

LEVERAGING ITEM-LEVEL RECEIPT DATA:

How Merchants Engaged Holiday Shoppers With Card-Linked Offers



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With Card-Linked Offers

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October 2023

Leveraging Item-Level Receipt Data:

How Personalized Card-Linked Offers Drive Store Card Usage

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Leveraging Item-Level Receipt Data: How Merchants Engaged Holiday Shoppers With Card-Linked Offers was produced in collaboration with Banyan, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

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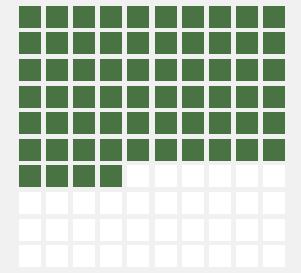
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WHAT'S AT STAKE

The 2023 holiday shopping season provided little reprieve from rising prices, and United States consumers looked for ways to manage their spending. This made card-linked offers especially attractive to budget-conscious shoppers. Many merchants and card issuers wanting to engage consumers in today's competitive marketplace benefited from leveraging item-level receipt data to provide card-linked offers to shoppers in search of holiday deals. In fact, tailored discounts and rewards were key drivers of consumer interest in and use of card-linked offers.

In fact, nearly 63 million consumers who planned to make holiday purchases this year were highly interested in using card-linked offers. Close to two-thirds of cardholders used card-linked offers as part of their holiday spending, and 27% of cardholders surveyed said they were very likely to do so. Interest in card-linked offers was highest among top spenders: 40% of consumers with

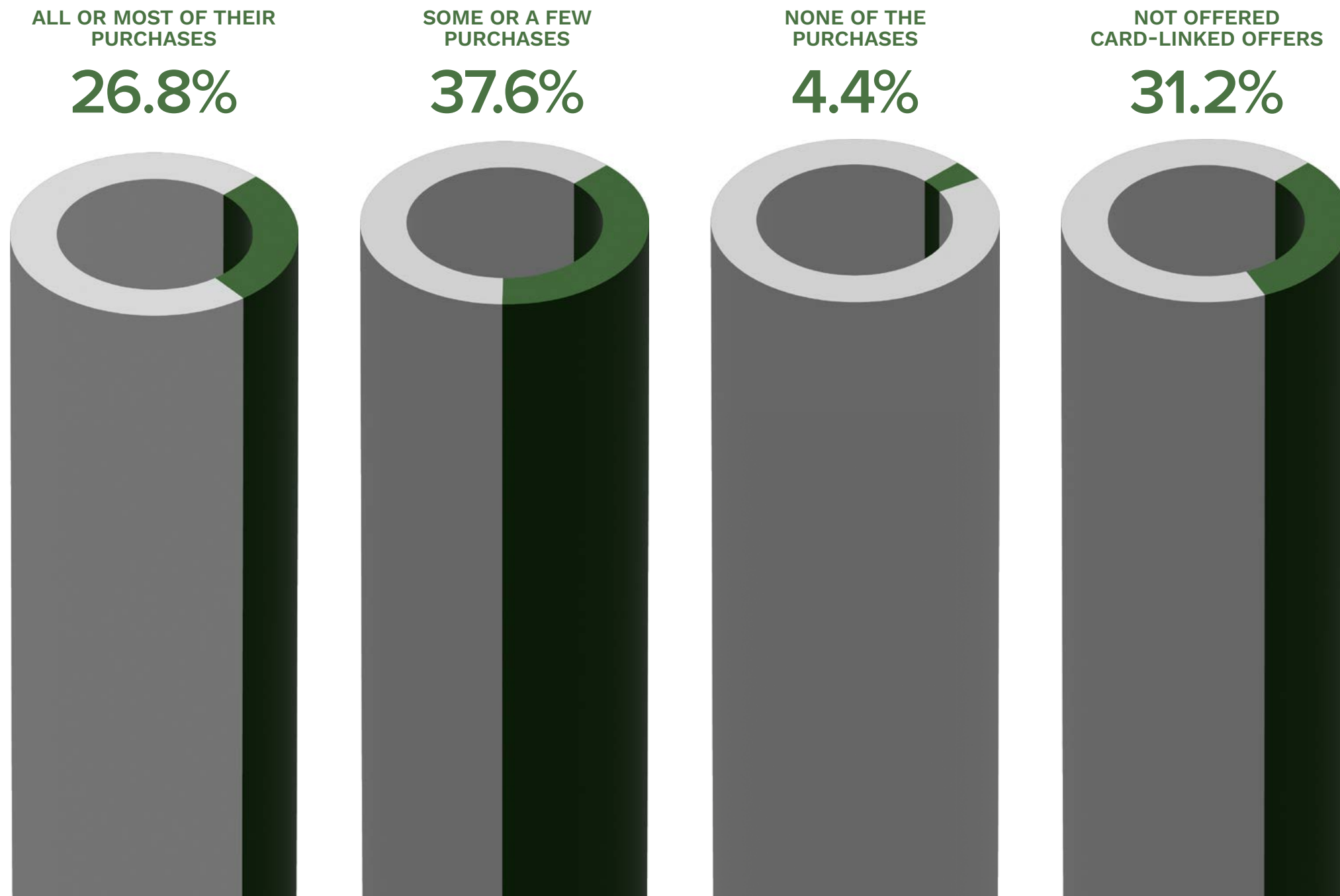
64%



Share of cardholders who reported they **already used** card-linked offers as part of their holiday spending

children and 39% of millennials said they were highly likely to use them during the 2023 holiday season. More than one-half of cardholders were interested in switching to merchants providing product-specific card-linked offers, including new as well as loyal shoppers, suggesting that tailored and relevant card-linked offers are a tool merchants can use to engage today's shoppers, as they cannot pin their hopes on existing brand loyalty alone.

FIGURE 1:
Consumers using card-linked offers this holiday season
 Share of card users citing the extent to which they already used card-linked offers during the 2023 holiday shopping season



Leveraging Item-Level Receipt Data: How Merchants Engaged Holiday Shoppers With Card-Linked Offers, a PYMNTS Intelligence and Banyan collaboration, examines how merchants and card issuers can use item-level receipt data to provide tailored and relevant card-linked offers that increase consumer engagement and attract new customers. We surveyed 2,031 United States consumers from Oct. 25, 2023, to Oct. 30, 2023, to learn about their use of card-linked offers during the 2023 holiday season as well as their preference for personalized card-linked offers and interest in switching to merchants that provide these offers.

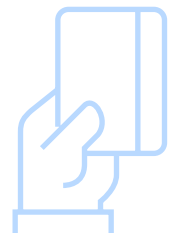
This is what we learned.

KEY FINDINGS

01

HOLIDAY SWITCH

More than half of cardholders are interested in switching to a merchant that participates in specific card-linked offers for their holiday shopping.



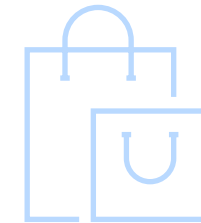
57%

Share of cardholders likely to switch to a merchant that participates in card-linked offers tied to specific products

02

COMPETITIVE EDGE

Nearly 63 million consumers who planned to make holiday purchases this season were highly interested in using card-linked offers, giving merchants and card issuers with appealing offers an edge.



