



**A CONNECTED SHOPPER STUDY**

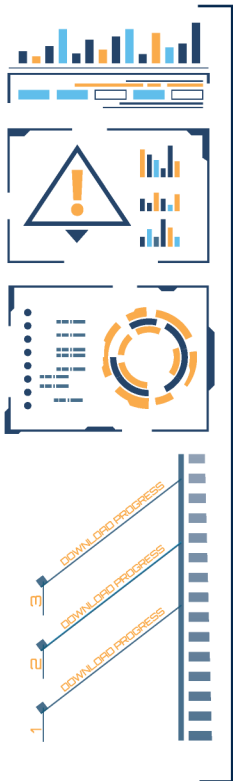


**[ LOADING... ]**

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# CONNECTING AT THE CROSSROADS



Your customers are always on the move. They are looking for quicker, easier and more targeted deals that respond to their shopping styles. They're harnessing connected technologies to simplify and optimize their shopping paths. With all this activity, how can you make sure your path crosses theirs?

By charting where your customers are now and where they're going — the ways they pre-shop discover and filter, the devices they use and their influence along the multiple paths to purchase, and the many ways those paths can be disrupted — you'll uncover dynamic messaging streams, product offerings and promotional offers. You'll get closer to your customers by making their shopping easier, on their own terms.

That's why we commissioned this national study of 2,608 respondents to uncover their engagement and shopping behaviors across 13 leading retail categories. Through all of these variables, we have insights for mapping clear paths to effectively go to market.

Gone are the days when your main worry was keeping up with your competitors. Today, as this study clearly shows, the key to winning at retail is keeping up with your customers. By anticipating where they'll land as they explore new shopping territories, you can position your business directly in front of your underserved customers — and ahead of your competition.



Through this research and other insights generated by working with you, we're able to build a grounded understanding of the market. From there, we can deliver the right strategies and incentives that grow topline and baseline sales, while improving your margins and long-term fiscal health.

If you're a retailer and want to be more effective in the market, partnering with us will bring you deeper, more specific insights from our studies. We also conduct custom research to help you identify your unique challenges and opportunities. By comparing them to the national benchmark data provided in this study, we can help you identify key strategies for growing your business.

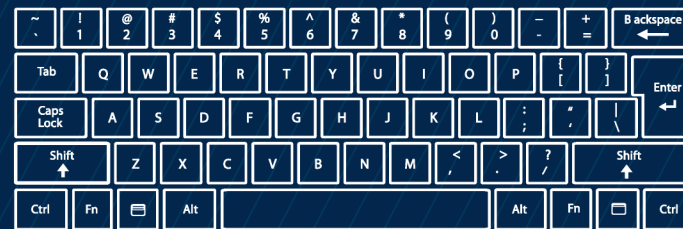
Please reach out with your questions and comments, and let us know if you'd like to receive more information about our services.

Now, let's go find your customers.



Good shopping,

**Rodney Mason**  
 GVP, Marketing  
 Blackhawk Engagement Solutions  
 Rodney.Mason@bhengagement.com



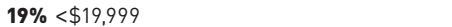
INCOMING MESSAGE...

Blackhawk Engagement Solutions conducted this national study in April 2015 to identify how and where consumers are using connected technologies to discover, filter and shop. The results reflect the responses of 2,608 adults, representing the general US population.

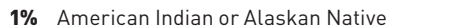
### GENDER



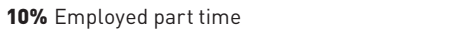
### HOUSEHOLD INCOME



### ETHNICITY



### EMPLOYMENT STATUS



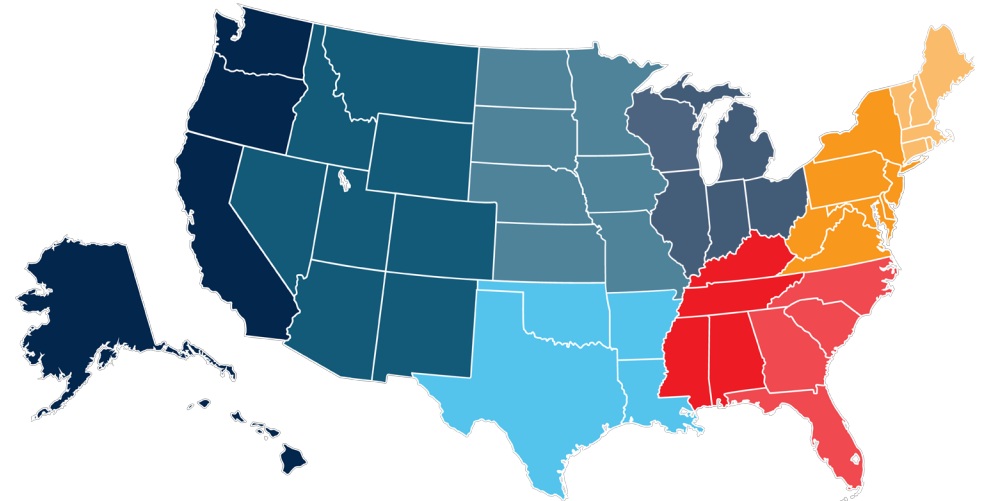
### AGE



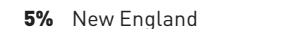
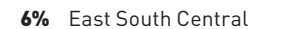
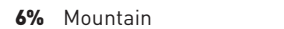
### EDUCATION



Responses may not total 100% due to rounding.



