 2011

US Adult Mobile Coupon Users, 2010-2013

	2010	2011	2012	2013
Adult mobile coupon users (millions)	13.3	19.8	28.7	35.6
—% change	90.8%	49.0%	44.8%	24.0%
—% of adult mobile phone users	6.5%	9.5%	13.5%	16.5%

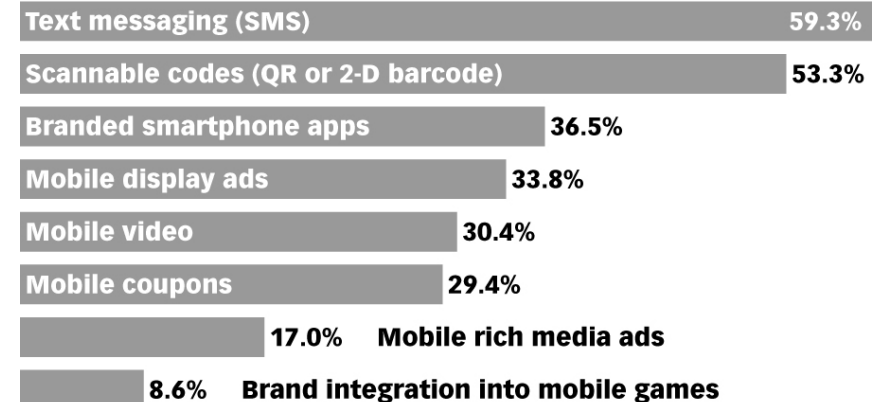
Note: ages 18+; used mobile phone (includes smartphones) in the past year to redeem coupon/code obtained from SMS, application, mobile internet and/or QR code for online or offline shopping; includes group buying coupons purchased via mobile phone

Source: eMarketer, Aug 2011

130919 www.eMarketer.com

Mobile Marketing Tactics Used by US Marketers, May 2011

% of respondents



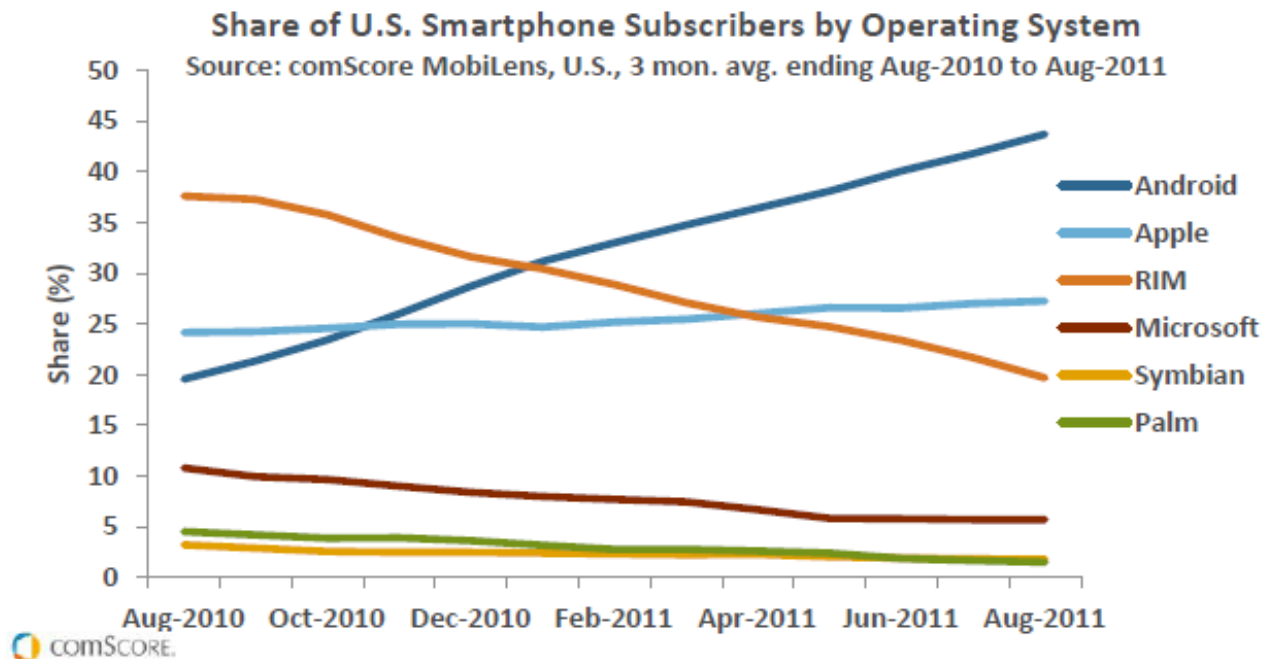
Source: Chief Marketer, "2011 Mobile Marketing Survey," June 13, 2011