27%

Share of card users who were very or extremely likely to use card-linked offers for their 2023 holiday purchases

03

ATTRACTIVE DISCOUNTS

The availability of discounts and the ease of use of card-linked offers drive consumers' usage and consideration of future offers.



49%

Share of cardholders considering using card-linked offers who cited reducing costs as the most important reason for doing so

04

MORE AWARENESS

Hesitance around using card-linked offers stems mostly from lack of information, suggesting that increasing consumer understanding could increase cardholders' usage of these offers.



37%

Share of cardholders who have not used card-linked offers in the last 12 months because of their lack of familiarity with the programs

PYMNTS IN DEPTH

Holiday shopping trends suggest that merchants providing tailored and relevant card-linked offers are well-positioned to engage existing customers and attract new ones.

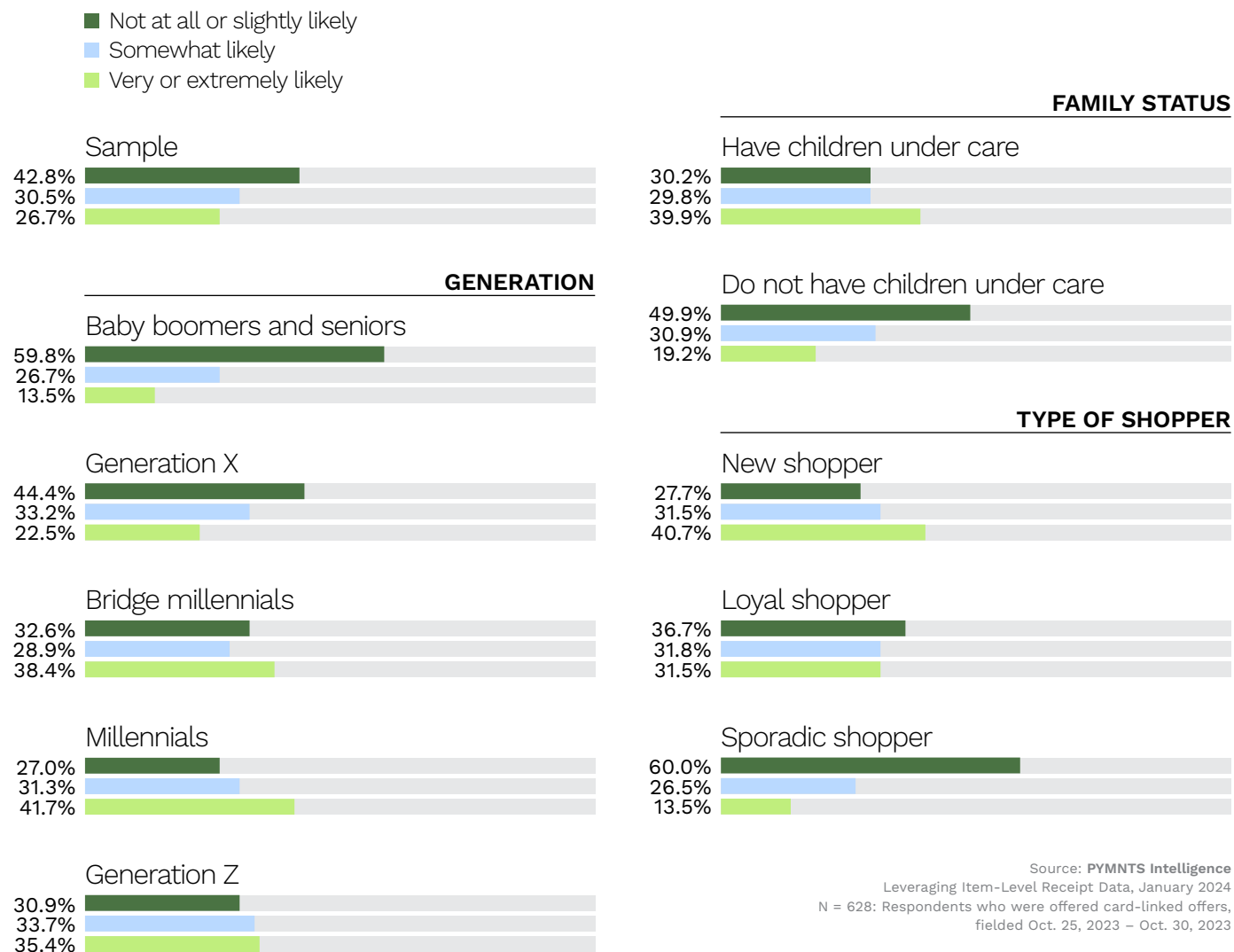
More than half of cardholders say they are interested in switching to merchants that participate in specific card-linked offers for their holiday shopping.

Many consumers look for bargains when shopping for the holidays, providing merchants with an opportunity to engage card users with product-specific card-linked discounts and rewards. More than half of cardholders surveyed report interest in switching to merchants that provide such card-linked offers: 27% of cardholders said they were very or extremely likely to switch, and 31% said they were somewhat likely to switch. Willingness to switch merchants is concentrated among the largest spending demographics: 42% of millennials said they would be very or extremely likely to switch, as did 40% of consumers with children. While 41% of shoppers new to merchants were highly interested in switching, nearly one-third of shoppers loyal to their current merchants said the same. This suggests that card-linked offers, if appealing and relevant, can attract even previously loyal customers to new merchants.

FIGURE 2:

How likely consumers are to switch for card-linked offers

Share of card users who are likely to switch to a merchant that participates in card-linked offers tied to specific products, by demographic



Flexibility is the leading driver of cardholder interest in switching to merchants providing product-specific card-linked offers. In fact, 31% of consumers highly likely to switch to merchants providing card-linked offers said the flexibility to choose between several savings or reward options was the most important reason they would switch. In second place, 25% of cardholders highly likely to switch cited the opportunity to discover new merchants, followed by 21% who considered relevant and appealing offers crucial to their decision. This further suggests that card-linked offers can attract cardholders to new merchants, but only if offers are tailored and relevant.