### REGION



### RELATIONSHIP STATUS



### RENT VS. OWN



### CHILDREN IN HOUSEHOLD



### PEOPLE IN HOUSEHOLD



# PROCEEDING WITH CAUTION, NOT CONFIDENCE

Despite major reductions in fuel costs, often a prominent line item in household expenditures, there is still significant sensitivity to price and spending. It's a safe assumption that if fuel prices were higher, the majority of customers would be hypersensitive to price and spending. Right now, they're just cautious.



### PRICE SENSITIVITY

### SHOPPING POWER



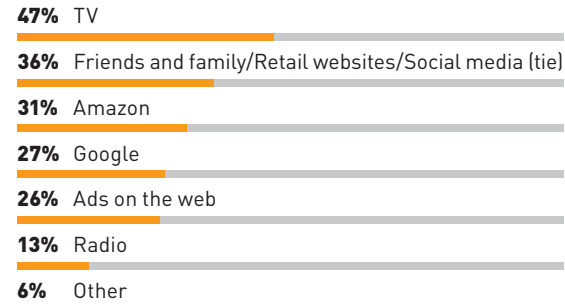
### WHAT HAS THE GREATEST EFFECT ON YOUR PURCHASING BEHAVIOR?



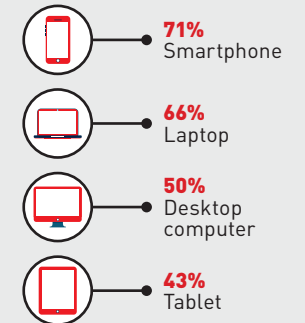
# SHOPPING ANYWHERE AND EVERYWHERE

The smartphone is the most prevalent internet-connected device, with the laptop not far behind. That means you're never further away from your customers than they are from their devices, at home or at work.

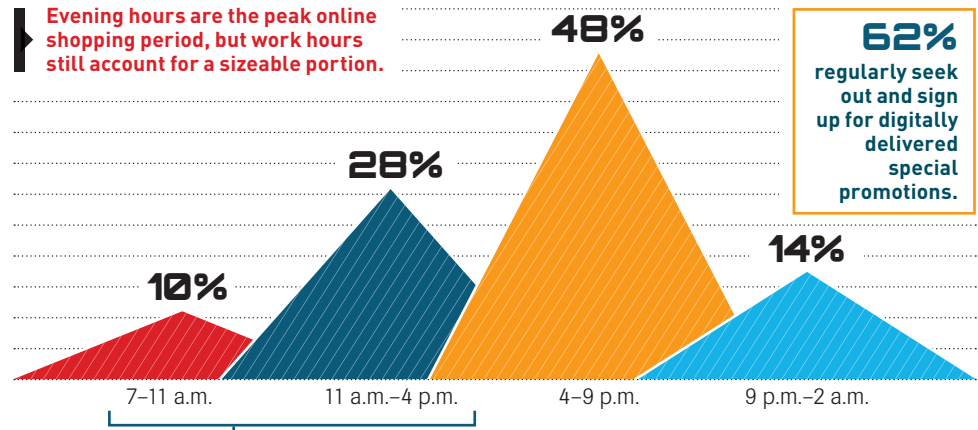
### HOW DO YOU LEARN ABOUT PRODUCTS, SPECIAL SALES AND SHOPPING NEWS?



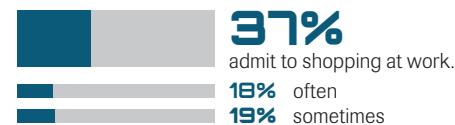
### WHICH DEVICES DO YOU OWN AND USE DAILY?



Evening hours are the peak online shopping period, but work hours still account for a sizeable portion.



DON'T TELL ANYONE, BUT A SUBSTANTIAL AMOUNT OF SHOPPING TAKES PLACE AT WORK.

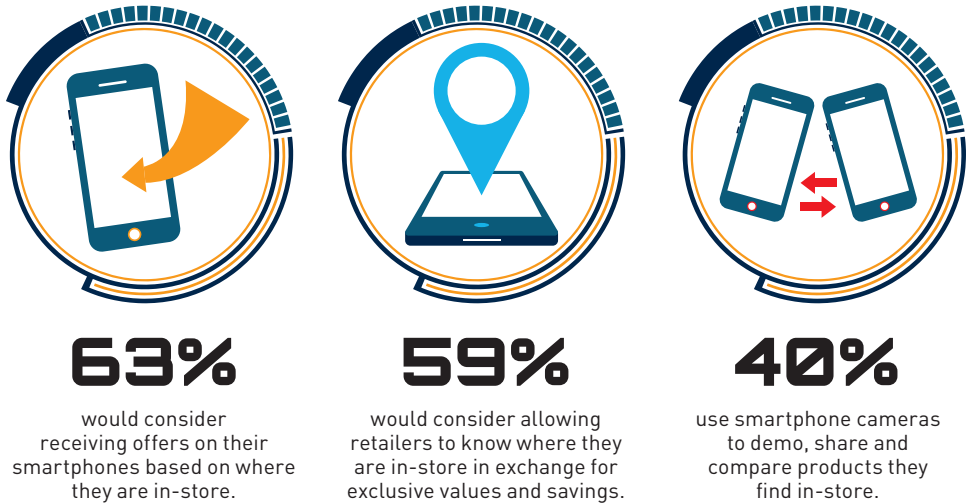
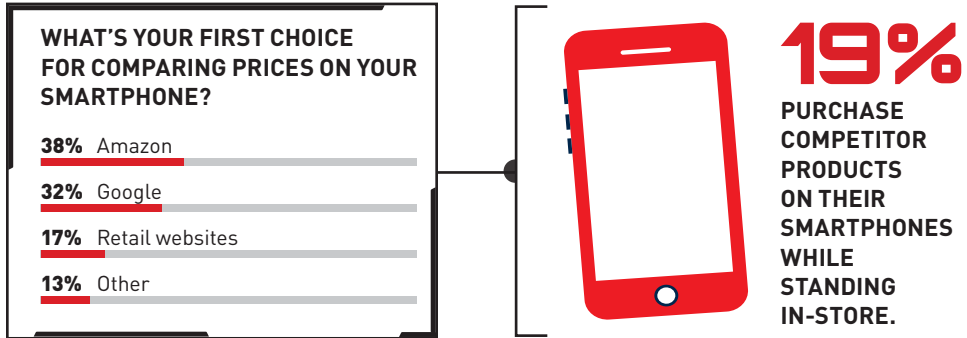


