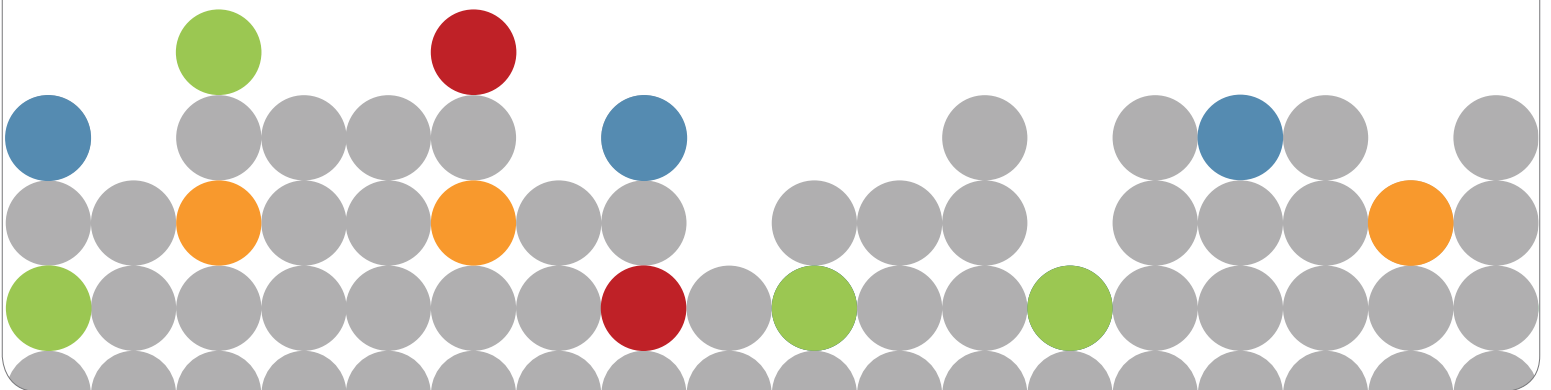




2K14

Valassis® Shopper Marketing Report

Revealing insights maximizing the role of coupons in shopper marketing





2K14

Valassis® Shopper Marketing Report

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Generational Breakout | Millennial: 18-36 | Generation X: 37-48 | Baby Boomer: 49-67

About the 2K14 Valassis® Shopper Marketing Report: *The Valassis Shopper Marketing Report was fielded in August of 2013 in conjunction with Ipsos, a market research firm with expertise in Internet surveys. The sample was derived from an online consumer opinion panel, and all participants were at least 18 years of age and living in the contiguous United States. Consumers were emailed an invitation to participate in the survey and were given three days to complete it. The survey was closed once 1,000 completed responses had been reached. The responses were weighted by factors obtained from national census data to provide appropriate representations of demographic groups at summary levels.*

Executive Summary

While marketers may be scrambling to figure out how to best integrate traditional and new media to engage value-conscious shoppers, consumers appear to be doing just fine using the wide array of promotional media available to them. The Valassis Shopper Marketing Report, based on results from a national consumer panel, paints a picture of increasingly savvy consumers adept at navigating both digital and print promotional media to save money and efficiently move throughout their path to purchase. This report provides insights into shopping behaviors with data that marketers can tap into to influence a specific shopper. There is added focus on millennials and the Hispanic population – both important, growing segments in terms of size, spend and influence.

Overall, nearly eight in 10 consumers are value-seeking shoppers – self-described as “promotion sensitive” (aware of sales, coupons and deals) or “price conscious” (always buy the lowest price). This report answers several important questions for marketers trying to reach, activate and accelerate these value-seeking shoppers along their path to purchase.

What are the implications for marketers in their quest to reach and engage today's savvy shoppers?

How are today's shoppers using digital, social & mobile?

What are the differences among high potential targeted consumers like millennials and Hispanic shoppers?

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Valassis Shopper Marketing Report
Did you know?

Millennials require a higher average coupon face value to respond, but are more likely to share their savings on social media sites.