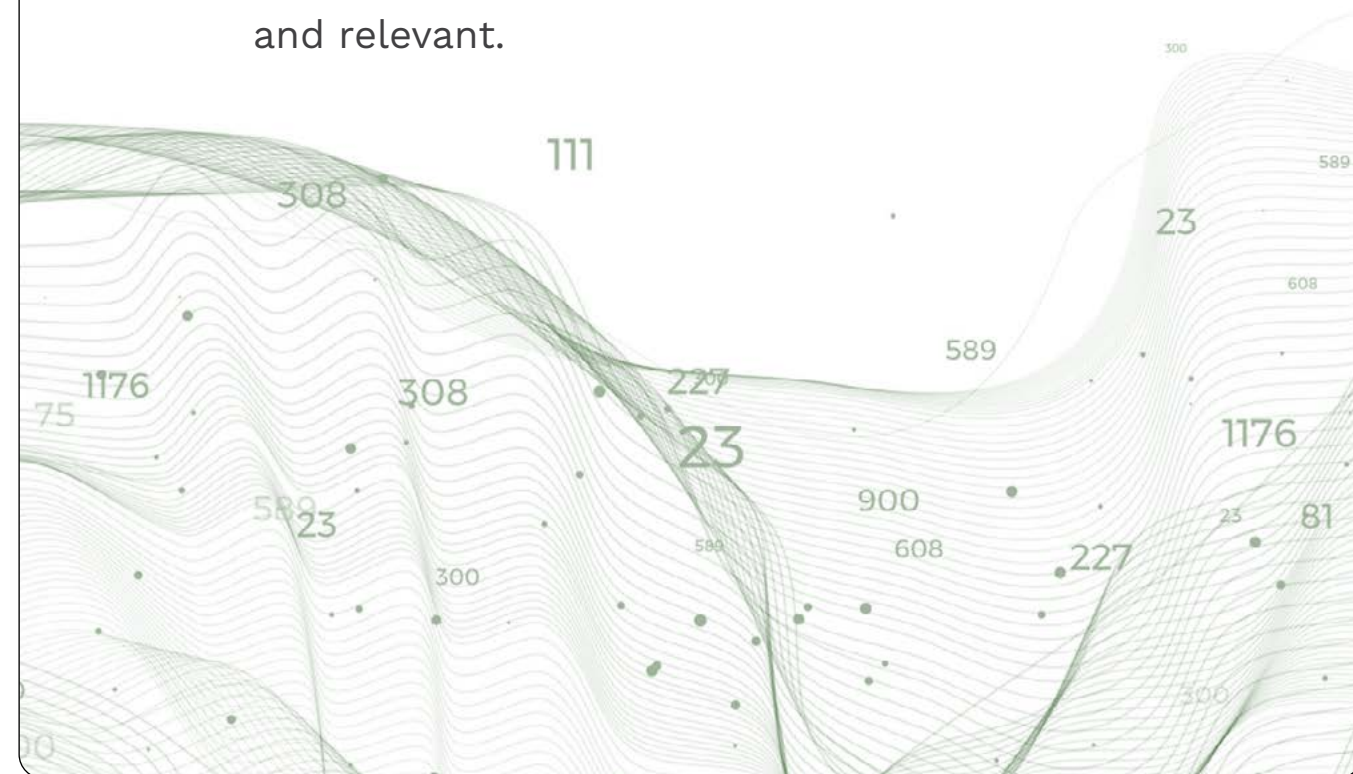
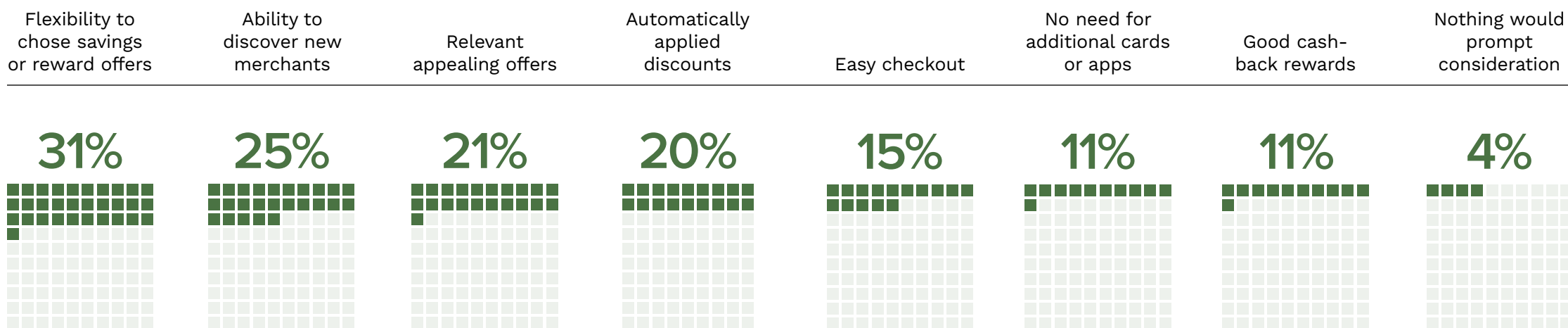


FIGURE 3:

Most compelling reasons to switch

Share of consumers very or extremely likely to switch to a merchant that participates in product-specific card-linked offers who cite select reasons as the most important



Source: PYMNTS Intelligence

Leveraging Item-Level Receipt Data, January 2024

N = 503: Respondents very or extremely likely to switch to merchants that participate in product-specific card-linked offers, fielded Oct. 25, 2023 – Oct. 30, 2023

57%

of consumers are at least somewhat likely to **switch to merchants** that provide **product-specific** card-linked discounts and rewards.

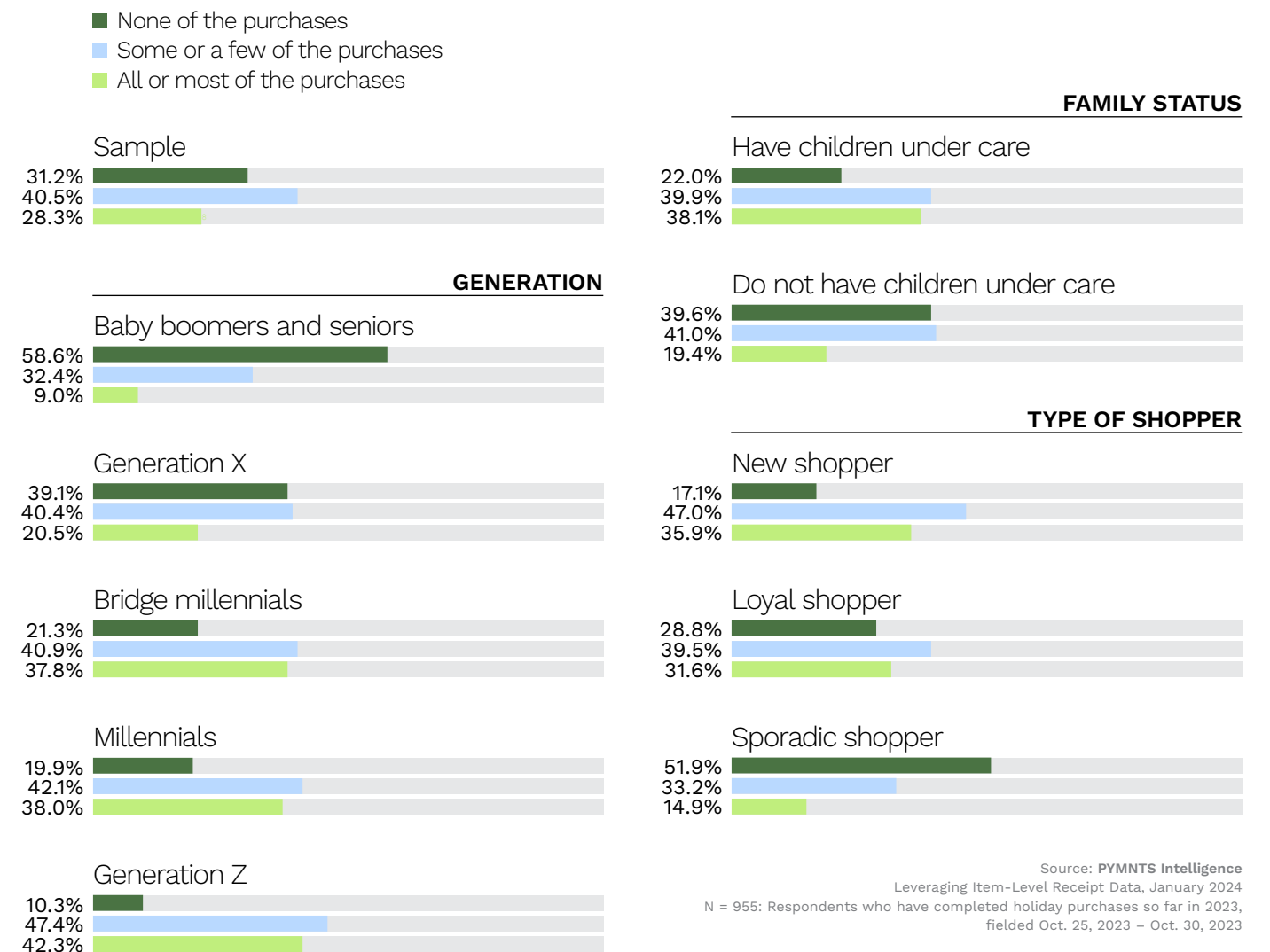
Nearly 63 million consumers who planned to make holiday purchases this season were highly interested in using card-linked offers, giving merchants and card issuers with appealing card-linked offers an edge.