129521 www.eMarketer.com



The Case for a Platform Agnostic Approach

- Still fragmented mobile OS environment
 - Android massive growth – IOS slower growth
 - RIM fading fast, Microsoft & Palm more gradual decline
- In August 2011, iPads delivered 97.2 % of all U.S. tablet traffic
- Share of U.S. non-computer traffic rose over the past 4 mos - the percentage of that traffic driven by tablets has risen from 20% to more than ~30%

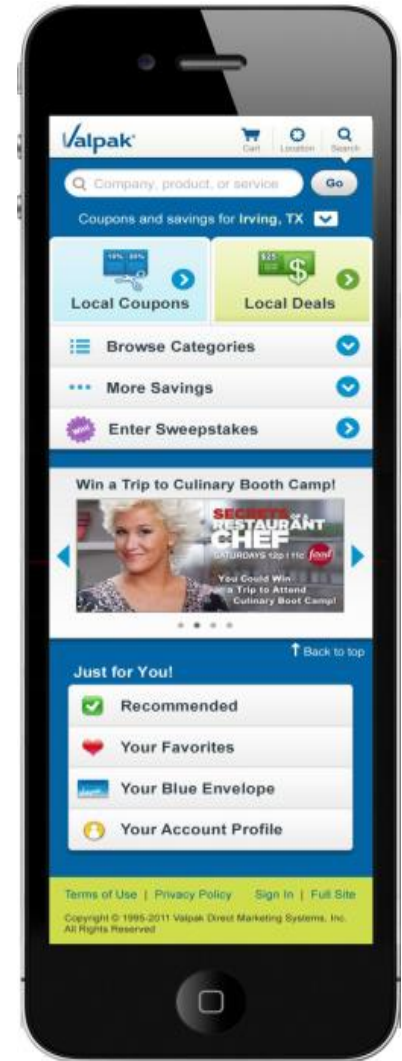
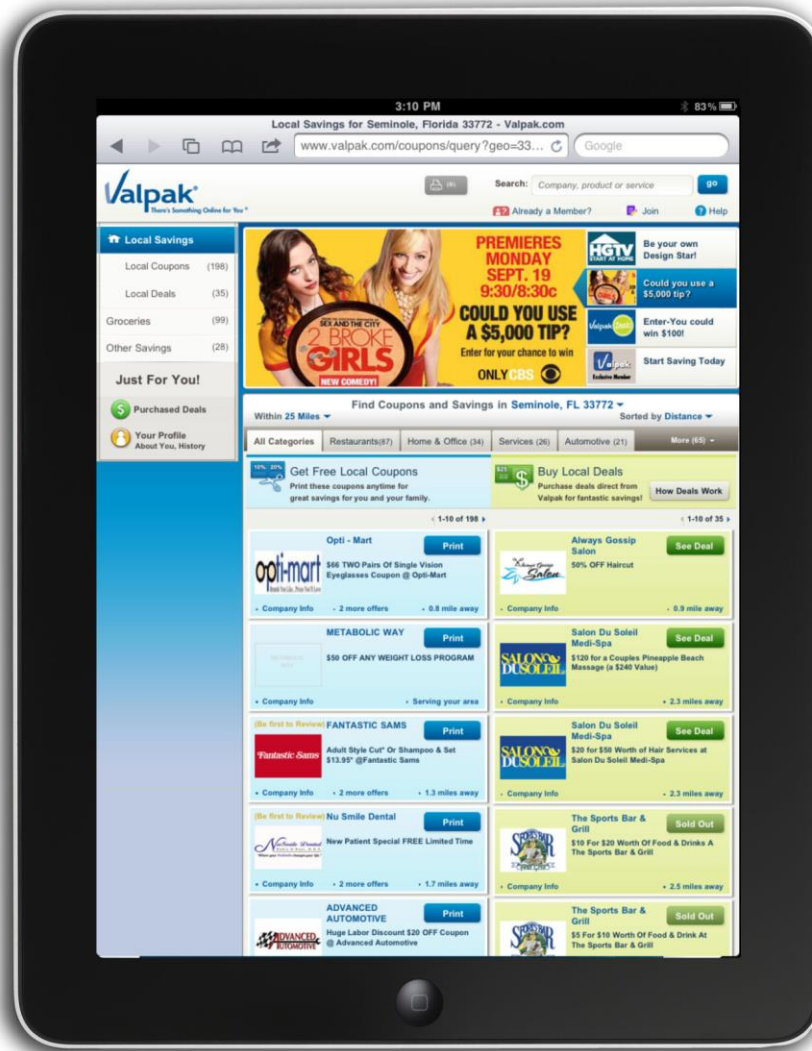


