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Backgrounder: ClipFree.com

Turn-key relationship marketing solution for local merchants

“Loyalty Marketing for the Rest of Us”

Overview

ClipFree is an advertising and loyalty marketing solution designed to address the specific needs of retailers and service providers. It combines proven direct mail marketing principles with the power of the Internet to deliver an easy-to-use marketing program that *targets, nurtures* and *grows* customer relationships.

ClipFree.com provides local merchants with a powerful set of marketing tools from a unified platform: Targeted Direct Mail and Direct Email, a Frequent Shopper Loyalty Card, Online Coupons and Discounts, Mobile Media and Social Media.

Coupon Facts

- Overall, **281 billion coupons** were distributed in the U.S. in 2008. Free-standing inserts (FSIs) continued to deliver nearly 90% of all coupons in 2008 with magazines, handouts and the Internet gaining share. (NCH Marketing Services, Inc.)
- U.S. shoppers redeemed **2.6 billion coupons** in 2007. (North Carolina-based coupon processor CSM)
- **Online coupon distribution** grew faster than any other medium – up more than 80% – although the Internet represents less than 1% of all coupons printed. Redemption volume of online coupons increased nearly 130% to 4.8% of all CPG coupons redeemed in 2008. (NCH Marketing Services, Inc.)
- In 2008, the number of American users who said they **only use printable coupons** from the Web increased 46% to 6 million. That’s out of a total U.S. market for online coupons of 40 million users. (Simmons Market Research)
- Online coupon usage now accounts for **22.4% of coupon market penetration**. And it’s youth focused. One of three (36%) of online coupon printers has children under the age of 18 in their household. Nearly half (47%) of **online coupon printers are between 22 and 44 years old** – 28% more than newspaper FSI clippers. And the former are 40% less likely than newspaper FSI clippers to be over 60 years old. (Simmons Market Research)

Loyalty Marketing Facts

- Membership in U.S. loyalty rewards programs jumped **24% to 1.8 billion**, from 1.3 billion two years ago. The average U.S. household signed up for 14.1 loyalty programs, but actively participates in only 6.2. The corresponding numbers in 2007 were 12 and 4.7. The number of **active memberships**—a member with at least one instance of activity in a 12-month period—is 792.8 million or 43.8%, compared to 39.5% in 2007. (2009 Colloquy Loyalty Census)
- Consumer **spending is 46% higher** for companies that offer loyalty card programs. Loyalty cards **increase average purchase and visit frequency** by over 25%. (Loyalty Monitor Study by Total Research Corp. and Custom Marketing Corp.)

Mobile Media Facts

- SMS (short message service) or “text messaging,” skews **younger** than other media: 70% of 15-17 year olds use SMS, compared to 53% of 35-44 year olds and only 25% of 55-64 year olds. (ExactTarget “Subscribers Rule!” whitepaper)
- The fastest growing segment of text message users is female age 25-44. Adults age 25-44 now use their phones equally for text messaging and making calls. Teenagers age 13-17 send **8 texts for every 1 call** they make. (Nielsen Mobile Study 2008)
- 63% of consumers feel that a **coupon** would be the most effective incentive to get them to respond to a mobile marketing message. (Tetherball Mobile Messaging)
- **76.8 million** U.S. mobile subscribers **recall** seeing some form of mobile advertising while using their mobile phones. (Tetherball Mobile Messaging)
- One in three consumers that recall seeing a mobile ad **responded** in some way. (Limbo-GfK Technology Mobile Advertising Report Q4 2008)

Social Media Facts

- Facebook claims more than **300 million active users**, 50% of which log on in any given day. (facebook.com)
- The fastest growing Facebook demographic is those 35 years and older. (facebook.com)
- There are more than 65 million active users currently accessing Facebook **through their mobile devices**. (facebook.com)
- Twitter usage as of Aug. 2009 was reported at **23.6 million unique visitors**, who made 148 million visits to the Twitter site. However actual usage is much higher since users also access the service via mobile telephones and third party applications. (<http://siteanalytics.compete.com>)
- Twitter is dominated by newer users. An estimated **5-10 thousand new accounts are opened per day**. (blog.Hubspot.com)

Coupons. Loyalty Cards. Online Promotions. Mobile Connectivity. Social Media

The ClipFree solution is designed to address the specific needs of retailers and service providers. It provides an easy-to-use marketing program that targets, nurtures and grows customer relationships. The entire platform is engineered to make it easy for local merchants to participate in the ClipFree.com community.

We call it “Loyalty Marketing for the Rest of Us.” For the first time ever, merchants gain access to a sophisticated, easy-to-use system that lets them deliver targeted promotions to local shoppers and cultivate loyal relationships using the full spectrum of marketing tools.

Target. Nurture. Grow.

ClipFree combines time-proven cooperative direct mail techniques with a fully-featured frequent-shopper card program and cutting-edge Web-based communications. Its online platform lets merchants attract new shoppers and drive repeat purchases.

ClipFree.com’s intuitive tools let local businesses *target* prospective shoppers in their trading area and deliver compelling promotional offers that can drive them into their stores or offices. They help them to *nurture* shopper relationships by delivering compelling offers through a combination of direct mail and multiple online channels. They help *grow* business, by attracting more customers and providing them with more reasons to return and buy.

These capabilities are delivered through a comprehensive loyalty marketing platform which includes targeted direct mail, email, text messaging, and social media campaign tools.

Shopper Loyalty Card Distribution

ClipFree.com signs local business owners to the program and also distributes ClipFree shopper discount cards to thousands of households in each market it serves. The cards are imprinted with the brands of up to 22 neighborhood merchants and linked to a consumer Web site where shoppers can register and browse available discounts and promotions from their favorite local merchants.

Track Record of Success

Stu Siegel, Chairman and Dave Meyer CEO/President have had an enviable track record launching successful businesses. They most recently collaborated to create eNeighborhoods, LLC which they built into the nation’s leading compiler of real estate related home and neighborhood information, and sold in 2007.

Siegel is a partner of Sunrise Sports & Entertainment (SSE), the organization that owns the Florida Panthers NHL hockey team and operates the BankAtlantic Center, South Florida’s premier arena, seating over 19,000 guests. He serves as both the Managing Director of SSE and the Chairman of the Florida Panthers Foundation, the philanthropic arm of SSE.

Although ClipFree.com is launching its concept one local market at a time, the business founders have nation-wide aspirations. The ClipFree.com business model is designed to serve the interests of merchants and service providers in communities across the country.

Multiple Points of Contact.

In addition to the ClipFree.com Web site, the company has already launched an array of online resources for local business owners and shoppers. All are designed to provide superior access to ClipFree.com services and information:

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| ClipFree.com Web site | http://clipfree.com |
| ClipFree blog | http://blog.clipfree.com |

ClipFree.com Media Release

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| ClipFree on Facebook | http://www.facebook.com/home.php#/pages/ClipFreecom/104963698586?ref=ts |
| ClipFree on LinkedIn | http://www.linkedin.com/companies/420978/ClipFree.com |
| ClipFree twitter feed | http://twitter.com/clipfree |

About ClipFree.com

ClipFree is an advertising and loyalty marketing solution designed to address the specific needs of retailers and service providers. It combines proven direct mail marketing principles with the power of the Internet to deliver an easy-to-use marketing program that targets, nurtures and grows customer relationships. For more information, visit <http://clipfree.com>.

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