TV WATCHING AND INTERNET SHOPPING ARE CLOSELY CONNECTED.



# SMARTPHONES: THE GPS FOR SHOPPING

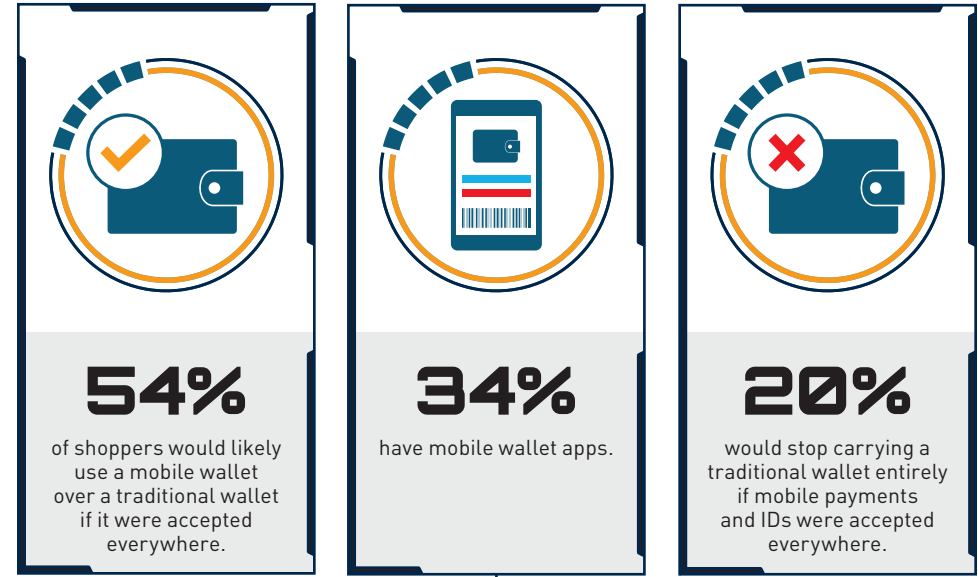
Mobile has changed how customers compare prices and shop online and in-store. For example, Google recently instituted a new ranking algorithm that demotes websites that aren't mobile friendly. Already the most prominent connected device, the smartphone is on its way to becoming the primary tool for shopping.



**RETAILERS NEED TO PROVIDE LINKS TO VIDEO AND PROFESSIONAL PHOTOGRAPHY AT THE POINT OF SALE FOR BETTER SMARTPHONE SHARING AND SHOPPING.**

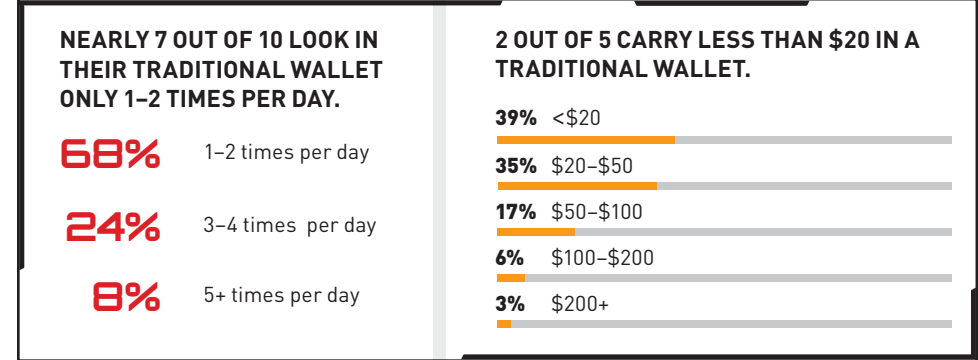
# WALLETS MAKE WAY FOR MOBILE

A telling sign of the times: The traditional wallet is diminishing in use as customers rely more on plastic, recurring and mobile payments.



