

The State of Coupons and the Role of Mobile

How Consumers Leverage Mobile to Save

February 2016

KEY FINDINGS

This study of 10,843 consumers uncovered four key findings around how shoppers use coupons for non-grocery purchases:

- 1. More consumers search for coupons via mobile app than in print, with mobile apps being the top place to find coupons.** 42.8% of consumers turn to mobile apps when seeking out coupons, while 35.9% look to print.
- 2. Shoppers are a selective audience when it comes to the retail apps they use.** The majority of shoppers (73%) have two or fewer shopping apps on their phone.
- 3. Shoppers prefer coupons over other types of promotions.** More than 3 in 5 consumers actively seek out coupons in preference of other types of promotions. Rebates are the second most preferred type of promotion that 1/3 of consumers seek out prior to shopping.
- 4. Coupon users plan ahead before redeeming.** 85% look for coupons (non-grocery) in advance of visiting the store.

INTRODUCTION

In today's mobile-first world, a consumer's smartphone covers many different needs that previously could only be filled by multiple electronic devices. Similarly, shoppers no longer need to devote time to clipping coupons from the newspaper; they now have a device that can help them find deals instantaneously.

And like most growing industries today, the coupon space is experiencing most of its growth on mobile. According to [eMarketer](#), 121.3 million U.S. adults redeemed digital coupons in 2015, representing a growth of 7.6%. Mobile is a driving force behind this growth, as the number of U.S. consumers redeeming mobile coupons reached 97.4 million, an increase of 18.4%.

As the RetailMeNot and Placed "[State of Holiday Shopping](#)" study found, the trend of connecting the digital and physical worlds for retail became mainstream in 2015. In this follow-up study commissioned by RetailMeNot, Placed surveyed 10,843 consumers from its mobile audience on their coupon usage, uncovering that this omnichannel retail trend also affects how consumers seek and redeem coupons.

DEAL SEEKING

Every shopper loves a good deal, and coupons remain the shopper's primary savings method. More than 3 in 5 consumers actively seek out coupons in preference of other types of promotions prior to shopping in-store, establishing a pattern centered around savings for how they shop. In fact, coupons are used on average in about 1 out of every 3 purchases.

Do you seek out any of the following prior to shopping at a store? (Select all that apply)	Coupons	64.1%
	Rebates	32.7%
	Circulars	33.9%
	Discounted Gift Cards	17.3%
	None of the Above	24%

Among shoppers in the U.S.:

- Over half of shoppers use coupons 25% of the time or more when purchasing a non-grocery item

- Nearly 2 in 5 shoppers use coupons half the time or more

How often do you use coupons when purchasing an item (non-grocery)?	100% of the time	6.3%
	75% of the time	10.3%
	50% of the time	21.1%
	25% of the time	17.5%
	10% of the time	12.5%
	Less than 10% of the time	20%
	Never	12.3%

As it turns out, coupons influence store visits ahead of time at nearly the same rate they do on the day of store visitation: a total of 85% of consumers search for coupons prior to visiting a store, suggesting that coupons help consumers decide what to buy and where to shop. Of those who actively look for coupons, 51.8% search for coupons within one week or earlier prior to visiting the store, while a close 48.2% look for coupons the same day as the store visit. Nearly 15% of coupon seekers search for coupons while in-store. It's necessary for advertisers to keep in mind that shoppers who look for coupons are equally split between proactive and last-minute, proving that an evergreen couponing strategy is necessary. Retailers who offer a coupon in the right place, at the right time and on the right device have a better chance of closing a purchase versus those who are absent from the consideration set.

When do you look for coupons? (Among those who actively look for coupons)	More Than 1 Week Prior to Store Visit	18.8%
	Prior to Store Visit, Within 1 Week	33%
	Prior to Store Visit, Same Day	33.3%
	In-Store	14.9%

DIGITAL DISCOUNTS

The world of digital provides shoppers with even more tools to find discounts, with 59.6% of consumers turning to the digital realm to look for coupons. And thanks to mobile, consumers can navigate the digital coupon repository with ease, aiding the 14.9% who are looking for coupons while in-store. As the study found, mobile apps are the top go-to place to find coupons, with 42.8% of consumers looking in-app. Just under a third (28.8%) of consumers search for coupons cross-channel through apps, desktop and print, proving that consumers are not limiting their coupon hunt exclusively to just print anymore.

