Meeting the Need for
Item-Level Receipt Data

Why Data Infrastructure is Key to a Better Customer Experience

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■ **MARCH 2023**

Meeting the Need for Item-Level Receipt Data: Why Data Infrastructure is Key to a Better Customer Experience, a PYMNTS and Banyan collaboration, examines the importance of incorporating receipt data into firms' operations throughout the next three years as well as what benefits investment in receipt data will bring to these organizations and the consumers they serve. We surveyed 351 executives representing FIs with at least $5 billion in assets and FinTechs with at least one million active monthly users between June 30, 2022, and July 27, 2022, to explore how this integration will help merchants track customer spending and provide loyalty and rewards programs while also enabling innovative uses of item-level receipt data.

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Introduction

Financial institutions (FIs), FinTechs and merchants have set their sights on integrating item-level receipt data into their operations in the next three years. By doing so, FIs aim to increase customer engagement by delivering personalized digital experiences while merchants want to streamline the purchasing experience and create new sources of sales revenue. Although receipt data has great potential for nearly all firms surveyed, we found a bit of a self-fulfilling prophecy: The firms most prepared to use this data are also the most likely to fully recognize its potential.

Data shows that when organizations invest in item-level receipt data, the most influential factors they consider are technical infrastructure and available technologies. No matter their data readiness level, firms recognize that the merchants and consumers they serve can benefit from investment in strategic innovations using item-level receipt data. Seventy-two percent of companies surveyed believe consumers would be at least somewhat likely to switch to firms that provide solutions based on the use of item-level receipt data.

Why would consumers switch? PYMNTS' research finds that more than four out of 10 surveyed FIs expect that item-level receipt data can improve customer experiences and further engage both consumers and merchants. When they use item-level receipt data to track consumer spending, nearly three in five firms say they expect customer experience improvements. For example, 48% of these firms say that consumers benefit from more detailed spending insights, and 32% report that consumers receive more relevant shopping deals when firms use receipt data to tailor loyalty and shopping offers.

Meeting the Need for Item-Level Receipt Data: Why Data Infrastructure is Key to a Better Customer Experience, a PYMNTS and Banyan collaboration, examines the factors influencing firms' decisions on innovation strategies. We surveyed 351 executives representing FIs with at least $5 billion in assets and FinTechs with at least one million active monthly users between June 30, 2022, and July 27, 2022, to explore the importance of incorporating receipt data into operations throughout the next three years and what benefits investment in receipt data will bring to these organizations and the consumers they serve.

This is what we learned.

1

Incorporating item-level receipt data into operations in the next three years is essential for most firms, and high data-readiness firms are most likely to recognize this reality.

While 80% of firms consider it at least somewhat important to incorporate item-level receipt data into their organizations throughout the next three years, 45% consider it very or extremely important. Integrating item-level receipt data will enable firms to offer new capabilities, such as more relevant rewards and deals, to help drive customer engagement. Among high data-readiness firms, 77% consider incorporating item-level receipt data to be very or extremely important, whereas just 13% of low-readiness firms think the same.

2

A firm's technical infrastructure and availability of technologies influence its plans for incorporating receipt data.

Among all firms, 65% consider technical infrastructure and 62% believe available technology to be very or extremely important factors for their strategic innovations using receipt data. Meanwhile, 81% of high data-readiness firms consider technical infrastructure very or extremely important for planning strategic innovations while 87% say the same about technological availability.

3

Firms highly interested in using receipt data to tailor loyalty programs and shopping offers are especially likely to recognize technology preparedness as an important enabler of strategic innovations.

PYMNTS' data finds that firms highly interested in using item-level receipt data across use cases cite both technical infrastructure and available technology as important when determining strategic data innovations. Among firms highly interested in using receipt data to tailor loyalty and shopping offers, 90% consider technical infrastructure very or extremely influential, with 81% citing available technology as important to innovation.

4

Four out of 10 firms think using receipt data improves customers' experiences while 6 out of 10 firms believe it improves consumers' understanding of their spending behaviors.

