The GS1 System of Standards—Powering Couponing Efficiencies for More Than 30 Years

Not Your Grandma’s Coupons

Say the word “coupons” to just about anyone and the image of Grandma sitting in a house dress at the kitchen table, scissors in hand, clipping from the weekly circular comes to mind. In today’s fast-paced world, this image of frugality on a quiet weekend afternoon seems impossibly outdated. In fact, in an era where many people no longer even go to a store on a regular basis, instead relying on online auto-ordering and drone delivery, coupons may well seem a thing of the past.

The New Normal

Yet in fact, the very opposite is true. No longer collected in divided plastic pouches, coupons are still an important connection point between brands, retailers, and consumers. And increasingly, they are going paperless. In the digital world, coupons are sourced from multiple options online, emailed directly as part of value and loyalty programs, and electronically communicated via apps direct to consumers based on their location, preferences, in-stock availability, and options.

The world’s first online coupon was introduced in 1990, since then we have seen dramatic changes in the retail marketplace. Today’s digitally-savvy consumers demand a unified commerce experience. This demand has spurred a step change in the couponing industry, resulting in paperless coupons with a variety of redemption methods. Growth and consumer interest in mobile couponing is at an all-time high—in fact, more than 90M Americans will redeem at least one digital coupon in 2016.¹

The rise of the paperless coupon allows brands and retailers to directly connect to their customers through in-store and mobile apps, offering highly personalized and more enticing discount options to drive consumer loyalty and increase sales.

A Brave New World Brings New Challenges

But with these new and exciting possibilities come unique and frustrating challenges.

While physical coupons have been around for years, coupon fraud, inefficiencies throughout the process, and reconciliation concerns persist. Combined with today’s digital access and hyper-connected consumer, the existing questions are now compounded by concerns around reconciliation at the till, increased and more sophisticated coupon fraud, and technology disconnects. Additionally, process management issues related to online coupon outlets and apps, consumer insight

“The new GS1 Standard is a step forward in addressing industry needs at a time when consumers are relying on their mobile devices more than ever to shop. Industry members and their app developer partners will be able to use the new standard as soon as the proper infrastructure is in place at the end of this year, which is currently being developed by the JICC.”

Jeffrey Bumgarner, Manager Industry Affairs Grocery Manufacturers Association
Mobile coupon usage will surpass

1 billion users by 2019

Typical coupon redemption rate in the U.S. floats between

2.5–3.5 billion annually
with over 300 billion coupons distributed each year

access concerns, and brand direct to consumer coupon offerings vs. the more traditional retailer offerings, bring new inefficiencies to the forefront.

Regardless of these concerns, in order to keep pace with change and respond to the reality of an omni-channel world, retailers and brands alike are migrating to digital. In order to be effective, this requires a standardized way to offer, track, and reconcile both paper and paperless coupons.

The digital transformation has uncovered a retail sector-wide need to address the growing mobile coupon user population and to differentiate paper from paperless coupon redemption standards for transaction auditability.

The solution must not only enable efficient operations with back-end systems but also work well with public facing applications and websites that support today’s digitally-savvy consumer no matter where—or how—they shop.

**GS1 Standards Can Help**

At the request of industry, the Joint Industry Coupon Committee (JICC), together with GS1 US®, collaborated to create a new Application Identifier (AI) Standard for paperless couponing—the 8112 AI.

The enhanced standard builds upon previously established industry best practices for barcode-based paper coupons and improves upon it to support paperless transactions. Using the new 8112 AI, retailers and brands now have a transaction record at the point of sale. And since point-of-sale (POS) systems feed directly into accounting systems, retail trading partners will also have an auditable log of the paperless transaction.

**Benefits Right Now**

The new standards are working to provide a bridge between the digital and physical worlds to help support the full omni-channel experience. This allows for a host of benefits to various players including:

- Ability to settle digital coupons as well as paper coupons at POS
- Traceability to the till
- More effective promotions and better consumer insights
- Increased efficiencies throughout the process
- Connection opportunities with millennials and digitally-savvy consumers
- Fraud detection and elimination

**Who Should Use the Standards?**

- Brand Owners
- Suppliers
- Manufacturers
- Retailers
- Clearing Houses
- Application Developers
- POS Equipment and Software Developers

**We Are Not Done Yet!**

The new standards are a step in the right direction but we are not done yet. Work remains to uncover more efficient processes as well as to identify and apply the right technology to connect businesses to consumers.


Learn More

For more information, contact us at info@gs1us.org or visit www.gs1us.org/resources/standards/coupons

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