



Online Shopping Rewards Have Gone Mainstream,

Offering A Win For Banks, Retailers,
And Consumers Alike

A REPORT BY  Wildfire



**Executive
Summary**



Shopping rewards programs are rapidly crossing the chasm from coupon clippers to mainstream consumers. This transition is being accelerated by the economic environment (i.e., inflation), technology underlying rewards programs which make them easier to use, and enhanced access to rewards programs offered by financial institutions and other consumer services. Reward programs, especially those featuring cashback rewards, not only have become a vital ingredient of

consumer expectations but a driver of retailer and financial institution incentive programs.

To assess consumer sentiment towards shopping rewards, Wildfire Systems commissioned a survey conducted by Big Village (formerly Engine Insights) of more than 1,000 U.S. consumers in June 2022. Here, we analyze the responses within three overarching themes focused on consumers, financial institutions, and merchants. We zero in on the prevalence of shoppers' appetite for

finding rewards and their greater inclination to shop at merchants that offer rewards; how financial institutions and card issuers should position their rewards programs to consumers; and why many retailers now seek to offer rewards to attract and retain shoppers.

The results of this research offer the following key takeaways on consumer shopping habits and brand interactions amid record inflation and other economic pressures.

Summary and quick takeaways from the survey:



Consumers want rewards

90% of respondents want cashback rewards, especially because of inflation and other economic pressures.



Consumers expect rewards from their cards

63% of respondents expect to receive online shopping rewards from their credit card issuers.



Rewards influence shopping behavior

81% of respondents choose online merchants based upon availability of rewards and 79% are more likely to complete purchases involving coupons and cashback.



Consumers want convenient and simple rewards.

They most prefer cash incentives, and prefer rewards be automatically activated during the online shopping trip.



**Key
Findings**

ECONOMIC PRESSURES

Consumers' desire for rewards programs is heightened by the current economy

An uncertain economy and rising inflation drive consumers to seek out money-saving tactics. For example, 90% of respondents say that rising prices have increased their interest in getting discounts, using coupons, and earning cashback rewards when they shop.

Inflation has also increased consumer preference for receiving cashback rewards above all others: 1 of 3 consumers started using these programs in the past two years. In addition, the majority of higher-income households (82%) also value rewards, with respondents who have a household income of more than \$100K saying they seek them.

Inflation is driving consumers to seek out money-saving tactics more than ever.

"To what extent do you agree with the following: 'Because of rising prices, I'm more interested in getting discounts, using coupons, and earning cashback rewards when I shop.'"



(N=ALL RESPONDENTS)

The majority of consumers expect shopping rewards from their credit cards

Consumers overwhelmingly want their banks to offer a cashback rewards program.

“Would you like your current bank/financial institution to offer cashback rewards and discounts for online shopping?”



(N=ALL RESPONDENTS)

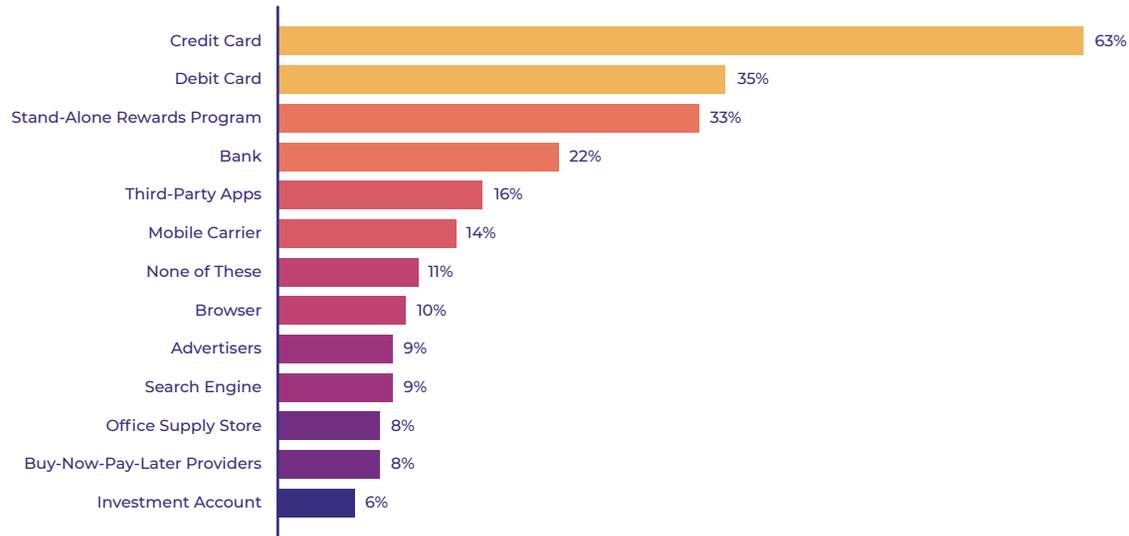
Consumers overwhelmingly want their banks to offer cashback rewards programs for online shopping. Eighty-five percent say they would like their current bank/financial institution to offer cashback rewards and discounts for online shopping.

