

Rite Aid – Store Operations Services

Bulletin: #SOS – 499
Date: August 2, 2010
To: All Front-End and Pharmacy Associates, Field Leaders
From: Tony Sadler, VP Store Operations

Coupon Acceptance

Overview

Since the launch of our wellness+ customer loyalty program we have introduced many new ways to show value to our customers and we will continue to generate additional excitement with new expanded offerings in the days to come. Some of these new offers have had an unintended consequence of creating confusion at the checkout, and in some cases an adversarial interaction between our associates and customers. These interactions have led to an increase in customer complaints and a decline of customer satisfaction. The purpose of this document is to clarify the coupon programs that we feature and the acceptance guidelines that need to be followed. In the end, our goal remains the same as always – a very positive experience for our customers.

Coupon Types

Listed below are the types of coupons that Rite Aid accepts along with acceptable guidelines for each:

Manufacturer Coupons

Manufacturer generated coupons are found in newspapers, magazines and even affixed to product (IRCs). The UPC on these coupons starts with a "5". Manufacturers limit one "5" coupon per item purchased and the value of the coupon cannot exceed the purchase price of the item before tax. Rite Aid receives reimbursement for these coupons by the manufacturer when they are submitted to the coupon clearinghouse by the store team. It is critically important that these coupons are safeguarded in the drawer and sent weekly to the clearinghouse, because any coupon not submitted will result in a loss to your store even if it was scanned at the register.



Rite Aid Generated Manufacturer Sponsored Coupons

Rite Aid Generated Manufacturer Sponsored Coupons generally appear in our circulars, on our website and are sent to customers via email. These coupons are labeled "manufacturer coupon" and have a UPC that begins with "49". Like other Manufacturer coupons, only one "49" can be used per item, but these coupons CAN be used with a "5" Manufacturer coupon noted above. The total of the combined coupons cannot exceed the purchase price of the item before tax. Rite Aid receives reimbursement from the manufacturer for these coupons when the barcode is scanned, so it is critically important that this barcode is scanned or the number under the barcode is entered (like an item UPC) to ensure Rite Aid receives credit. Manual entry of these coupons using the Coupon Key on the register results in a loss to Rite Aid since we will not be reimbursed if the coupon is not scanned. These coupons are also sent to the clearinghouse weekly with other coupons.



Rite Aid Valuable Coupons

Rite Aid coupons are not manufacturer sponsored and Rite Aid is not reimbursed for these coupons. The coupons are labeled "Valuable Coupon" and have a UPC that begins with "48". These Valuable Coupons CAN be combined with Manufacturer Coupons noted above, in fact, a customer can combine a Rite Aid Valuable coupon together with a "49" and "5" Manufacturer coupon mentioned above, but the total value of all coupons cannot exceed the purchase price of the product. Although these coupons are not reimbursed by the manufacturers, it is important that they are scanned to credit store inventory and avoid shrink. They are also returned to the clearinghouse weekly with other coupons.



+UP Reward Coupons

+UP Reward Coupons are "credits" earned by a customer in a prior purchase. They are bar coded coupons that print on the bottom of a customer's receipt. +UP coupons can be used for any non-prescription purchase with a small number of exclusions that are listed on the +UP coupon. Customers can use as many +UP coupons as they wish (subject to the printed exclusions) up to the amount of purchase before sales tax. +UP coupons are reimbursed by manufacturers, so like other "49" coupons it is critical that they are scanned when redeemed. Coupons accepted but not scanned will result in a loss to your store.



It is important to note that the customer's wellness+ card must be scanned when redeeming +UP coupons. The register will not accept the +UP coupon if the original card used to generate the +UP is not used during redemption.

