



SHOPPING IN THE NEW NORMAL

Responding to new consumer
habits that are here to stay

87% of shoppers expect to stick with their new post-pandemic shopping habits

Reacting to a US economy full of uncertainty and the continued persistence of inflation, consumers are rapidly changing their shopping behaviors. Squeezed on multiple fronts for daily necessities like groceries and gas, early reports from Q1 2023 at the time of this writing show consumers' discretionary spending trending down¹. Consumers are more budget-conscious than ever, with recent research indicating that 69%² view value as the most important factor when choosing a brand.

As a result, they're modifying their shopping tactics on multiple fronts, including where, when, and how they shop. Today's tech-forward consumer is adding a variety of money-saving digital assists to their toolbelt, including loyalty programs, cashback shopping rewards, and digital coupons. And it appears consumer shopping behaviors in response to current economic conditions are likely to stick.

To measure the impact of today's economy and inflationary environment on shopping behavior, and consumer sentiment towards a variety of money-saving tools and tactics, Wildfire commissioned a survey conducted by Big Village of more than 1,000 U.S. consumers in March 2023. Here, we analyze the responses with a focus on the impact of the fluctuating economy on consumer shopping behavior, and the implications of these changes for both financial institutions and merchants.

The results of this research offer key insights to changes in consumer shopping behavior and brand interactions amid continued high prices and general economic anxiety.

Shopping Smarter, Not Harder

How Shopping Behavior is Changing

The pandemic, followed by inflation and economic uncertainty, have contributed to significant changes in people's shopping habits over the past three years. Shoppers have flocked online to take advantage of the ease of e-commerce and the improved ability to research and comparison-shop to get the most value. Today, consumers are opting for generic and discount products rather than premium products more than ever before, and using a variety of money-saving strategies like cashback rewards, loyalty programs, and digital coupons to save money. Even as they employ those strategies, consumers are more sensitive to what they're spending on, shopping more at discount retailers and spending less on discretionary categories like travel and entertainment. Lastly, they are also changing when they shop, making an effort to shop during promotional periods and sales to save money.

Consumers are more aggressive about using a variety of tactics to save money

74% of respondents increased their use of money-saving approaches for online shopping last year

Strategically Saving

Consumers are making an effort to shop more frugally to save money by opting for generic and discount products rather than premium products, choosing to not purchase items for full price and increasing their use of money saving strategies like cashback rewards, digital coupons, and loyalty programs. (fig. 1)

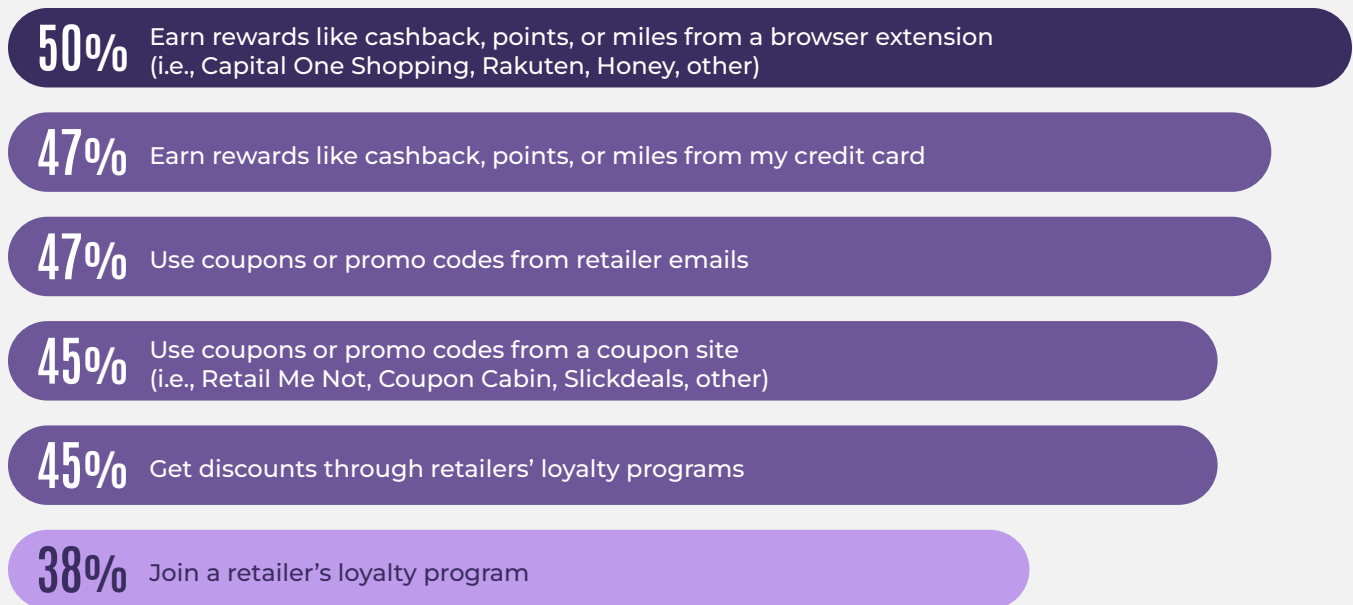
More shoppers are resisting buying items for full price, trying instead to get deals on what they shop for. Only 12% of shoppers expect to buy full price items more in 2023 than in 2022.

