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NCH Reports Record Manufacturer Acceptance of One-Count Technology

Stagnated Growth of One-Count is a Coupon Market Fallacy

[LINCOLNSHIRE, IL] May 30, 2002 – NCH Marketing Services announced today that it has achieved the coupon industry’s most widely accepted one-count program for retailers. Over the first quarter of this year, more than 75% of the coupon volume processed for top NCH retailer clients such as Eckerd, Kmart, Target, Walgreens and Wal-Mart was handled via a one scan pass of the EAN 128 code to collect the participating manufacturers’ required data elements and speed the payment to the retailer.

Known as Veluno – One Count Powered With Vendor Velocity™, NCH’s program has succeeded in meeting the quality, efficiency, and policy objectives of over 300 manufacturer vendor participants. As a result, NCH retailer clients receive more of their money faster with Veluno than any other one-count program available in the industry — because all the manufacturer’s objectives have also been met through the program, including a guaranteed transportation cost reimbursement rate.

“Our retailers have demanded we strategically use technology to drive out inefficiency and lower all coupon processing costs,” stated Julie Smykowski, director of account management for NCH’s retailer clients. “We have worked very closely with leading mass merchandiser and national drug store chains to provide a low cost, high quality one-count solution for their vendors, and vendor acceptance has surpassed all our expectations.”

The collaborative business objectives achieved with Veluno between trading partners has resulted in a one-count program that meets mutual objectives. “NCH retailers have worked with manufacturer vendors to facilitate a productive utilization of promotional funds for the benefit of their mutual customer, the consumer, who loves coupons,” said Charles Brown, vice president of marketing for NCH.

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The coupon industry has seen several years of volume decline. “It’s time we got back to the basics of using promotional dollars to effectively drive consumer sales. In recent years, manufacturers have viewed rising coupon redemption costs from many grocery retailers and wholesalers as an unproductive utilization of promotional spending,” continued Brown.

“Small and mid-size manufacturers have been impacted the most by increased coupon redemption costs and have been ecstatic about the benefits of NCH’s one-count solution,” added Brown.

“After many years of effectively using coupons to motivate consumer purchase and move products off the shelf, some marketers’ perception of the coupon has been tainted by the inefficiencies or inequalities they perceive from rising costs per coupon redeemed at many grocery retailers and wholesalers – and they unfortunately reacted by distributing fewer coupons, shifting their spending to other marketing activities, which may or may not be as beneficial to the retailer,” continued Brown.

In addition, the manufacturers’ coupon volume decline has had a direct effect on retailers’ handling allowance income, typically eight cents per coupon redeemed, because less vendor spending available toward the consumer means simply fewer coupons redeemed. The effect has been a nearly \$300 million annual loss to retailers over the past decade in handling income and fewer product sales in retailers’ registers with coupons. The grocery retailer channel has been affected most, where 81% of all coupons are redeemed today, compared to 87% five years ago, a difference of 1.4 billion coupons.

NCH’s program, Veluno, is a positive step in the right direction for collaborative trading partner benefits, aimed at using promotional funds to drive sales.

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Today, NCH is providing one-count processing via Veluno for the three largest manufacturer agents and Procter & Gamble, with over 75% of NCH's top retailer clients' coupon volume enjoying the benefit of accelerated payment in exchange for cost efficient, high quality coupon processing for the vendor.

NCH is the global leader in coupon processing and promotion information management with clients that include many of the world's largest retailers and manufacturers. Headquartered near Chicago, IL, NCH also has operations in France, Germany, Italy, Mexico, Spain and the United Kingdom. Throughout its 45 year history, NCH has become widely known for superior quality in promotional processing, as well as, extensive market research and data analysis. Clients benefit from NCH's versatile online software solutions with products such as LAUNCH® and BENCHMARK™.

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