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Monday, January 21, 2008

Valassis goes online with Redplum ad site

Consumers will find familiar listing of coupons

Jennifer Youssef / The Detroit News

LIVONIA -- Valassis Communications Inc. wants to be to online coupons what Google is to online information.

The 38-year-old marketing firm in Livonia took a big step toward that goal with this month's launch of www.redplum.com, an interactive Web site that gives consumers the same deals, coupons and other money-saving information that the company has traditionally delivered in the form of fliers and newspaper inserts.

The site recognizes consumers' ongoing march toward the Internet, as each year, more people head to the Web to comparison shop and find bargains, including searching for coupons and other money-saving offers.

Advertisement

In time, Valassis hopes Redplum becomes a reputable household name, synonymous with value.

"Google owns information on the Web, Amazon owns retail on the Web and Redplum wants to own value delivered to customers," said Suzie Brown, chief marketing officer.

Analyst Ed Atorino, who has been following Valassis for about 10 years, said the Web site and redplum.com branding are good moves. The user-friendly site is a necessity in this Internet age, and it provides a unique combination of shopping information that no other site has, he said.

"They haven't reinvented the wheel, but they're getting into the game," said Atorino, managing director of the Benchmark Co. "People like to shop online. This gives them a Web presence."

An all important Web presence for a company whose bread and butter for four decades has been providing ads and coupons via traditional venues, most noticeably the Sunday newspaper. That formula helped the company grow nearly 44 percent since 1998, to a \$1-billion-a-year enterprise. But as the Internet has eaten into newspaper readership in recent years, direct marketing companies like Valassis are forced to find new ways to reach consumers.

Enter redplum.com, which went online Jan. 3, and already has had more than 1 million hits, according to Valassis.

Site has printable coupons

The site features short video clips, coupons and sale announcements. Users can save the coupons and special deals in one place while they navigate the site, and then easily print all the saved coupons and deals.

Unlike other sites that offer similar marketing services, Redplum doesn't ask



Ads pulled off the press await quality review at Valassis's Anderson Printing Division.

click to view Valassis Financials chart showing revenue and earnings from 2003 to 2007.

Extras

About Valassis

What: Marketing services company with operations in the United States, Europe, Mexico and Canada. Founded: By George F. Valassis in 1970 Headquarters: Livonia Employees: 2,300 worldwide; 1,100 in southeastern Michigan Clients: 15,000 advertisers worldwide 2006 revenue: \$1 billion Source: Valassis

Most Popular

Most Read E-Mailed Printed

Wayne Co. prosecutor to address Kilpatrick scandal Interactive: Search for your community's...

consumers to put any personal information on the site. The only information that is required is a zip code.

What's more, users with special needs, such as vegetarians or those on kosher diets or with children with food allergies, can coordinate their shopping

lists with product values offered in their own neighborhoods.

Valassis will continue to produce the fliers and coupons that are delivered to 90 percent of U.S. households each week. Having a combination of direct mail advertisements, newspaper inserts and the Web site will enable Valassis to reach more customers than ever, Brown said.

All Valassis products have been re-branded as Redplum, which was launched with a massive public relations and advertising campaign. The company estimates it will distribute 3 billion pages of Redplum ads in 2008.

Redplum.com will not require Valassis to expand facilities or staff, at least at this point, Brown said.

#### ADVO merger pays off

Redplum is latest piece of a Valassis growth strategy that included the troubled acquisition of Windsor, Conn.-based ADVO, another direct-mail marketer, for \$1.2 billion.

In 2006, shortly after Valassis agreed to buy ADVO for \$1.9 billion, Valassis sued to stop the deal, accusing ADVO of misrepresenting its finances. ADVO countersued, saying Valassis was simply suffering from buyer's remorse and trying to drive down the purchase price.

The case went to trial, but it was halted after the companies reached an agreement that lowered Valassis purchase price by \$700 million.

In February last year, shareholders of ADVO approved a revised merger agreement with Valassis. Company officials said they were pleased with the end result. In fact, the acquisition helped Valassis more than double its 2007 third-quarter income to \$16.4 million from \$6.6 million the year before.

"In the past nine months since Valassis acquired ADVO, the merger has created a media services powerhouse with unmatched capabilities," said Mary Broaddus, director of investor relations and corporate communications. "The addition of an online component will enhance the effectiveness of our entire offering."

At the time of the original merger announcement, the companies said the combination will form the largest integrated media services provider in the United States, serving 94 of the nation's largest 100 advertisers, and with 7,900 employees. The companies said their combined 2007 sales would be \$2.65 billion.

#### Direct marketing on the rise

Valassis is simply capitalizing on consumers' thirst for ways to save money.

In 2006, companies spent nearly \$60 billion on direct marketing, according to Advertising Age magazine. That's a 26 percent increase over 2005, and experts expect the direct marketing industry to surpass \$75 billion in 2008.

"Consumers in a down economy are very vulnerable to any offer that gives them a better value," said Mike Bernacchi, professor of marketing at University of Detroit Mercy. "It's one of the few products and services able to succeed in this kind of economy."

Other marketing companies have tried to do what Valassis is doing, but not all of them have been successful, said Deborah Gray, associate professor of marketing at Central Michigan University. That's because of Valassis' solid reputation with consumers and big companies like Proctor & Gamble.

"Valassis has been around a long time and it will take the (on-line advertising) market in no time," she said.

The Ann Arbor-based Domino's Pizza chain was one of the first to sign up with Redplum because Valassis is a trusted source among consumers and many of the chains' customers get Domino's coupons from the Internet, said Rob Weisberg, vice president of precision marketing.

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