Further, of those who reported purchasing full price items in 2022, 44% expect to do this less in 2023.

Consumers are also reflecting much more price sensitivity by heavily leaning towards buying generic brands due to economic uncertainty. **79% of shoppers agree that they chose to purchase generic and discount products rather than premium, brand-name products last year because of inflation and the uncertain economy.**

FIGURE 1

Shoppers already using these tactics who expect to do them MORE in 2023



n=Respondents who reported using these tactics

The Digital Tools Consumers are Using to Shop Smarter

With new shopping behaviors focused on saving money and shopping online for convenience, consumers are increasingly turning to digital tactics and technology. Today's consumer is comfortable with technology and leveraging it to drive value. They are relying on deal-finding tools such as cashback/online shopping rewards programs, loyalty programs, and digital coupons as a way to save money. Respondents want to save because of the uncertain economy and inflation, with 3 out of 4 agreeing that they are more interested than ever in earning cash back rewards for shopping and using coupons.

Tool for Strategic Saving: Cashback and Coupons

Cash back and coupons are the preferred methods of saving, with the vast majority of consumers who shop online reporting they use one of these methods. In fact, fewer than 1 in 5 online shoppers say they use neither cash back nor coupons. (*fig. 2*)

Cashback and coupons appeal to consumers for different reasons. Cashback rewards often offer delayed gratification, with consumers typically receiving their reward a month after the purchase. According to [PYMNTS³](#), retailers deploy these awards to appeal to shoppers who want to feel like they are getting the best price and additional value from the retailer. Coupons, on the other hand, deliver instant gratification because they are immediately applied at checkout. Retailers deploy this type of shopping award to appeal to the “deal hunters” who look

FIGURE 2

Which of these do you use the most to save money when shopping online?

Cashback (47%)
Coupons (33%)
Neither (19%)

n=958

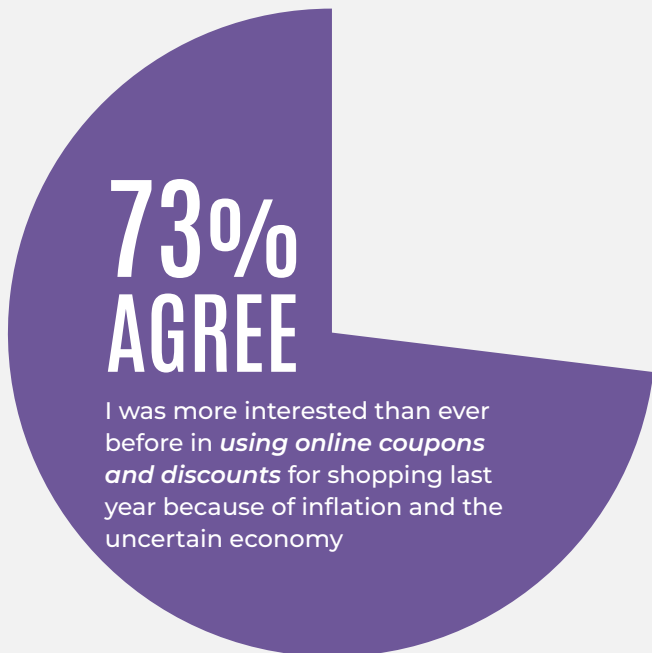
for the best discounts up front while they're making their purchase.

