Managing a promotion’s risks may not be top of mind, but it should figure into every marketer’s bottom line.

Or that a production mix-up would lead to five times as many winners as planned in an under-the-cap promotion?
Or that a coupon would wildly over-redeem?
Or that an Internet contest would really produce a $1 billion winner?
Or that your sweepstakes would run afoul of one state's regulations?

The game of life, whether it's played in the political or promotional arena, can be risky. Things can and do go wrong. Sometimes, it's completely unavoidable, as when a hurricane demolishes the outdoor event you blew your budget to sponsor. Other times, it's careless planning, like when you run a contest, fail to correctly state the rules, and wind up with 1,000 winners instead of 10. Calamities can have sinister instigators, too, such as a hacker on your Web site or a coupon counterfeiter.

The majority of promotions go off without a hitch, but recognizing the "what ifs" and being prepared for them can make sleeping at night a lot easier.

Regardless of the odds or the elements, there are proven, cost-effective ways for marketers and their agencies to avoid or mitigate the risks associated with games, contests, sweepstakes, couponing, and other promotions — or at least reduce their chances of occurring. Workable concepts and intelligent design should be a standard starting point for any program, although you really need to be familiar with the potential pitfalls before the planning process even begins.

For example, did you know that each of the 50 states, plus the District of Columbia, has its own laws and regulations governing promotions? Then there are the risks involved in the setup and implementation of a promotion, as well as those on the back end, such as the awarding of prizes.

The Internet poses a whole new set of circumstances as promotions increasingly move online, either exclusively or as a component of “bricks and clicks” campaigns. The frontier nature of the Net has presented novel opportunities for marketers, but it has also unleashed unique challenges — especially relating to security.

It’s hard enough for those in the promotion industry to deal with the creative, strategic, budgetary, and competitive aspects of the business. Yet the analysis and management of the risks — both the inherent and the unexpected ones — are essential ingredients in every program. It behooves those responsible for planning and operating promotions to acknowledge those realities and, if not deal with them directly, find experts either within their organization or at third-party service providers to do so.

The following series of articles examines the key issues surrounding risk management. We invite you to save this special section as a "Survival Guide" of sorts to use when planning and executing promotions. Odds are it might just come in handy.
It is wonderfully ironic that the once-insignificant dot is now the root of one of the most sweeping developments in human history.

To marketers, “dot-com” has almost become a universal quest, an uncharted, boundless, and highly efficient avenue for targeting existing and potential customers.

But the Internet is a medium whose promotional message still needs some decoding — especially when it comes to finding ways to attract consumers. Currently, the most popular methods are discounts, product or service giveaways, sweepstakes, games, or contests, and other tactics that let visitors feel like they’ve earned something by being cyber-savvy. Such promotions can be the raison d’être of a gaming site, a splashy banner or cookie on an e-tailer’s home page, or a virtual component of a brand’s integrated marketing campaign.

“The Internet is an excellent communications tool for your everyday, garden-variety promotions, to the extent that they can be advertised by e-mail, banner ads, hot links, or on the sponsor’s home page,” says Bob Hamman, founder and chairman of Dallas-based SCA Promotions, which offers prize coverage and risk management services.

The sheer volume of responses that can be generated — traffic tracker PC Data Online, Reston, VA, estimates that two out of every five Web users visited a sweepstakes site in September 2000 — and the relative inexpensive back-end costs make the Internet ideal for marketing, which is why packaged goods companies are increasingly using their corporate Web sites — or ad hoc URLs — as the primary method of entry for their offline promotions.

**Full Disclosure**

Web-based games and contests generally are used to entice someone to place an order online or to gather valuable marketing information by requiring entrants to fill out registration forms. Legally, there remains a lot of gray area as to how such data can be used.

“Consumers may understand the medium, but they’re not always aware of the nuances of the technology,” states Martin Cohen, founder of Cohen & Silverman, a New York City law firm specializing in promotion law. “For instance, a computer can have a cookie placed on it that will, in effect, report on all of the activities of its owner whenever he goes online. Many people don’t understand that concept.” If and when they find out, there is a chance they might object to such an invasion of privacy.