Valpak's Platform Agnostic Mobile Approach

- Reach & engage consumers on as many platforms as feasible
- Provide savings offers when, where & how consumers want



Valpak Mobile Optimized Sites



Mobile Channels Valpak Distributes Coupons Through

- **Mobile web**
- **Mobile app**
- **SMS text**
- **QR codes**
- **Social platforms (via mobile devices; Facebook, Twitter)**
- **Distribution partners (mobile web & mobile app)**





QR Codes as Game Changers


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QR Code Opportunities

The Opportunity

- **Extension** – Print to digital extension of print platform
- **Distribution** – Harnesses the power of print distribution & extends into mobile platforms
- **Engagement** – Delivers a consumer engaging experience for advertisers
- **New Audiences** – Reaches and engages a younger demographic audience
- **New Media** – Now provides interactive advertising directly from print, outdoor, POS (ie, video ads)
- **Data** – Rich data generated from scans (time of day, location, device type)

What QR Codes Can Do (short list)

- Display web or mobile pages
- Send an SMS/MMS
- Multi-action menu
- Display coupons/offers
- Save a contact
- Send an e-mail
- Calendar entry
- Generate video
- Make a voice call
- Promotion entry/data collection
- Send tweets
- Register for/enter loyalty programs



QR Code Scan Growth

QR Code scans increased by 4549% between Q1,2010 and Q1,2011



11 out of 50 Fortune companies are leveraging QR Codes in their Marketing Strategies

