MSW●ARS
RESEARCH

Attitudinal Study of Mobile Couponing:
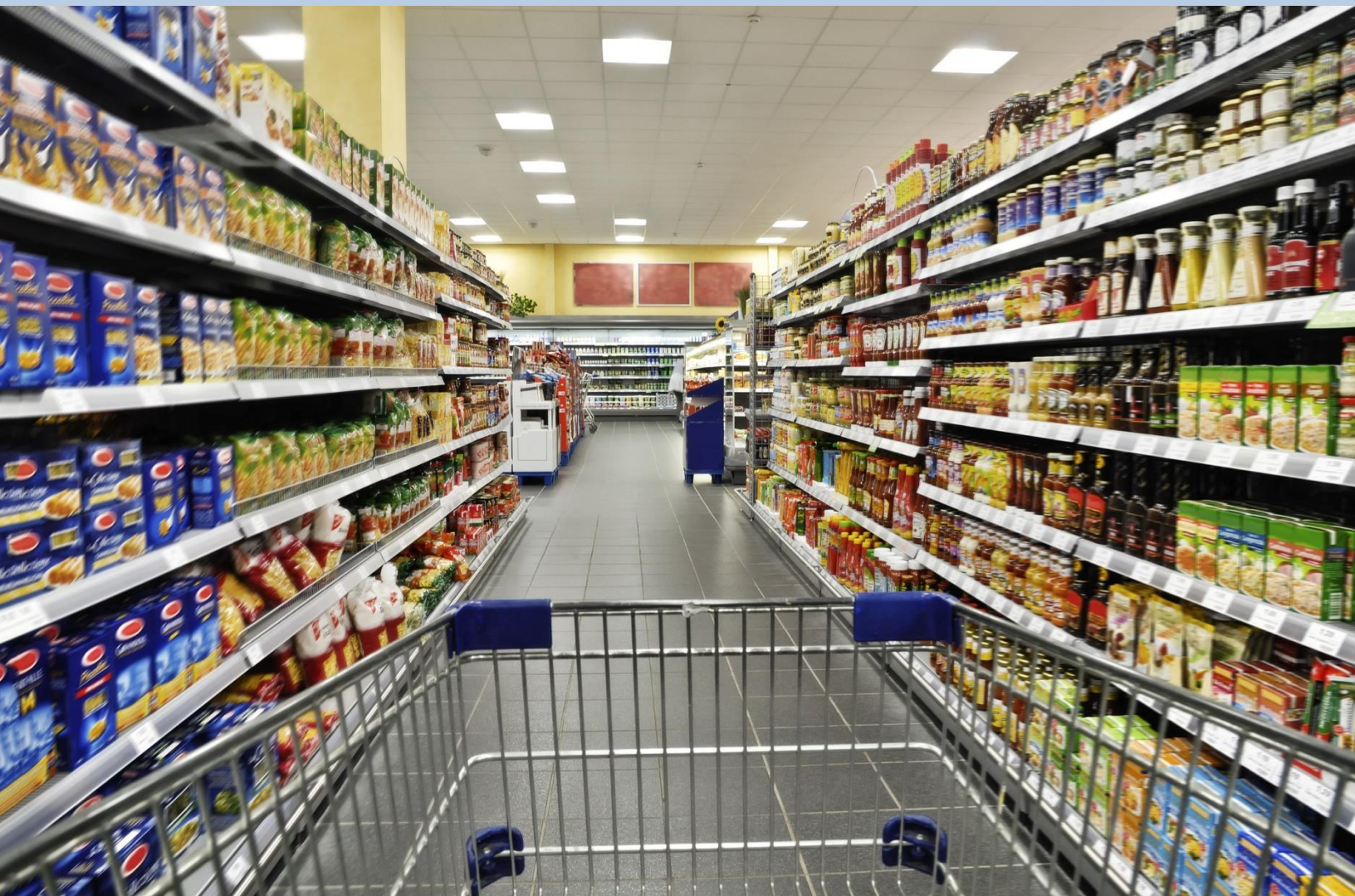**Receipt scanning emerges as the new standard**

Commissioned by:
MobiSave LLC

June, 2015

Contents

Background

Couponing has been a major component of the marketing mix since its conception in 1887, when hand-written tickets helped transform Coca-Cola from a small regional tonic to a nationwide brand.[1] Riding on the popularity of newspapers, the coupon had little impetus to change in form over its first one hundred years. But with the rapid decline in newspaper circulation, that has changed. From 1995 to 2012, Sunday newspaper circulation dropped from over 60% of households to approximately 33%.[2] Coupon redemptions exhibited an even more dramatic 44%[3] decline from 1999 until 2008. In 2009, the Great Recession helped stem the drop as some shoppers turned away from the brands they preferred to brands on sale as a means of making ends meet.

Changes in Shopping Approach Caused by Great Recession (Overall)[4]