While 43% of all firms expect that innovating using item-level receipt data will enable their organization to provide an improved customer experience, 46% believe it will provide consumers with a more efficient experience, especially concerning questions about transactions or disputes. At 59%, firms aiming to improve consumers' understanding of their spending behaviors are the most likely to expect that using receipt data will empower their organization to enhance the customer experience.
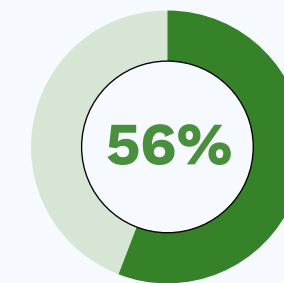
We synthesized the extent to which surveyed firms agreed, disagreed or were neutral to each statement describing their use of receipt data.
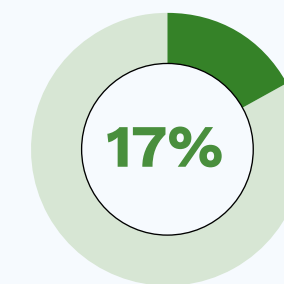
High data-readiness firms
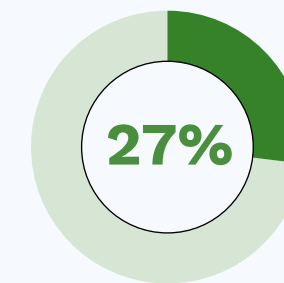
27% These firms use receipt data to adopt solutions and enable customer and merchant innovation.

Medium data-readiness firms

56% These firms use receipt data to perform two out of the following three actions: adopt solutions, enable customer innovation and enable merchant innovation.

Low data-readiness firms

17% These firms use receipt data to perform one of the following three actions: adopt solutions, enable customer innovation or enable merchant innovation.

What are some use cases for receipt data?

Tailoring loyalty and shopping offers:

Merchants can deliver relevant, personalized rewards programs and card-linked offers at a category or product level as banks drive increased digital engagement and top-of-wallet spend behavior.

Offering fraud solutions:

Item-level data helps banks prevent post-purchase chargeback fraud — also known as friendly fraud — in which a cardmember disputes a merchant transaction they do not recognize. It also supports fraud teams in authorizing good transactions and helps consumers better understand their purchases.

Understanding spending behavior

Item-level data gives consumers a better understanding of their spending behavior, such as correctly identifying convenience food purchases versus fuel purchases. This allows merchants and banks to make more accurate product and service recommendations.

72%

Share of companies surveyed that believe consumers would be at least somewhat likely to switch to firms that provide solutions based on the use of item-level receipt data

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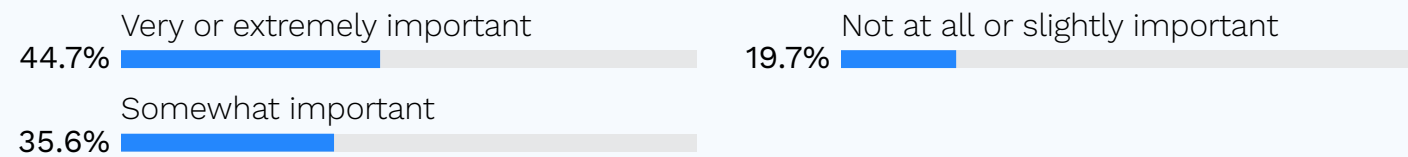
The importance of leveraging receipt data

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PYMNTS' research finds that most firms surveyed recognize the importance of incorporating receipt data into their operations in the near future to provide the experiences digitally savvy consumers' demand. Eighty percent of all firms consider it at least somewhat important to incorporate the use of receipt data in the next three years, with 45% considering it to be very or extremely important.

High data-readiness firms are the most likely to recognize the importance of incorporating item-level receipt data. We found that 77% of high data-readiness firms consider incorporating item-level receipt data to be very or extremely important, whereas 40% of medium data-readiness firms and just 13% of low data-readiness firms think the same. This indicates that data readiness can impact a firm's interest in using item-level receipt data: Firms less ready to use it might not recognize its importance.

Most firms recognize that incorporating item-level receipt data is important across use cases. Firms looking to tailor loyalty and shopping offers are the most interested in incorporating item-level receipt data, with 88% saying it is very or extremely important. Firms using item-level receipt data to track consumer spending behavior say that doing so is highly important, at 80%, and those using it to mitigate fraud say it is highly important, at 78%. Integrating item-level receipt data into firm operations enables various capabilities based on the use case, which can explain the high but varied interest across use cases.

FIGURE 1A:

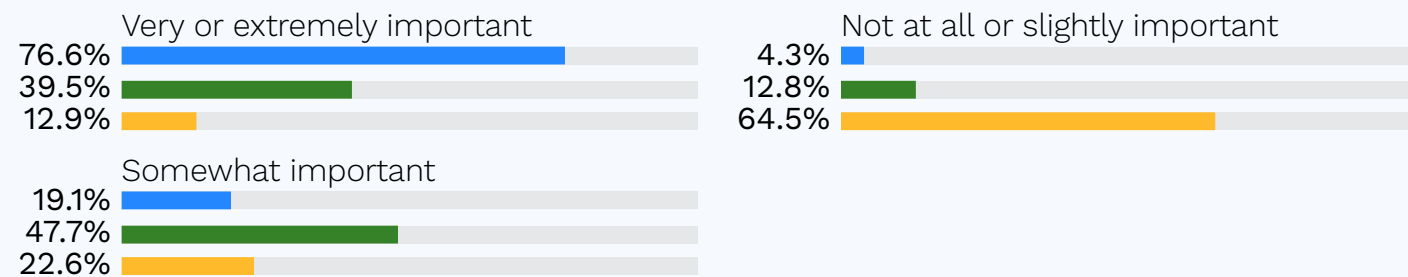## Firms recognize the importance of using item-level receipt data