At the time of the survey, 49% of cardholders had already made 2023 holiday purchases, with 86% planning to do additional shopping. Among these shoppers, 69% had received card-linked offers, with 28% receiving them for all or most purchases. An additional 41% received card-linked offers for some purchases. Generation Z consumers, at 90%, were the most likely to receive card-linked offers for at least some of their purchases, followed by shoppers new to merchants, at 83%. Merchants appear to have made good use of card-linked offers to attract new customers during the holiday season.

FIGURE 4:

How often consumers received card-linked offers

Share of cardholders citing how often they received card-linked offers during the 2023 holiday season, by demographic



Source: PYMNTS Intelligence
Leveraging Item-Level Receipt Data, January 2024
N = 955: Respondents who have completed holiday purchases so far in 2023, fielded Oct. 25, 2023 – Oct. 30, 2023

Nearly two-thirds of cardholders reported that they had already used card-linked offers as part of their holiday spending, and 27% said they were very or extremely likely to use card-linked offers for their holiday purchases. Interest in card-linked offer usage was highest among top spenders: 65% of consumers with children said they were at least somewhat likely to use card-linked offers during the holiday season, with 40% saying they were highly likely to use card-linked offers for their 2023 holiday purchases. Among millennials, 39% said they were highly likely to use card-linked offers. This suggests that these consumers tend to have higher household expenses and may be more budget conscious when shopping for the holidays.

35%

of loyal shoppers thought it was very or extremely likely that they would use **card-linked offers** when doing forthcoming holiday shopping.

FIGURE 5:

Consumers planning to use card-linked offers

Share of cardholders citing the likelihood that they would use card-linked offers during the 2023 holiday season, by demographic

	Do not plan to make purchases	Not at all or slightly likely	Somewhat likely	Very or extremely likely
• Sample	13.9%	33.3%	25.7%	27.1%
Generation				
• Baby boomers and seniors	19.0%	41.5%	23.5%	16.1%
• Generation X	14.6%	34.3%	27.9%	23.2%
• Bridge millennials	8.9%	28.0%	28.1%	35.0%
• Millennials	9.8%	24.8%	26.7%	38.7%
• Generation Z	8.9%	29.3%	24.7%	37.1%
Family status				
• Have children under care	6.5%	28.6%	24.5%	40.4%
• Do not have children under care	18.2%	36.0%	26.3%	19.6%
Type of shopper				
• New shopper	6.8%	26.3%	27.8%	39.2%
• Loyal shopper	8.7%	30.5%	26.3%	34.5%
• Sporadic shopper	25.1%	40.9%	22.2%	11.8%

Source: PYMNTS Intelligence
 Leveraging Item-Level Receipt Data, January 2024
 N = 2,031: Complete responses,
 fielded Oct. 25, 2023 – Oct. 30, 2023

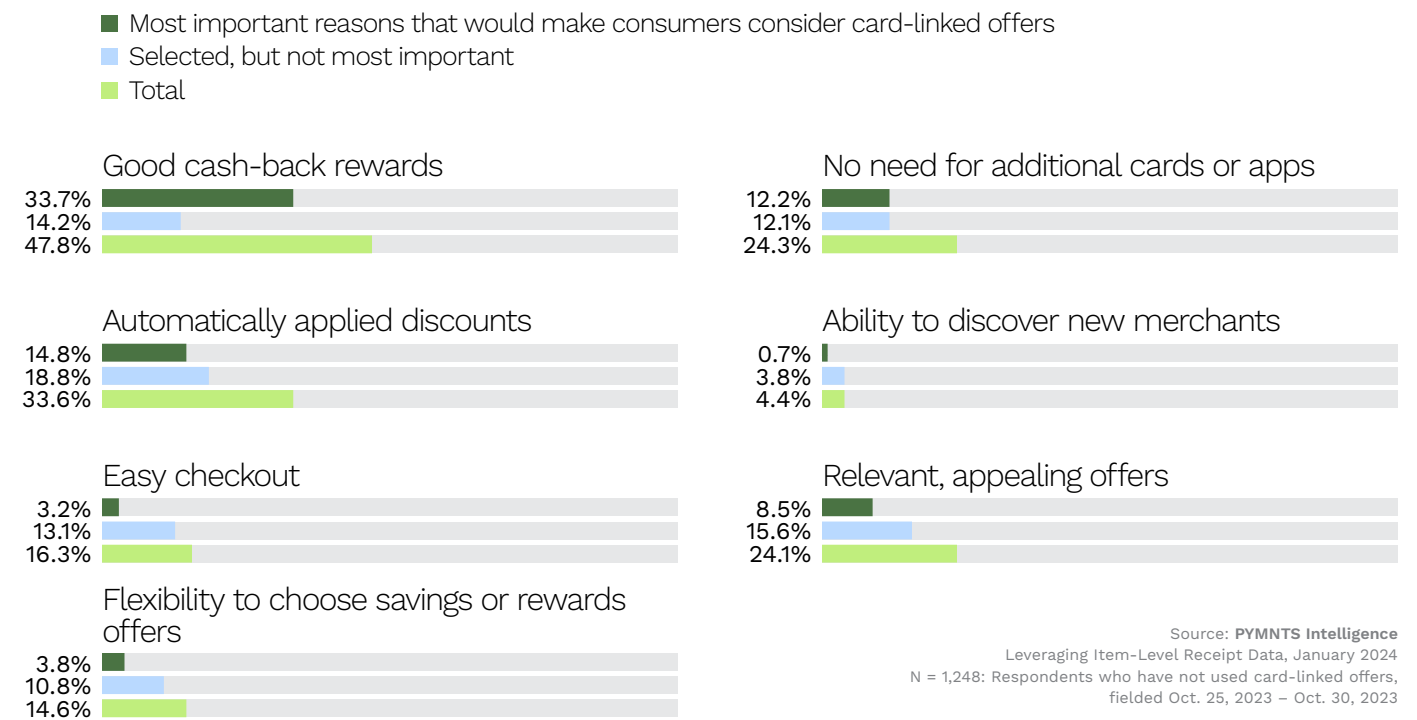
The availability of discounts and the ease of use of card-linked offers drive consumers' usage and consideration of future offers.