Coupon Acceptance Guidelines

- Each coupon must be inspected to ensure the expiration date has not passed and that the coupon presented matches the product being purchased (including quantity, weight/size). Return expired or ineligible coupons to the customer.
- Do not accept coupons that have expired, or appear to have been photocopied, altered, or misused in any way. This includes coupons that have been, or appear to have been scanned electronically and/or altered.
- Coupons cannot be exchanged for cash. This includes, when a customer makes a return for a product that had a coupon attached, Rite Aid cannot refund cash for the value of the coupon when identified.
- More than one coupon can be used on the purchase of a single item under the following conditions: (1) the total of the coupons is equal to or less than the selling price of the item before sales tax; (2) no more than one "48" Valuable coupon, one "49" Rite Aid Manufacturer coupon, and one "5" Manufacturer coupon can be used on a single item; (3) all coupons match the item being purchased. +UP coupons are excluded from these maximums since they are credits earned from prior purchases.
- Multiple identical coupons can be used on the purchase of multiple items under the following conditions: (1) the customer is purchasing an identical number of items to the coupons presented (more than one identical coupon cannot be used for the same item); (2) the identical coupons presented are within a reasonable limit of 5 to 10 per customer. Store Management has the right to further limit the quantity of identical coupons used if the quantities will severely reduce product available to satisfy other customers or in circumstances where the customer is buying the product to be resold.
- If a coupon slightly exceeds the purchase price of the product, the coupon can be entered manually on the Ven Coupon Key by entering the selling price of the item instead of scanning the coupon. For example, we have a bag of M&Ms on sale for 99 cents. Customer presents an M&Ms coupon for the item being purchased that has a face value of \$1.00. We scan the item, then enter 99 cents on the Man Coupon Key and put the coupon in the drawer. Change can never be provided when a coupon exceeds the value of the item, this is considered coupon fraud.
- When coupons do not scan properly, after verifying the coupon is valid, first key in the coupon UPC numbers in the same manner you would for a product that does not scan. If the coupon still is not accepted by the register, use the appropriate Man Coupon (for "48" coupons) or Vendor Coupon (for "49" and "5" Manufacturer Coupons). Note if these keys are used, Rite Aid will NOT be reimbursed for the coupon, therefore the keys should be used only on an exception basis and when you are sure the coupon is valid.
- Coupons printed from the internet will be honored by Rite Aid. Rite Aid will accept internet/print at home coupons up to the equivalent value of \$5.00 off. Internet/Print at home coupons are defined as any coupon that is printed from a home computer, generally downloaded from the internet. Note that a Rite Aid coupon (with the Rite Aid logo) is NOT considered an internet coupon (even if printed off the internet) and is therefore not subject to the \$5.00 maximum. Also, Rite Aid does accept competitor Pharmacy transfer offer coupons up to a value of \$25.00.

Total Purchase Coupons

Occasionally we feature coupons that allow for a dollar amount off a total purchase. For example we may feature \$5 off a customer's purchase of \$25 or more. The coupons are accepted under the following conditions: (1) coupon is valid and in date; (2) total of customer purchase equals or exceeds \$25 before tax; (3) only one total purchase coupon per transaction. Coupons for individual items can also be used including another "48" coupon that is tied to an item in the transaction. As long as the total of items purchased is equal to or greater than the purchase requirement (in this case \$25) other coupons can be used in conjunction with the total purchase coupon. These coupons are generally serialized for one time use. The register will enforce this limit. It is important to note that at this time the register will not validate that the customer has the correct qualifying purchase – this is the responsibility of the cashier. Also be aware that these coupons are "48" barcodes which are not reimburse by the manufacturers.



Buy One Get One Free

If a customer presents two coupons for the purchase of two items that are on Buy One Get One Free Promotion; we accept both coupons, since two items are being purchased.

If a customer presents a Buy One Get One Free Coupon with an item that is in our flyer as Buy One Get One Free, they can use the coupon to get both items free. The cash register will compute any sales tax due, which varies by state law.

Post Coupons

Occasionally a customer may present a coupon after the sale was completed. In this situation the customer must present their receipt with the coupon. The Associate must validate that the coupon matches the item purchased and that the coupon was not already applied to the item. The Associate should circle the item on the receipt and write "PC" (Post Coupon) and the amount of the coupon. Process the post coupon on the register by selecting the Post Coupon key and scanning the coupon. Management approval is required for post coupons.

Common Errors and Misconceptions

"Savvy Coupon customers can buy \$50 in merchandise and after they presented all their coupons, they paid \$5. My store is taking a big loss here."

In reality the vast majority of savvy coupon shoppers are using manufacturer coupons (49's and 5's) which are fully reimbursed by the manufacturers. These sales are profitable for Rite Aid, provided the guidelines discussed above are followed. These savvy customers are to be treated with same courtesy we show to other customers. As mentioned above, the Management team is empowered to limit large purchases of single items if store stock is not sufficient to satisfy other customers.

"Customers present multiple coupons during the purchase then pay for the sale with +UP Coupons resulting in a loss to my store on the sale"

+UP coupons are "credits" that were previously earned by customers. They are used for future purchase of any items we sell except for the excluded items noted on the +UP. Customers can still use regular coupons during the transaction in addition to the +UPs. The +UP coupons are used after other coupons have been deducted. There is no limit on the number of +UPs that a customer can redeem, except that the total of the +UP coupons cannot exceed the total purchase before sales tax. +UPs cannot be used to pay sales tax per state law. The cash register is programmed to enforce these rules.

System Improvements in Development

Serialization for One Time Use – we have already begun to serialize most high value coupons for one time use, including all +UP and Video Value coupons. This prevents the coupons from being used more than once even if they are printed many times by a customer. If a customer tries to use a serialized coupon a second time, a message will display saying "Coup Prev Used".

Rite Aid Coupon Matching – we are working on programming a register enhancement to better handle matching Rite Aid coupons to the item being purchased. In addition to that this program will help enforce the number of coupons that can be used against single items.