**WHICH PAYMENT APPS DO YOU USE?**

85% PAYPAL // 24% AMAZON // 23% GOOGLE WALLET // 19% APPLE PAY



# PEOPLE PREFER PLASTIC PREPAID

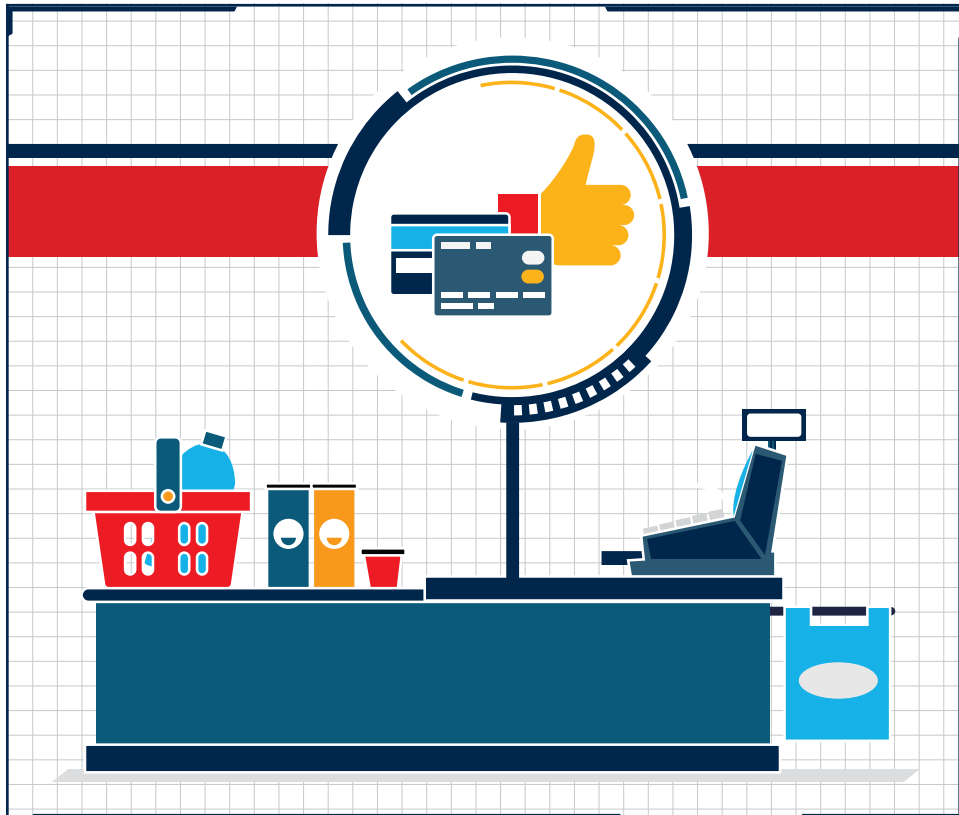
As noted, shoppers are cautious, and price is the leading factor in purchase decisions. Customers are buying competitor products on their smartphones while standing in your store. With these as givens, it's imperative that you have sound price-match strategies.

Our extensive research has found that \$5 in savings on a \$50 product can tip the scales in favor of an online competitor. The majority of consumers will buy at a physical store that matches online prices with price-match rebates.

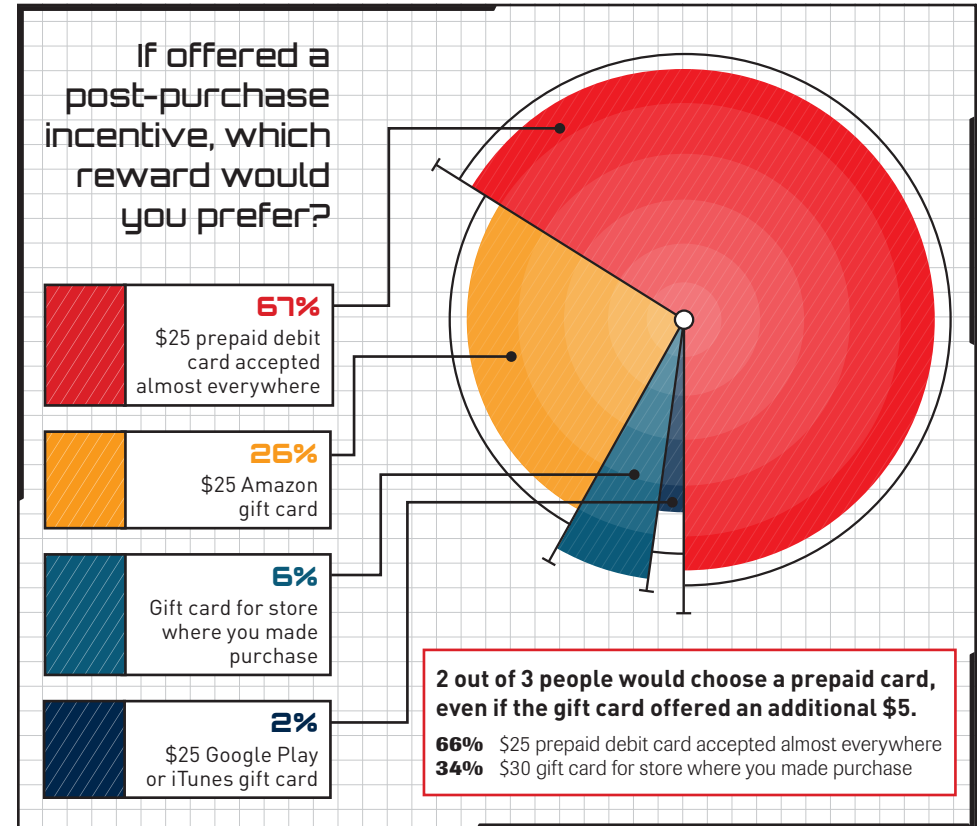
Retailers can be competitive in the market while preserving margins through post-purchase incentives that offer the right rewards and drive more transactions.

Surprisingly, retailers that issue their own gift cards for price matching have lower take rates, because consumers don't value those offers as much as cash. Using a validated post-purchase redemption process offers additional economic benefits.