More than half of cardholders who have used card-linked offers cite good cash-back rewards and automatically applied discounts as the primary drivers of their merchant selection. One-third of consumers consider easy checkout an important factor when deciding on which card-linked offers to use, with 12% citing it as the most important factor. Among cardholders who have not used card-linked offers, 48% have considered using them to receive cash-back rewards, while 34% have considered using them to access discounts and 16% have considered them because they provide easy checkout. That savings and ease of use appeal to consumers who have and have not used card-linked offers highlights areas merchants and card issuers can target when tailoring their card-linked offers and thus drive consumer spending.

FIGURE 6:

Top factors influencing usage of card-linked offers

Share of consumers who have not used card-linked offers citing select factors that would make them consider using such offers, by level of importance



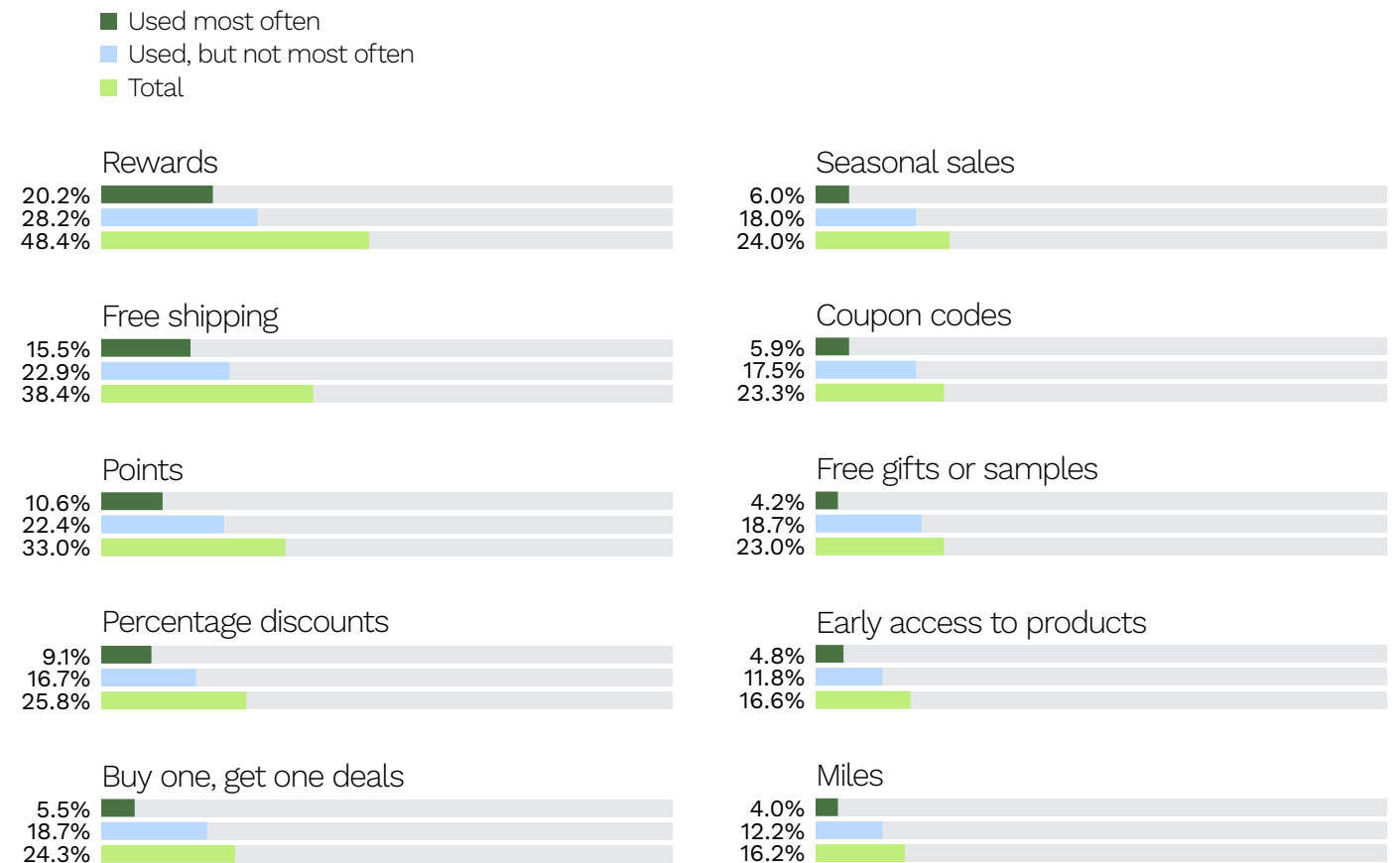
If the 2023 holiday season was any indication, consumers' use of card-linked offers was driven by savings as well as convenience. The data shows that rewards, at 20%, were the card-linked offers cardholders used most often, with 48% using them at least once. Also, 11% used rewards points most often, with 33% using them at least once. Meanwhile 16% of card users used free shipping most often this holiday season, with 38% having used card-linked offers for free shipping at least once. Consumers' frequent use of rewards and free shipping offers highlights areas merchants and card issuers should target when looking to increase consumer spend via tailored card-linked offers.

Nearly **half of cardholders** who have not yet used card-linked offers say good cash-back rewards would make them reconsider.

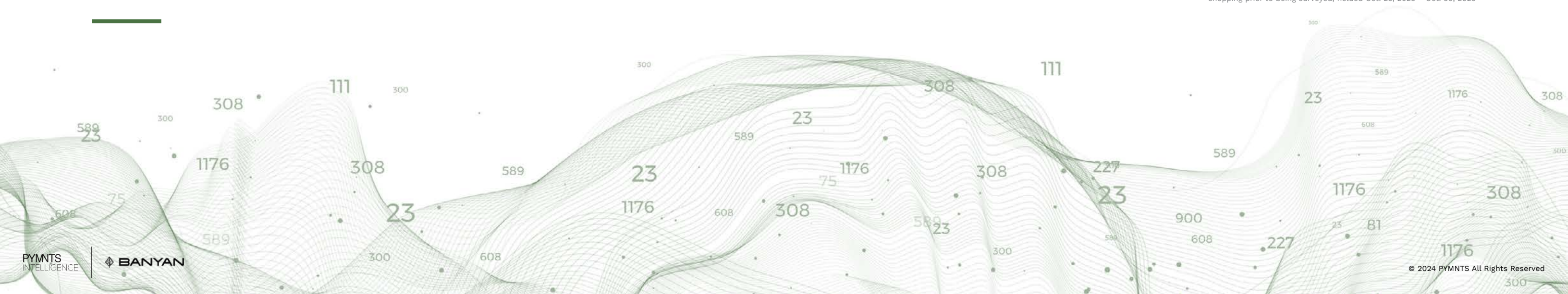
FIGURE 7:

Card-linked offers used for 2023 holiday purchases

Share of cardholders citing select types of card-linked offers they used when shopping for their 2023 holiday purchases



Source: PYMNTS Intelligence
Leveraging Item-Level Receipt Data, January 2024
N = 628: Respondents who used card-linked offers in their 2023 holiday shopping prior to being surveyed, fielded Oct. 25, 2023 – Oct. 30, 2023



Hesitance around using card-linked offers stems mostly from lack of information, suggesting that increasing consumer understanding could increase usage of these offers.