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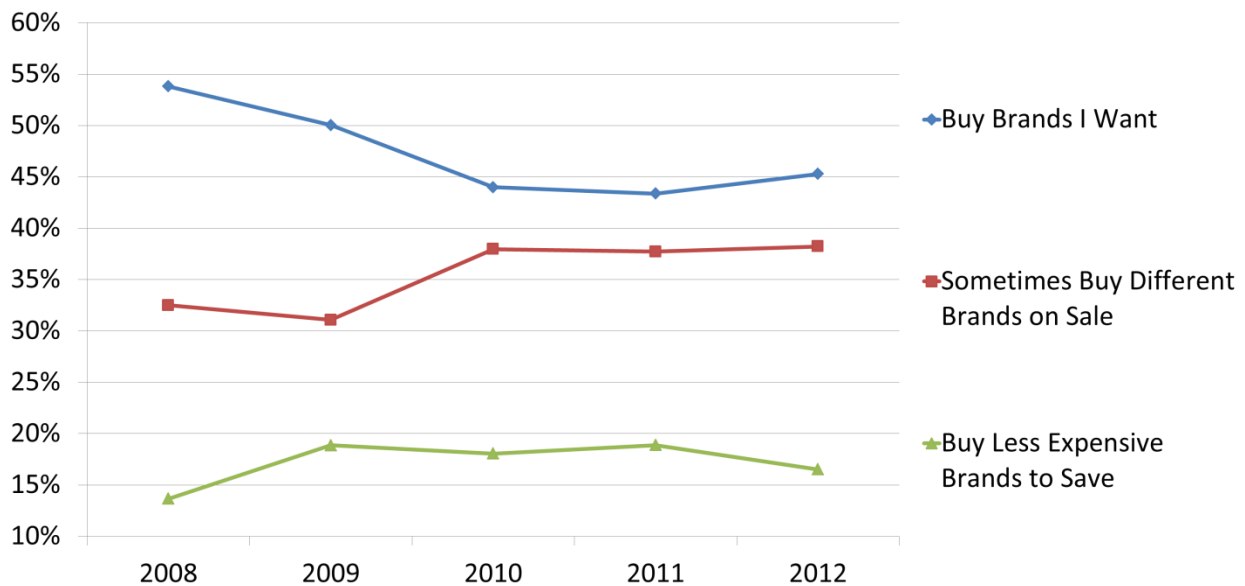
[1] Time Magazine *The History of Coupons*; Brad Tuttle, April 2010.
[2] Communications Management Inc., October 2013.
[3] inmar, Inc., April 2009 to 2015.
[4] MSW●ARS *The Effects of the Recession on Brand Loyalty and "Buy Down" Behavior*, 2012 Update

This was especially true of Millennials, who had yet to build deep brand loyalty, and whose employment prospects were disproportionately affected by the recession.

Changes in Shopping Approach Caused by Great Recession (By Generation)[4]
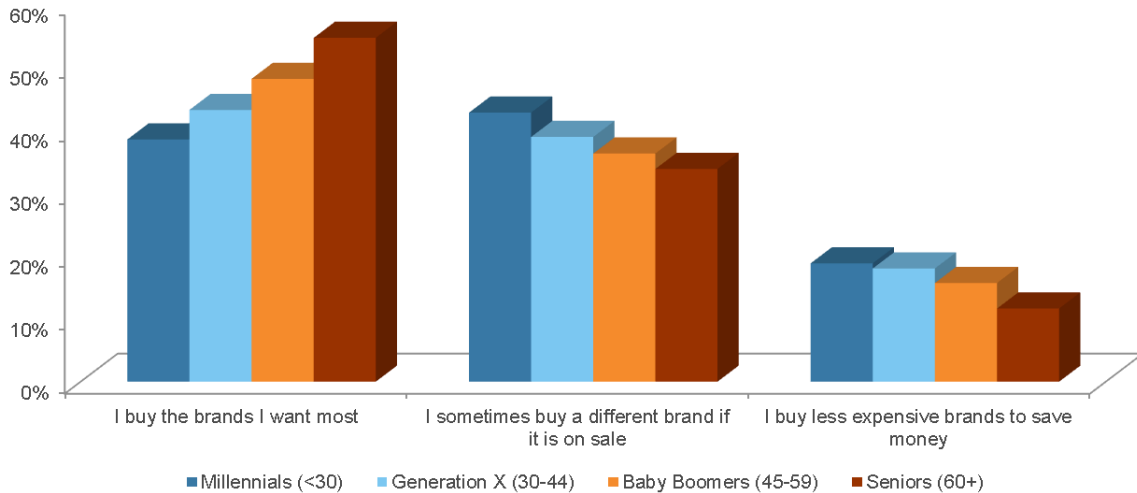
Indeed, Millennials are more likely than any other age group to purchase private label brands, although most of them would prefer not to.

Average Private Label Purchase by Age – Across Categories[4]
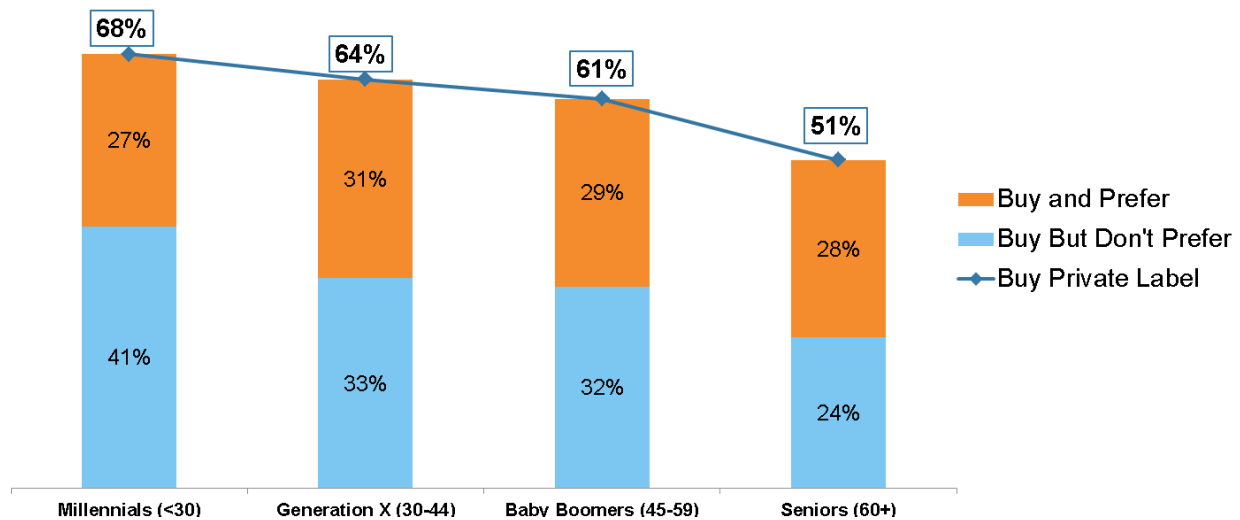
Helping this trend towards brands on sale was the maturing of digital couponing technology, in particular print-at-home and load-to-card. By providing an avenue for coupon delivery not dependent on preprinted materials, these technologies can reach the savings conscious consumers who no longer consume print media. Over the last few years they have seen significant growth, and in 2014 collectively accounted for 5.3%[3] of all coupon redemptions. However, both of these technologies face challenging countervailing trends. Print-at-home requires that shoppers have personal access to a printer. But computer printers within the home are following the same trend as printed media, dropping from a high of 80% in 2011 to an estimated 65% in 2014.[5] Millennials are particularly interested in non-paper alternatives, with a reported 67% having taken steps to reduce paper consumption, 44% using less paper than five years ago, and 31% striving to be paper free.[6]