Consumers not only want their financial institution to offer shopping rewards, they expect it. Of all of the services they use, consumers most expect their credit and debit cards to provide shopping

rewards. In fact, these providers rank ahead of stand-alone rewards programs with 63% of consumers expecting shopping rewards from their credit card, 35% from their debit card, and 33% from a stand-alone rewards program. Banks came in fourth place at 22%.

Consumers expect to earn shopping rewards from their cards.

“From which of the following do you expect to receive rewards for shopping?”



(N=ALL RESPONDENTS, MULTIPLE CHOICES ALLOWED)

In addition, consumers indicate that earning cashback rewards for shopping online is among their top considerations when selecting a new financial institution. Other than the foundational services that banks provide, such as ATMs, interest rates, and customer service, rewards programs rank highest among non-core services. Eighty percent of consumers consider cashback rewards an important feature, higher than services such as P2P payments (79%), automatic bill pay (76%), and financial education (64%).

80% of consumers consider cashback rewards an important feature when choosing a new bank or investment account.

"Please imagine you are looking for a new bank or investment account. How important would each of the following features be in deciding which financial institution to choose?"



(SUMMARY OF ITEMS RANKED "EXTREMELY OR SOMEWHAT IMPORTANT" N=ALL RESPONDENTS)

Online shopping rewards programs also increase brand engagement. Most respondents have infrequent digital engagement with their FI's mobile apps and desktop portals; however, browser-based rewards programs present rewards during the online shopping experience and create positive brand association whenever consumers shop online.

Over two-thirds of respondents interact four times a month or less with their bank using a computer; and over half connect with their bank's mobile app four times a month or less. Alternatively, shopping rewards programs create dozens of monthly positive brand engagements, with the beneficial message of "Hey, because you're our customer, you're going to save money here."

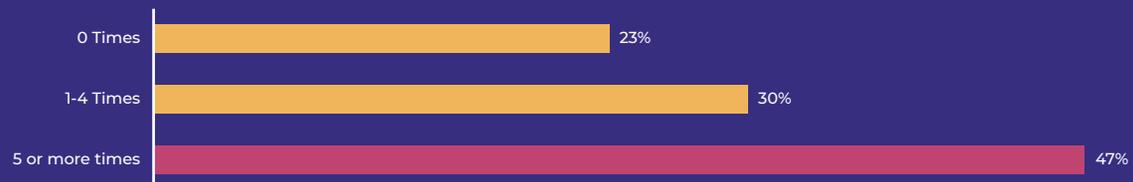
Over two-thirds of consumers interact with their bank using a computer 4x/month or fewer...

"How many times per month do you interact with your financial institution online via computer?"



And 53% of consumers interact with their bank's mobile app 4x/month or fewer.

"How many times per month do you interact with your financial institution using the mobile app?"



(N=ALL RESPONDENTS EXCLUDING 7% OF CONSUMERS WHO DO NOT HAVE A BANK ACCOUNT)

INFLUENCING SHOPPING

Rewards strongly impact consumers' online shopping behavior

Rewards are becoming a substantial factor influencing consumers' online shopping behavior. The majority of respondents (61%) state they "always" or "often" look for coupons/coupon codes, discounts, cashback rewards, or other ways to save on their purchase, while an additional 36% "sometimes/rarely" look for such rewards. Only 3% of respondents "never" look for coupons & rewards when shopping online.

Consumers actively seek out coupons & rewards when they shop online.

"When shopping ONLINE, how often do you look for coupons/coupon codes, discounts, cashback rewards, or other ways to save on your purchase?"



(N=RESPONDENTS WHO SHOP ONLINE)

Perhaps even more revealing, the availability of rewards influences shoppers' decision on where to shop. The vast majority of consumers (81%) state that the availability of rewards is a factor when they are deciding which e-commerce retailer gets their business.

Incentives like coupons and shopping rewards influence consumer purchase behavior.



"I am more likely to purchase from an online store that offers some sort of reward or cashback on my purchases vs. one that doesn't."