Despite the ready adoption of online purchases and growing payment app use, shoppers still strongly prefer plastic rewards over eCodes.



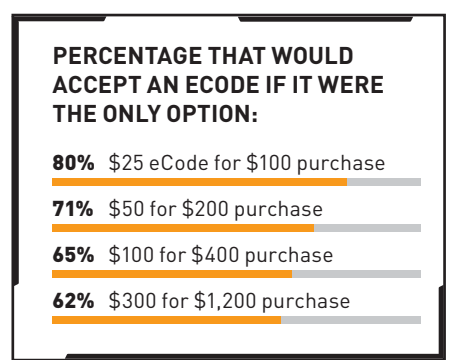
Responses may not total 100% due to rounding.



**ALTHOUGH PLASTIC REWARDS STILL DOMINATE, VIRTUAL REWARDS SHOW GREATER ACCEPTANCE AT LOWER DENOMINATIONS.**

**For the following rewards, would you prefer a plastic prepaid card or a digital prepaid eCode?**

REWARD	PLASTIC	DIGITAL
\$25	67%	33%
\$50	69%	31%
\$100	74%	26%
\$300	74%	26%



## FASTER THAN FAST

Buy Online, Pickup In Store (BOPIS) has perks for both retailers and shoppers. It reduces shipping costs and gets customers in-store where they can purchase more. Plus, it provides faster access to merchandise for greater customer convenience.



**86%**

would consider buying online and picking up in store to save \$10 on a \$50 item.



**78%**

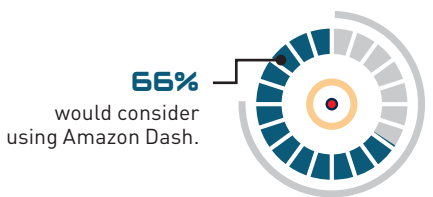
would consider buying online and picking up in store to receive an item 3 days earlier.



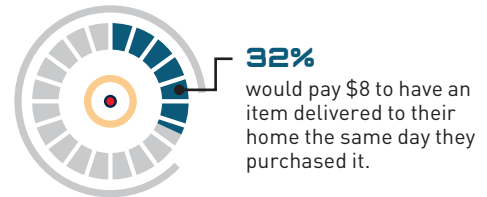
**45%**

have purchased online and picked up in store in the last 6 months.

**AMAZON DASH IS A NEW SERVICE THAT LETS SHOPPERS PURCHASE GROCERY AND CLEANING PRODUCTS WITH THE PUSH OF A BUTTON LOCATED WHERE THE PRODUCTS ARE STORED AT HOME.**



**66%** would consider using Amazon Dash.



**32%** would pay \$8 to have an item delivered to their home the same day they purchased it.

Amazon is also testing same-day and one-hour delivery in select markets for its Prime customers.

## CONSUMERS ARE FOLLOWING THE SOCIAL MEDIA PATH

With social media saturating the world, it's surprising how underutilized it is for real-time price promotions, especially because it's the main reason consumers follow brands online.

### WHY DO YOU FOLLOW BRANDS ON SOCIAL MEDIA?

- 53%** Values and savings
- 28%** News and trends
- 17%** Promotions and sweepstakes
- 2%** Other

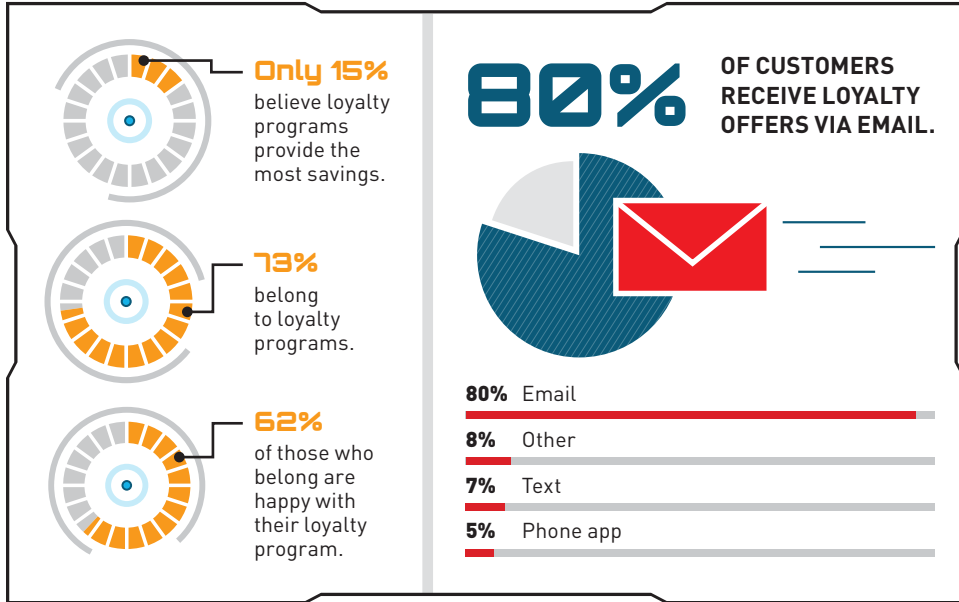
**68%** of those who follow brands regularly use social media special promotions.