Another issue with paper-based coupons is that they are easily forgotten. In a recent survey, shoppers cited this as the number one reason for not regularly using coupons, and 79% of them reported that they would not buy an item if they forgot to bring the coupon to the store.[7]

Load-to-card (and the functionally similar load-to-phone) is not reliant on paper for fulfillment, but redemption of offers is limited to the specific retail outlet of the corresponding loyalty card. With the fragmentation of retail channels, this can be a serious hurdle to redemption levels. As an example, 77% of shoppers spanning all generations reported buying groceries from a non-grocer in 2013, including big box, club, drug, dollar, and convenience stores.[8] So offers made on one loyalty card will remain unredeemed if that particular retailer is not shopped. Still, in terms of ease of redemption and acceptance, load-to-card is now the gold standard to which all other couponing approaches will be compared.

Recently, a new technology has emerged that combines the retail breadth of print-at-home and the pure digital/mobile experience of load-to-card: receipt-scanning. Using the camera embedded in smart phones and tablets, shoppers can take a picture of their receipts to redeem offers. Given the 75% and growing adoption of smart phones and tablets,[9] this can potentially fill the gaps left by print-at home and load-to-card. This is especially true of millennials, 85% of whom not only own smartphones[10] but are experienced in using their camera to upload images to social media sites such as Facebook.

With a goal of further understanding this rapidly growing technology, this study was commissioned to:

- measure the appeal, especially among millennials, of receipt scanning apps versus the standard set by load-to-card
- explore what drives this appeal
- gauge the performance of the newest entrant in this category – MobiSave – versus leading receipt scanning apps, including Ibotta, Checkout 51, SavingStar, and Snap by Groupon

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[5] Consumer Electronics Association, January 2014.
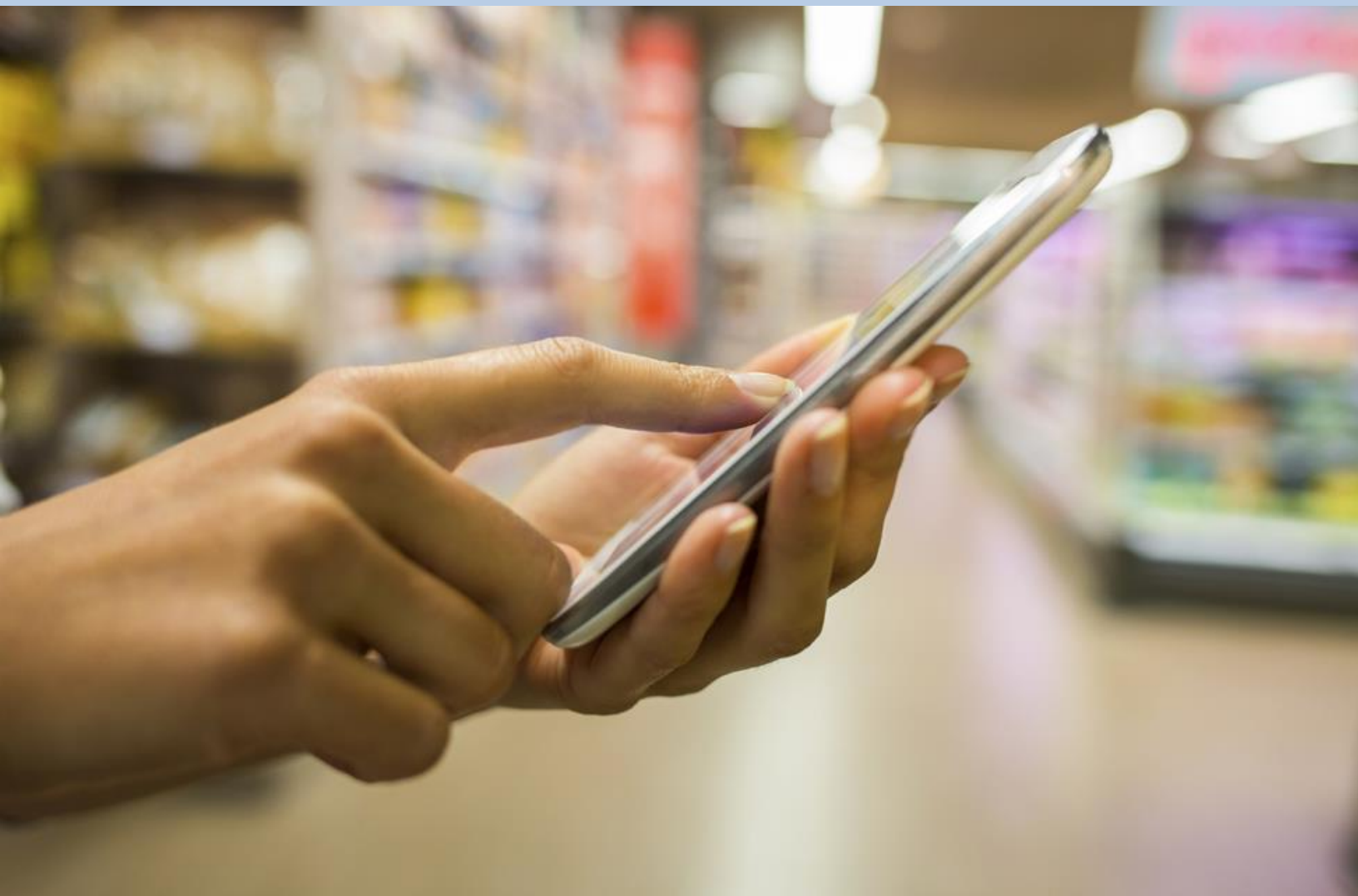[6] *Millennial Paper Usage and Attitudes*, TRU March 2011.
[7] Forrester Consulting & Linkable Networks, June 2015.
[8] King Retail Solutions & The University of Arizona, February 2014.
[9] comScore, 2015.
[10] Nielsen, 2015.