The practice of “showrooming” where shoppers buy products online after researching in store is increasing and most prevalent among millennials and higher-income shoppers.

For Hispanic shoppers, their number one preferred source for coupons is in the mail, although they are digitally charged and also more likely to prefer mobile and frequent shopper offers.

Nearly 71% of consumers say they have searched online for a coupon after hearing about it on social media.

Purchasing Power

Millennials & Hispanics

2K13

The Hispanic market represents **\$1.2 trillion** in annual buying power.¹

Millennials account for an annual **\$1.3 trillion** of consumer spend or **21%** of total spend.²

2K20

By 2020, millennials over 25 years old will represent **19%** of the U.S. population, and just following a person's 25th birthday, median income historically jumps 60%.³

2K50

The projected U.S. Hispanic population in 2050 will be **132.8 million** representing **30%** of the nation's population by that date.⁴

Sources: ¹UGA Selig Center Multicultural Economy Study 2013; ²Barron's April 29, 2013; ³Trouble in Aisle 5, a study by Jefferies Group, Inc. Jefferies Alix Partners, June 2012; ⁴Population Projections, U.S. Census

A Growing Trend: Digital, Social & Mobile Use

Shoppers are increasingly embracing digital, social and mobile promotional media to look for deals and lower prices. They are increasingly downloading coupons onto their retailer shopping cards, searching for coupons online and combining paper and paperless offers to maximize their savings. Despite their increasing use of technology, however, value-seeking consumers have yet to let go of their preference for finding coupons in traditional print media.

Preference for mobile rises while consumers hold on to print media.

When consumers were asked where they prefer to receive their coupons, newspaper and mail were the top two ranked sources. More than half prefer to receive coupons in the newspaper (52%) and in the mail (51%). The most significant change in coupon source preference, though, came for mobile. While 20% prefer to get their coupons on their smartphones, this number represents a 6 percentage point increase over 2012 (14%).

Higher income shoppers are more likely to combine offers and use mobile technology. Among higher income shoppers (annual income \$50,000+) who use coupons, 85% say they often combine manufacturer coupons with store coupons. Nearly 7 in 10 combine their print coupons with a digital discount on their smartphone or retailer frequent shopper card. They also say they

are using their smartphone more often to get deals (11 percentage points higher) and manage their offers, although this may be because they are more likely to have smartphones than those with incomes below \$50,000.

The Income Factor: Savings Insights

	Total	Under \$50K	\$50K+
Combine manufacturer and store coupons*	81%	77%	85%
Combine paper and paperless discounts*	61%	54%	69%
Use a mobile app to manage downloaded offers**	17%	13%	21%
Check list of offers on smartphone while shopping**	13%	9%	16%
Smartphone use to keep shopping list has increased*	21%	17%	25%
Use of smartphone for getting deals has increased*	24%	18%	29%

Base: *Use coupons when shopping for items such as food, OTC medications, paper products and health & beauty care products; **Use paperless coupons downloaded onto frequent shopper card from retailer website or savings app

A Growing Trend: Digital, Social & Mobile Use



Shoppers download coupons onto frequent shopper cards - at home and while in the store.

Among shoppers who use coupons, 64% download coupons onto their frequent shopper card from retailer websites or mobile apps.