Cashier Messaging – we are working on enhancing messages to our cashiers and customers (via the SigCap device) to provide promotional offer information and explain why coupons were not accepted.

Refund Process – we are working on updating the refund process to use the wellness+ card during the return. This will allow for customer returns even without a receipt and at the same time will ensure that the refund amount is equivalent to the net price the customer paid, net of any discounts, coupons, +UPs, etc.

Call to Action

It is critical that every Rite Aid Associate clearly understands our coupon acceptance policy and is ready to answer our customer's questions and respond to their needs. Our goal is to attract and retain our customers by showing value in our advertising and other promotions, then to WOW them with our service and hospitality when they shop our stores. This is EVERY Associate's responsibility.

It is the responsibility of the Front End and Pharmacy Management teams to ensure that this process is being followed exactly as written and that we are doing the RITE thing for our customers and for Rite Aid. It is also the responsibility of the Front End and Pharmacy Management teams to ensure that all Associates have read this document and signed the attached Acknowledgement Form. District Manager, Pharmacy District Managers and Loss Prevention District Managers will follow up on their visits.

Attached is a copy of the updated customer version of our coupon acceptance policy. Please print out copies that can be kept at each register. Note that this policy is also available on the Portal at Resources > Store Operations > Policies if a customer would like a copy of it in the future.

Thank you for taking action to ensure that ALL of our customers leave satisfied and that Rite Aid is protected by closely following the procedures outlined in this document.



Rite Aid – Coupon Acceptance

o Our Valued Customers:

Rite Aid gladly accepts the following coupon types as detailed in the coupon acceptance guidelines listed below:

COUPON TYPES:

Manufacturer Coupons

- Manufacturer coupons are found in newspapers, magazines and even affixed to products. The UPC on these coupons begins with a "5."

Rite Aid Manufacturer Coupons

- Rite Aid Manufacturer coupons generally appear in our weekly circular, on our website and are sent to customers via email. These coupons are labeled "manufacturer coupon" and have a UPC that begins with "49."

Rite Aid Valuable Coupons

- Rite Aid coupons are labeled "Valuable Coupon" and have a UPC that begins with "48."

Internet/Print at Home coupons

- Rite Aid will accept internet / print at home coupons up to the equivalent value of \$5.00 off.
- A Rite Aid coupon (with the Rite Aid logo) is NOT considered an internet coupon (even if printed off the internet) and is therefore not subject to the \$5.00 maximum.

+UP Reward Coupons

- +UP Reward coupons are special coupons earned by a customer in a prior purchase that can be used for any non-prescription purchase with a small number of exclusions that are listed on the +UP coupon. Multiple +UP coupons can be used (subject to the printed exclusions) up to the amount of purchase before sales tax.

Buy One, Get One Free

- We accept two coupons for the purchase of two items that are on Buy One, Get One Free Promotion.
- We accept a Buy One, Get One Free Coupon with an item that is in our flyer as Buy One, Get One Free, meaning both items are free. The cash register will compute any sales tax due, which varies by state law.

Total Purchase Coupons

- Rite Aid may feature total purchase coupons which discount the total purchase amount based upon meeting specific requirements. For example, \$5 off a \$25 purchase price threshold coupon.
- These coupons are accepted under the following conditions:
 - o The coupon is valid and in date; only one total purchase coupon per transaction.
 - o Total purchase equals or exceeds \$25 before tax (before any coupons are applied).
 - o Coupons for individual items can also be used including another "48" coupon that is tied to an item in the transaction.
 - o Provided the total of items purchased is equal to or greater than the purchase requirement, other coupons can be used in conjunction with the total purchase coupon.

ACCEPTANCE GUIDELINES:

General Guidelines:

- Coupons must be valid and in date; Coupons cannot be exchanged for cash.
- Register will validate coupon through scanning or keyed entry of the coupon UPC number.
- In the event that any item's selling price is less than the value of the coupon, Rite Aid will accept the coupon in exchange for the selling price of the item. Coupon redemption can never exceed the selling price of an item and no cash back is allowed.
- When making a return for a product that had a coupon attached, Rite Aid cannot refund cash for the value of the coupon and cannot return the coupon that was used.
- Rite Aid reserves the right to not accept any coupon where the validity or the coupon cannot be established.

Multiple Coupons

- More than one coupon can be used on the purchase of a single item under the following conditions:
 - o All coupons match the item being purchased.
 - o The total of the coupons is equal to or less than the selling price of the item before sales tax.
 - o No more than one "48" Rite Aid Valuable coupon, one "49" Rite Aid Manufacturer coupon, and one "5" Manufacturer coupon can be used on a single item.
- Rite Aid may accept multiple identical coupons for multiple qualifying items as long as there is sufficient stock to satisfy other customers within the store manager's sole discretion.