22%
Fortune
50



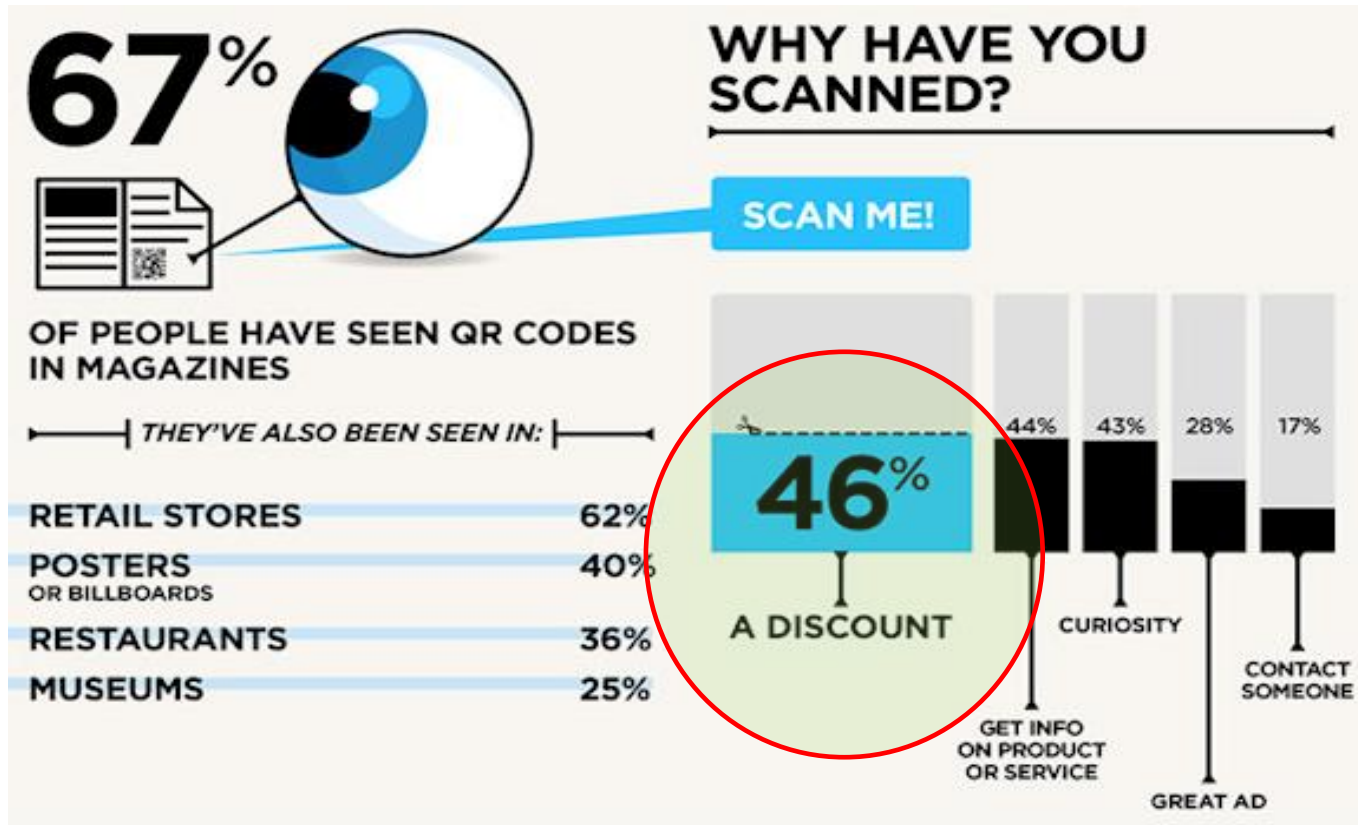
comScore June 2011

- 14 MM US consumers scanned QR or bar codes on their mobile phones
- 56% = 25-44 yo
- 60/40 - Male/Female
- Scanning at home primarily

Source: Queaar Inc., August 2011



What Drives QR Code Scans?



Source: Lab42, August 2011



Valpak Initial QR Code Test

- Sandra Lee promotion used QR codes (drove consumer registrations)
- High consumer engagement rates (67% of QR code registrants opted-in to Valpak.com Membership)
- Most QR registrants (68%) between 25 - 44 yo's (engaging younger audiences)

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NO PAYMENT OR PURCHASE NECESSARY. A PURCHASE WILL NOT IMPROVE YOUR CHANCES OF WINNING. YOU HAVE NOT YET WON. You were prompted by our Smartphone to open by a member of the United States and U.S. who are eligible (18 years of age or older, or the age of majority in the state or residence, whichever is older, at time of entry). 15 Grand Prize Winners will receive a Pyrex 25-piece baking set, a 1-year subscription to Sandra Lee Semi-Homemade Magazine, and a signed copy of the Sandra Lee Bake Sale Cookbook and a one year subscription to Sandra Lee Semi-Homemade Magazine. All of each Grand Prize is \$200.00. Sweepstakes ends April 8, 2011. See how envelope or log on to www.valpak.com for complete sweepstakes rules, entry instructions, full prize description and restrictions, odds, and other important details. *You no longer need to receive mailings for sweepstakes sponsored by Valpak, with its 8000 Corp. (San Diego, CA, 92121) - All Sweepstakes Terminate.



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FIRST NAME

LAST NAME

ADDRESS

verizon



Print to Digital - QR Codes

July

GET THE LOOK TO DIE FOR
Enter for a chance to win a Shopping Spree in The Big Apple!

rizzoli & isles

ALL NEW MONDAYS 10/9c

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TO ADVERTISE IN Valpak CALL 1.800.676.6878

Scan the barcode with a Smartphone to enter for a chance to win a Shopping Spree in The Big Apple!