Overall, shoppers have a stronger preference for cash back. According to Rakuten's Loyalty & Coupon Publisher Value [report⁴](#), 83% of consumers say they feel rewarded when they receive cash back. Respondents in that survey also said they prefer cash back over annual birthday gifts, instant coupons, free samples, and many other perks and benefits.

However, consumers still love coupons too - especially the “deal hunters” who gamify shopping and feel like they are winning when they score a bargain up-front.

In the survey, respondents reported being more interested than ever before in using both cashback and coupons to save on their online purchases because of the economy and inflation. (*fig. 3*)

FIGURE 3



n=1009

Tool for Strategic Saving: Browser Extensions

Of those surveyed, 72% reported having earned shopping rewards through browser extensions. Today's shopper is comfortable using technologies like this to further save money when shopping online. In fact, consumers are increasing their use of browser extensions to save and earn money when they shop: 50% of the online shoppers who use browser extensions to save money with cashback expect to use them more in 2023. (fig. 4)

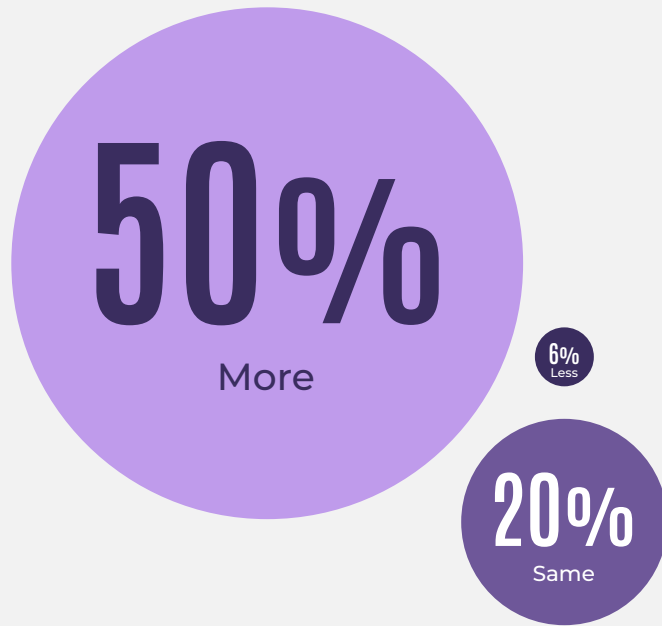
Browser extensions like Capital One Shopping, Acorns Earn, Kudos Wallet, and Honey make it easier for consumers to earn cashback, use coupons, and earn rewards, helping shoppers ensure they are saving the most money. And shoppers are seeing the value of tools like this.

Respondents named scanning and sending in receipts to earn discounts and rewards as the least popular tactic to actively save money for online shopping. This money saving tactic, and some others, tends to be friction-filled, interrupting the shopping experience or requiring the customer to do more work. This could explain why browser extensions are preferred over other sources for cashback and coupons: savings appear automatically as the shopper visits an online retailer's site.

Consumers immediately see and feel the value that browser extensions provide, so online shoppers who are aware of them use them often. Of the online shoppers who have added a browser extension, 74% report using them frequently to save money for online purchases.

