



WHY YOU SHOULDN'T IGNORE COUPON SITES

A white paper exploring
how coupon sites impact
the consumer purchase
journey

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CJ Affiliate by Conversant

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Overview

US shoppers are a demanding bunch. As they direct more of their discretionary spend to online stores, they want more—and, for the most part, are getting it. Online shoppers now enjoy fast, free shipping, hassle-free returns and an exhaustive selection of products. Shoppers have learned how to sift through the myriad of online options by adapting their usage of search engines for comparison pricing and utilizing mobile coupon apps to secure the best possible pricing outcome. With these tools at their disposal, shoppers are mastering the art and science of online shopping.

Retailers, meanwhile, have to deal with these evolving shopper experience and pricing demands. Some retailers choose to focus on remaining above the fray, working to improve their customer experience, while standing firm on discounting. Others capitalize on the opportunity to convert customers on price. Either way, there is an inherent tension in appealing to today's consumer who treats online shopping as a competitive sport. Illustrative of this is the fact that many retailers doubt coupon sites warrant the marketing ad spend paid to them via the affiliate marketing channel.

Considering the frequency with which internet users compare prices before purchasing—one study found that 43% of online shoppers price compare “most of the time”¹—engaging with consumers while they are in evaluation-mode seems advantageous. However, channel conflict and incrementality concerns have pressed the need to better understand the influence of coupons and coupon sites. To create a well-rounded view of this, CJ Affiliate by Conversant engaged with nearly 1,000 coupon site visitors of a major US coupon site to survey their coupon shopping habits.

¹ AYTM Market Research, Jan. 2013



Key Findings

1

When committed to making a purchase, shoppers in the shopping basket are still seeking the best deal and are open to being influenced to buy from different retailers.

2

Coupon sites positively impact the purchase journey in three distinct ways: they introduce brands to new customers; they keep an advertiser in the mix when shoppers are comparing prices; and they are trusted sources of coupons that result in unplanned purchases.

3

Shopper loyalty to retailers is trumped by shoppers' loyalty to their own best possible outcome—shoppers seek the best price possible, regardless of familiarity with a retailer.

**COUPON SITES POSITIVELY IMPACT
THE PURCHASE JOURNEY IN THREE
KEY WAYS**

Who Are Digital Coupon Shoppers?

Digital coupons are used by 49% or 97 million adult online shoppers in the US (forecasted to grow in 2014 to 100 million)³. Although interest in discounts cuts across many traditional socioeconomic groups, studies have found that affluent consumers are the most active users of coupons and other discounts.

Last year, global research firm, Ipsos, reported 54% of affluent shoppers (defined as the 58.5 million adults living in US households with at least \$100,000 in annual household income) use online coupons once a month or more and 23% do so at least once a week. Of note, coupon interest and usage did not drop off when Ipsos examined more elite financial groups, such as those with \$250,000+ in household income, or those with \$1+ million in assets⁴.

Shoppers with this level of buying power are an audience that retailers strive to reach, and their strong value orientation drives them to use digital devices and tools, such as coupon sites, to save money when shopping online.



**AFFLUENT SHOPPERS USING ONLINE COUPONS
1x A MONTH OR MORE**

³ eMarketer, Apr. 2013

⁴ Ipsos Consumer Barometer, Jan. 2012

Affiliate Landscape

The affiliate channel has a lot going for it: innovations by its key players—networks, publishers and advertisers—have kept the channel fresh and evolving; new advertisers continue to discover and enter the channel; and existing advertisers forecast increasing their overall marketing spend².

Retailers who work with CJ report that the affiliate channel delivers some of their highest new customer rates and ROAS across all marketing channels. While CJ's network data reflects that advertisers average 25% of transactions from new customers (this varies by advertiser program), the industry still questions the incrementality of affiliate sales.

The channel's reliance on last click attribution and unique level of transparency into the publisher sites driving sales has fostered a keen interest in understanding how affiliate sales contribute to an overall marketing program mix. Over the years, marketers have sought to understand the incrementality of sales from coupon site publishers. As online coupon usage has increased and more consumers focus on getting the “best deal”, retailers in the network question whether coupon sites are necessary to their affiliate program. Would consumers still make their purchase without a coupon?