Smartphone display: rizzoli & isles, GET THE LOOK TO DIE FOR, Enter for a chance to win a Shopping Spree in The Big Apple!

August

12 Designers. Only one will make a splash.

HGTV Mondays never looked so good.

designstar is back. MONDAYS 9/8c

LOOK INSIDE THE BLUE ENVELOPE FOR MORE LOCAL SAVINGS

GO TO Valpak.com FOR MORE WAYS TO SAVE

FIND US ON [Twitter] [Facebook] [LinkedIn]

TO ADVERTISE IN Valpak CALL 1.800.676.6878

You could be your own DESIGN STAR with \$5,000 for a ROOM MAKEOVER

Scan the barcode with a Smartphone to enter for a chance to win a Shopping Spree in The Big Apple!

Smartphone display: designstar, MONDAYS 9/8c, \$5,000 for a ROOM MAKEOVER, ENTER SWEEPSTAKES, Valpak.com

September

PREMIERES MONDAY SEPT 19 9:30/8:30c

NEW COMEDY

SEX AND THE CITY 2: BROKE GIRLS ONLY CBS

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Scan the barcode with a Smartphone to enter for a chance to win a Shopping Spree in The Big Apple!

October

TWO PROS. TWO SHOWS. ONE NETWORK.

Hallmark CHANNEL

MARTHA Stewart Living MONDAYS 10a-11a

Smallville MONDAYS 11a-12n

LOOK INSIDE THE BLUE ENVELOPE FOR MORE LOCAL SAVINGS

GO TO Valpak.com FOR MORE WAYS TO SAVE

FIND US ON [Twitter] [Facebook] [LinkedIn]

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Location Based Marketing (LBM)



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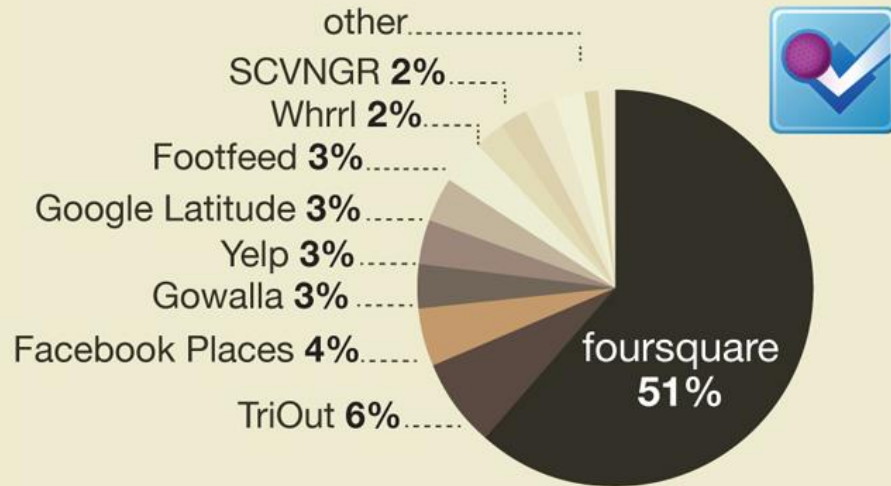
What is Location Based Marketing (LBM)?

A Definition:

“The act of transforming consumers’ shared location information into engagement & ultimately, transactions”



Most Popular Location-Based Application



Source: The Location Based Marketing Association & SocialWayne.com, August 2011

Location based marketing is a growing market opportunity

- **LBM = \$200MM market in 2010**
- **Projected \$6B market in 2015**

Source: Borrell Proximity Marketing, Nov. 2010



What are Some Common Examples?