Where do you typically look for coupons? (Select all that apply)	Mobile App	42.8%
	Print	35.9%
	Desktop	16.8%
	All of the Above	28.8%
	None of the Above	17.7%

Despite being the most frequently visited channel to find coupons, mobile apps must meet certain high expectations of consumers. [The State of Mobile Apps for Retailers](#), a study conducted by Forrester Consulting and commissioned by RetailMeNot, Inc., found consumers are particularly selective about the retailer apps they have on their phone. This Placed study bolstered that assertion, finding that the majority (72.5%) of respondents use two or fewer apps to help them shop in-store, with a quarter not using any apps at all. This presents a huge opportunity for retailers to fill a gap and meet the high

expectations of the omnichannel shopper. As The State of Mobile Apps for Retailers study suggests, by creating an app that is convenient, fast and delivers a personalized experience, retailers can constantly iterate and innovate to not only prompt initial downloads but also keep consumers from removing or replacing their apps. What will drive long-term app usage and return visits is utility and relevancy for the shopper's omnichannel experience. By complementing the in-store experience, the ultimate app will be so good it will replace the existing ones on a user's phone.

The Placed/RetailMeNot survey uncovered the following findings regarding shopping app usage:

How many apps do you use to help you shop and find what you are looking for in-store?	0	25%
	1	20.4%
	2	27.1%
	3	13.9%
	4	4.6%
	5+	9%

So, which are the few major retail players whose apps are successful enough to live on user's phones? Apps that are most influential to shoppers' purchasing decisions range from online retailer apps to coupon/discount apps. According to the more than 10,000 survey responses, the top five apps are Amazon, RetailMeNot, Walmart, Groupon and eBay.

Shopping apps such as Amazon, Walmart and eBay are all known for their competitive prices, showing that many shoppers look to mobile apps for an opportunity to save. Given the added conveniences of services such as Amazon Prime (and the even faster Amazon Prime Now), in-app shopping offers a seamless and affordable shopping experience consumers cannot resist. As the number of U.S. consumers using smartphones to buy directly through apps grows, retailers should personalize their targeted offerings around the individual needs of consumers.

Savings app RetailMeNot tops the list at #2 of consumers' favorite shopping apps, showing that consumers are incentivized by promotions. RetailMeNot represents the distinct opportunity for retailers to engage directly with consumers on mobile devices, influencing mobile, desktop and in-store purchasing decisions.

What is your favorite shopping app to use? Or what apps are most influential in driving your purchasing decision? (non-grocery responses)	#1	Amazon
	#2	RetailMeNot
	#3	Walmart
	#4	Groupon
	#5	eBay

A deeper analysis into the RetailMeNot consumer reveals that they aren't just innate coupon users; they are trailblazers in the couponing landscape and represent a large and engaged mobile user base. Among the general population, the couponing trend is one where digital coupons are quickly approaching the redemption rate of physical coupons. For RetailMeNot users overall (those who use the app as well as those who use the mobile/desktop website), their digital coupon usage has already surpassed that of their physical coupon usage: 74.6% redeem digital coupons and 74% redeem physical coupons, compared to 58% of the overall population who redeem digital and 63.9% who redeem physical coupons.

When examining RetailMeNot user behavior by channel, the study uncovered that RetailMeNot app users are more proactive when it comes to planning their purchases with coupons. Furthermore, 69.4% of RetailMeNot app users who actively look for coupons search within one week or earlier prior to visiting a store, as opposed to 47.5% of RetailMeNot website users whose planning is more split between the same day and within a week or earlier. RetailMeNot app users employ coupons at a higher rate than the overall population; the study showed that 93% of RetailMeNot app users seek out coupons prior to shopping at a

store versus 64.1% of total respondents. This finding implies that as users' coupon activity increases, so does their proactivity in planning their purchases.