² “Affiliate Marketing –The Direct and Indirect Value That Affiliates Deliver to Advertisers,” Forrester Research, Jun. 2012

NUMBER OF ADULT
ONLINE SHOPPERS THAT
USE DIGITAL COUPONS

97
MILLION

WOULD CONSUMERS STILL
MAKE THEIR PURCHASE
WITHOUT A COUPON?

Key Questions

1

What influence do coupons and coupon sites have on consumers while they're making their buying decisions?

2

How committed are shoppers to a purchase when they're in an advertiser's shopping basket or have made it to an advertiser's checkout page?

3

If a shopper has purchased a brand before, are they loyal to the brand and don't need a coupon to close a sale?

4

How are shoppers using coupon sites? Are shoppers browsing while on the sites, or is their search activity very focused and limited?

WHAT INFLUENCE
DO COUPONS HAVE
ON BUYING
DECISIONS?

HOW ARE
SHOPPERS USING
COUPON SITES?

Survey Methodology

Survey respondents were recruited from visitors to CouponMountain.com, a coupon website formerly owned by Conversant. (CJ is also a Conversant company).

Respondents who clicked on a banner on this site were invited to submit their e-mail address to be contacted within 48 hours with a link to the survey. Respondents who completed the survey were provided a low-value gift card. Only US survey respondents were considered valid.

Survey respondents represent a segment of very active online buyers: when asked about their buying frequency, **92% of survey respondents said they shop online “multiple times a week”** and **98% confirmed that coupon sites are an essential part of their shopping process.**

The survey results are an expression of a specific audience for whom coupon sites are an essential part of their shopping research process and not a reflection of the larger online shopping audience.

Which statement best describes your online shopping frequency:	
I buy online multiple times a week.	92%
I buy online multiple times a month.	5%
I buy online multiple times a year.	2%
n= 900	

Coupon sites are an essential part of my shopping research process.	
Strongly Agree	69%
Agree	29%
	98%
n= 908	



Coupon Sites: An Important Online Shopping Resource

Beyond personal experience, there is very little knowledge about the behavior of coupon-seekers while on a coupon site. In our survey, we explored shoppers' activities on coupon sites, whether coupons impact buying decisions and how useful shoppers find coupon sites.

“Extremely Useful,” highly ranked. Compared to other online sources shoppers consult, coupon sites ranked second in terms of usefulness—**58% of survey respondents find coupon sites “extremely useful” when researching or shopping online (search engines ranked first by 62% of respondents)**. A large percentage of survey respondents find other online sources, such as cash back and rewards, shopping comparison and content sites, useful, but ultimately perceive coupon sites as more useful.

Browsing, comparing and discovering retailer offers. While figuring out what to buy and where to buy it, shoppers are using coupon sites as *de facto* retailer comparison tools. In our survey, **98% of respondents said they are using coupon sites to compare retailer offers**. Shoppers also use coupon sites to do more than find an offer when they have a specific purchase in mind—**53% of the survey respondents “strongly agree” with the statement: “I use coupon sites to browse new offers and giveaways.”**

Clinching the sale, driving unplanned purchases. Shoppers who are unsure if they should make a purchase find that coupons offer a compelling argument to do so—**54% of survey respondents “strongly agree” that coupons have made the difference when unsure about a purchase**. In addition, getting a coupon into the hands of shoppers can result in some incremental gains. When presented with a coupon, **more than half of the survey respondents (53%) “strongly agree” that receiving or finding a coupon has resulted in an unplanned purchase**.