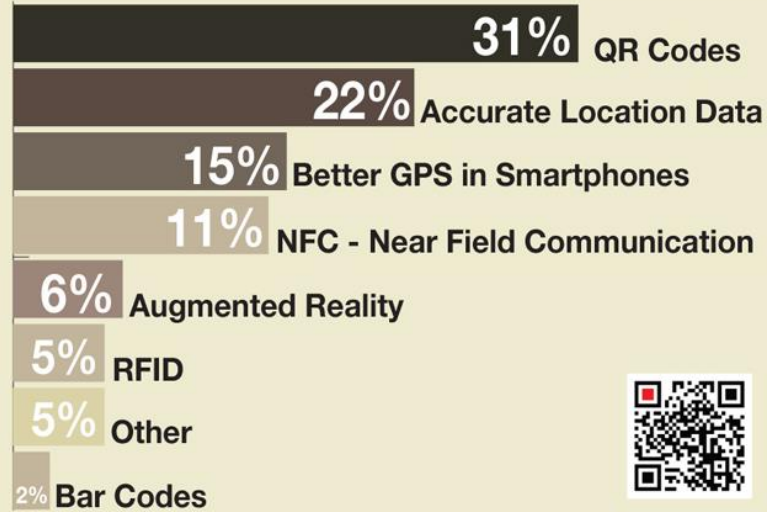
Geofencing

1. Local SMS Text – Text users with self-identified geography in proximity to a business
2. QR Codes – Outdoor and point of purchase display drive content & transactions
3. Nearfield Communications (NFC) – Mobile swipes drive content & transactions
 - Google Wallet, AMEX & VISA Digital Wallets
4. Social Check-in – Offers served in proximity to where people check-in
 - FourSquare, Facebook Places, Gowalla, Yelp
5. Geofencing – Virtual perimeter - Message displayed to nearby users to draw them in
 - Placecast, Shopkick, Loopt
6. GPS-based Functionality in Apps – Displays content/offers with geo-relevant context via mapping interface
 - Google Maps, SCVNGR, Valpak



Location Based Marketing Still Early, But Effective

Technologies That Will Impact LBS in 2011



- **65% of customers who were part of initial LBM programs made purchases as a result of location-driven notifications & messaging**

Source: Primary Impact Study, 2011

- **Nearly 1 in 5 smartphone owners access check-in services via their mobile device**
- **18-34 yo's account for nearly 60% of check-in service users**

Source: comScore, March 2011

What have LBS Users Done?



Source: The Location Based Marketing Association & SocialWayne.com, August 2011

- **55% of smartphone owners use their phones for location based directions or recommendations**

Source: Pew Internet Project, Sept. 2011



Why is Content Important in LBM?

- **Consumers expect content that is relevant to where they are**
- **Geographical context is a powerful factor in driving consumer engagement**
- **Engagement/transaction rates are highest when consumers are presented with relevant offers when and where they want it**
- **Technology is making it easier to serve up relevant content**





Mobile Innovation – Looking Forward


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Mobile Augmented Reality (AR)