RetailMeNot app users are also more likely to use coupons for in-store shopping than for online shopping. An overwhelming majority of RetailMeNot app users employ coupons for shopping in-store (88.7%) versus shopping online (66.1%). However, desktop/mobile web RetailMeNot users employ coupons for shopping both offline and online almost equally (73.8% vs. 72.9%). Based on this user behavior, the RetailMeNot app is proven to connect the physical world to the digital world for shoppers and retailers alike.

THE OMNICHANNEL COUPON USER

While using coupons for shopping offline (70.2%) continues to exceed using coupons for shopping online (51.4%), digital coupons are quickly approaching the same redemption rate as printed coupons. This study found that 63.9% of survey respondents redeem physical/printed coupons, but 58% redeem digital coupons and 45% redeem coupon codes. Digital facilitates consumers saving money both online and off, providing an additional and efficient medium for consumers to find coupons and then print them out prior to shopping, or show them on a phone while in-store.

Where do you use coupons? (Select all that apply)	Shopping Online	51.4%
	Shopping Offline	70.2%
	I Do Not Use Coupons	18.1%
How do you redeem your coupons? (Select all that apply)	Physical or Printed Coupons	63.9%
	Digital Coupons	58%
	Coupon Codes	45%
	I Do Not Use Coupons	16.8%

With an omnichannel retail trend expected to only grow over the next few years, the most successful retail marketers will be the ones who employ mobile digital coupons as a major tactic, along with paper coupon distribution, to complete the consumer's purchase. Consumers will continue to use coupons to take advantage of a deep discount, but they are shifting their primary focus from just physical to also include digital coupon usage. By 2017, nearly half of U.S. companies with 100 employees or more will distribute mobile coupons, whether that's via mobile websites, apps, email or SMS ([eMarketer](#)). Those that are already part of that half will be the true retail winners in 2016.

BACKGROUND

RetailMeNot and Placed State of Coupons Study

The RetailMeNot and Placed State of Coupons research was conducted via mobile quantitative survey. The study surveyed respondents from Placed's audience, which represents over 600K double opt-in smartphones and 1 in 300 adults in the U.S. Conducted in October and November 2015, this study generated 10,843 responses tied to how consumers search for and redeem coupons.

About Placed

Placed (<http://www.placed.com>) is the leader in location-driven insights and ad intelligence. Measuring billions of locations across the world's largest opt-in location audience, Placed provides the most comprehensive understanding of consumers' offline behaviors. Connecting the physical and digital worlds, Placed is the industry standard currency for brands, agencies, and publishers to measure ad exposure to store visit, target location at scale, and deliver actionable insights into consumer behavior. Founded in January 2011, Placed is headquartered in Seattle and is backed by Madrona Venture Group and Two Sigma Ventures.

**About RetailMeNot, Inc.**

RetailMeNot, Inc. (<http://www.retailmenot.com/corp/>) operates the world's largest marketplace for digital offers. The company enables consumers across the globe to find hundreds of thousands of digital offers for their favorite retailers and brands. During the 12 months ended September 30, 2015, RetailMeNot, Inc. experienced nearly 730 million visits to its websites, and during the three months ended September 30, 2015, RetailMeNot, Inc. averaged 18.6 million mobile unique visitors per month. In 2014, RetailMeNot, Inc. estimates \$4.4 billion in paid retailer sales were attributable to consumer traffic from digital offers in its marketplace. The RetailMeNot, Inc. portfolio includes RetailMeNot.com, the largest digital offer marketplace in the United States; RetailMeNot.ca in Canada; VoucherCodes.co.uk, the largest digital offers marketplace in the United Kingdom; RetailMeNot.de in Germany; Actiepagina.nl, a leading digital offers site in the Netherlands; ma-reduc.com, a leading digital offer site in France; Poulpeo.com, a leading digital offers site with cash back in France; and Deals2Buy.com, a digital offers site in North America. RetailMeNot, Inc. is listed on the NASDAQ stock exchange under the ticker symbol "SALE." Investors interested in learning more about the company can visit <http://investor.retailmenot.com>.

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