- 15%** Daily
- 20%** Weekly
- 33%** Monthly
- 32%** A few times a year

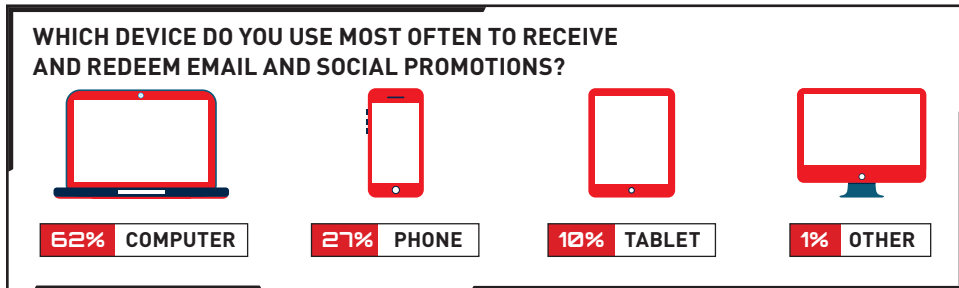
- 42%** have used special promotions they find on social media.
- 40%** follow brands on social media.
- 89%** of those who follow brands on social media want special offers from those brands.

## MAPPING THE LIMITS OF LOYALTY

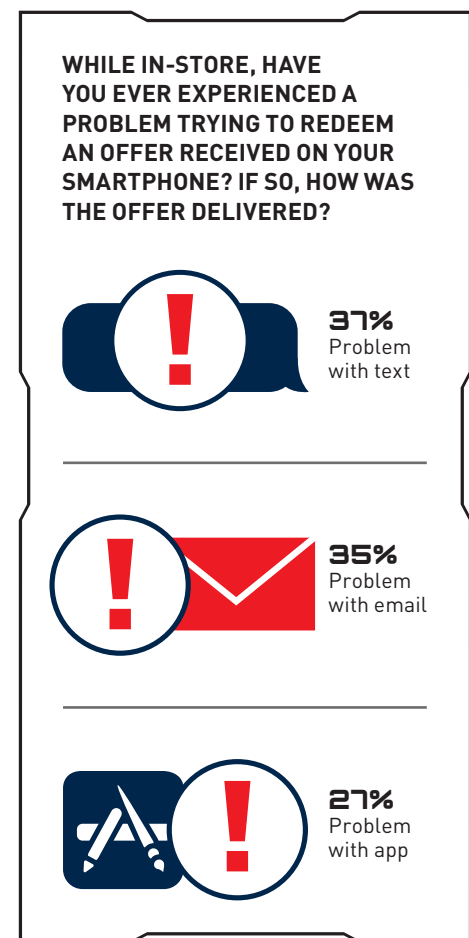
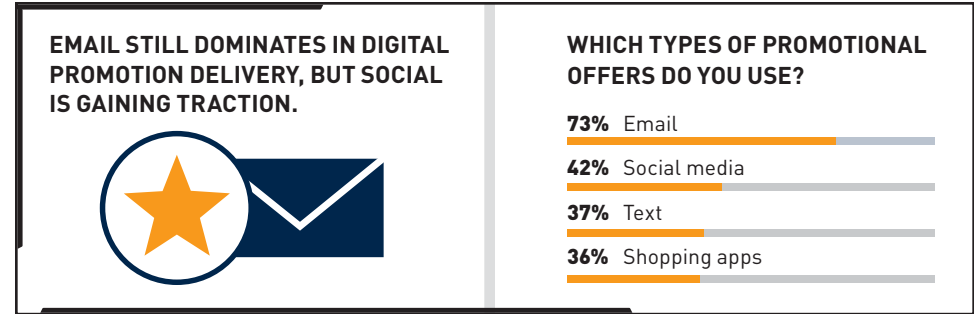
Despite industry investment and broad shopper use, loyalty programs are simply not perceived as providing much value or savings. Grocery stores are the only retail vertical where loyalty rewards are equally dispersed. Outside of grocery, only the very best customers typically receive significant value. For this reason, only a small percentage of consumers value loyalty programs as a differentiator.



**CONNECTING IN-STORE AND ONLINE PROMOTIONS IS IMPERFECT. SMARTER POINT OF SALE TECHNOLOGIES ARE ENTERING THE MARKET, BUT UNTIL THEY PROVE THEMSELVES, DIFFICULTIES WITH MOBILE OFFERS WILL BE COMMON.**



## SOCIAL GAINING ON EMAIL



## ALL ROADS LEAD TO SALES

Rebates and validated rewards offer shoppers greater value for redeeming post-purchase, give deal-seekers best in-market prices and preserve margins. Shoppers are using technology to seek out rebates, and to quickly redeem them through digital experiences.



**68%**

said rebates are an attractive offer in-store.