Methodology

MSW●ARS recruited 900 grocery shoppers who use, or express strong interest in using, mobile apps for obtaining coupons, discounts or rebates on grocery purchases. Respondents completed a survey containing three primary sections:

1. Feature Importance
   - Shoppers were presented with a list of features offered by various coupon/rebate apps, and asked to rate the importance of each feature in their decision to use such apps.
2. Unbranded App Ratings – Monadic
   - Each respondent was asked to view and evaluate one of six unbranded app descriptions.
     - Each app description represented a different mobile coupon/rebate app, and listed the steps required to use each app, along with any special requirements or terms for doing so.
     - One description was based on MobiSave. One description was based on generic load-to-card functionality – to serve as a benchmark. The remaining four descriptions were based on the most widely used receipt scanning apps at the time – Ibotta, Checkout 51, SavingStar, and Snap by Groupon – and used information taken from each app's website.
     - Because some of the apps to be evaluated are more well-established than others, and familiarity/name-recognition is known to inflate survey ratings, each app description was identified only by a randomly selected letter – actual app names were not used.
   - Respondents rated the app descriptions on several criteria, including:
     - General opinions and perceptions
     - Intent to install & use
     - Likelihood to influence opinions of partner brands
     - Likelihood to influence purchase of partner brands
3. Unbranded App Comparison
   - Respondents were exposed to all six app descriptions (including the one they previously rated) and asked to select the app that performed best on a variety of attributes.
     - Order of exposure was randomized
     - Comparative results were analyzed in aggregate to control for bias associated with monadic ratings

MSW●ARS also recruited 899 shoppers who had participated in MobiSave's limited, invitation-only launch. These shoppers completed the same survey as the broader sample, and were not informed that the study was being conducted on behalf of MobiSave.

Findings

What Shoppers Really Want: Convenience, Speed, AND Flexibility

The survey began by asking respondents to rate the importance of several different features that are offered by various receipt-scanning apps. As shown below, the most important features generally pertain to convenience, speed, and flexibility. In particular, shoppers want to be able to use the app for purchases made with any retailer they choose, and they want their savings to be redeemable as quickly as possible, with minimal strings attached.

Importance of Receipt-Scanning App Features
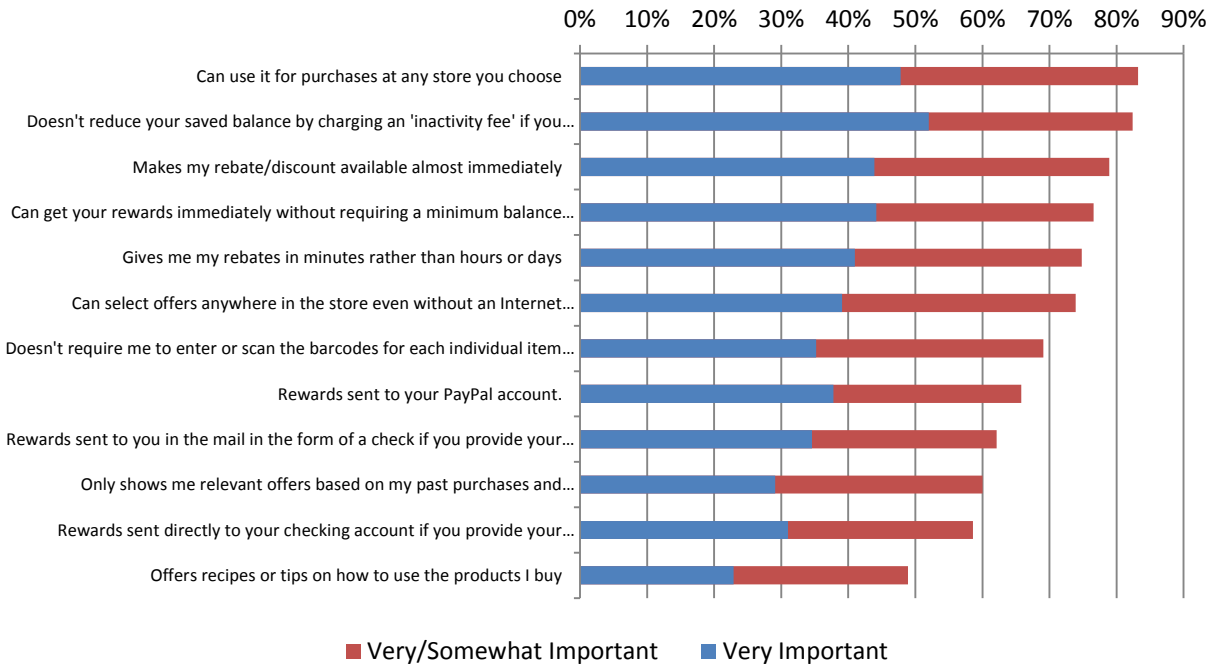
Print-at-home can provide the "any retailer" flexibility shoppers desire, and both print-at-home and load-to-card can provide immediate savings. But the former lacks the convenience of app-based approaches, and the latter is tied to specific retailers. Receipt-scanning offers the potential to maximize convenience, flexibility, and speed.