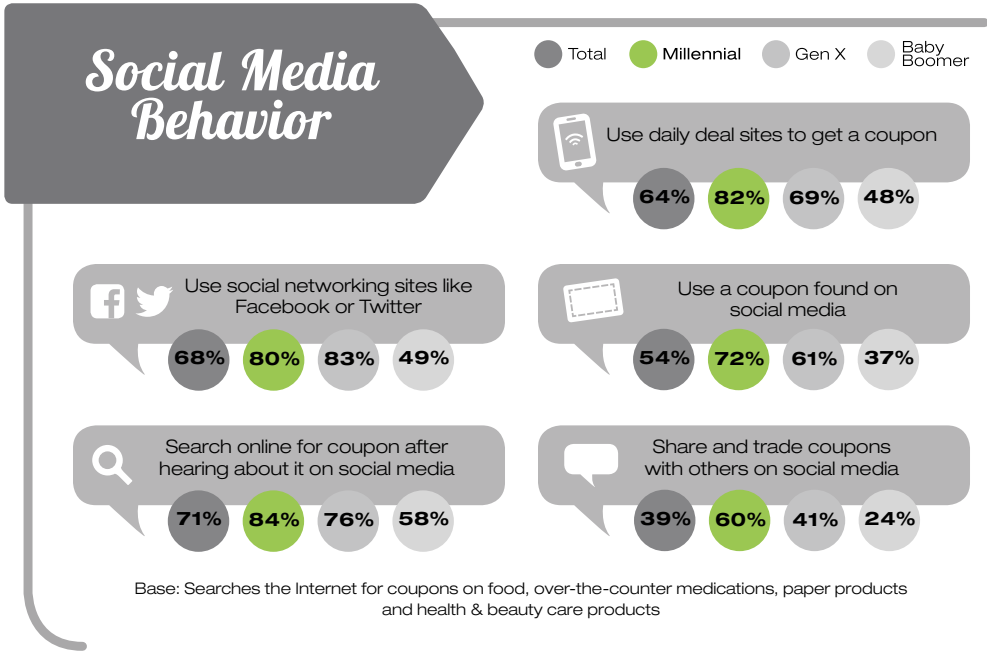
For those who search for coupons online, 83% are downloading coupons to their card before they go shopping and 64% do so while actually in the store. For marketers, making this consumer data actionable can help them better segment their target audience where there is the best opportunity to reach and influence them.

Shoppers combine offers - especially print, frequent shopper cards and store coupons. Savvy consumers are also combining offers from multiple sources to get the best deal. Over 61% of coupon users combine print coupons with the offers they download onto their frequent shopper cards.

Even more (81%) report combining manufacturer coupons with their retailer store coupons.

Connected consumers share savings more often on social media. Nearly 71% of Internet coupon users say they have searched online for a coupon after hearing about it on social media. Expect this number to increase, as value-seeking, connected consumers spread the word. About 40% have shared and traded coupons on social media websites - a significant 10 percentage point jump over 2012.

Millennials are more likely to use social media to find and share coupons. Both millennials and generation Xers are more likely than baby boomers to use social media to look for coupons. The always-connected millennial generation, however, is much more likely to share and trade coupons on a social networking site; 60% report doing so compared to just 41% of gen X and 24% of boomers.



A Growing Trend: Digital, Social & Mobile Use

Consumers are searching online for coupons more frequently. Among shoppers who use coupons, 85% search online and more than a third (38%) say they did so more in 2013 than in 2012. Consumers are also visiting a variety of websites to find their coupons in a wide range of categories with grocery as the most prevalent category by far at 53%, followed by personal care and dining as the most popular.

As the most digitally-charged generation, millennials are much more likely to visit these sites daily.

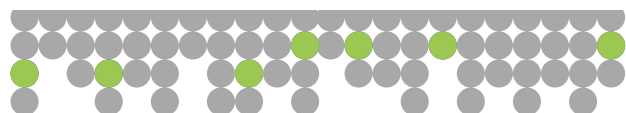
[\[See Section 3 for more information on generational differences.\]](#)



Top Sites Searched For Coupons

	% Respondents
Coupon Websites	96%
Manufacturer / Brand Websites	92%
Retailer Websites	91%
Search Engines	85%
Social Networking (such as Facebook or Twitter)	68%

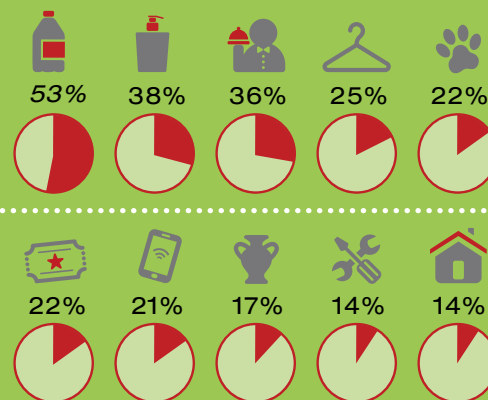
Base: Searches the Internet for coupons on food, over-the-counter medications, paper products and health & beauty care products