While it’s not (at least yet) required by law, conscientious Web sites will post privacy policies stating the intended use of any personal information collected. They often provide a way for visitors to accept or refuse future communication from the sites’ host or other parties, typically with a box to check or uncheck. Many times, though, the box is automatically checked “yes,” putting the burden — many say improperly — on the consumer.

“It’s always our recommendation that if you’re going to send some future communications, let visitors to the site know that and give them the opportunity to opt out,” says Cohen.

**Child’s Play**

One issue that’s no longer gray is the privacy of children 12 and younger. After several high-profile cases involving pornography and other lascivious behavior, the Federal Trade Commission stepped in and secured passage of the Children’s Online Privacy Protection Act.

“The law sets guidelines for dealing with children with respect to the collection and use of any data from them,” Cohen explains.

Naïve as to how it may be used, kids are all too willing to provide information about themselves and their families in order to gain access to certain sites, enter contests, or receive other benefits.

The law now stipulates that marketers can make one contact with children to say hello and tell them about a particular program — and that’s about it. Any future contact must first be approved by a parent or guardian, who will then serve as a go-between. (Marketers can e-mail...
kids a second time to advise them to have an adult respond. Adults can be contacted by e-mail, phone, regular mail, or other traditional means.

"It's a little bit difficult on those who want to collect data," because the onus of contacting a parent or guardian falls on the sponsor or the collector of the information, says Cohen.

As in the offline world, online sweeps, games, and contests must provide official rules including, when applicable, alternate means of entry that don't require a purchase or other consideration, eligibility, prize structure, and odds of winning.

**Hacker Proofing**
The security issue has different levels. The first involves making visitors feel safe about supplying information, (which relates to the privacy discussion above). The second is making a promotion safe from nefarious visitors.

For instance, security risks can arise when a promotion allows individuals to submit more than one entry. “If a program does not limit the number of entries that may be submitted, you will find individuals skilled at computer technology [who] may create a robotic program that simply floods your entry process," says Cohen. "That would probably break your program down."

Instant-win games can be fodder for abuse as well. "If you have a game where there is some equation that has to be followed, the computer hacker may be able to develop a program or hack his way into your computer to solve the equation and thereby disrupt your program," warns Cohen.

To combat such misdeeds, promotion planners should explicitly limit the number of entries, and make sure the folks over in Web development have the firewall software necessary to keep hackers at bay.

On the financial side, there's the standard risk of paying out huge prizes, because the Internet has helped raise the bar on reward levels.

In what was believed to be the richest prize ever offered — $1 billion to be paid out over a 40-year period — SCA Promotions worked last fall with a new contest site called Grab.com. Visitors went to the site, filled out a form, and picked seven numbers out of 77. Players had the option of choosing the numbers themselves or letting a computer do it. The numbers were chosen in December. (There was no billion-dollar winner, although a guaranteed $1 million prize was paid out.) The price of admission for entrants was agreeing to accept follow-up communications.

SCA's role was to guarantee the prize, which was insured with a policy underwritten by National Indemnity Company. "No one has ever dared to offer this large a prize before, but this is the type of innovative program we like to be involved in," says Hamman.

A prize so extraordinary has a commensurately high risk quotient, which demanded a masterful sell by Hamman to the underwriter. One reassurance, claims Hamman, was that a proprietary security system was developed to thwart the cyber riff-raff almost certain to view such a massive payoff as rife with opportunity.

Despite the risks, Internet sweepstakes, game, and contest sites continue to proliferate. And traditional companies are utilizing the Net as a major component of their promotional strategies. The smart ones are being very careful.

“Things are happening so fast on the Internet that the risk of not thinking through a Web promotion from the very beginning is much higher," says Shelly Rowan, partner at Cohen & Silverman's Boulder, CO, office. “You don’t have a lead time of months, but of hours.”

That doesn’t leave a lot of time to connect the dots.

Contact SCA Promotions at 214-860-3717 or 888-860-3717, or visit them at scapromotions.com. Contact Cohen and Silverman at 212-986-8282 or visit them at promolaw.com.
Everybody loves a winner — except perhaps the promotion sponsor who has to award the prize.

That is the paradox facing marketers whenever they put together a sweepstakes, contest, game, or other promotional giveaway: The object is to attract as many entrants as possible without ultimately gaining more — or bigger — winners than anticipated.