But not all receipt-scanning apps implement these functions in the same way. As illustrated in the following table, the feature sets of the most popular apps vary greatly. Some can be used at any retailer, while others have a reduced set. Some require users to enter individual items, while others allow for all items on a receipt to be scanned at once. Some may charge inactivity fees, others do not. But do these differences impact shoppers' preferences between them? And how do they match up to the already mature load-to-card capability?

|	MobiSave	App A*	App B*	App C*	App D*
Can use it for purchases at any store you choose	Yes	No	No	Yes	Yes
Doesn't reduce your saved balance by charging an 'inactivity fee' if you don't use the app for 12 months	Yes	No	No	No	No
Makes my rebate/discount available almost immediately	Yes	No	No	Yes	No
Can get your rewards immediately without requiring a minimum balance to get your cash.	Yes	No	No	No	No
Gives me my rebates in minutes rather than hours or days	Yes	No	No	No	No
Can select offers anywhere in the store even without an Internet connection	Yes	No	No	Yes	Yes
Doesn't require me to enter or scan the barcodes for each individual item before submitting my receipt	Yes	No	No	Yes	Yes
Rewards sent to your PayPal account.	Yes	Yes	Yes	No	Yes
Rewards sent to you in the mail in the form of a check if you provide your home address.	No	No	No	Yes	Yes
Only shows me relevant offers based on my past purchases and preferences.	Yes	Yes	Yes	Yes	Yes
Rewards sent directly to your checking account if you provide your banking information	No	No	Yes	No	No
Offers recipes or tips on how to use the products I buy	No	No	No	Yes	No

*Leading receipt scanning apps.

MobiSave – Best-in-Class Receipt Scanning

While all receipt scanning apps share some degree of overlap in functionality, shoppers perceive clear differences between them in blinded concept comparisons. In particular the newest entrant, MobiSave, stands out from other currently available options. The following chart shows shoppers' ratings of the apps on a number of key points. MobiSave is broken out as the best-in-class app, and the other apps are collapsed, showing the lowest and highest performing competitive options (which vary by attribute) as well as the average across them. Load-to-card is also included as a benchmark.

MobiSave's feature set is rated more highly than all other options – including load-to-card – on flexibility (allows me to save everywhere I shop), speed (provides me instant savings), and combatting buy down (I would switch away from store brand).   And on the other dimensions, the MobiSave feature set is the only one at levels comparable to load-to-card.

Strongly/Somewhat agree that statement applies to app
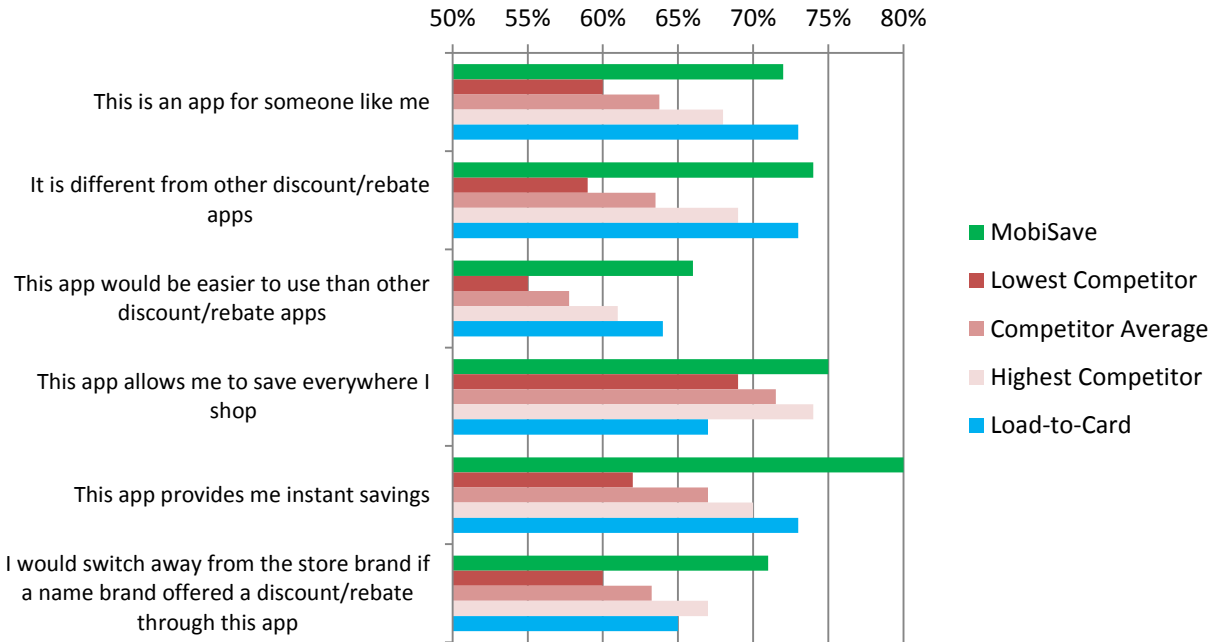

Consequently, intent to install and use an app meeting MobiSave's description is stronger than that for any other leading receipt scanning app, and comparable to that seen for load-to-card.

## Definitely/Probably would install & use app
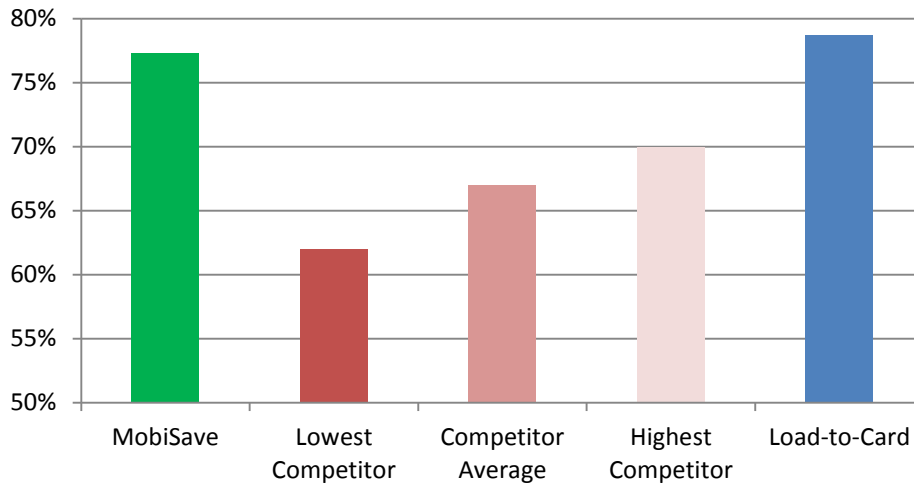
In addition to being the receipt scanning app that shoppers most want to use, MobiSave is also the app most likely to benefit manufacturers. When coupon app users were asked to rate the degree to which each app is likely to influence their opinions of the brands offering discounts through the app, parity is seen between apps in many respects. But where differences are observed, an app like MobiSave is again considered likely to have the greatest impact, with load-to-card generally performing similarly.