Consumers are searching *online* for grocery coupons more frequently

- Groceries
- Personal Care / Hygiene Products
- Dining
- Clothing
- Pet
- Entertainment
- Electronics
- Household Items
- Services
- Home Improvement

Categories Searched Online for Coupons



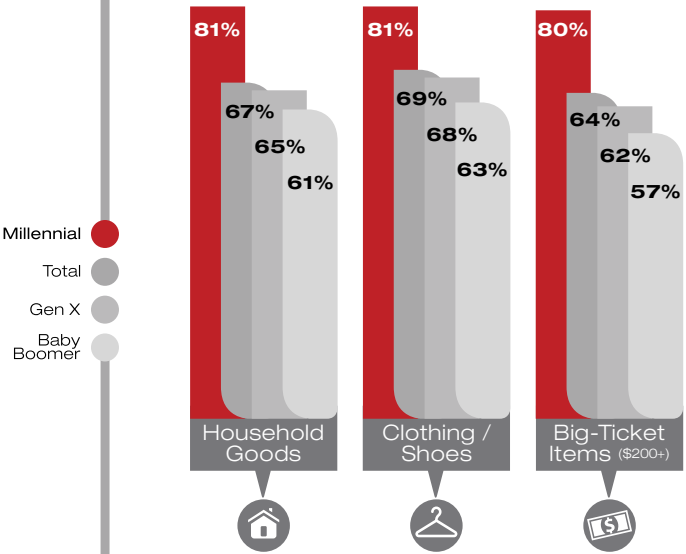
Base: Searches the Internet for coupons on food, over-the-counter medications, paper products and health & beauty care products

Savvy Shoppers: Millennials

Millennials are proving to be savvy shoppers, working smart to get the best deals for the products they want to buy. They are more likely than other generations to buy online after checking out products in store; like both print and digital coupon sources; and combine offers from a variety of sites and media sources. They can be challenging to activate, however, requiring a higher average coupon face value to respond, but are more likely to share their savings on social media sites with friends. Millennials have many value-seeking behaviors in common with gen X and baby boomer generations, but are also developing their own unique way of doing things that increasingly embraces technology.

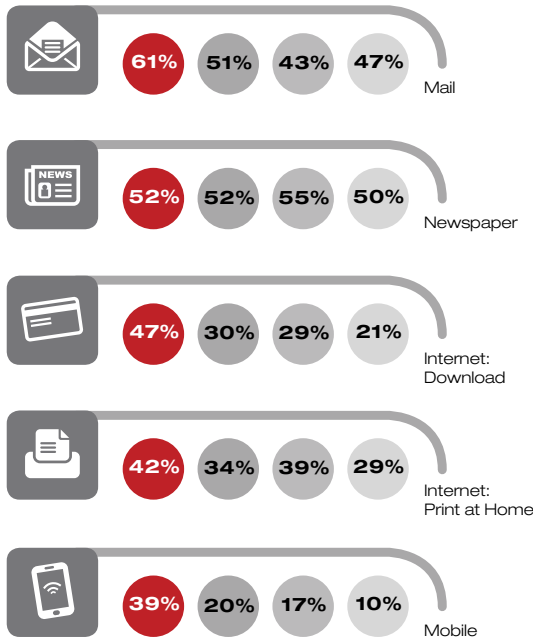
Showrooming is significantly more prevalent among millennials. While all generations are engaging in the practice of showrooming, millennials are much more likely to buy online after looking over products in store. This is especially true in household goods, clothing / shoes and big ticket items over \$200 where over 80% of millennials report showrooming.