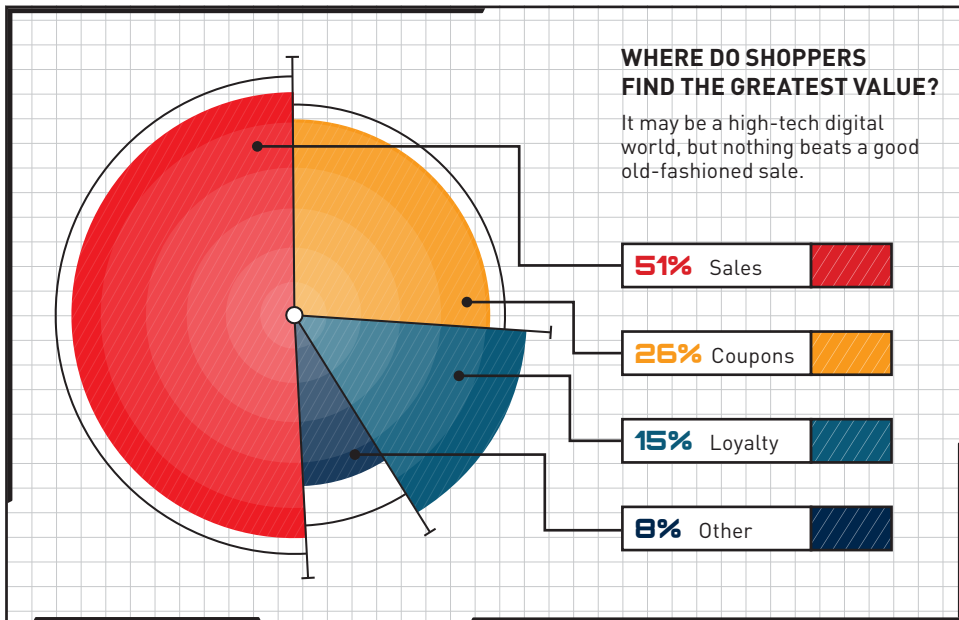
**65%**

said rebates are an attractive offer when shopping online.



**57%**

said they want to redeem rebates via smartphone.

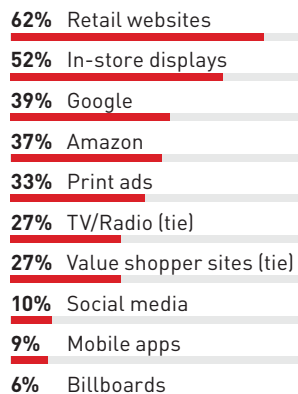


Now, let's look at 13 retail verticals and the incentives-to-purchase price elasticity by category.

Rebates and other post-purchase validated rewards offer lower in-market prices than instant discounts, thanks to reduced redemption rates.

## APPLIANCES

### Top 3 sources for comparing prices



You're buying a washer and dryer for \$800. Which reward would you prefer?

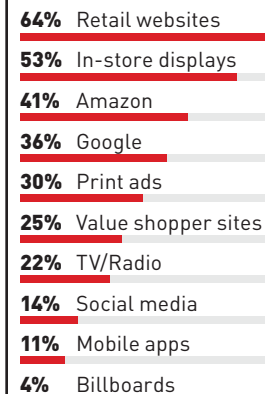


48% USE THEIR SMARTPHONES TO COMPARE PRICES.



## CLOTHING

### Top 3 sources for comparing prices



You're buying \$200 worth of clothes. Which reward would you prefer?

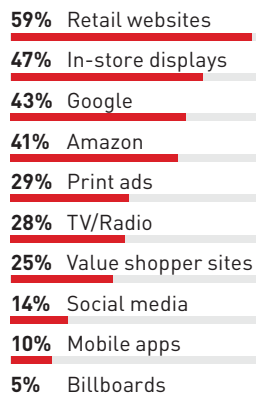


50% USE THEIR SMARTPHONES TO COMPARE PRICES.

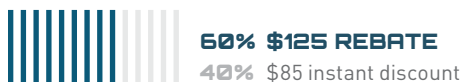


## AUTOMOTIVE PRODUCTS

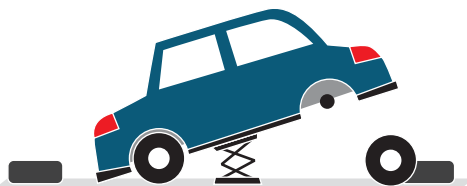
### Top 3 sources for comparing prices



You're buying 4 tires for \$500. Which reward would you prefer?

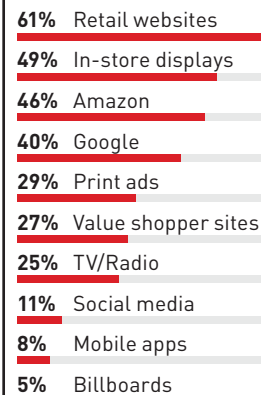


47% USE THEIR SMARTPHONES TO COMPARE PRICES.



## ELECTRONICS

### Top 3 sources for comparing prices



You're buying a \$600 smart TV. Which reward would you prefer?



53% USE THEIR SMARTPHONES TO COMPARE PRICES.

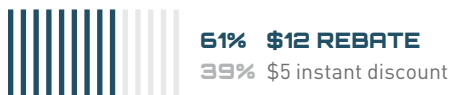


## ENTERTAINMENT

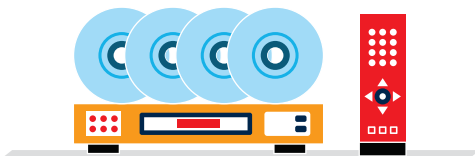
### Top 3 sources for comparing prices

- 53% Amazon
- 51% Retail websites
- 43% Google (tie)
- 43% In-store displays (tie)
- 28% TV/Radio
- 26% Print ads
- 22% Value shopper sites
- 15% Social media
- 13% Mobile apps
- 7% Billboards

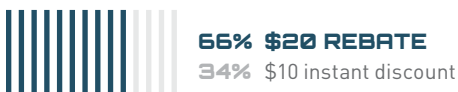
You're buying a \$30 DVD/Blu-ray/download. Which reward would you prefer?



**50% USE THEIR SMARTPHONES TO COMPARE PRICES.**



You're buying a \$100 iTunes or Google Play gift card. Which reward would you prefer?



You're buying a \$55 video game. Which reward would you prefer?



## FURNITURE

You're buying a \$500 set of table and chairs. Which reward would you prefer?