Much/Somewhat more likely to agree that statement applies to brands offering discounts through app
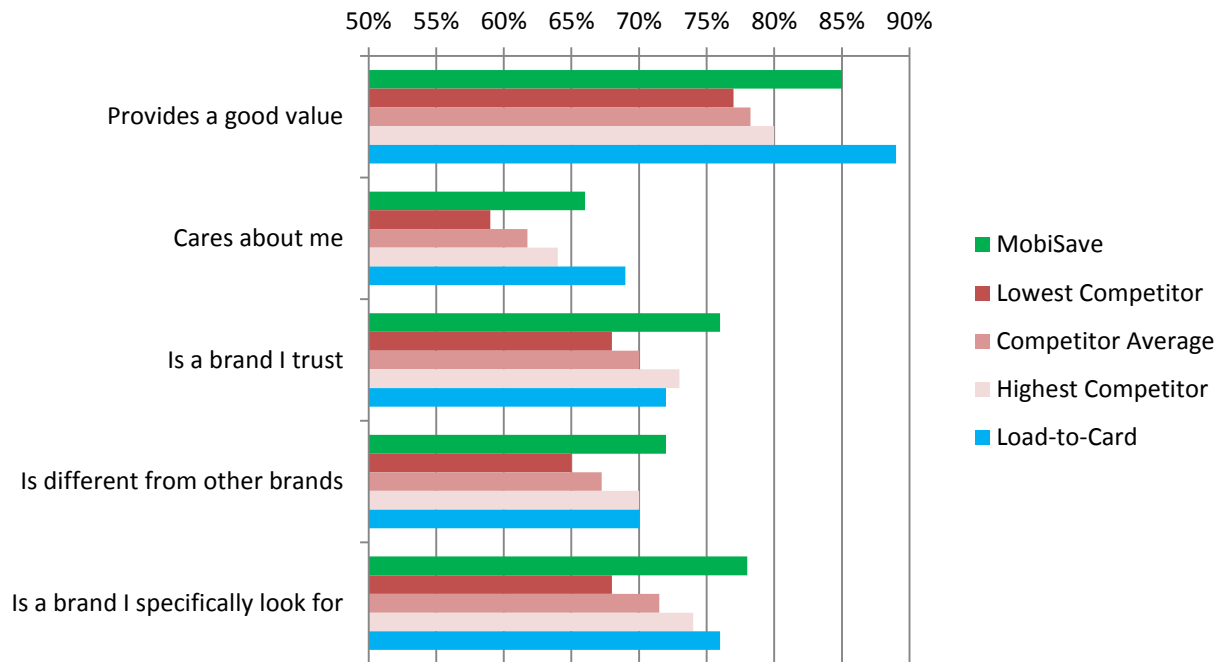
Similarly, an app meeting MobiSave's description has the greatest positive influence of purchase intent for brands partnering with the app.

Much/Somewhat more likely to purchase brands offering discounts through app
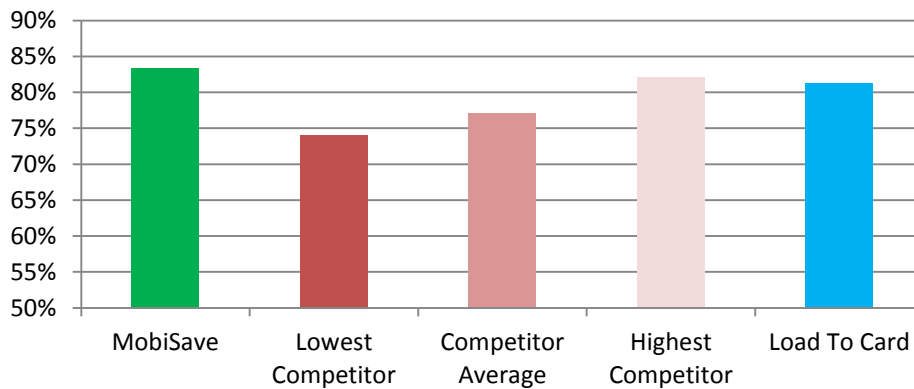
MobiSave is the Receipt-Scanning App Preferred by Shoppers – Including Millennial Shoppers

While the above data clearly demonstrate the superiority of MobiSave's feature set relative to competitive apps, the differences are not necessarily so great that they could not be overcome by marketing or other factors. These measures, however, are based on isolated ratings. In reality, shoppers will choose an app to use not by objectively rating each app and comparing those ratings, but by comparing the relative benefits of the various options available to them and choosing the app(s) that appeal to them most. The final phase of this study clearly shows that when shoppers must make a choice between competing options, they overwhelmingly choose an app matching MobiSave's description over any other leading receipt scanning app, and even over load-to-card.

As a final task in this study, respondents were exposed to all six of the app descriptions used in the study – identified by a randomly selected letter for ease of reference – and asked to choose the one app that is best represented by a series of statements. As shown below, nearly half of coupon app users choose MobiSave as best representing every single statement.

Which app description is best represented by the statement?