Showrooming Categories



Millennials prefer coupons from more sources. Millennials do like their paper coupons – over half prefer their coupons from mail (61%) and newspaper (52%) – but they are also more than twice as likely as other generations to prefer coupons on their smartphone or downloaded onto their retailer frequent shopper cards.

Coupon Preferences



Base: Use coupons when shopping for items such as food, OTC medications, paper products and health & beauty care products

Savvy Shoppers: Millennials

Among the 96% of millennials who use coupons, more than 88% say they often combine manufacturer coupons with store coupons. Millennials are also much more likely than other generations to combine print coupons with digital or downloadable discounts on their smartphone or retailer frequent shopper card (82%); 18 percentage points higher than gen X. Not surprisingly, they also are increasing their usage of smartphones to get deals (43%) and using their smartphones more to keep a shopping list (39%).

*92% of millennials use coupons to plan shopping lists**

Millennials Lead Saving Ways

	Millennials	Total	Gen X	Baby Boomers
I am often able to combine manufacturer and store coupons	88%	81%	82%	74%
I am often able to combine paper with paperless discounts on my smartphone or retailer card	82%	61%	64%	47%
My smartphone use to keep a shopping list has increased	39%	21%	22%	8%
My smartphone use for getting deals has increased	43%	24%	26%	10%

Base: Use coupons when shopping for items such as food, OTC medications, paper products and health & beauty care products

Millennials download digital coupons onto their frequent shopping cards – at home and while in the store. The younger millennial generation is more likely than other generations to use coupons downloaded onto their frequent shopper cards from retailer websites and mobile savings apps. They are also more likely to do this before they go shopping (92%) and while in the store (80%) than both gen X and baby boomers.

Digitally-Charged Millennials

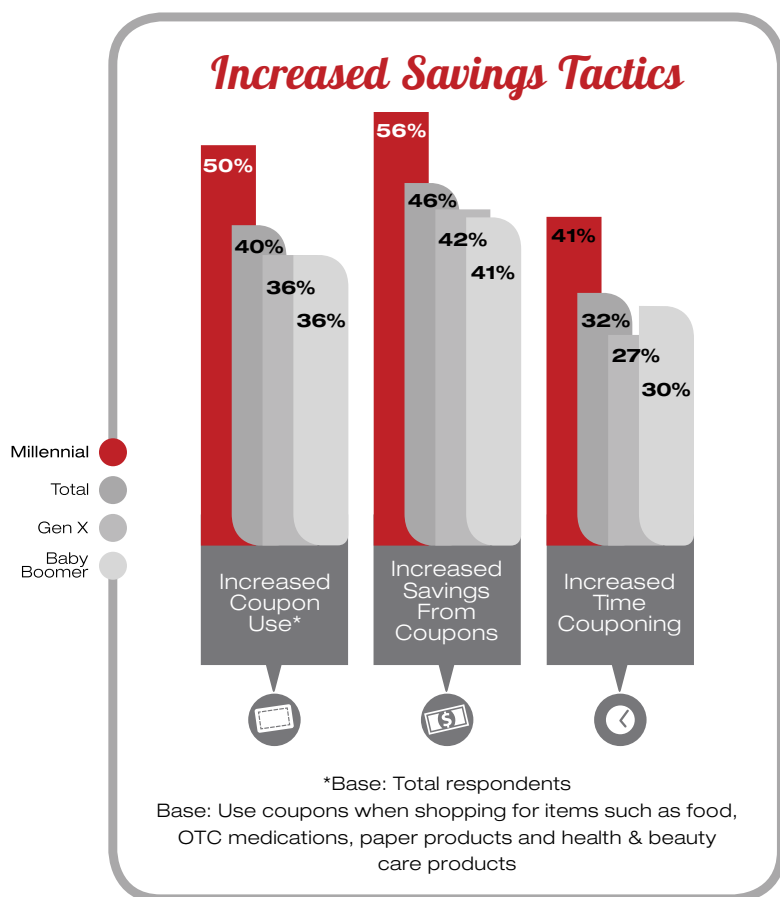
	Millennials	Total	Gen X	Baby Boomers
Use paperless coupons downloaded onto my retailer loyalty card from a retailer website or mobile savings app	79%	64%	65%	55%
Download coupons onto retailer card before I go shopping	92%	83%	86%	73%
Download coupons onto my retailer card while at the store	80%	64%	67%	47%