junaio



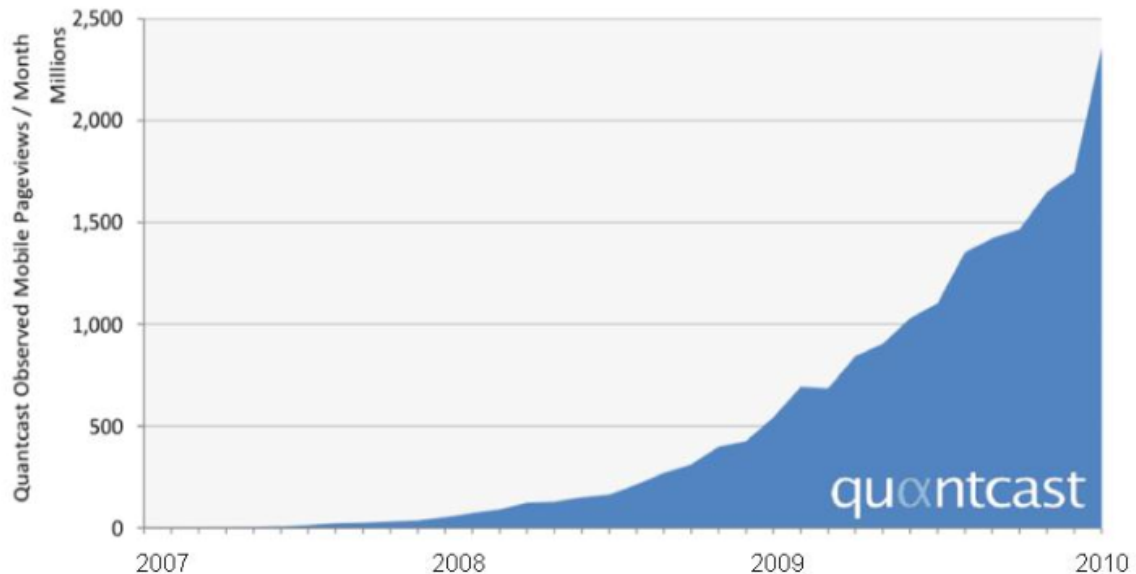
8coupons.com
The best deals wear well



Mobile Use & Video = Massive Growth

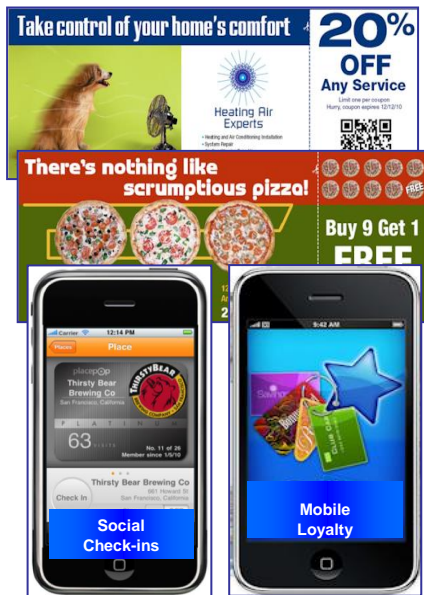
Smartphones driving video explosion

- Web users watched 30.3 **billion** videos online during April (comScore, 2011)
- # of mobile video users will rise by 34% annually to 95MM in 2015 (Coda Research Consultancy, 2010)
- Mobile video revenue set to exceed \$2B in 2013, thanks to 4G (ABI Research, 2010)
- Mobile video increasingly indexed higher in search results (eg, Google: YouTube)

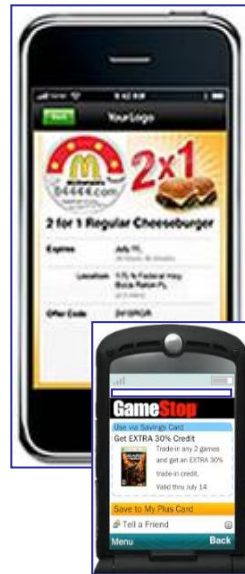


Other Important Mobile Solutions to Consider

Loyalty Programs (print/digital)



