

Industry Challenge: Counterfeiting

Counterfeit coupons have cost manufacturers millions of dollars and have created numerous costs and challenges for retailers and other industry participants. These counterfeits have ranged from amateurish home-made ones to high quality, professional examples virtually identical to those printed by the industry. Unfortunately, even the amateurish coupons are often accepted for redemption, creating liabilities for a variety of industry participants. Once a counterfeit is accepted, someone, whether it is a manufacturer or a retailer, is going to have to pay for it, creating uncontrollable liabilities and unnecessary trade relations issues.

Counterfeiters have forced retailers to be more aggressive in reviewing coupons at the check out lane. The increase in front end security procedures has created consumer discomfort, increased costs, and longer lines. Counterfeiting has become such a challenge that at least one major print-at-home vendor declines to produce "Free Product" coupons.

There are a number of anti-counterfeiting techniques available to the industry. The effectiveness of these techniques varies. However, the number of potential solutions means that cashiers are seldom trained in all of the available loss prevention techniques.

Therefore, the Coupon Information Corporation has reviewed the situation and recommends the following new Voluntary Best Practice be implemented to fight counterfeit coupons. It is hoped that this Best Practice will provide a reasonable, cost-effective solution for the entire industry. One basic feature will be to eliminate confusion and require an absolute minimum of training. Indeed, any anti-counterfeiting solution should increase overall cashier efficiency and reduce consumer challenges by being instantly recognizable.

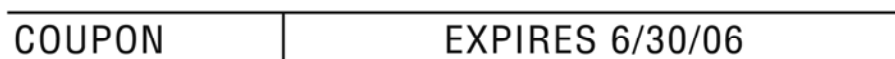
Questions?

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Solution: Voluntary Anti-Counterfeiting Best Practice

This solution, as illustrated below, is an anti-counterfeiting device to be used by participating manufacturers who issue Free Product coupons. It is recommended that all coupon issuers use this solution, regardless of whether or not they are CIC members.



Prominent View

The expiration date is visible with full contrast. The security image is “off”.



Tilted View

The bright diffractive security image (CIC logo) “turns on”.



Placement:

1. Anti-Counterfeiting Device is to enhance the current standard “Manufacturer’s Coupon and Expiration Date Statement”.
2. A brief statement noting that the coupon is valid only if it has a hologram on it. This statement should be incorporated into the “Terms & Conditions” listed on the coupon. Two Possible Examples: “Void without hologram”; “Security Feature: Hologram”

Timeline:

1. Proposed start date of hologram implementation, September 1, 2006.
2. Completion of hologram implementation, June 1, 2007.

Special Notes:

1. In addition to Free Product Coupons, manufacturers are encouraged to include this anti-counterfeiting device on their other high-value coupons.
2. While manufacturers are urged to participate in the CIC, membership is not required to use the CIC logo for this purpose.
3. Non Member Manufacturers may request an electronic image of the CIC logo for the sole purpose of being used as part of this anti-counterfeiting device. CIC will make the artwork available to manufacturers upon request. All such requests will be subject to verification.
4. Some manufacturers have recently begun using foil technologies to print entire coupons. As these can reasonably be considered to be counterfeit resistant, a hologram is currently unnecessary for these types of coupons.