GETTING A COUPON
INTO THE HANDS OF
SHOPPERS CAN RESULT
IN INCREMENTAL GAINS:

MORE THAN 50%
OF SHOPPERS
HAVE MADE AN
UNPLANNED
PURCHASE
AFTER FINDING
A COUPON

Survey Questions

Coupon Sites: An Important Online Shopping Resource

Which online sources do you find most useful when researching or shopping online?	
Answers: "Extremely Useful"	
Search engines	62%
Coupon sites	58%
Social networking sites	24%
Lifestyle, clothing or home blogs	23%
Cash back or reward sites	22%
Shopping comparison sites	17%

I use coupon sites to compare retailer offers.	
Strongly Agree	55%
Agree	43%
	98%
n= 903	

Coupons make a difference when I'm undecided on a purchase.	
Strongly Agree	54%
Agree	45%
	99%
n= 904	

I use coupons sites to browse new offers and giveaways.	
Strongly Agree	53%
Agree	44%
	97%
n= 903	

Coupons have encouraged me to make an unplanned purchase.	
Strongly Agree	53%
Agree	46%
	99%
n= 904	



FIND COUPON SITES
"EXTREMELY USEFUL"
WHEN RESEARCHING OR
SHOPPING ONLINE

Influencing Retailer Choice and Driving New Customers

In the world of online retailing, the shopper likely has more options for purchasing than in the offline environment. As a result, comparing prices (and retailers) is standard practice. Today, one in three clothing shoppers consult 5+ sites before buying⁵ and 43% of footwear buyers will consult 2-4 sites before checking out⁶.

Coupon sites are not simply a part of this comparison shopping behavior, they are contributing to the decision of where to buy—**54% of respondents “strongly agree” that coupon sites influence their choice of retailer.** In addition, **50% of respondents “strongly agree” these sites have introduced them to new retailers.**

Many shoppers need a compelling reason to give a new retailer a chance and coupons appear to be a persuasive tool in the quest for new customers—**52% of our survey respondents “strongly agree” that coupons have influenced them to purchase from a new retailer.** Affiliate coupon sites have proven to be an effective source of new customers, likely due to this influence on coupon-seeking consumers discovering and trying new retailers.



IN ADDITION TO
COMPARING
OFFERS,
SHOPPERS USE
COUPON SITES
TO DISCOVER
NEW RETAILERS

⁵ “Breaking the Glass Ceiling”, Jul. 2012, Google

⁶ “Online Cross Shopping Behavior for Footwear,” Nov. 2011, Google

Survey Questions

Influencing Retailer Choice and Driving New Customers

Coupon sites influence my choice of retailer.		Coupon sites help me discover new retailers.	
Strongly Agree	54%	Strongly Agree	50%
Agree	44%	Agree	48%
98%		98%	
n= 904		n= 904	

Coupons have influenced me to purchase from a retailer I've never shopped at before.	
Strongly Agree	52%
Agree	45%
97%	
n= 905	



OF SHOPPERS SAY COUPONS
HAVE INFLUENCED THEM TO
TRY A NEW RETAILER

Shopping Cart Abandoners: Leaving to Check Out Competitors, Seeking Coupons

As abandoned shopping cart rates hover at 60%⁷ (meaning 6 in 10 customers do not check out) retailers may need to reevaluate how to interpret this metric due to this common shopping behavior, namely using online shopping baskets as a tool for cost calculation.

More than half (52%) of online shoppers in our survey report using the shopping basket to assess the total costs with shipping and taxes, and 5% said they simply leave the items in the basket for later consideration. A frequent destination for these shoppers? Competitors' stores and coupon sites.

In the case of survey respondents who report they save items in a basket for later, **53% said they “often” leave in order to visit other stores (either online or offline) with 30% reporting they “always” leave to comparison shop.**

A majority of shoppers who leave the shopping basket to comparison shop are seeking a better deal via a coupon code—**58% said they “always” leave to find a coupon code.** Considering this, the online shopping basket begins to look more like a busy runway than a final destination, with customers frequently landing and taking off as they move closer toward the purchase.

SHOPPERS USE
THEIR ONLINE
SHOPPING
BASKETS TO
CALCULATE COSTS
AND COMPARE
OFFERS AS THEY
MOVE CLOSER TO
PURCHASING

⁷ “Shopping Cart Abandonment: New Ways of Looking at the Purchase Path”, eMarketer, Feb. 2013

Survey Questions

Shopping Cart Abandoners: Leaving to Check Out Competitors, Seeking Coupons

When shopping online, I place items into my shopping basket:

To calculate order costs (shipping, taxes, basket mix)	52%
Online when I'm ready to purchase them	43%
To save them for later	5%

n= 900

If you place items in your cart to save them for later, how often do you: Look at other stores (offline or online) for comparison purposes