Staging a million-dollar hole-in-one contest can generate great p.r. for the brand, but is the brand financially prepared for the unlikely event that a contestant actually makes the shot?

Everybody Wins

That’s how marketers should plan their chance promotions.
If not, one big winner or too many little ones can make the brand a big loser.

Obviously, marketers want to avoid such blunders while still getting the most bang for their promotional buck. Prudent planning and a solid understanding of the mechanics of chance promotions can eliminate much of the inherent risk, but sometimes that's not enough. Just as individuals and families, no matter how responsibly they behave, add another layer of protection against costly occurrences with auto and health insurance, marketers can protect their promotions against potential disasters.

“From a contest-design standpoint, simple steps such as limiting the maximum number of winners and the mechanism to deal with that will cater to unforeseen elements,” says Bob Hamman, whose company, Dallas-based SCA Promotions, specializes in risk management, including guaranteed payment of prizes from $5,000 to $1 billion. “But to assume that you can anticipate each and every thing that might occur is a pretty bold step.”

SCA was founded by Hamman in 1986. Over the past 14 years, the company has covered more than $11 billion in prizes and paid out more than $65 million in claims for packaged goods makers, sports teams, media organizations, Internet companies, and other entities. After scrutinizing a promotion and figuring out the odds, SCA can secure coverage for prize pay-outs through high-limit risk partners or a commercial re-insurer such as AIG, Swiss Re, or Lloyd’s of London.

“Sponsors of a promotion can decide to take their chances themselves or pay a fee to a third-party vendor like SCA and be done with it,” says Hamman, explaining the basics of the business. “The advantage of taking the chances yourself is that, if you run the contest a large number of times, there’s a pretty strong expectancy that it’s a more economical route to go. The advantage of paying a third party is that you know exactly what it’s going to cost.”

Rolling the Dice

Prize risks can arise in different ways. There are the fairly straightforward promotions with contingent prizes, which by definition may or may not be won. Examples include the hole-in-one contest, a half-court shot by a fan at a basketball game, or selection of the one key out of 1,000 that will start
a new car. Marketers either gamble that the golf ball, basketball, or key will miss, or pay a proportional premium over and above their operating budget to cover the "what if?" factor.

There are also human factors to consider. Somewhere along the line, from the program's inception to its execution, mistakes can be made. Maybe it's an oversight in the design, a typographical error in the rules, or a mistake in the seeding of game pieces. Hamman recalls a "hardware mistake" in which a car dealer running a find-the-right-key promotion cut corners on the quality of the treasure chest that had to be unlocked. The result was that dozens more than the few intended keys opened the lock, and the poor dealer was forced to give away 170 cars.

So the unexpected does happen on occasion, although it can often be avoided without a great deal of due diligence. And even if something slips by, there's a chance that a winner won't be found. With that bullet successfully dodged, the marketer hopefully learns a lesson that attention to every detail is paramount when formulating a promotion.

“It's far better to have a good design up front rather than a sound mechanism to fix the blame afterward,” Hamman asserts. “Avoid the mistakes and you have a much clearer path.”

Depending on the design of a promotion, the risk of a prize being won can be controlled. However, marketers never want to eliminate risk altogether and have no winner, or they'll weaken public interest and counteract one of the basic principles of promotion.

In that same vein, some marketers choose to increase the risks of winners by actually improving their chances — thereby increasing the promotional exposure for the brand. For example, contestants in last year's 1-800 Call ATT basketball shoot-offs held during the NBA Finals were allowed to "train" beforehand with coaches or former NBA players. The risk of the contestant making the shot went up, but so did the odds of the program's p.r. success — which can make an insurance policy against awarding the prize a worthwhile investment.

There's also peace of mind in guaranteeing that all the physical components of a promotion are in order, as the cheap car keys case demonstrates. A guarantor will supply a target template for skill contests such as tossing a football, baseball, or hockey puck through a target.

“Suppose that by some chance you order a target of your own, and it's the wrong size,” Hamman states. “Then maybe the ball or puck gets stuck and can't get through. That wouldn't be very good p.r. It's just another in the series of details that need to be coordinated. And the more moving parts there are, the more chances of something going wrong.”