MobiSave   ■ All Other Receipt Scanning Apps   ■ Load to Card
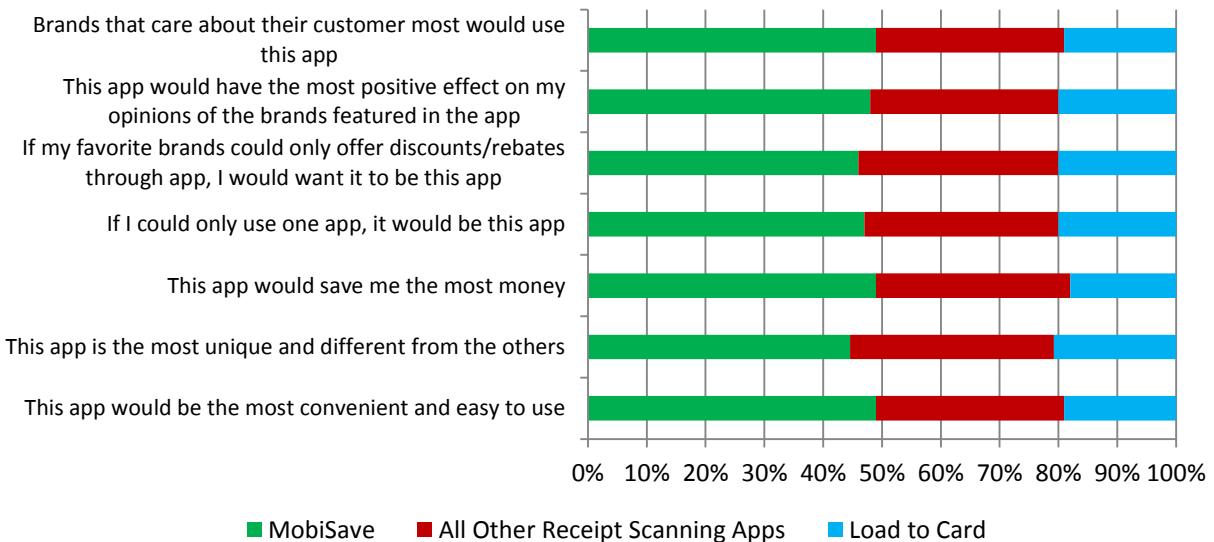
Millennials display similar preference for MobiSave over competitive apps.

Which app description is best represented by the statement?
Among Shoppers 18-35

Legend: ■ MobiSave   ■ All Other Receipt Scanning Apps   ■ Load-to-Card
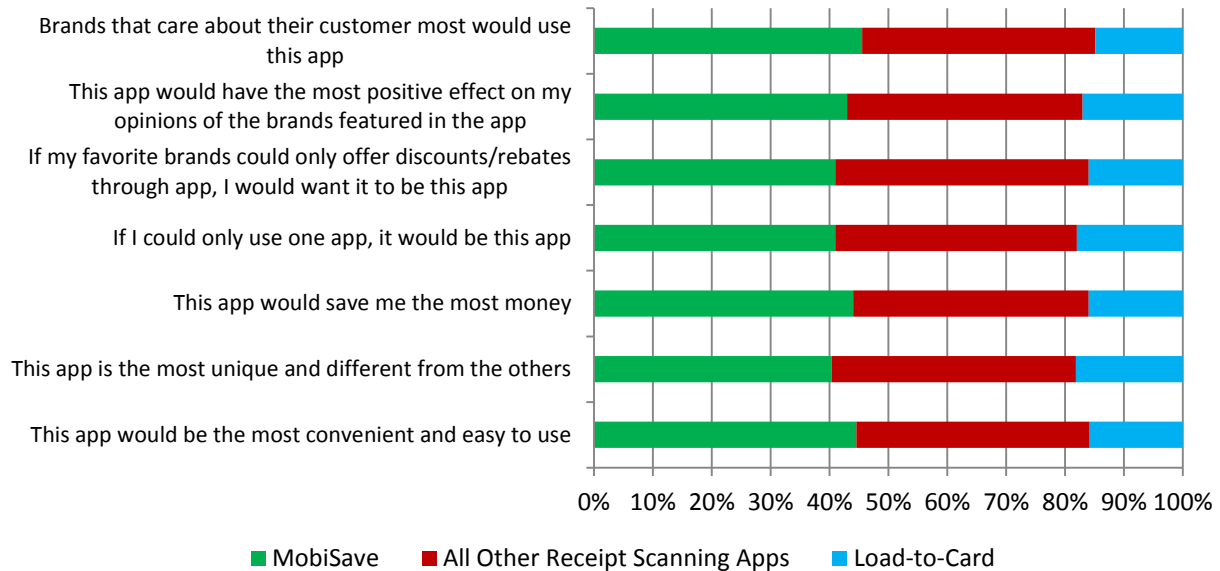
Experience Only Reinforces Preference for MobiSave

Data presented thus far has been based on our primary sample of shoppers who use, or are strongly interested in using, mobile grocery coupon/rebate apps. This sample is broadly representative of those who are likely to take advantage of such apps as their popularity rises. We were also interested, however, in understanding attitudes and opinions of a narrower set of shoppers who are already well-versed in such apps. Such an audience would have a better understanding of the real-world implications of the different feature sets offered by each app, and could thus better judge not only which apps are most worth trying, but which would be most worth using on an ongoing basis.

As it so happened, the shoppers currently participating in MobiSave's limited launch are just such 'veteran' users of grocery coupon/rebate apps. Not only were these users among the few to experience MobiSave's unique combination of in-demand features, but as shown in the chart below, they also have familiarity and experience with all of the most popular receipt-scanning apps.