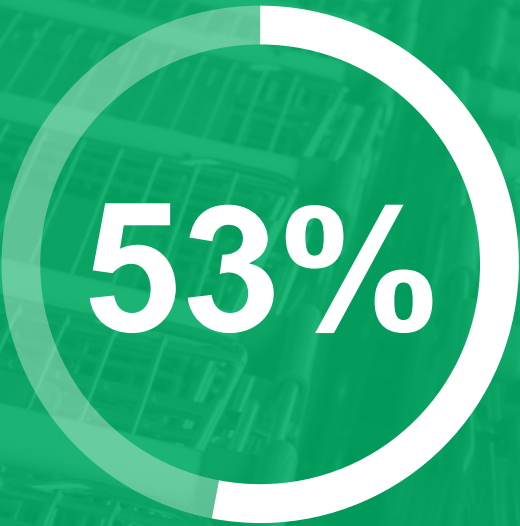
Always	30%
Often	53%
Sometimes	17%

n= 899

If you place items into your cart to save them for later, how often do you: Look for a coupon code to see if you can get a better deal

Always	58%
Often	27%
Sometimes	14%

n= 898



OF SHOPPERS
“OFTEN” ABANDON
THE SHOPPING CART TO
COMPARE PRICES ONLINE
OR OFFLINE

Clicking Away and (Often) Not Coming Back

Many advertisers know that discounts and coupons are persuasive and choose to host discounts and coupon codes on their sites, including their home pages. Not surprisingly, these advertisers struggle to understand the role coupon sites are playing in closing a sale. Some believe that affiliate channel coupon sites are receiving credit for a sale that would have occurred anyway. Why do shoppers click away to find discounts elsewhere and, more importantly, how committed to a purchase are deal-seeking shoppers when they click away?

Shoppers who leave a retailer's site to source a discount elsewhere believe they can do better—**57% of survey respondents “strongly agree” that coupon sites have better offers than retailer's own sites.** Overall, for these shoppers, the inclination to leave a site to find a coupon is strong—**63% of respondents stated they “often” will leave to find a coupon or offer; 20% stated they “always” leave to find a coupon.**

When clicking away from a retailer's site to find a coupon, deal-seeking shoppers are still actively evaluating potential retailers and more than half of shoppers are not returning. In fact, of those shoppers leaving a retailer's site to find a coupon or offer, **57% of survey respondents said they “often” end up choosing to buy from a different retailer; 23% said they “always” buy from a different retailer.**



SHOPPERS WHO CLICK AWAY TO FIND A
COUPON ARE STILL EVALUATING
RETAILERS AND COMPARING PRICES
AND OFFERS

Survey Questions

Clicking Away and (Often) Not Coming Back

Coupon sites have better offers than the offers on retailers' own websites.		While shopping online, how frequently do you find yourself leaving a retailer's site to find a coupon or offer?	
Strongly Agree	57%	Often	63%
Agree	41%	Always	20%
	98%	Sometimes	16%
		Rarely	1%
n= 906		n= 903	

If you leave a retailer's site to find a coupon or offer, how frequently do you choose to buy your item from a different retailer?	
Always	23%
Often	57%
Sometimes	20%
n=902	