Even in cases where liability has been assumed, there are other factors that must be addressed. There are legal snafus and security breaches that can alter the number of winners and prizes. Games and contests conducted on the Internet carry particular perils, too. (For more information on those topics, read the related articles in this supplement.)

Promotion managers have varying degrees of experience in dealing with prize risk. So the decision to rely on a third party can be relative. In cases where control is tight and the pay-outs are within budget, there is generally no need. In those million-dollar games, however, marketers may do well to buy a little peace of mind.

Just in case that winner turns out to be a ringer. ©

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Avoiding Legal Limbo

Taking unnecessary chances could earn your promotion a booby prize.

Do you understand the veritable web of federal, state, and local regulations addressing proper disclosures in official rules copy, including topics such as the most appropriate statement of the odds of winning prizes? How about compliance with federal and state lottery laws? What about restrictions on representations and claims made in advertising? Is that your final answer? Before you speak, you better think again. Numerous, seemingly ever-changing laws require that sponsors and their partnering agencies have a comprehensive knowledge of promotion marketing and advertising law, as it is currently and generally interpreted and enforced. And, if one cannot lay claim to this store of knowledge, the marketer must at least have the good sense to seek legal advice before proceeding further. Neglecting this step may at first blush appear to save the sponsor and agency those two most precious commodities: time and money. However, this is the proverbial fool's gold, as the “gains” achieved by such short-cuts may quickly unravel if the promotion confuses a consumer, or draws the unwanted interest of a regulatory official and/or one of the sponsor’s competitors.

Legal problems can — and sometimes do — arise at various stages in the life of a promotion, so marketers would be wise to consider the possible legal consequences of an idea right at the outset. Clearly, few things are more embarrassing than successfully pitching a program concept to a client, investing the time and resources in the implementation of the project, and only then sheepishly advising the client of some previously unforeseen legal glitch, says Martin J. Cohen, a founding partner of Cohen & Silverman, LLP (New York City), a law firm whose practice focuses principally on matters of promotion and marketing law.

Perhaps, the first lesson of promotion marketing law is that all 50 states, plus the District of Columbia, each have their own set of consumer protection regulations, deceptive trade practice laws, and prohibitions on lotteries. And, generally speaking, the state attorney general is responsible for enforcing these laws. While the various states’ laws overlap somewhat, generally restricting and/or prohibiting similar conduct, there are rather pivotal distinctions in a number of areas. Suffice it to say, no two states’ laws are exactly the same and these nuances evade easy categorization, often varying with the type of promotion utilized. For example, a sponsor of an instant-win game promotion may not require Vermont residents to submit a self-addressed stamped envelope in order to obtain a game piece without purchase.

As if the patchwork of state regulation weren’t enough to grapple with, there are also federal authorities to consider. Generally, the U.S. Postal Service is in charge of the new federal sweepstakes law, the Deceptive Mail Prevention and Enforcement Act, regarding certain types of direct-mail sweepstakes and contests; the Federal Trade Commission overlooks the fairness and fullness of statements and disclosures in advertising; and the Federal Communications Commission aims to keep lottery activities off the airwaves. Moreover, in certain circumstances, promotions may fall within the jurisdiction of the Consumer Products Safety Commission and the Bureau of Alcohol Tobacco and Firearms.

Now that we’ve met the regulators, the question becomes what types of things really concern them. Conducting an illegal lottery presents perhaps the greatest potential pitfall. Generally speaking, a lottery is a promotion with winners determined by chance. Since promotions almost always feature a prize, the major issue for marketers usually is “consideration” — or what someone is required to do to enter.

Above all else, conditioning receipt of a sweepstakes entry or game piece on the purchase of the sponsor’s product is a form of consideration. To remain legal, the sponsor must provide an “alternate” non-purchase method of game play in the official rules. All participants must have an equal shot of winning the same prizes, regardless of whether one buys the sponsor’s product. Even the slightest advantage for the product purchaser can be problematic.
While a required purchase is clearly unsound, the legality of other types of consideration is much more ambiguous. To illustrate, consider a sweepstakes where one must complete a set of 10 “short” market research questions to enter a random drawing. Are 10 questions too many? Just right? How short is “short?” And, just what kind of information is the sponsor after?

