Fighting Coupon Fraud at the Checkout
Coupon Information Corporation

CIC is dedicated to fighting coupon misredemption and fraud.

- Independent
- Not-for-Profit
- Neutral
- Standardized Reporting

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Our Members

- Altria Client Services Group
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- Beiersdorf, Inc.
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- GlaxoSmithKline
- Hanesbrands, Inc.
- Hasbro
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- JM Smucker Company
- Johnson & Johnson
- Kellogg Company
- Kimberly-Clark Company
- Kraft Foods, Inc.
- Land O’Lakes
- Lorillard Tobacco Company
- Mead-Johnson
- McCormick & Company, Inc.
- Nestle USA, Inc.
- PepsiCo Beverages & Foods
- Pfizer
- Post Foods, LLC
- Procter & Gamble
- Reckitt Benckiser
- Reynolds Consumer Products
- R.J. Reynolds Company
- S.C. Johnson & Son, Inc.
- Unilever

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A Hard Worker & Active "Couponer"

- Traveled the Country
- Terrible Hours
- Highly Motivated
- A charmer
- Innovative
Highly Organized
Covered a Huge Territory
Rodger’s Las Vegas Home
Only One Problem……

- Rodgers was recently convicted of using counterfeit coupons to defraud the industry.
- Rodgers used high-value counterfeit coupons to illegally obtain products from retailers.
- These products were then sold on Amazon.
Rodger’s New Accommodations
Many Methods to Attack Your Store

- Counterfeit Coupons
- Coupon Decoding
- Return Fraud
- Extreme Couponing
Your Checkout IS the Frontline

- Just like shoplifters, It is YOU against Them
Counterfeit Coupons
Counterfeits in One Thread
The 10 Commandments of (Counterfeit) Coupon Usage

1. Share thy coupons - Sharing is caring. Don't be a leech. Share these online, with friends, drop them in stores, put them under windshield wipers. You don't want to be the only one using these.
2. Only share thy coupons anonymously - You may dun goof, and get backtraced! It's unlikely, but it could happen!
3. Respect thy cashier - Don't act suspiciously nice, but don't be a Basically, don't attract unnecessary attention.
4. Fear not the front-end manager - If a cashier is in doubt, they may call a customer service manager over to have a look. Don't freak out. If anything, get mad for them wasting your time over a simple coupon.
5. Thou shalt stay for the duration of a transaction - Never run. The worst they can do is say "sorry, we can't take this". If you think they think that you know it's fake, remember, they have no proof of this!
6. Thou shalt not sell thy coupons - People who sell these coupons as parts of larger scams WILL get caught. It's been in the news before.
7. Thou shalt not use numerous high value coupons at once - It's suspicious!
8. Thou shalt avoid using thy debit, credit card or checks - You may dun goof, and get backtraced! It's unlikely, but it could happen!
9. Thou shalt avoid using coupons for free merchandise - While they may work, it can be risky. Use good judgement, and come up with a good story.
10. Though shalt avoid buying -everything- with coupons - buy a few things without. If you have coupons for everything in a transaction, that looks suspicious.
CIC Solutions

- Big Picture
- Public Service Announcements
- DMCA Take Down Notices
- Prevention
- CIC Outreach
  - Summits
  - ProLogic
  - FMI
  - ACP Annual Seminar
  - TN Grocery & Convenience Stores
  - CMS Conference
  - Certified Fraud Examiners - Chicago w/ NCH

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Identification of Counterfeits

Informants

Research

Stores

Manufacturers Processors

Big Picture

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PSAs: Changing the Economics of Counterfeiting

- Early Alert
- Internet Coupon Trading Boards
- Infrastructure

$2,500 REWARD
For information leading to the successful prosecution of the individual(s) responsible for producing this counterfeit coupon.

Coupon Offer Withdrawn
GlaxoSmithKline has withdrawn its free Alli coupon offer due to widespread counterfeiting. Retailers should not accept this coupon under any circumstance. Less than 100 coupons for Free Alli product (valued up to $50.00) were legitimately distributed. However, almost 1,000 have been submitted for redemption. GlaxoSmithKline will contact the recipients of the legitimate coupon and provide them with product of equal or greater value.