Base: Ever visits websites to search for coupons for food, over-the-counter medications, paper products and health & beauty care products

*Compared to other generational groups: 90% baby boomers; 90% generation X; 91% consumers (overall)

Savvy Shoppers: Millennials

Millennials require up to a third higher coupon value to engage. While value seekers, millennials can be more challenging to activate, requiring significantly higher coupon values; 25% higher than gen X and 32% higher than baby boomers. Millennials are also more likely to shop at retailers that offer double or triple coupon values. This is a generation that is committed to getting the greatest return on their time investment and it shows in their value-shopping behavior.



Millennials are spending more time using coupons – and saving more money to show for it. The younger millennial generation is willing to invest time in **seeking, clipping, downloading and organizing coupons** and 41% say they are spending more time doing so year over year. Their efforts are paying off with more than half (56%) saying their total savings from using coupons has increased this past year.

Digitally Driven: The Hispanic Shopper

There are clear differences among Hispanic shoppers compared to shoppers in general – especially in their engagement with digital, mobile and social media to save and look for deals, according to findings from the consumer panel. They report their use of online search, smartphones and frequent shopper cards has increased this year. Hispanic shoppers are also significantly more likely than the general population to combine print and digital offers and use mobile technology to manage their discounts.

Hispanics are digital shoppers – more likely to search online for coupons and showroom. Hispanic shoppers are much more likely than the general population to say their use of the Internet for finding coupons has increased this year (10 percentage points higher.) They are visiting a variety of websites to find their coupons in a wide range of categories, comparable to all consumers and are doing so at a higher rate for electronics, entertainment and services.



Online Savings

	Total	Hispanic
Search Internet for coupons*	83%	85%
Increased use of Internet for finding coupons**	38%	49%

Base: *Total respondents; **Use coupons when shopping for items such as food, OTC medications, paper products and health & beauty care products



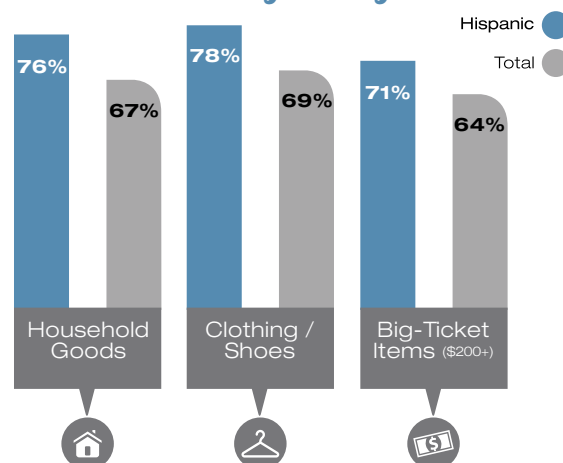
Categories Searched Online for Coupons

	Total	Hispanic
Groceries	53%	55%
Personal Care / Hygiene Products	38%	41%
Clothing	25%	29%
Dining	36%	38%
Electronics	21%	31%
Pet Items	22%	24%
Household Items	17%	22%
Entertainment	22%	30%
Services (dry cleaners, hair salons, house cleaning, dentists, automotive)	14%	18%
Home Improvement	14%	15%