WHO CLICK AWAY
REPORT THEY “OFTEN”
END UP BUYING FROM
A DIFFERENT RETAILER

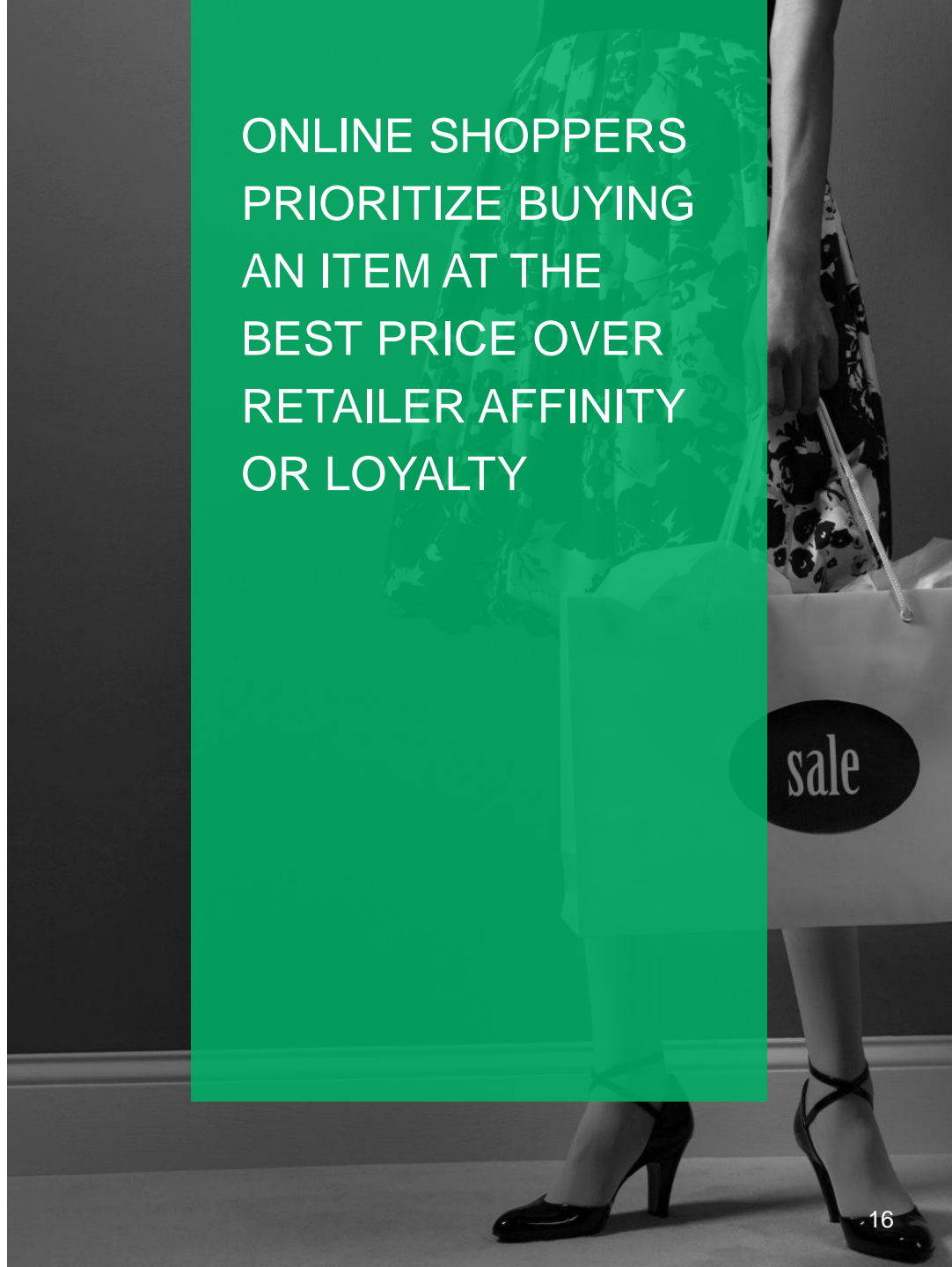
Lowest Price Trumps Loyalty

Understanding how coupon-seeking shoppers feel about brands to which they'd describe themselves as loyal was a key objective of this study. Advertisers, in many cases, recognize the potential of affiliate coupon sites to connect them with new shoppers and tap into this reach with offerings tailored to new customers. In return, advertisers report seeing some of their highest new customer rates occurring in the affiliate channel, with a healthy percentage of new customer transactions tracking back to affiliate coupon sites.

Yet chief marketing officers and brand managers frequently raise the concern that coupons (and by extension, coupon sites) are not needed to keep existing customers coming back. Does a prior purchase history with an advertiser translate into a shopper not comparing products or retailers?