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$25,000 REWARD

For information leading to the identification, successful prosecution, and incarceration of the individual(s) responsible for producing and distributing this manual on how to create counterfeit coupons.¹

Some Previous Editions (samples)

¹ See Page Three for details.
Print-at-Home Coupons

- Voluntary Best Practices
  - Off-Screen
  - No Frees
  - No PDFs
  - Anti-Counterfeiting devices
CIC Hologram

- Unique identifier
- Standard location
- Universally available
  - Free Product
  - High Value

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What can **YOU** do?

- **Coupon Acceptance Policy**
  - Look for the CIC Hologram on Free & High Value Coupons
  - Do Not Accept Print-at-Home Coupons for Free Products
  - Use extreme caution with very high values
  - Adopt CIC’s Voluntary Best Practices for Retailers

- **Prevention**
  - Knowledge **IS** Power!
  - Post the PSAs
  - CIC Excel Spreadsheet
  - POS System
  - Let us know

- **Prosecution**
What can YOU do?

- Prosecution is KEY
  - We understand that you don’t want to confront your customers or slow down your lanes.
  - However, you would prosecute shoplifters, wouldn’t you?
  - How about tag switchers?
  - Snatch & Grab?

The only difference is the relative sophistication of those stealing from your company.
Teamwork Can Protect All of Us From Criminal Activities
Manufacturer’s Efforts

Lauri Martin
The Coca-Cola Company
CIC Board Member
Counterfeiting is on the Rise

*An Example*

Identified Counterfeit Coupon Activity against Coca-Cola

- 2009 – 2 offers
- 2010 – 43 offers
- 2011 – 10 offers in the first 8 weeks
- Average 1 counterfeit coupon identified per week.
Counterfeit Coupon Activity

- Counterfeit Coupons hurt the Retailer financially
- Counterfeit Coupons hurt the Manufacturer financially
- Blocking the UPC-A portion of a barcode results in rejecting good coupons this damages the Retailer’s reputation with consumers
- Consumer confusion damages the Manufacturer’s reputation with consumers and retailers
# Coupons Used Most Fraudulently

## Table 7: Types of Coupons Most Often Used Fraudulently

<table>
<thead>
<tr>
<th>Coupon Type</th>
<th>Total Sample (N=20)</th>
<th>Big Box (N=7)</th>
<th>Specialty (N=3)</th>
<th>Drug Stores (N=4)</th>
<th>Super Markets (N=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer coupons – print sources</td>
<td>30.0%</td>
<td>28.6%</td>
<td>66.7%</td>
<td>0.0%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Manufacturer coupons – internet</td>
<td>70.0%</td>
<td>28.6%</td>
<td>100.0%</td>
<td>75.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Store coupons – print sources</td>
<td>30.0%</td>
<td>42.9%</td>
<td>33.3%</td>
<td>25.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Store coupons – internet</td>
<td>40.0%</td>
<td>57.1%</td>
<td>66.7%</td>
<td>50.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Store coupons – issued at POS</td>
<td>20.0%</td>
<td>28.6%</td>
<td>0.0%</td>
<td>25.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Other</td>
<td>10.0%</td>
<td>14.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

*Differences between groups that are highlighted are statistically significant at p<.05*

**Manufacturer Internet coupons represent <1% of coupons distributed**

**Manufacturer Print Source coupons represent 86% of coupons distributed**

Source: Loss Prevention Research Council 2009 Study   Classified - Confidential
Awareness of Impacts

• Amount of Coupon Fraud:
  – 80% of surveyed retailers do not know what percentage of coupons received in their stores are fraudulent

• Financial Impact of Coupon Fraud:
  – 75% of surveyed retailers don’t know the dollar loss to their companies from fraudulent coupons

Source: Loss Prevention Research Council 2009 Study

Real Science. Real Results.
What is the solution?
Solutions

1. Partner with the CIC
2. Use the PSA’s as a resource and education tool for your stores
3. Look for the CIC Holographic Foil and other security features on Free and High Value coupons
4. Establish a Coupon Acceptance Policy – the CIC can provide Retailer Best Practices
5. Use your POS System to your advantage –
   a) reject counterfeit offers by the offer number
   b) Validate the min, family code, second and third requirements, value and expiration date in the GS1 DataBar
Stopping Counterfeit Coupons

We have to **work together**

Or we ALL lose!