MMS



Gamification



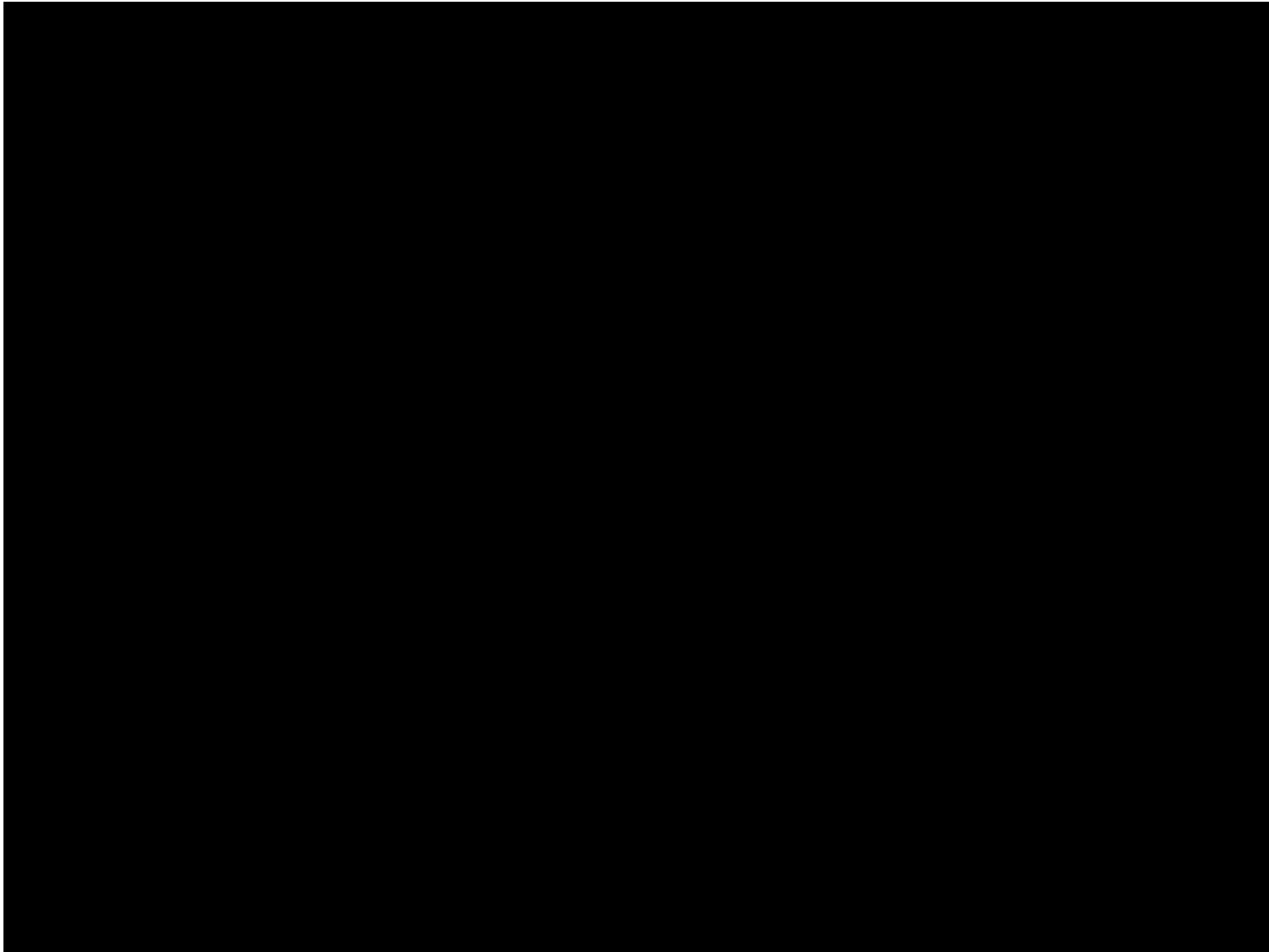
NFC – Mobile Pay



Future Direct Marketing Trends



Augmented Reality – Print Interactivity



Thank You!

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Scan to Watch Valpak's
Push, Click, Tap Video



Location Based Marketing – Example 1

Tesco case study – Location targeted

Objective:

- Tesco wanted to raise awareness of customers' nearest Catalogue Shop or Order and Collect Store and to drive these customers in store to take up the offer of £5 off a £50 spend

Solution:

- O2 looked up all customer postcodes and selected those who lived within a 10 mile radius of one of the stores
- Customers were sent an SMS detailing the offer and the street address of where their nearest store is



Location Based Marketing – Example 2

Marks and Spencer case study

Objective:

- M&S wanted to drive customers in store to take up the 15% off clothing offer

Solution:

- O2 sent location based messages to customers within $\frac{1}{2}$ a mile of any M&S store, providing the details of the offer and a code to redeem the offer
- Customers were able to show the message in store with the code, to redeem the offer and staff at M&S were able to track redemptions.



Location Based Marketing – Example 3

The Co-operative Food/Coca Cola case study

Objective:

- Co-op wanted to inform customers of where their nearest store was and to drive customers in store to collect their free product
- Coca Cola wanted to offer customers a free bottle of Dr Pepper on request after receiving the message

Solution:

- O2 sent location based messages to customers within ½ a mile of any Co-operative Food, providing the street address of their nearest Co-op and details of the free gift.
- Customers were able to show their message in store to a member of staff to collect their free bottle of Dr Pepper.