**43% USE THEIR SMARTPHONES TO COMPARE PRICES.**

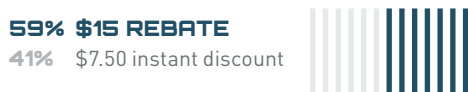


### Top 3 sources for comparing prices

- 61% Retail websites
- 58% In-store displays
- 37% Google
- 36% Print ads
- 31% Amazon
- 28% Value shopper sites
- 25% TV/Radio
- 9% Social media
- 8% Mobile apps
- 6% Billboards

## GROCERIES & CONSUMER PRODUCTS

You're buying 10 grocery items. Which reward would you prefer?



**48% USE THEIR SMARTPHONES TO COMPARE PRICES.**



### Top 3 sources for comparing prices

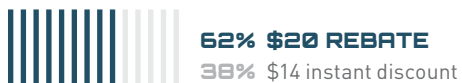
- 67% In-store displays
- 54% Print ads
- 47% Retail websites
- 32% Value shopper sites
- 26% TV/Radio
- 25% Google
- 19% Amazon
- 15% Mobile apps
- 10% Social media
- 6% Billboards

## HOME IMPROVEMENT & HARDWARE

### Top 3 sources for comparing prices

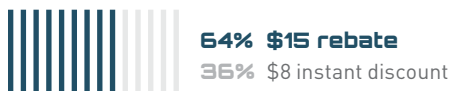
- 58% Retail websites
- 54% In-store displays
- 40% Amazon
- 37% Google
- 36% Print ads
- 26% Value shopper sites
- 25% TV/Radio
- 10% Mobile apps
- 9% Social media
- 7% Billboards

You're buying \$100 worth of home improvement items. Which reward would you prefer?



45% USE THEIR SMARTPHONES TO COMPARE PRICES.

You're buying \$60 worth of tools. Which reward would you prefer?



## PET PRODUCTS

You're buying \$40 worth of pet products. Which reward would you prefer?



41% USE THEIR SMARTPHONES TO COMPARE PRICES.



### Top 3 sources for comparing prices

- 60% In-store displays
- 53% Retail websites
- 38% Print ads
- 36% Amazon
- 33% Google
- 27% TV/Radio
- 25% Value shopper sites
- 11% Mobile apps
- 10% Social media
- 7% Billboards

## OFFICE SUPPLIES

### Top 3 sources for comparing prices

- 57% Retail websites
- 55% In-store displays
- 44% Amazon
- 37% Print ads
- 33% Google
- 25% Value shopper sites
- 23% TV/Radio
- 10% Mobile apps (tie)
- 10% Social media (tie)
- 7% Billboards

You're buying \$50 worth of office supplies. Which reward would you prefer?



43% USE THEIR SMARTPHONES TO COMPARE PRICES.



## SPORTING GOODS

You're buying \$90 worth of sporting goods. Which reward would you prefer?



41% USE THEIR SMARTPHONES TO COMPARE PRICES.

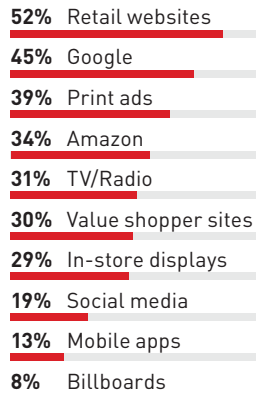


### Top 3 sources for comparing prices

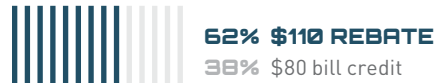
- 55% In-store displays (tie)
- 55% Retail websites (tie)
- 44% Amazon
- 35% Google
- 34% Print ads
- 25% TV/Radio
- 24% Value shopper sites
- 12% Social media
- 9% Mobile apps
- 7% Billboards

## SUBSCRIPTION SERVICES

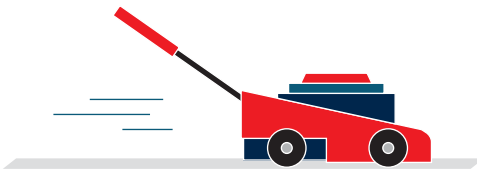
### Top 3 sources for comparing prices



You're buying a one-year home subscription service (e.g., security alarm, lawn care, pest control, etc.). Which reward would you prefer?

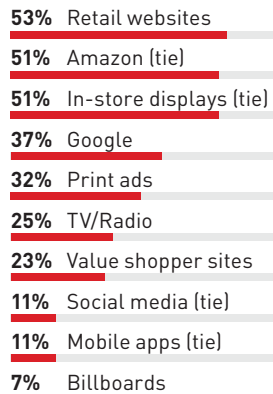


41% USE THEIR SMARTPHONES TO COMPARE PRICES.

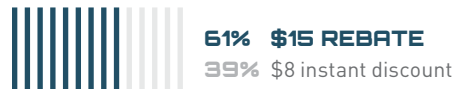


## TOYS

### Top 3 sources for comparing prices



You're buying \$40 worth of toys. Which reward would you prefer?



46% USE THEIR SMARTPHONES TO COMPARE PRICES.





**Blackhawk Engagement Solutions** is a leading global provider of customized incentive and engagement solutions for consumer promotions, employee rewards and recognition, and indirect sales channel management programs. Blackhawk Engagement Solutions is a strategic partner with many of the world's leading brands and a thought leader that provides game-changing engagement solutions. Through innovative products, services and technology, Blackhawk Engagement Solutions inspires actions that impact results.

Blackhawk Engagement Solutions, headquartered in Lewisville, Texas, is a division of Blackhawk Network.

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