FIGURE 4

In 2023, do you expect to earn rewards like cashback, points, or miles from a browser extension (i.e., Capital One Shopping, Rakuten, Honey, other) more, less, or about the same as last year?



n=726

Tool for Strategic Saving: Loyalty Programs

As another way to get more value, respondents noted they participate in loyalty programs to earn rewards or discounts from a brand. In fact, 84% of the survey respondents reported getting discounts through retailers' loyalty programs in 2023. The survey also found price-conscious loyalty program members expect to participate in even more loyalty programs in an attempt to save money. Of the consumers who reported belonging to retailer loyalty programs in 2022, 38% indicated that they expect to join more of them in 2023.

Even though many of these new habits are changing due to economic uncertainty and inflation, the survey indicates that the shifts in shopping behavior are here to stay. In fact, 87% of shoppers who reported changing their shopping behaviors expect to stick with their new habits even after the economy stabilizes.

Changes in their shopping behavior are here to stay

87% of respondents feel their new shopping behaviors will stick

Location, Location, Location

Starting in 2020, there was a drastic shift to online shopping versus in-store shopping, originally spurred from the global pandemic. That trend is here to stay, with 35% of shoppers saying they expect to shop more online than in person in 2023 (fig. 5), and only 15% of shoppers expect to spend more money with brick-and-mortar retailers compared to online retailers. Other research points to continued growth in e-commerce: NRF [predicted](#)⁵ in late March 2023 that e-commerce sales may grow another 12% this year, and Statista [projects](#)⁶ that e-commerce will grow to 20.8% of total retail sales in 2023.

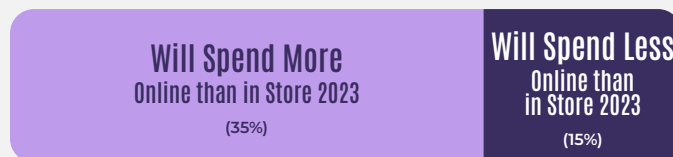
Consumers are also shopping more at places that give them additional opportunities to save, such as discount retailers that provide more value. Among those surveyed, 70% report having shopped at discount retailers like Kohls, T.J.Maxx, and Ross more in 2022 than in 2021.

Furthermore, consumers indicate that this behavior will persist, and even increase, with 40% of shoppers who already shop at these types of stores reporting that they expect to shop at discount retailers more in 2023 than compared to 2022. Only 10% of consumers who already shop in these types of stores expect to shop there less this year. (fig. 5)

Survey results show that consumers are also spending differently than in previous years, indicating they are spending less in discretionary categories including travel and entertainment. FirstInsights reported 55% of consumers were cutting back on dining out as of late 2022. Of those surveyed, 80% report spending money on these categories in 2022, but of those, almost 1 in 4 expect to spend less on travel and entertainment in 2023.

FIGURE 5

Of shoppers who spend more online than in store



Of consumers who shop at discount retailers



n=888

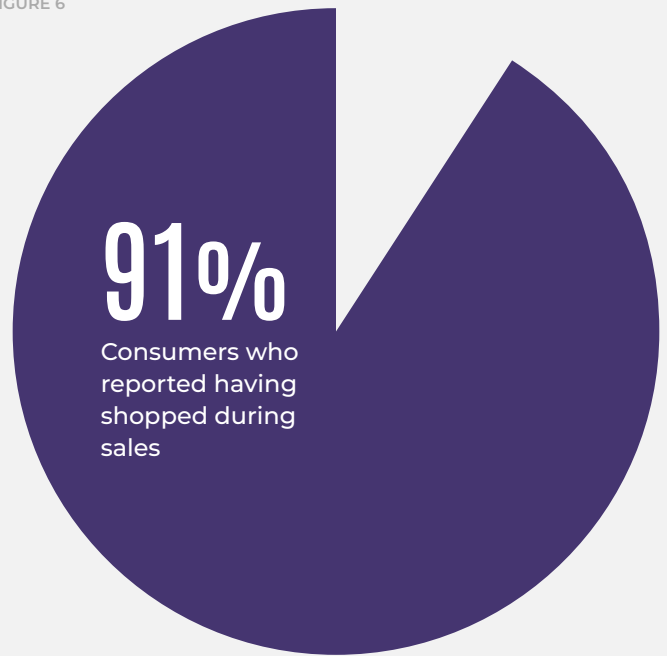
Shopping on a Schedule

Consumers are also changing when they shop. They are making a concerted effort to shop when prices are temporarily lower in an effort to save on their purchases.