Share of firms citing the importance of incorporating receipt data in the next three years

Very or extremely important
44.7%

Not at all or slightly important
19.7%

Somewhat important
35.6%

For instance, item-level receipt data can be the engine behind card-linked shopping offers, providing merchants and financial institutions (FIs) with insights beyond how much a cardmember spent when they shopped at a merchant on a certain date. With access to item-level receipt data, the merchant can better attribute what item was purchased in a transaction to the shopping offer — information that can fuel better offers as well as add personalization to bank marketing, customer experiences and product offerings. The result: more relevancy and savings for cardmembers, more efficient revenue growth for merchants and higher digital engagement and spending for FIs.

FIGURE 1B:

Firms recognize the importance of using item-level receipt data

Share of firms citing the importance of incorporating receipt data in the next three years, by data-readiness level
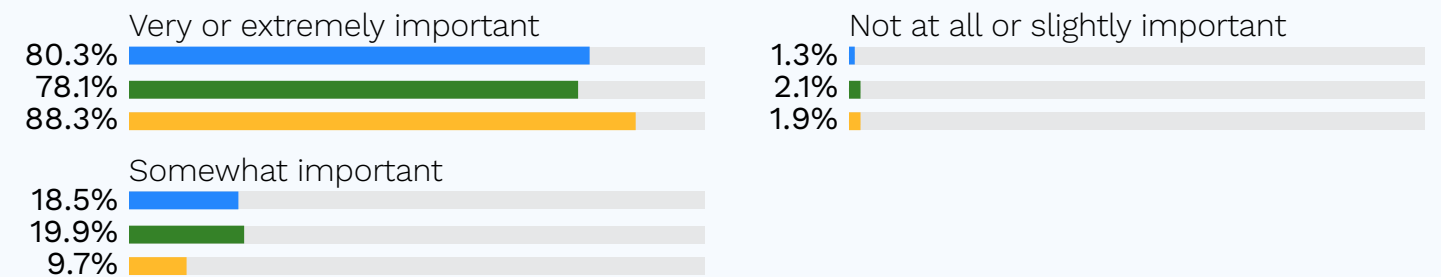
- High readiness
- Medium readiness
- Low readiness

Very or extremely important
76.6%
39.5%
12.9%

Not at all or slightly important
4.3%
12.8%
64.5%

Somewhat important
19.1%
47.7%
22.6%

FIGURE 1C:

Firms recognize the importance of using item-level receipt data

Share of firms citing the importance of incorporating receipt data in the next three years, by use case

- Tracking spending behavior
- Offering fraud solutions
- Tailoring loyalty and shopping offers

Very or extremely important
80.3%
78.1%
88.3%

Not at all or slightly important
1.3%
2.1%
1.9%

Somewhat important
18.5%
19.9%
9.7%

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Meeting the technology challenge

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A firm's technical infrastructure and available technology are key factors both FIs and FinTech's consider when making decisions regarding strategic innovations using item-level receipt data. Being technologically prepared goes a long way in streamlining a firm's innovation efforts, as it allows easy integration of item-level data with platforms that organize and standardize it.

Regarding what influences plans for receipt data innovations, 65% of firms consider technical infrastructure to be a very or extremely important factor, and 62% believe available technology to be influential. Another 43% consider ease of implementation important when investing in receipt data innovation. Just 23% of firms cited organizational structure as a very or extremely influential factor.