Responses reflect that online shoppers prioritize buying the item they want at the best price over buying it from a retailer they've shopped from before. Survey respondents said they compare prices on most purchases—**58% “strongly agree” they compare prices on most purchases even if they feel loyal to some brands or retailers; 54% also “strongly agree” with the statement that their price comparison behavior extends to even their favorite brands.**

Within this landscape of limited loyalty and active price comparing, there is an opportunity for advertisers: shoppers are receptive to purchasing from new retailers if the purchase equation works out. **Nearly all (99%) of our respondents agreed they would likely buy from a new retailer if they sold a desired item for the “best price.”**



ONLINE SHOPPERS
PRIORITIZE BUYING
AN ITEM AT THE
BEST PRICE OVER
RETAILER AFFINITY
OR LOYALTY

Survey Questions

Lowest Price Trumps Loyalty

I compare prices on most purchases even if I'd describe myself as loyal to some brands or retailers		I compare prices on most purchases including my favorite brands.	
Strongly Agree	58%	Strongly Agree	54%
Agree	41%	Agree	45%
	99%		99%
n= 902		n= 902	

I am likely to buy from new retailers if they have the item I want for the best price.	
Strongly Agree	54%
Agree	45%
	99%
n= 902	



OF SHOPPERS COMPARE
PRICES ON MOST
PURCHASES, INCLUDING
THEIR FAVORITE BRANDS

Key Takeaways

This research shows that coupon sites connect with shoppers in ways that shoppers find useful and essential, and they serve a function that advertisers cannot readily provide themselves. As trusted sources of money-saving content, coupon sites have cultivated a relationship that stands outside of the one a retailer has cultivated with customers. As such, coupon sites connect with shoppers in a way that is perceived as unbiased. Advertisers who are evaluating the role of coupon sites in their marketing program should consider the following:

Retailers should view coupon sites as customer-acquisition and retention tools. Missed opportunities result when brands restrict or fail to optimize their presence on these sites as they have evolved into bona fide discovery and comparison tools.

Shoppers have evolved. We cannot go back to the days when shoppers would be comfortable enough with a retailer's brand to not seek out the best deal and, while doing so, may migrate to new brands.

The internet's most active and affluent shoppers can be reached via coupon sites, a critical stop for these shoppers as they whittle down their retailer options. Further, retailers likely cannot have it all—namely, active affluent shoppers who do not seek or need discounts.



**BRANDS WHICH RESTRICT OR FAIL TO
APPEAR ON COUPON SITES
ARE MISSING OPPORTUNITIES
TO BE DISCOVERED BY SHOPPERS**

Three Questions to Ask When Evaluating Affiliate Coupon Publishers

1

What audience does this publisher site reach? Can it help me reach new customer segments?

Coupon sites are not all the same. As a result, they attract shoppers with varying demographics that an advertiser can wisely use to tap into both existing and new customer segments. Ask potential coupon publishers to share third-party validated site metrics. Also, explore the different vehicles, such as deal alerts and newsletters that the publisher uses to share deal-content with shoppers who have opted in to receive this information—it could result in incremental gains.

2

How can coupon publishers help me reach smartphone shoppers?

Affiliate coupon publishers have found ways to engage shoppers on their smartphones just as consumers have embraced purchasing on them (35% of US m-commerce sales will occur on smartphones next year, totaling \$14.5 billion USD in sales)⁸. Mobile coupon apps for smartphones send text alerts as new offers go live, resulting in unplanned purchases. Reaching customers on smartphones is a rich opportunity for advertisers to connect with shoppers on the device that is nearly always at hand.

3

Coupons eat into my profit margin. How can I control my costs and still work with coupon sites?

Advertisers have more control over a transaction's final order value than they realize. Coupon-seeking shoppers can be influenced to place more items in their shopping basket to reach a free shipping threshold that exceeds an advertiser's average shopping basket size. This drives incremental gains by virtue of additional sales. Advertisers can reach the same result by offering dollar-off or percent-off discounts on basket sizes that meet their revenue or profitability goals. Net-net: advertisers can work with coupon site publishers and remain profitable.

⁸ Source: eMarketer, Sept. 2013

CJ Affiliate by Conversant facilitates and supports equitable, lucrative relationships between advertisers and publishers.

Many of the world's most widely recognized and highly specialized brands run their pay-for-performance programs on CJ Affiliate's platform.

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