A vast majority of respondents, 91%, reported having shopped during promotional periods and sales to save money. (fig. 6)

Furthermore, 53% of those reported that they shopped during sales more in 2022 vs. 2021. (fig. 7)

FIGURE 6



n=888

FIGURE 7



n=888

How Banks Can Recharge Loyalty through Shopping Rewards

Banks are facing revenue pressures as customers have more choice for banking products. More customers initiate ancillary banking relationships outside of their primary bank. As a result, Bain [reports](#)² traditional banking loyalty is eroding, but identifies providing an enhanced digital experience with more personalized offerings as a way to strengthen engagement with customers. Banks are well-suited to provide online shoppers with tools which simultaneously address banking loyalty concerns and aid customers by delivering shopping tools that help them save money at the time they need it most, thereby boosting engagement.

Given consumers' propensity for saving money online through tactics such as cashback and coupons, it's no surprise that they are interested in such tools through their bank or credit card. In fact, 81% of consumers are interested in getting cashback rewards from their banks.

In addition, respondents ranked debit cards, credit cards, and banks as the top services where they would prefer to receive cashback and coupons. (*fig. 8*)

Consumers are already familiar with receiving cashback from credit cards, and getting

cashback and coupons from retailers. The survey shows they participate actively in these programs, with 78% saying they earn rewards like cashback, points, or miles from their credit and 83% report using coupons or promo codes directly from retailer emails.

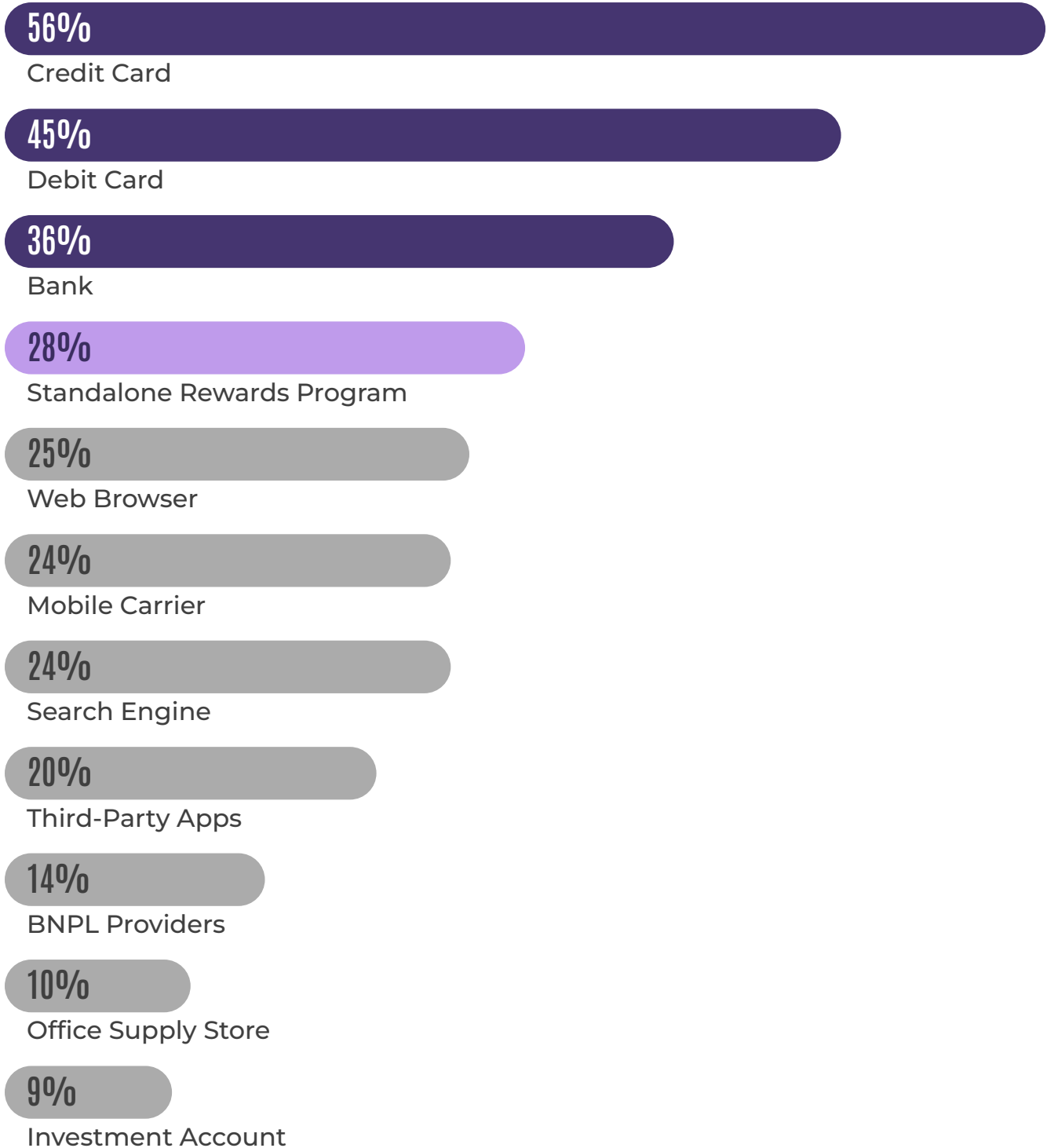
Consumers' clear preference for accessing shopping tools like cashback rewards and coupons from their banks represents an opportunity for banks to differentiate their offering and acquire new customers with online shopping cashback and rewards programs. This expands a bank's loyalty and rewards program by offering more value to customers.