Base: Total respondents

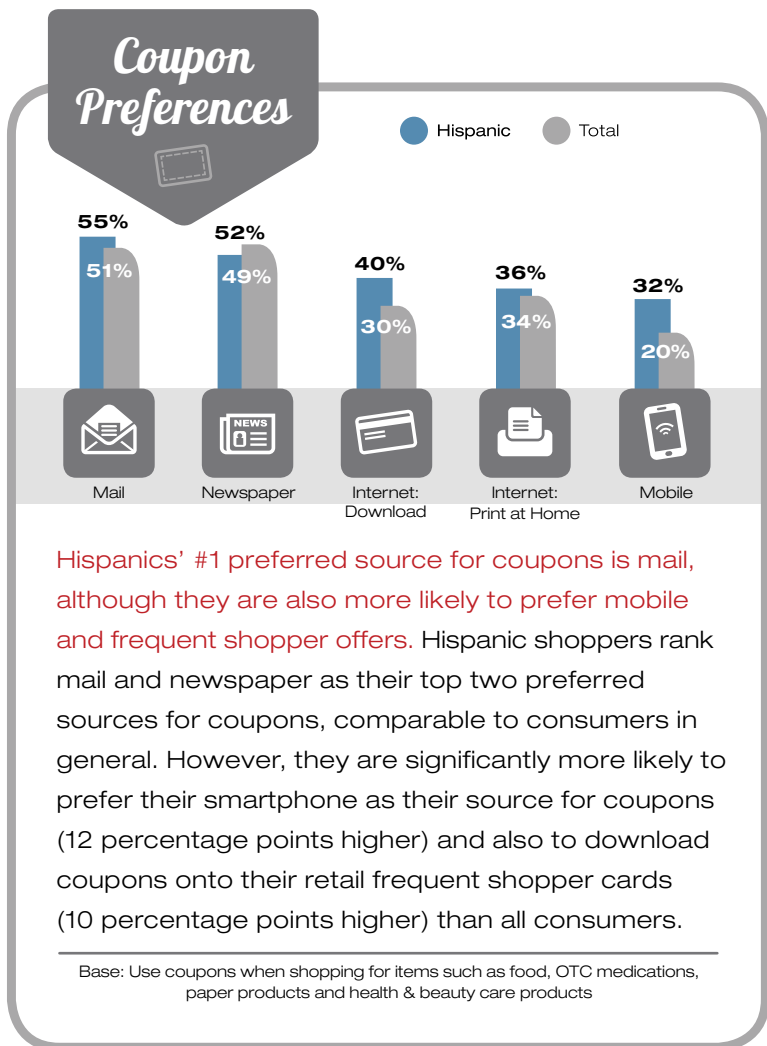
Hispanic shoppers are also more likely than other consumers to showroom, buying products online after first viewing them in store. This is especially true when shopping for household goods, clothing / shoes and big-ticket items over \$200 where over 70% of Hispanic shoppers report showroaming behaviors.

Showrooming Categories



Digitally Driven: The Hispanic Shopper

95% of Hispanic Internet coupon users download coupons from retailer sites or mobile apps before shopping



Hispanic shoppers are significantly more likely to download coupons onto frequent shopping cards – especially while in store. Hispanics are more likely to use coupons they have downloaded onto frequent shopper cards from retailer websites or mobile savings apps (14 percentage points higher) than all consumers. They do so at a higher rate at home and at a significantly greater rate while at the store (27 percentage points higher). This behavior underscores the growing importance of mobile to Hispanic shoppers as a way to save.



Frequent Shopper Card Savings

	Total	Hispanic
Use a frequent shopper card*	87%	91%
Use paperless coupons (retailer loyalty card / mobile app)*	66%	80%
Download coupons onto retailer card before I go shopping**	83%	95%
Download coupons onto my retailer card while at the store**	64%	91%