Beyond the lottery issue, the official rules can’t be too complicated, either. In reading the rules copy, an average consumer should be able to readily understand the key elements of a program. Generally speaking, “they simply want to know how to play, and we want to make certain that they learn this and a variety of other salient points in a very distinct, clear manner,” Cohen explains. “Then, while doing so, we build in safeguards, components, or disclaimers that allow the program to go forward without violating the existing laws or regulations.” One particularly important aspect of the rules is the eligibility statement. To avoid confusion later on, sponsors/marketers must assure that the persons who will participate in the promotion are indeed the intended target audience. As a related point, the level of difficulty of game play and the suitability of the proposed prizes for the class of eligible persons should also be considered.

Much of this planning may be common sense, suggests Shelly Rowan of Cohen & Silverman’s Boulder office, but such subtleties can often inadvertently be ignored. For example, an alcohol beverage marketer may want to offer a prize that might be attractive to minors, which could draw the ire of regulators concerned about the industry promoting under-age drinking. “[The prize] may not hurt them,” Rowan says of the unintended minor recipients, but the legal consideration is whether there is already an established market for the product among minors, making it an inappropriate prize in an alcohol beverage promotion.

With the benefit of long-range planning, marketers can rather easily sidestep another familiar problem: the logistical as well as financial headaches created when certain types of prizes must be shipped to winners in remote, exotic locales. “If you’re not willing to deliver a prize to Hawaii or Alaska, and you are not willing to offer a cash alternative, you’d better avoid those states,” Rowan warns. While the financial repercussions of legal snafus are often minor in scope, a mistake still has the potential to be devastating. Without restating them, chapter and verse, here, one need only recall Hoover’s offer of airline tickets with a vacuum purchase and Pepsi’s “mock” offer of a Harrier jet in its points program. In both situations, a seemingly slight miscalculation overwhelmed what was originally believed to be a good idea. Although admittedly rare, these doomed promotions are perhaps most memorable not for their ultimate financial burden on the sponsor, but rather for the ensuing public relations debacle.

Another common legal trouble spot is failure to properly register a chance promotion where required by law. If the total value of the available prizes exceeds $5,000, registration (including a surety bond or escrow account in the amount of the prize package) is required in both Florida and New York. Rhode Island also features a registration law for promotions offered in conjunction with retail establishments, where the prize package is over $500; however, a bond is not required.

Governmental bodies, including the respective authorities of Florida, New York, and Rhode Island, regularly conduct inquiries of one type or another into certain aspects of promotional programs although, as Cohen notes, “You only hear about the disastrous ones.” “There is also the consumer out there,” he adds, “who these days is much more savvy and does not necessarily accept things at face value. He is aware that he has certain rights, and that the sponsors of a lot of these programs can’t trample those rights.” Whether it’s a consumer, a competitor, or an attorney general, there are forces out there laying legal traps for game sponsors. The best way to avoid them is to remain equally savvy, plan ahead, and follow the letter of the law.

Contact Cohen and Silverman at 212-986-8282 or visit them at promolaw.com.
here are times when you can suffer from too much of a good thing. For instance, it's generally a good thing for consumers and the trade when a brand offers a gift certificate, rebate, coupon, or other redeemable promotion. If the program goes smoothly, it will benefit the brand, too.

However, if a promotion is over-redeemed — say that standard two-percent that was budgeted for skyrockets to 20 percent for some reason — the brand's bottom line can definitely suffer. That's the risk marketers take. It's also one they can manage.

There are two basic types of risk involved in redeemable promotions: legitimate and fraudulent. "The legitimate risks include the nature of the offer, its value, how it's distributed, the timing, and its relationship with your product in terms of price and frequency," states John Galinos, president of The Properties Group, a New York City-based provider of "promotional currency" products such as Movie Cash, Music Cash, and Gas Cash that has worked with Sony, Visa, and Kodak. "Once you put all that together, you can come up with a pretty good estimate of what kind of redemption rate is likely. "The risk is that you get your numbers wrong and it doesn't come in at six percent or even 16 percent, but 66 percent."

