

# 2023 Mid-Year Promotions & Incentives Trends Analysis Recap





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## WHAT'S HAPPENING WITH SHOPPERS



Inflation continues to impact shoppers' decisions about where to shop and what to purchase.

**30%** of shoppers **returned products from their shopping** cart in June, in order to reduce their total cost and to afford critical items.

Brand switching and price shopping is still common among many shoppers.

**44%** of shoppers **switched to store brands** in the last few trips, an additional 13% over the last few months.

**61%** who **tried a product for the first time** did so because it was cheaper than their preferred brand.



While digital coupon usage ranks highest (62%), many shoppers are still using a variety of coupon methods.

**40%** In-store

**32%** Direct email

**19%** Free-standing insert

**17%** Mobile saving apps



Coupon usage is highest among younger generations and high-income households.

**50%** of **Gen Z** and close to **60%** of **Millennials** report that they have **used digital coupons** in Q2 of this year.

**65%** of shoppers **with a high-income** of >\$150K **used digital coupons** in Q2 of 2023.



## WHAT'S HAPPENING WITH INCENTIVES



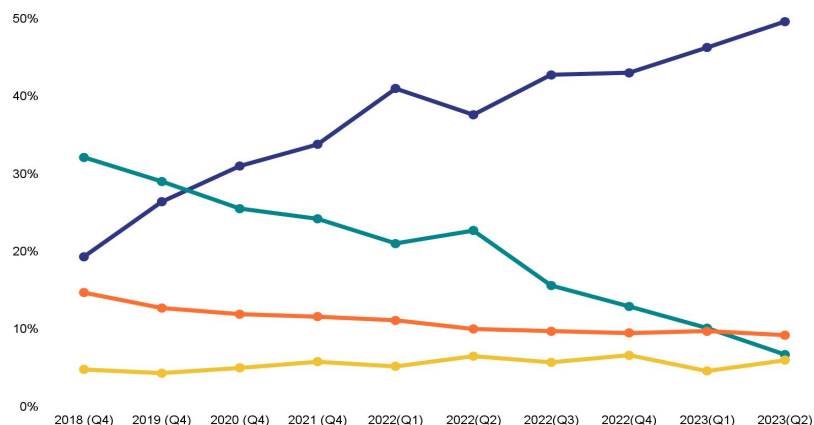
While **FSI distribution** continues to decline (-33%), **digital distribution** is trending upwards and growing in share (+62%).

After reducing promotions in 2022, most brands have increased activity this year — with budgets further shifting to digital programs.

With more digital offers, high supermarket prices, and shoppers desperate for savings, **digital redemption** continues to rise (+32%) while other methods continue to shift.

A variety of redemption methods have seen positive shifts in H1, indicating strong demand.

- Digital coupons: **50%**
- Instant redeemable: **11%**
- FSI: **9.7%**
- Direct email: **9.6%**



H1 shifts in distribution and redemption have reversed a long-standing trend.

Methods representing almost  $\frac{2}{3}$  of total redemption were up a combined 27% YOY. Methods trending down represent only 29% of redemption (including FSI).

## DIGITAL INCENTIVES: RETAIL IMPACT



The average basket size of shoppers who use digital coupons is **68% higher** than shoppers who don't use digital coupons.

Retailers have many opportunities around coupon engagement that can drive key metrics like basket size, trips and shopper counts.

Digital coupons are driving incremental volume. In both food and non-food categories, we see incremental volume AND spend beyond the offer requirement.



**Food: 59%** of volume driven is incremental. Redeemers buy 20% above offer requirements.



**Non food: 68%** of volume driven is incremental. Redeemers buy 22% above offer requirements.

Some retailers are leveraging their digital programs by developing additional brand partnerships or promoting their own private label brands.



Discounts and incentives are a key driver of retailer choice.

**82%** of shoppers said the **availability of digital coupons** had an **influence on their choice of retailer**. 20% of those said it's extremely significant.

**56%** of shoppers have **switched retailers** because of **increased prices**.

## PREDICTIONS

01

Shoppers will continue to seek savings through private labels and lower-priced products.

02

Brands will continue to increase promotion activity levels as they seek to protect or regain loyalty, share, and volume.

03

Retailers will continue to leverage their digital platforms to create partnership opportunities and promote private label brands, further driving digital engagement among shoppers.

03

Shopper demand for promotions and savings is unlikely to weaken as the prices of many grocery products remain high, and many shoppers continue to struggle financially.

## KEY TAKEAWAYS

01

Inflation and high prices continue to have an impact on shoppers, influencing their purchase decisions and retailer choices — and creating a strong demand for incentives and savings.

02

Notable increases in digital coupons and other methods have driven industry redemption volume back up by 8% over 2022, a trend that will likely continue going forward.

03

Digital coupons drive incremental basket size, trips and category growth. To unlock the full impact of promotions, retailers should focus on awareness of savings and integrated programs.