In the last 12 months, 41% of cardholders — representing approximately 95 million U.S. consumers — have used credit card-linked offer programs. Shoppers new to merchants, at 59%, and Gen Z consumers, at 56%, are the most likely to use card-linked offers, indicating that these offers can drive consumers to shop with new merchants. Consumers with children, at 55%, and millennials, at 54%, follow closely behind, suggesting that these big spenders look for rewards and deals to help manage their household expenses. In contrast, sporadic shoppers and baby boomers and seniors are the least likely to use card-linked offers, implying that they are less interested in rewards and discounts.

FIGURE 8:

Use of card-linked offer programs in the last year

Share of consumers who have used card-linked offer programs in the last 12 months, by demographic

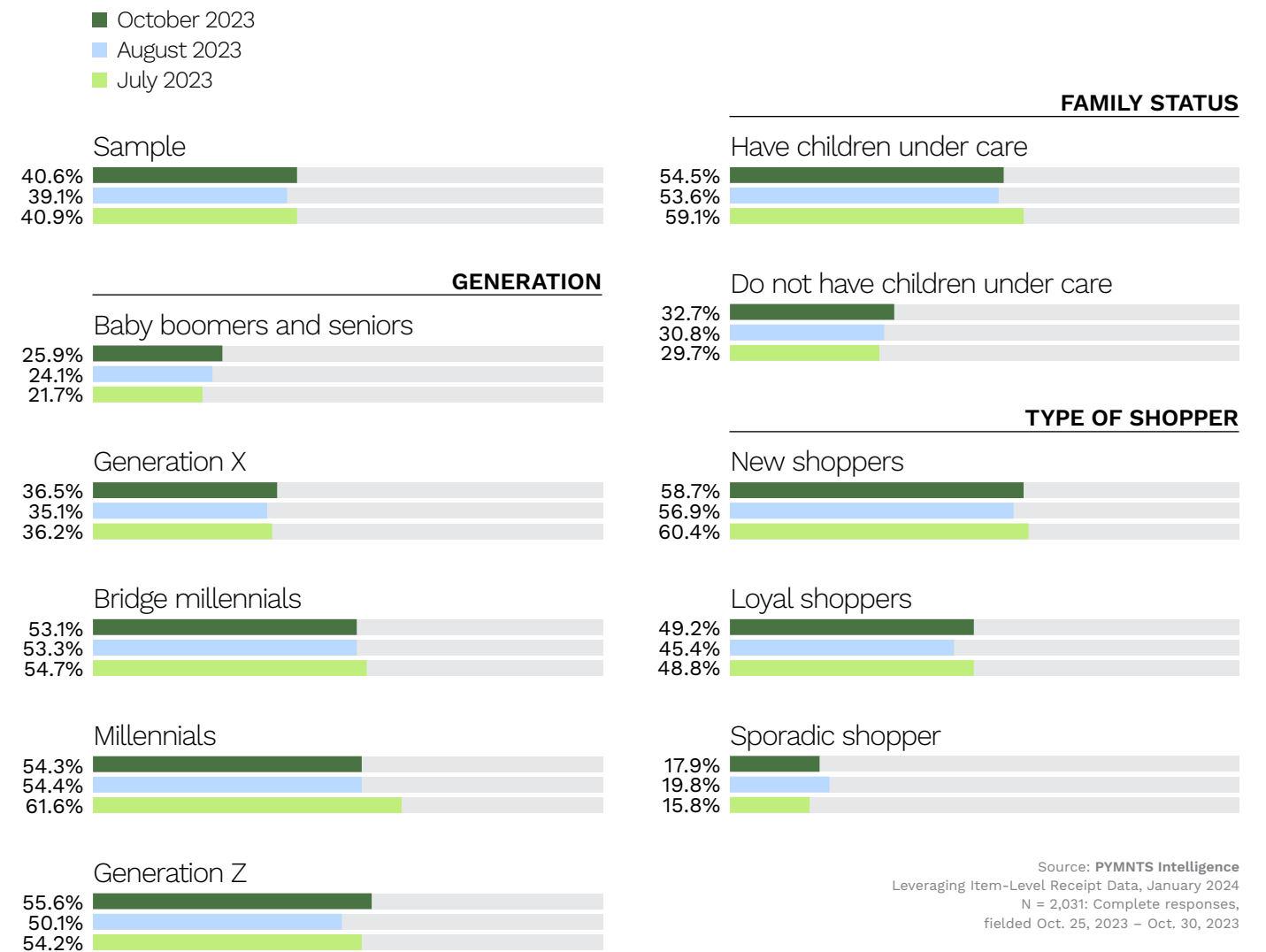
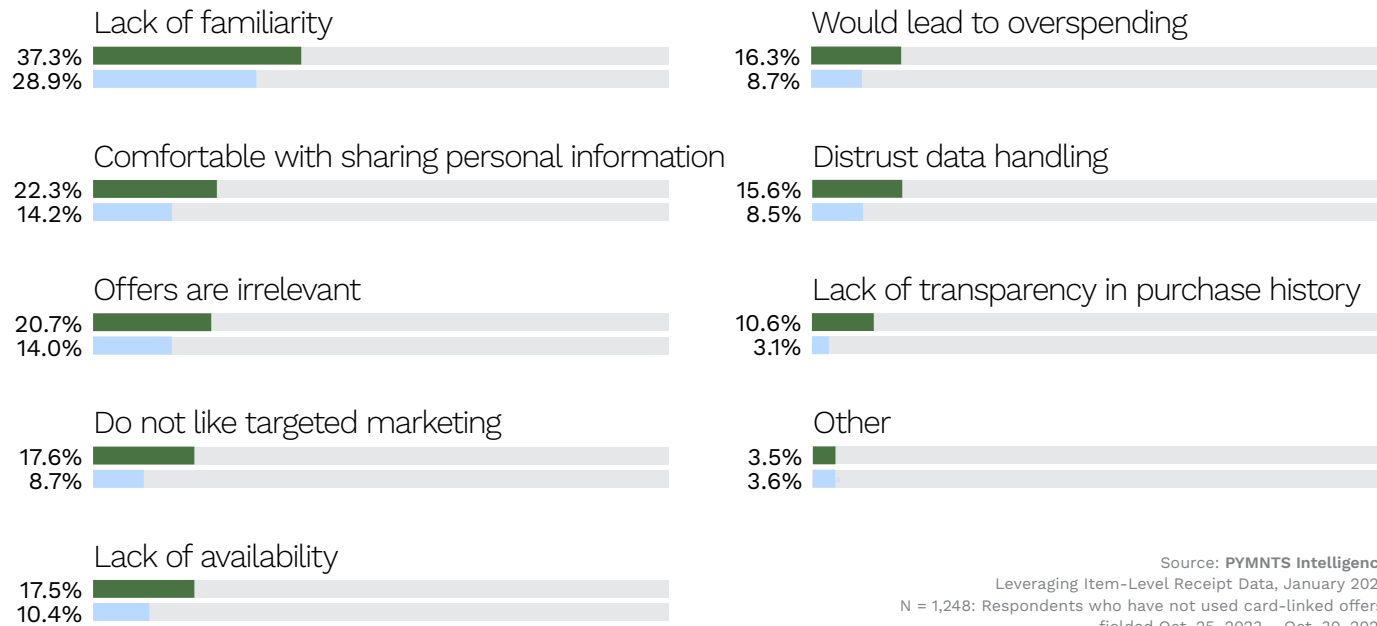