**Receipt-Scanning App Awareness & Usage
Among MobiSave Users**
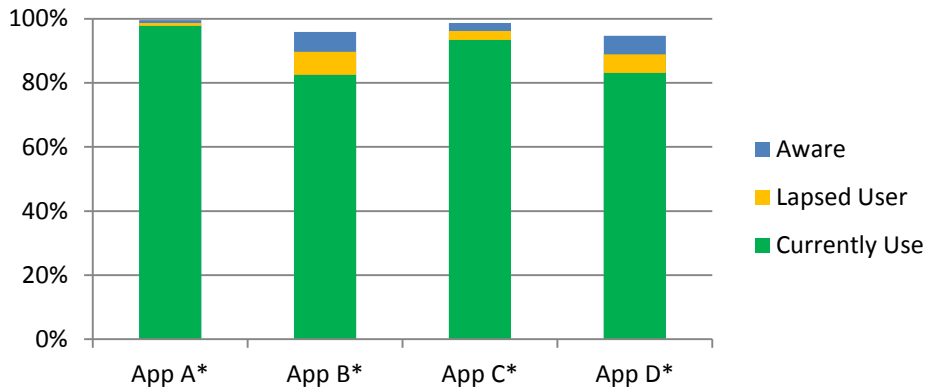
*Leading receipt scanning apps.

These users can thus be regarded as 'experts' on this category of mobile apps, and their opinions can serve to demonstrate whether or not MobiSave's features live up to expectations.

When asked to review an extended battery of attributes, these experienced users of receipt-scanning apps rate the MobiSave app description substantially better than all other options on nearly every attribute.

Top 2 Box Agreement (Strongly/Somewhat Agree) MobiSave Users	MobiSave	Lowest	Average	Highest	Load-to-Card
This is an app for someone like me	93%	64%	73%	83%	70%
I would recommend this app to a friend	89%	61%	68%	79%	66%
I identify with others who use this app	79%	61%	66%	70%	62%
It is different from other discount/rebate apps	65%	36%	40%	43%	53%
This app would be easier to use than other discount/rebate apps	72%	30%	35%	39%	49%
This app would make my life easier	76%	48%	57%	61%	56%
This app would help me and my family live better	75%	43%	55%	62%	62%
This app allows me to save everywhere I shop	95%	45%	71%	84%	56%
This app provides me instant savings	93%	47%	57%	67%	74%
This app is easier than using printable coupons	83%	57%	61%	69%	68%
I would use this app for every shopping trip	89%	53%	65%	75%	70%
This app would encourage me to try a new product	82%	68%	74%	83%	77%
I could use this app to load up	76%	46%	56%	66%	64%
I would switch away from my usual brand if another brand offered a discount/rebate through this app	80%	70%	72%	73%	76%
I would switch away from the store brand if a name brand offered a discount/rebate through this app	89%	74%	79%	84%	80%

And when these 'expert' MobiSave users are asked to compare apps, their preference for the app meeting MobiSave's description dwarfs that of all other receipt-scanning apps, and load-to-card.

Which app description is best represented by the statement?
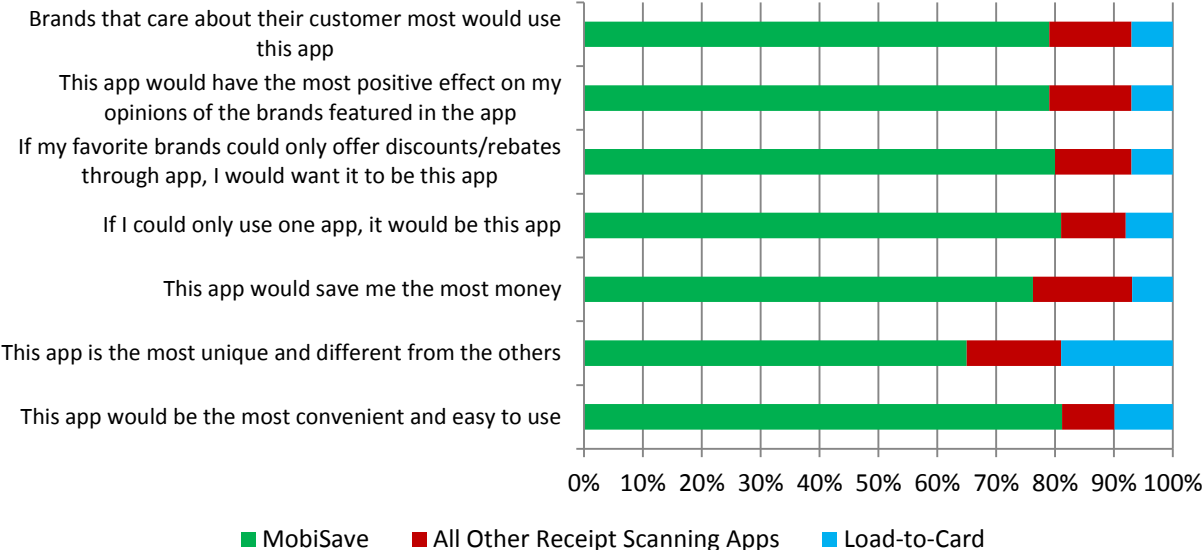
Keep in mind that, although these shoppers are users of MobiSave, all of them have experience with multiple competitive receipt scanning apps. Furthermore, they were not informed which app description was for MobiSave, nor that the research was being conducted on behalf of MobiSave. Thus their extraordinarily high preference for MobiSave reflects an appreciation of the app's unique feature set, which has been reinforced by experience. MobiSave users would therefore be expected to be highly loyal to the app.

Conclusion

Couponing has long been, and continues to be, a powerful tool for brands to drive trial and avoid switching to discount and store brands, but traditional print coupons are increasingly irrelevant to younger shoppers. A number of digitally-based approaches have been developed to appeal to shoppers more comfortable with screens than printed materials, and load-to-card services have emerged as a gold standard with regards to acceptance and ease of redemption. However, consumers, especially millennial consumers, are eager for an option with no retailer limitations. MobiSave and other receipt-scanning apps have sought to address this need by making coupons available to consumers when they want them, where they want them, as easily as possible. This study demonstrates that MobiSave provides more of what shoppers want – speed, flexibility, and simplicity – than any other app in the category, and is at least as appealing as load-to-card. Marketers thus have reason to expect that coupons offered through MobiSave will be received by an eager and appreciative audience.

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Who Is MobiSave?

MobiSave pioneered receipt scanning via smartphone app and filed patent (PCT/US2010/057331) in 2009. A joint venture with Loeb Enterprises is to launch in mid-2015.

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