Consumers value cashback and rewards from their banks

81% of respondents are interested in getting cashback rewards for shopping from their bank or credit card

FIGURE 8

From which service(s) would you prefer to find cashback rewards and coupon codes for shopping online?



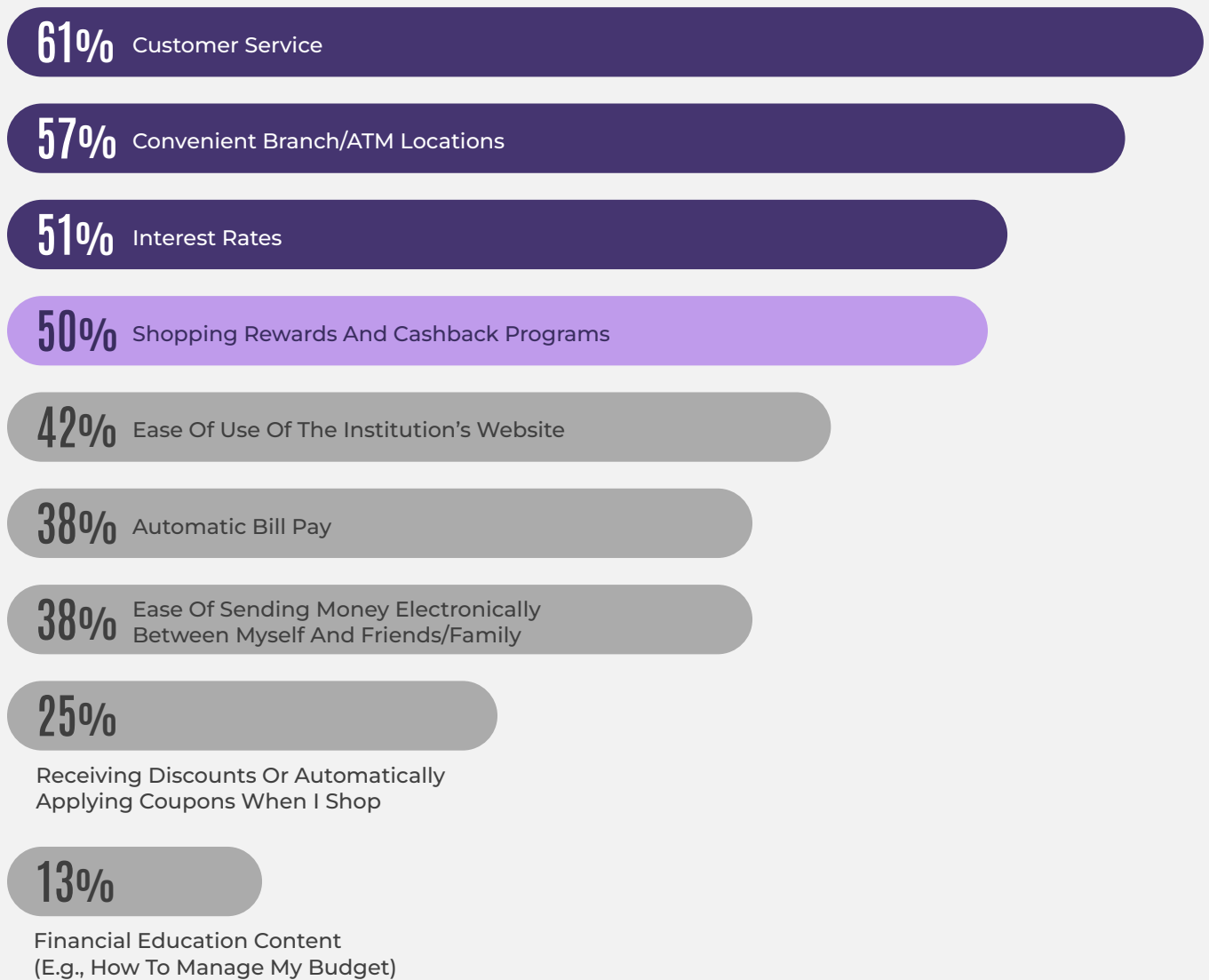
n=926

Offering an online shopping cashback and rewards program is not just a way for banks to add value and increase customer loyalty, but to competitively differentiate and give new customers what they want. After core banking

features such as customer service, convenient locations and interest rates, consumers ranked shopping rewards above all other features when choosing a new bank. (fig. 9)

FIGURE 9

Which of the following features are important to you when choosing a new bank?



n=1009

And offering shopping reward programs and cashback is the second most important feature

when choosing a new credit card, only behind low annual fees. (fig. 10)

FIGURE 10

Which of the following features are important to you when choosing a new credit card?
Please select as many as apply.



n=1009

In addition, banks are uniquely positioned to offer online shopping cashback and rewards because of the frictionless experience for customers to have rewards deposited directly into their accounts. Consumers place such a preference on this that **80% of shoppers who already use a shopping rewards program would switch to a program provided by their bank or credit cards if the program paid rewards directly into their account.** (fig. 11)

When asked why consumers would switch to using a shopping rewards program from their

bank, rather than a third-party service such as Honey or Rakuten, respondents identified three key factors: they prefer the simplicity of rewards deposited directly into their bank account, they trust their bank, and, they prefer to use fewer services and have everything in one place.

Banks can take advantage of the confluence of consumer demand and their unique position to offer in-demand shopping rewards and coupon programs, which provide a competitive edge and increase customer loyalty.

FIGURE 11

If your credit card offers a rewards program similar to the one you use today, but paid directly into your account, *would you switch?*



n=463

Empowering Shoppers While Improving Retailer Results

Consumers' increasing need to save money when they shop gives merchants an opportunity to generate loyalty by offering more ways to save through cashback rewards and coupons, and in return, address business challenges like conversion rates. Today's shoppers are looking for additional ways to save money, and they're boldly choosing to leverage value-adding tools like cashback rewards programs and online coupons and discounts. With consumers reporting that they're more interested in these tactics than ever before, merchants can support and empower them with tools like these to help them stretch their budgets further, and simultaneously improve their own key metrics.