FIGURE 9:

Reasons cardholders do not use card-linked offers

Share of cardholders citing select reasons for not using card-linked offer programs, by level of importance

- Most important reason for not using card-linked offers
- Important reason for not using card-linked offers

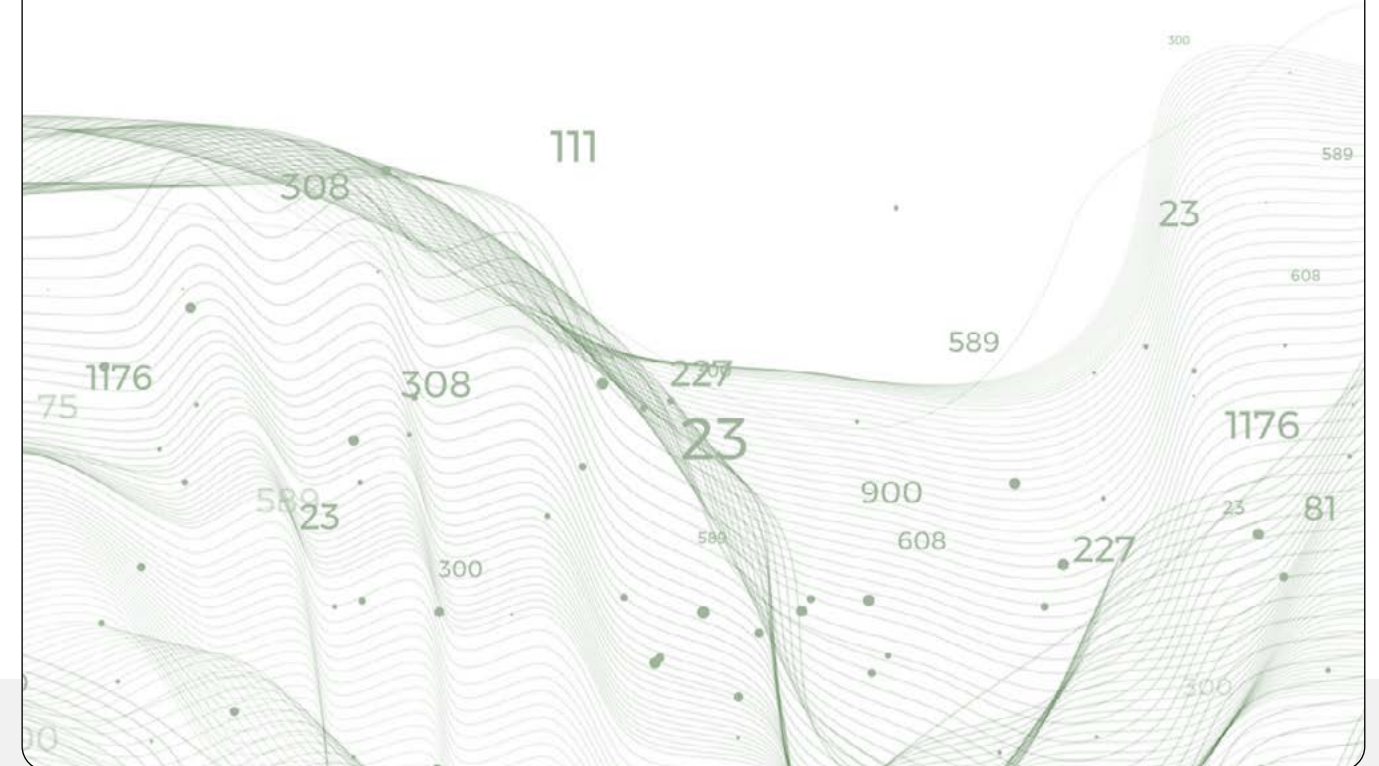


Source: PYMNTS Intelligence
 Leveraging Item-Level Receipt Data, January 2024
 N = 1,248: Respondents who have not used card-linked offers,
 fielded Oct. 25, 2023 – Oct. 30, 2023

37%

Share of cardholders who have not used card-linked offers in the last 12 months who cite **lack of familiarity** as the reason

Data on card-linked offer usage also shows that 37% of cardholders who have not used card-linked offers in the last 12 months cite lack of familiarity with these programs as the reason. This share is 3 percentage points less than it was in August, showing that consumer knowledge is improving. Data also reveals that 22% of consumers who have not used card-linked offers in the past year are uncomfortable sharing personal information, and 21% believe the offers are irrelevant. There are two key actions merchants and card issuers can take to improve interest in card-linked offers among the 78% of consumers who could be convinced to start using them. One is raising consumer awareness of card-linked offers; the other is improving offer relevance with better personalization based on customer preferences and needs.



DATA FOCUS

Despite high levels of interest in merchant-specific rewards, cardholders prefer product-specific offers when purchasing daily essentials.

Consumers are nearly twice as likely to prefer merchant-specific rewards — except for offers essential to daily life, such as those for groceries and commuting.

Just 1 in 5 card users prefer to get product-specific discounts over merchant-specific discounts. However, nearly two-thirds of consumers show great interest in using a product-specific card-linked offer for at least one product essential to daily life. This suggests that product-specific card-linked offers for daily essentials are less common and may be underutilized by card providers and merchants.