The risk of fraud in these types of programs, while perhaps less manageable and less rampant, is still a danger that needs to be addressed. Redeemable tender means a dishonest buck can be made, perhaps by duplicating items or stealing materials. Marketers can keep ahead of devious forces in the marketplace by using devices such as watermarks and special inks on redeemable items, although the retailers accepting them must be trained to look for them.

**Legitimate Concerns**

The overriding factor in evaluating the legitimate risks of a promotion is the determination of how many offers will ultimately be redeemed. Beyond consulting statistical guidelines from similar previously run programs, there are a number of elements in a program's design that should be considered in making that assessment.

Near the top of the list is the value of the offer itself — what it's good for, be it a cents-off coupon for a box of cereal, a mail-in rebate on a home computer, or a certificate good for free admission to any movie. As a rule of thumb, the more attractive and valuable the offer, the higher the redemption rate will be. That's just human nature. Yet even the most attractive offer can be controlled.

Timing is an important factor. An offer tied to a movie will be redeemed at a higher level during the summer or the holidays than in February or March. Along those same lines, "the longer the ticket or coupon is valid, the better the chance for a higher redemption," says Galinos. If there's a tremendous amount of advertising, licensing, and other promotional hype surrounding the movie, that could boost results, too.

A less-predictable risk surrounding tie-ins or sponsorships of high-profile events is the ultimate success of the property. Will it have the promotional "legs" to carry the offer along? Dr. Seuss' *How the Grinch Stole Christmas* turned out to be a box-office mega-hit late last year, while the Summer Olympics received lukewarm public reception.

"That's why marketers tie into a blockbuster like *The Grinch*, because it's going to create lots of excitement," says Galinos, whose company created Movie Cash programs around the film with Visa, Coca-Cola, Nabisco, and Kellogg. "We take that into account when projecting redemption rates. That also will affect the face value of the offer. Ultimately, there's a fixed budget, so it has to make sense to the consumer and the sponsor. Our role is to try to balance out not only the effectiveness in the marketplace, but also the responsibility to the budget itself and make sure that it doesn't cost the brand more than it should."

How the offer is distributed or made available can also affect redemption. "If the consumer is ask-
ing for it, the propensity for usage is going to be a lot higher than if someone just gets it unexpectedly,” Galinos says. Thus, regular Sunday FSI browsers are more apt to clip and redeem coupons than someone who’s handed one on the street.

Mail-in offers present an interesting delivery situation. Statistics show that redemption rates for them are typically lower than something in hand, which means that marketers can afford to make a higher-value offer with a mail-in program. However, “once a consumer gets that ticket or coupon, about 65 percent will use them, because they’ve gone through the process and trouble to get them,” says Galinos. From that perspective, we automatically know that the usage rate will be a lot higher.” Comparatively, he adds, a generic discount movie ticket packaged with a blank videocassette might only show a six percent usage rate.

Another consideration is the purchase frequency of the featured product: what’s the price point of the product versus the value being offered to the consumer. “We like to approach parity if we can,” Galinos says. “But obviously, the closer to parity, the greater the potential for the promotion redeeming higher.”

Taking these various factors into account, even the most experienced marketers can have a tough time gauging redemption rates. In some cases, they turn to a third party to insure a promotion from potentially costly over-redemption. “This offers the brand the opportunity to lock in the cost of the promotion, so that in fact it doesn’t blow the budget if it over-redeems,” says Galinos, adding that about half of The Properties Group’s programs are insured. “They essentially are managing both the risk and the budget at the same time by purchasing over-redemption coverage. They can sleep easier at night.”

And that’s always a good thing. © Contact The Properties Group at 212-727-6701 or visit them at creative-properties.com

COUPON CONCERNS

With nearly five billion coupons redeemed every year — and many more billions printed and circulated — there are inherent risks to be considered by manufacturers and promotional agencies developing coupon programs.

Those concerns begin during the design and printing phases. “Probably the greatest risk is that the value offered isn’t the value being coded into the coupon,” says Charles Brown, vp-marketing for NCH NuWorld, a coupon processor based in Lincolnshire, IL, referring to the ubiquitous bar codes that indicate a coupon’s worth. A worst-case scenario would be a coding error that results in the retailer’s scanner reading a $1 offer as $10.