The majority (74%) of respondents reported being more interested than ever in earning cashback rewards for shopping due to inflation & the uncertain economy, and 73% reported being more interested in using online coupons & discounts.

To this end, retailers also have an opportunity to grow customer loyalty by offering shoppers more methods to save.

In the survey, when asked "Which of these do you use the most to save money when shopping online," respondents who used a browser extension reported using cashback rewards to save money almost twice as much as coupons (45% vs 31%.)

Cashback rewards & coupons influence shopping behavior

58% of consumers are more likely to shop with a retailer offering online coupons and nearly half of consumers are more likely to complete an online purchase when cashback rewards are available

Merchants should be aware of the types of shoppers these incentives engage, and strive for broad appeal by offering various options.

Here's why: it's not just consumers who benefit from savings on online purchases from cashback rewards or coupons. These tactics benefit merchants themselves. When online retailers offer shopping rewards and/or coupons, it massively impacts shopping behavior. Such offers are especially impactful not only to consumers' choice of retailer, but also to other critical online retail metrics such as sales conversion rates and basket size.

As one example, nearly half of online shoppers report that they are more likely to complete their purchase when they can save money

with cashback or coupons, which positively affects online merchants' conversion rates.

A study run by [Commission Junction](#)[®] found that existing shoppers who use a browser extension that automatically finds and applies coupon codes at checkout generated 16% more revenue compared to shoppers who didn't use an extension, and the revenue per customer was 39% higher 12 months after customers interacted with the extension compared to non-extension customers.

Merchants that offer rewards programs and savings, especially in the current economy, will increase their appeal to savings-hungry shoppers, while also improving their own results.

Online retailers who participate in rewards programs like cashback and coupons will see effects on all stages of the online shopping funnel:

43% are more likely to shop at a retailer where they can save money with cashback > driving stronger retailer choice

48% are more likely to complete a purchase when they earn cashback rewards > driving higher conversion rates

33% are likely to purchase more items when they can earn cashback rewards > driving larger basket sizes

30% are likely to spend more money when they can earn cashback rewards > driving higher customer lifetime value (LTV)

37% are more likely to recommend a retailer to friends & family if the retailer offers cashback rewards, vs. a retailer that doesn't > driving lower customer acquisition cost and higher net promoter score

n=347

Conclusion

Consumer shopping behavior is changing. They are changing where they shop, when they shop, and how they shop in order to save money in uncertain economic times. They are more reliant on existing tactics like loyalty programs, while expanding the set of technological tools they use such as digital coupons, cashback rewards programs, and browser extensions, to help them save even more money.

And these changes in shopping habits are here to stay. Consumers clearly indicate that they plan to stick with the new habits they are forming, including their shift to shopping at discount merchants, adoption of coupon and cashback rewards programs and use of browser-extension-based shopping companions.

At the same time, it is harder for banks to win engaged and loyal customers. Banks experience a 15% annual attrition rate that will only continue to face more pressure as consumers continue to [unbundle banking services](#)⁹. Shopping rewards programs can provide a solution to engagement and loyalty challenges. The clear consumer preference to utilize shopping rewards programs from their existing financial

institutions gives banks a unique opportunity to give customers what they want and deliver money-saving shopping rewards programs. By offering such programs to their customers, banks can drive retention, acquire new customers, and differentiate their offerings.

Similarly, merchants who participate in cashback and rewards programs see direct benefits. The survey demonstrates that consumers are likely to reduce their discretionary spending due to inflation & the uncertain economy, and that they are looking for more value when they do spend money. Offering coupons and participating in shopping rewards programs helps meet this demand. They not only increase the likelihood shoppers choose a store offering rewards and coupons, but also improve key e-commerce metrics such as sales conversion rates and basket size.

Both banks and merchants can meet today's technically adept customer where they are and provide a service that is clearly in demand while addressing their respective business challenges.



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 wildfire-corp.com.



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