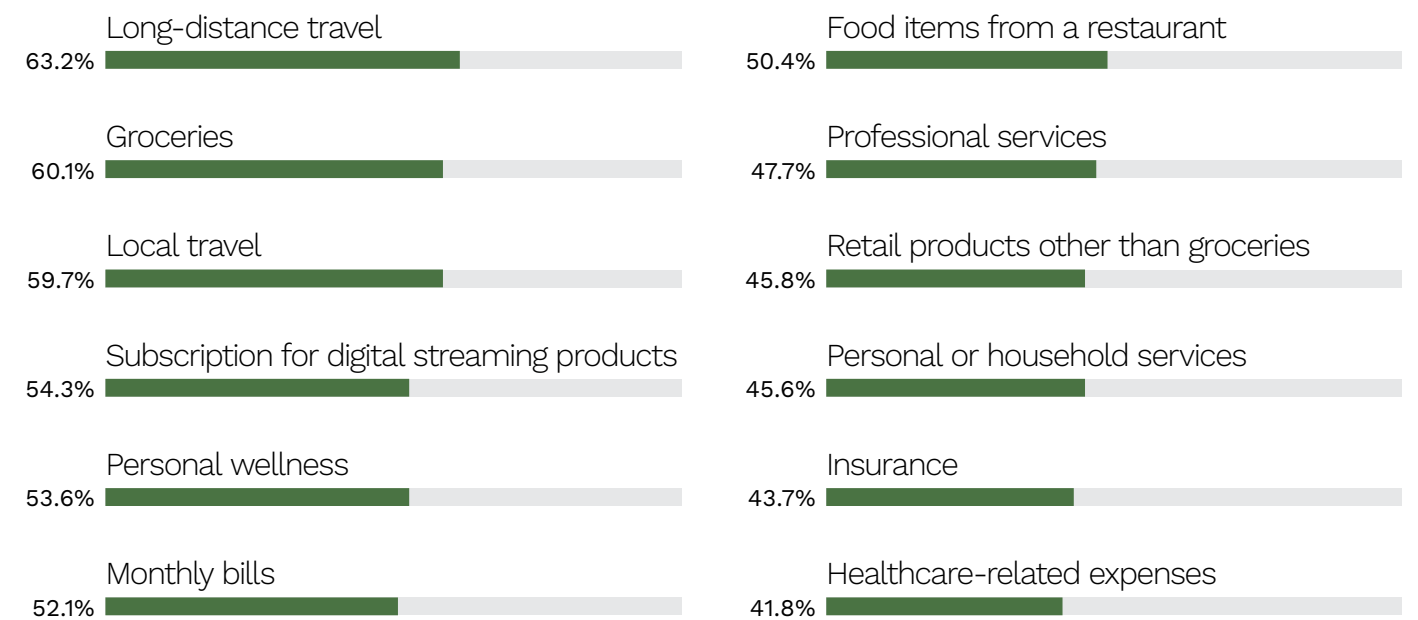
Consumers are particularly interested in product-specific card-linked offers related to everyday expenses. For instance, 60% of all cardholders are very or extremely likely to use product-specific card-linked offers for both commuting and groceries. This is followed by subscriptions and wellness, at 54%; bills, at 52%; and restaurants, at 50%. In addition to “daily life” products, consumers also value long-distance travel discounts: 63% of users showed high interest in these offers.

Consumers with children who tend to spend the most on household expenses show higher interest than other consumers. For example, 68% of these cardholders are very or extremely likely to use product-specific card-linked offers for commuting, 67% would use product-specific offers for groceries and 75% would use long-distance travel discounts. This further highlights the fact that merchants and card issuers have an opportunity to increase spending among these consumers with tailored and relevant product-specific card-linked offers.

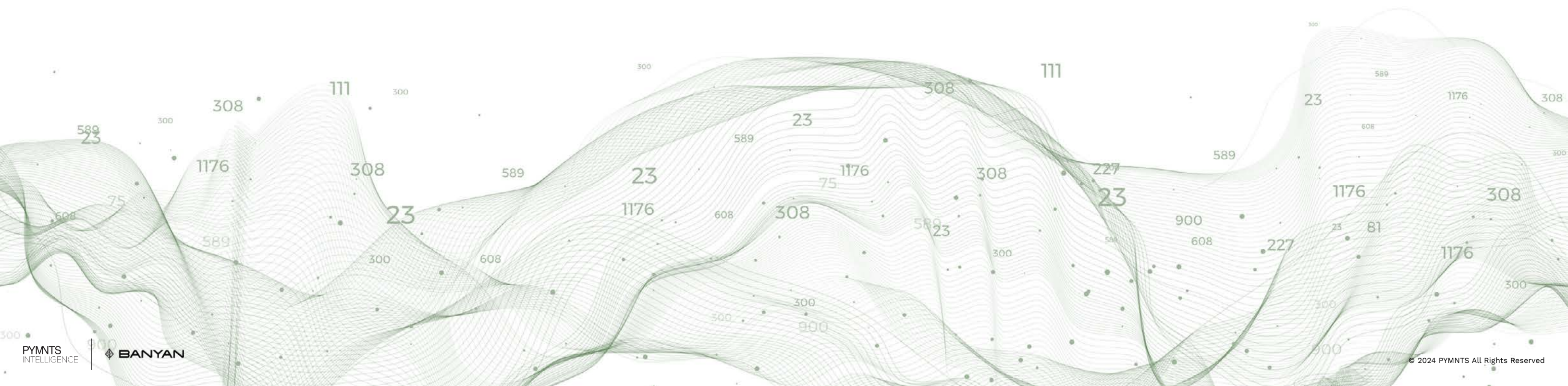
FIGURE 10:

Consumer use of product-specific card-linked offers

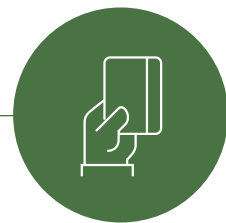
Share of consumers who report being very or extremely likely to use select product-specific card-linked offers



Source: PYMNTS Intelligence
 Leveraging Item-Level Receipt Data, January 2024
 N = 2,031: Complete responses, fielded Oct. 25, 2023 – Oct. 30, 2023



ACTIONABLE INSIGHTS



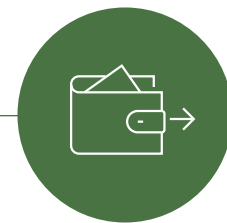
01

Both loyal and new shoppers report high levels of interest in switching from their current merchants to those providing product-specific card-linked offers. These offers, if appealing and relevant, can attract even loyal customers to new merchants. If merchants personalize and tailor their product-specific card-linked offers, a sizeable portion of consumers would switch their spending to take advantage of these rewards and savings.



02

Consumers are highly interested in product-specific card-linked offers for daily essentials, especially those with children, who tend to spend the most on household expenses. Card-linked offers related to daily essentials may be underutilized by merchants and card issuers. In fact, they could provide an opportunity to increase spending among budget-conscious consumers with relevant discounts and reward offers.



03

Savings and ease of use were key drivers of interest in card-linked offers among consumers. Moreover, consumer use of card-linked offers this holiday season was also driven by savings and convenience. From rewards and discounts to easy checkout and free shipping, these are areas where merchants and card issuers can tailor their card-linked offers to increase consumer spending.



04

Although overall consumer awareness of card-linked offers is improving, more than one-third of consumers not using card-linked offers still cite lack of familiarity as the reason. One in 5 consumers who do not use card-linked offers believe the offers are irrelevant. Two key actions that merchants and card issuers can take to increase card-linked offer usage are raising consumer awareness and personalizing offers based on customer needs.

LEVERAGING ITEM-LEVEL RECEIPT DATA:

How Merchants Engaged Holiday Shoppers With Card-Linked Offers



METHODOLOGY

Leveraging Item-Level Receipt Data: How Merchants Engaged Holiday Shoppers With Card-Linked Offers, a PYMNTS Intelligence and Banyan collaboration, examines how merchants and card issuers can use item-level receipt data to provide tailored and relevant card-linked offers that increase consumer engagement and attract new customers. We surveyed 2,031 United States consumers from Oct. 25, 2023, to Oct. 30, 2023, to learn about their use of card-linked offers during the 2023 holiday season as well as their preference for personalized card-linked offers and interest in switching to merchants that provide these offers. Fifty-two percent of respondents identified as women, 34% held a college degree, their average age was 47 and 40% earned more than \$100,000 annually.

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ABOUT

PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

◆ BANYAN

Banyan is the leading data collaboration platform for item-level purchase receipt data. Our privacy-first, first-of-its-kind data infrastructure brings together merchants, banks, FinTechs and their payments commerce partners onto a platform where they can unlock growth and efficiency solutions — fast, simple and secure.

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