"When shopping I am more likely to complete a purchase when I have a coupon/discount code"



"When shopping I am more likely to complete a purchase when I earn cashback rewards"

(N=ALL RESPONDENTS WHO AGREED OR STRONGLY AGREED WITH EACH STATEMENT)

In addition to influencing where to shop, rewards and incentives also have an impact on sales conversion rates (the percent of online shoppers which complete a purchase.) The survey reveals that 79% of respondents are more likely to complete a purchase when they earn cashback rewards; and 82% indicate they are more likely to complete a purchase when they can use a coupon or discount code.

The data regarding consumer decision-making of where to shop and the impact of rewards on sales conversion is incredibly telling: the availability of rewards and incentives directly and positively affects consumer behavior at both the top of the purchase funnel (deciding where to shop) and the bottom (completing a purchase).

With that in mind, there is a clear advantage for retailers that participate in online shopping rewards programs, which principally rest upon the foundation of affiliate marketing programs. Merchants which offer cashback and coupons for loyalty and rewards programs and allow their incentives to be presented to consumers within shopping rewards extensions reap the benefits of shopper preference and increased sales conversion. Those retailers which choose not to offer such incentives are at a disadvantage in consumers' selection of online shopping destinations.

Retailers choosing not to offer shopping incentives are at a disadvantage in consumers' selection of online shopping destinations.

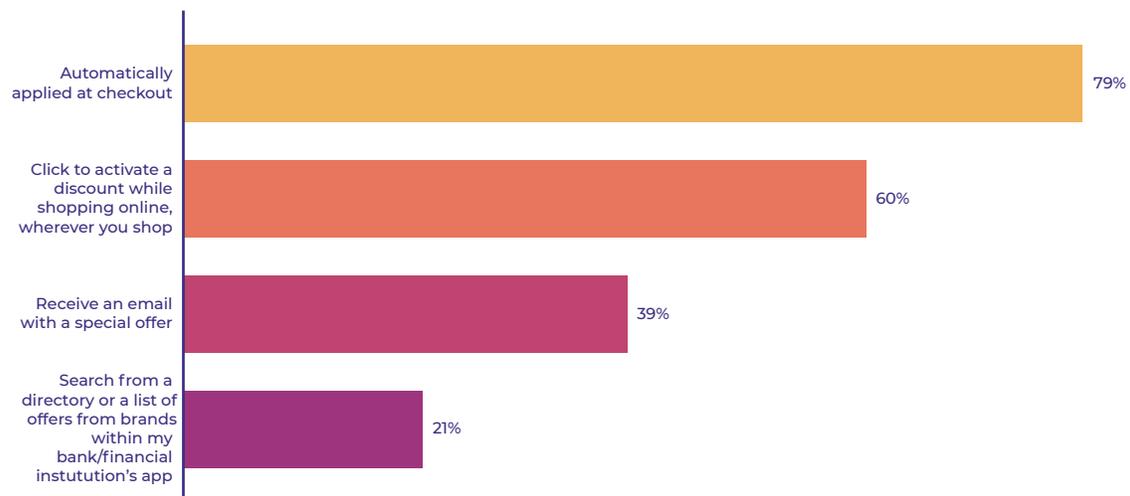
KEEP IT SIMPLE

Consumers prefer ease of use and convenience

Respondents clearly want and expect rewards. But they also indicate that not all reward programs are the same. They want rewards built into the natural flow of their shopping experience without the need to detour to activate such rewards or hunt for deals outside of the routine purchase flow. In fact, the majority of consumers prefer convenient access to rewards, including rewards being automatically applied at checkout or having the ability to activate them while shopping, whereas only 21% prefer searching from a directory or a list of offers.

Consumers prefer convenient access to rewards.

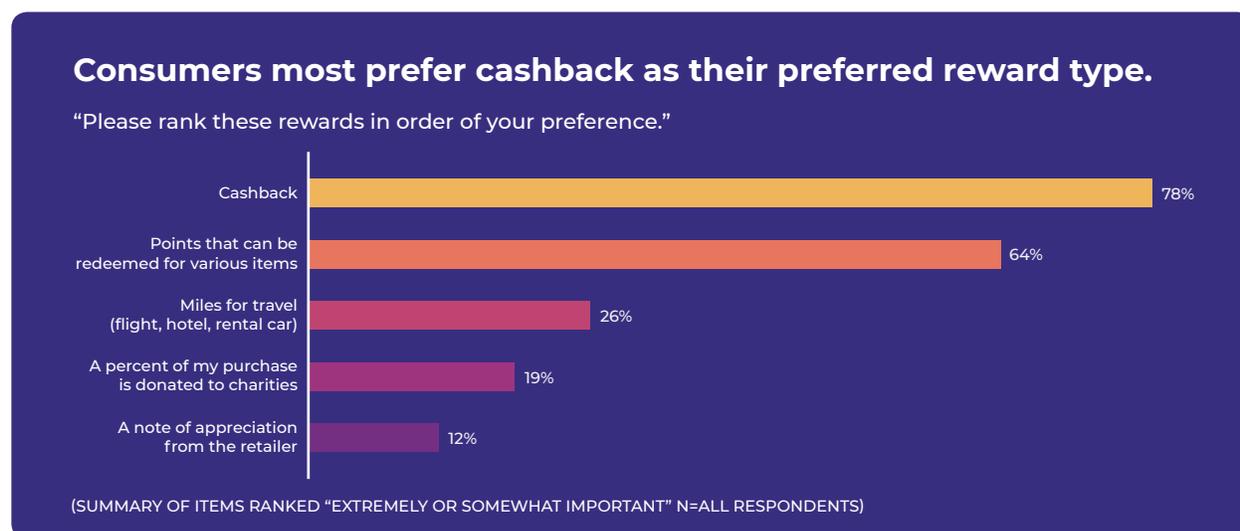
"The different ways of accessing rewards you might earn for shopping are shown again below. Please rank them in order of your preference."



