Deal Nerd (dealnerd.net)

Study: How Coupon Codes Are Influencing Online Purchase Decisions

A detailed look at consumer behavior from visitors to the top 1,000 ecommerce stores in the United States & Canada.

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Introduction

Deal Nerd surveyed over 30,000 ecommerce shoppers in 2016 and 2017 to determine the primary motivators and driving factors for coupon code use.

Read more at dealnerd.net/coupon-code-study

As a coupon code provider for over 1,000 of the world's most popular ecommerce stores we were in a unique position to survey thousands of shoppers about their experience using coupon codes. Thanks for your interest in our survey and data. Please contact me at info@dealnerd.net if you have any additional questions about the information included.

Geoff Smith, Co-Founder & Principal at Deal Nerd

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Deal Nerd is an American e-commerce company headquartered in Baltimore, Maryland. The company was established in 2008 after founders were frustrated with the availability and uncertain nature of online coupons. Deal Nerd is a leading online savings destination that helps consumers save money and since 2008 visitors have saved on purchases of more than $76 million while redeeming coupons, promo codes and discounts from over 20,000 different retailers.

Key Takeaways

Some of the more popular findings from our survey on consumer behavior around the use of promo codes

54% of shoppers expected to receive discounts through email around key shopping holidays

71% of consumers followed their favorite brands on social media to get coupons

68% of those surveyed said they wouldn't shop online without coupon codes

6 of 10 surveyed will stack coupons for more savings on their purchases

Methodology

Our survey took place over 14 months and collected 14,459 responses.

Deal Nerd (dealnerd.net) performed an online survey to website visitors over a 14-month period between November 2015 and January 2017 using Google Survey to anonymously survey users.

During the survey visitors were asked between 1 and 5 questions per session.

Over this time period 30,254 visitors were surveyed with at least 1 question. Of those surveyed 14,459 answered a total of 18,944 questions.

All questions were delivered and collected using Google Website Survey tools.

Coupon Code Use & Demand Very High

Coupon users are spending 24% more than regular shoppers

Over the past five years, the online coupon industry has grown from what was previously a niche market segment to a mainstream audience.

eMarketer reports that 65% of US internet users redeemed a digital coupon at least once in 2016. With industry reports of over 118.3 million in the United States using digital coupons, the growth shows no signs of stopping.

Consumers are using these coupons for array of different discount types including online coupons, mobile coupons and printable coupons in a variety of formats.

With the U.S. Department of Commerce showing more than 19% annual growth of retail ecommerce in 2016, it's clear that web-based sales will only continue to grow as more companies begin to focus on pricing strategies that leverage coupon promotions.

Value Of The Coupon Consumer

The attention of the digital coupon consumer is of particular interest to advertisers due to their lifetime value and shopping behavior. When shopping these digital coupon users are spending 6% more for general shopping trips, 32% more for groceries and visit stores 24% more often than the average consumer (2014, Digital Coupon Redeemer Report - Association of Coupon Professionals) making their business extremely valuable to retailers. In addition, Clark et al (2013) found that "83% of these coupons were used by just 22% of the households", a clear example of the 80/20 rule (Antecedents of Coupon Proneness: A Key Mediator of Coupon Redemption, p. 188).

The Use Of Mobile Coupons

The online coupon market is also continuing to experience growth as smartphone use proliferates further into key markets. eMarketer, an ecommerce industry publication and analyst firm, anticipates the growth of mobile coupon use to increase by 18.4% and reach 97.4 million in 2015 (2015, Marketers Boost Efforts to Reach Coupon Clippers via Mobile).

What Creates Demand for Coupons?

The demand for online coupons is being created, in part, by the online stores through the placement of elements in the checkout process. A study by Oliver and Shor (2003) found that users were triggered to search online for coupons because of fields being shown which asked to enter a promo code during the online checkout process. The authors attribute the lack of an intuitive user experience "has led most retailers to incorporate a field in which customers can enter a code prior to finalizing an order" (Digital redemption of coupons: Satisfying and dissatisfying effects of promotion codes). It is important to note that the study also found this particular nuance of the online shopping experience is leaving consumers feeling either successful or frustrated even after visiting a coupon website. According to the study users who saw the field but weren't able to find a code online were left with a negative feeling and those who were able to find a code, and consequently save, were left feeling positive despite both making their intended purchase.

In addition, the demand for coupons is being driven by online advertising promotions which have been found to be extremely effective at helping consumers make buying decisions. A consumer study by Forrester Research found that 59% of those surveyed believe that digital coupons and coupons codes are "most likely to influence their purchase decision compared with other types of digital promotions" (2014, The State of Digital Coupons). The Wall Street Journal projects that digital advertising will surpass television advertising as the largest media category in 2016 (2015, Digital Ad Spending in U.S. to Surpass Television Spending in 2016). The continued growth of online advertising and ecommerce sales become an even larger component of online retailers' sales strategies which will lead to more growth.

Online vs. Physical Coupons

The coupon industry has key differences when compared to more traditional manufacturing and service-based industries because there are

very minimal costs for distributing product (digital or printable coupons) to customers online. With high profit margins, low barriers to entry and high threat of substitute offerings Porter (1979) defines this type of business environment as a "perfectly competitive" but "offers the worst prospect for long-run profitability" (How Competitive Forces Shape Strategy). The opportunity for profitability exists today but it is anticipated that the distribution and business model will change quickly as consumer trends change.

Study Findings: Digital Coupon Codes Directly Influencer Consumer Behavior

We found a direct correlation between the use of coupon codes and increased ecommerce revenue for websites that leveraged them.

The survey had the following findings:

- 26% of consumers surveyed also used coupons offline but preferred online coupons due to the ease of redemption
- 47% of consumers surveyed preferred to shop on a mobile phone is a store had a good website experience
- 84% of users said a bad ecommerce checkout experience made them leave the retailers site before making a purchase
- 71% of consumers followed brands on social media to get online coupons
- The top channels for finding coupons were: advertiser email (83%), social media (66%), mobile/push notification (48%) and word of mouth/personal communication (44%)
- Users who used coupons during their checkout spent an average of 46% more than users who did not use coupons.
- 54% of shoppers expected to receive discounts through email around key shopping holidays
- 68% of those surveyed said they wouldn't shop online without coupon codes
- 6 of 10 surveyed will stack coupons for more savings on their purchases

About Deal Nerd

Deal Nerd is one of the leading consumer destinations in the online and mobile coupon code market.

Deal Nerd is an American e-commerce company headquartered in Baltimore, Maryland. The company was established in 2008 after founders were frustrated with the availability and uncertain nature of online coupons. Deal Nerd is a leading online savings destination that helps consumers save money and since 2008 visitors have saved on purchases of more than $76 million while redeeming coupons, promo codes and discounts from over 20,000 different retailers.

Deal Nerd has emerged to be one of the leading consumer destinations in the online and mobile coupon code market. In 2016 Deal Nerd web properties contributed to over $29 million in ecommerce sales for partners from over 5 million unique visitors and this figure only continues to grow with the expansion into new regions.

Deal Nerd offers coupons for consumers globally including the United States, Canada, United Kingdom and Australia. Find Deal Nerd on Facebook, Twitter, Pinterest, Instagram by visiting http://www.dealnerd.net/about#social.

For more information please visit http://www.dealnerd.net/ or contact, Jennifer Mitchell, Public Relations Manager info [at] dealnerd.net.