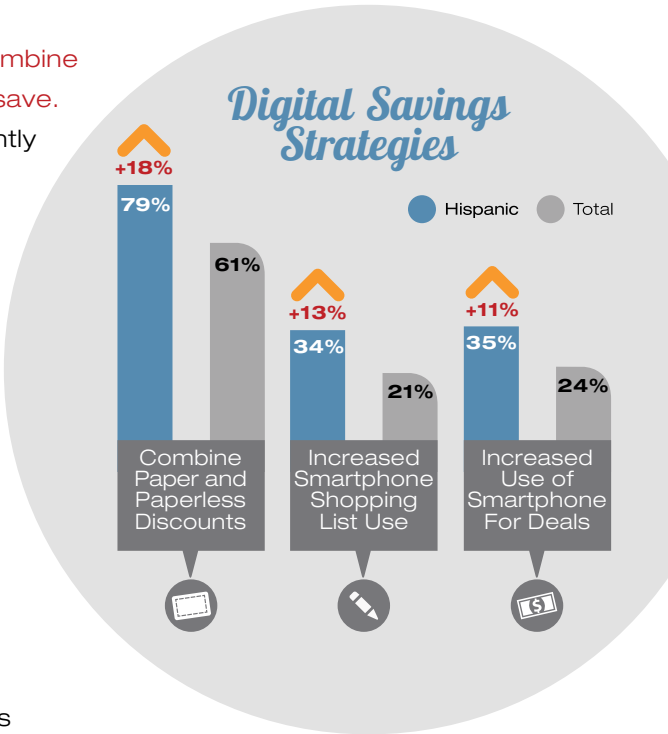
Base: *Total respondents; **Ever visits websites to search for coupons for food, OTC medications, paper products and health & beauty care products



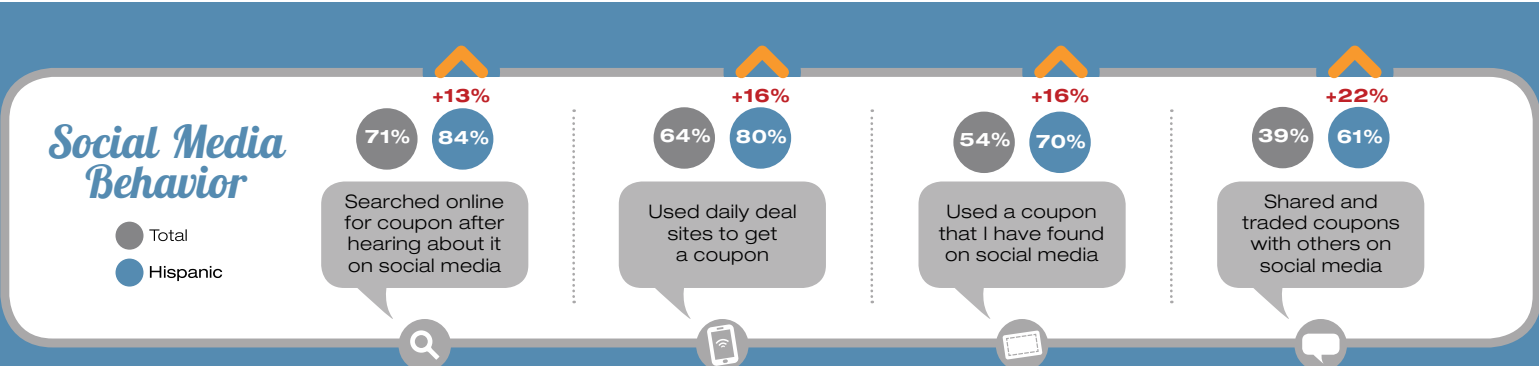
Digitally Driven: The Hispanic Shopper

Hispanic shoppers are savvy – more likely to combine offers and use mobile technology to shop and save. Hispanics are smart shoppers and are significantly more likely to combine their print and digital discounts (18 percentage points higher) than all consumers. They also indicate increased use of their smartphone to get deals and to keep a shopping list.

Hispanic shoppers are much higher users of social media to find and share coupons. Hispanic coupon users are significantly more engaged with social networking media as a tool to find coupons; 84% say they have searched online for a coupon after hearing about it on a social media site. They are also considerably more likely to use coupons found on social media (16 percentage points higher) as well as share and trade coupons with others (22 percentage points higher) than the general population.



Base: Use coupons when shopping for items such as food, OTC medications, paper products and health & beauty care products



Base: Searches the Internet for coupons on food, OTC medications, paper products and health & beauty care products



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