(N=RESPONDENTS WHO RANKED EACH METHOD IN THEIR TOP 2 PREFERENCES)

In addition to their preference for convenient rewards within the natural flow of shopping, consumers prefer cash for their rewards. Almost eight out of ten consumers say they most prefer cash rather than points, miles, or other forms of credit.

When asked about the ways they might receive rewards for shopping, 78% of consumers indicate they prefer cashback. Of the other options, far fewer (64%) prefer points, and only 26% prefer travel miles.



The convenience of rewards presented automatically within the online shopping experience, enabled by the recent generation of browser-based rewards services, has enabled the increased popularity and adoption of such programs. While the early-adopter coupon cutting segment was content with having to detour through shopping directories to find and activate rewards, mainstream consumers expect these benefits to be presented to them without such detours.



Conclusion

No matter the type, consumers are on the hunt for rewards. The easier to obtain them the better. Retailers and payment enablers (financial institutions and card issuers), who make their rewards programs naturally accessible and seamless within customer routines will achieve the most success in enticing — and preserving — valued consumer relationships.

Consumers seek the convenience and ease of rewards which are activated within the natural flow of their online shopping, which is afforded by browser-extensions for desktop and mobile devices. Early movers such as Capital One and PayPal have differentiated themselves by offering such benefits ahead of the curve and it's reasonable to expect that most others will follow suit. Offering rewards programs is part of an overall trend among financial institutions which seek to extend their relationship with customers beyond their historical role as a 'back-office' of consumers' finances and towards a more central role in consumers' daily lives and overall financial wellness.

Providers of rewards programs benefit from customer retention and loyalty, new revenue streams, and cost-effective new customer acquisition.

Similarly, merchants which participate in such programs see direct benefits. Rewards influence consumers' decision-making, as consumers choose to purchase from merchants that offer rewards and these also lead to higher sales conversion rates. By offering consumer incentives such as coupons and cashback, retailers influence shopper behavior, and tip the scales for a consumer choosing their store over another. Retailers can ensure exposure to the increasing number of customers who use cashback rewards by participating in the programs and platforms that enable these incentives.

Insights are consistent with other loyalty and rewards research

The survey provides several unique insights into consumer expectations, preference and behavior relating to online shopping rewards. These findings are consistent with related research on consumer loyalty and incentive programs.

“In industry surveys, roughly 83% of consumers say that they are more likely to do repeat business where a rewards program is present than a comparable business without a rewards program,” TidalCommerce reported.

A vast majority of American adults — 80 % — belong to some type of loyalty program, according to a recent Synchrony Financial poll.

Fifty-seven percent of consumers spend more on brands to which they are loyal, according to Accenture.

Almost 60% of internet users believe that earning rewards and loyalty points is one of the most valued aspects of the shopping experience, informed the Wise Marketer.

“Rewards now come standard even on many starter credit cards, giving cardholders a reason to keep using those products long-term,” NerdWallet reported.

A Forrester survey revealed that 58% of respondents deemed access to rewards in their bank apps “useful” or “very useful.”

About Wildfire Systems, Inc.

Wildfire Systems provides an enterprise platform which enables clients to embed social commerce, cashback rewards, digital coupons, and shopping companions within their existing services. Wildfire's patented suite of technologies rewards online shopping and harnesses digital word-of-mouth, delivering enhanced user experiences, consumer loyalty, and new revenue streams for clients. Wildfire drives incremental revenue for over 50,000 online merchant programs in over 50 countries. The company is based in San Diego County and was founded in 2017. For more information, visit www.wildfire-corp.com.