Such costly accidents can be avoided by checking the bar code along with the rest of the text and details before the coupon is printed. “All parties should be knowledgeable of the process,” Brown suggests. Look at the physical number on the coupon, verify the film for the bar code, and inspect a sample as it’s going to press. Be especially diligent if any changes have been made in the design process to be sure they’re reflected in the final film.

Fraud in the distribution and handling of coupons is another major concern for both manufacturers and retailers. Manufacturers need to monitor printing and distribution, while retailers must be vigilant over the redemption process, which is often handled by a third-party clearinghouse such as NCH.

The proliferation of coupons on the Internet has caused some controversy within the industry over the potential for counterfeiting. Advanced tracking services that can identify the point of origin for fraudulent coupons, as well as systems that allow coupons to be printed at checkout rather than at home, are two ways in which the industry is making sure that misredemption won’t run rampant in the virtual world.

“There are billions of pieces of paper out there, and the majority of them are working well and are helpful to manufacturers,” Brown observes. “You just have to be cautious about errors that might confuse the consumer or retailer.”
Security is one of those things you’d often rather not have to think about — but you know better.

By definition, security makes people feel at ease about a situation by eliminating the chances of something going wrong. In the increasingly complex world of promotion, a breakdown in security can occur at almost any point, so taking the right precautions becomes a necessity.

“Marketers are using a much more diverse group of tools to execute their promotions,” states Patrick McEvilly Jr., director and group manager of Promotion Watch, Inc., a division of Valassis Communications based in Livonia, MI, which provides a full range of security and accountability services to marketers and promotion agencies. “In the old days, an under-the-cap program might have been all you did,” McEvilly says. “Now, it’s not unusual to find an under-the-cap component, an in-pack component, an on-premise component, and an Internet component.”

Each of those components carries distinct security risks. Yet they have to be considered together from the beginning to the end of a promotion.

Chance promotions in which there are pre-selected winners contain inherent stages at which security should be addressed. Take, for instance, a promotional game run by a snack food maker that calls for 1,000 winners to be identified by winning game pieces randomly inserted in one million product packages. First, a formula for fairly and accurately seeding the game pieces must be devised. The game pieces must be printed, then inserted into the packages.

In the event that a regulatory or legal challenge ever arises, the initial seeding formula should be documented. The printing process should be overseen on-site to avoid errors, as should the safe handling of production materials and the game pieces themselves. The seeding process should be monitored, too, to ensure that winning game pieces are securely handled and inserted.

Third-party vendors such as Promotion Watch can be called upon to administer any or all of those elements in a promotion. “A manufacturer’s goal is to produce as much as it possibly can without any interference,” McEvilly says. The company’s job is to put the winning game pieces into a production run without slowing down the production process.

In recent years, there has been an increase in the types of game pieces and the methods used to deliver them — from infrared printing of separate words that combine to produce one winner to a single pack of candy that contains the winning pieces. “Some of them get too complex,” McEvilly says. [But] we will advise our clients that the old adage still holds true: keep it simple. Whatever type of game piece you’re using, in most cases, the simple game is the one that’s more successful and gets more play.”

Security must be considered when planning the eligibility of entrants, the notification of prize winners, the fulfillment of prizes, and the publicity surrounding those procedures. A potential winner’s background might have to be checked to verify identity, age, and other requirements. Winning game pieces need to be validated. The actual prize, be it a check for $10 million or a new motor home, has to be delivered. Perhaps a photo needs to be taken or a film crew hired for media or advertising purposes.

Live promotional events often require security services of a different nature: Appearances by sports figures, musicians, or other celebrities may require special security personnel to work in tandem with on-site and local officials. Even such basic elements as credential checks or parking supervision can become an issue.

And conducting promotions online adds another dimension to a program’s security needs. The potential for invasion by hackers must be accounted for, as does the need to protect the privacy of entrants.

“Security should be an integral part of any promotion,” McEvilly concludes. “Make sure you’re not leaving yourself wide open to potential problems.”

And adding a lot of needless worry to your promotions. ©

Contact Promotion Watch at 734-591-4937 or visit them at promotionwatch.com.

Keep a watchful eye over every stage of the promotion.