High data-readiness firms pay particular attention to technology when determining innovations and, as a result, are more likely to recognize that their technology capacity is important. Among these highly data-ready firms, 81% consider their technical infrastructure very or extremely important for planning strategic innovations using item-level receipt data, and 87% consider the available technologies very or extremely important.
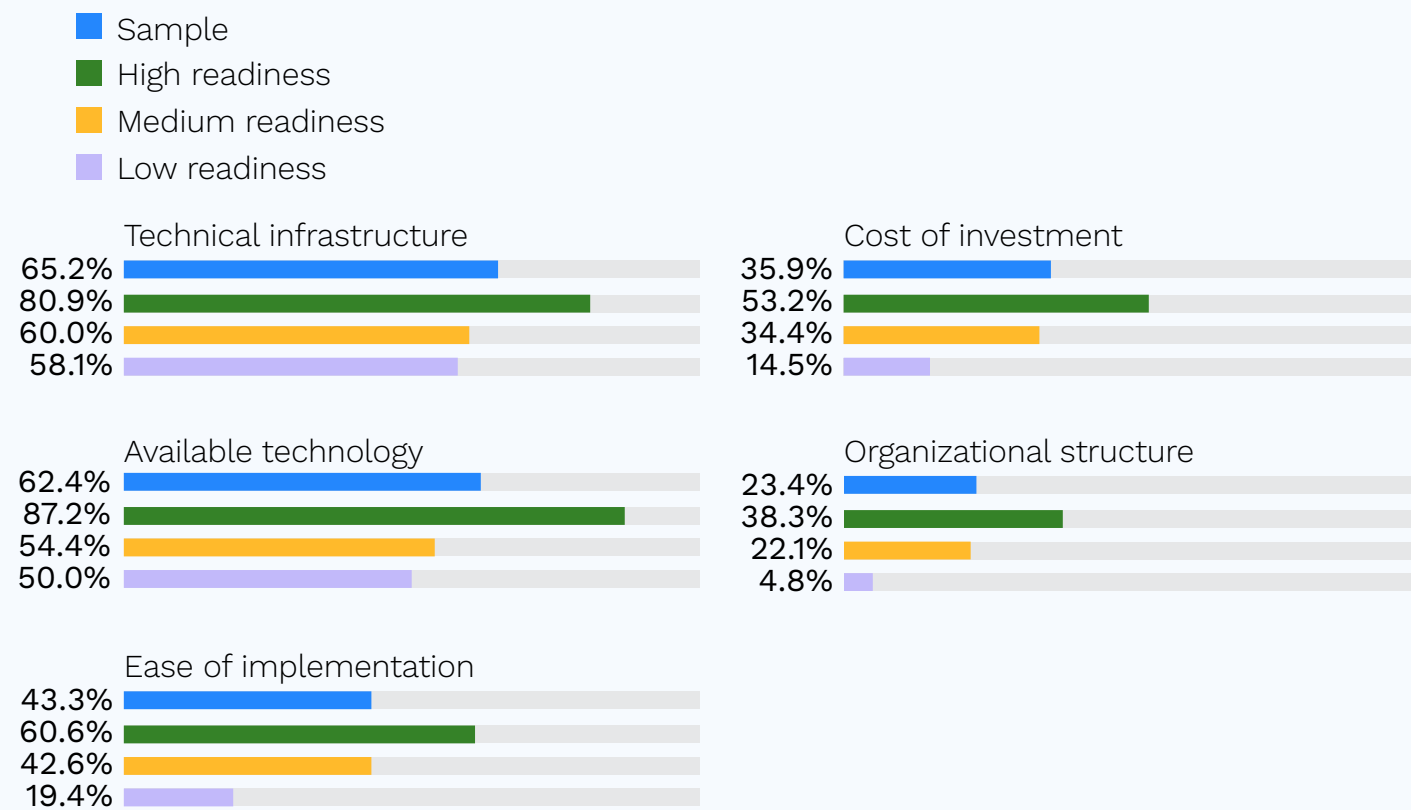
It is no surprise that medium and low data-readiness firms, at 60% and 58%, respectively, are less likely to find their technical infrastructure very or extremely important for receipt data innovation as they are also less likely to have the technical preparedness required to innovate. Regarding available technologies, medium and low data-readiness firms are even less likely to consider it very or extremely important, at 54% and 50%, respectively.

As with technical preparedness, ease of implementation correlates with firms' data-readiness level, indicating that implementing receipt data innovation may be more challenging for less data-ready firms. Ease of implementation is an influential factor when considering receipt data innovation for 61% of high, 43% of medium and 19% of low data-readiness firms. At 38%, high data-readiness firms are also the most likely to cite organizational issues.

FIGURE 2:

Key factors determining item-level receipt data innovation plans

Share of firms that consider select factors very or extremely influential in determining item-level receipt data innovation plans, by data-readiness level

■ Sample
■ High readiness
■ Medium readiness
■ Low readiness

Technical infrastructure

65.2%
80.9%
60.0%
58.1%

Cost of investment

35.9%
53.2%
34.4%
14.5%

Available technology

62.4%
87.2%
54.4%
50.0%

Organizational structure

23.4%
38.3%
22.1%
4.8%

Ease of implementation

43.3%
60.6%
42.6%
19.4%

PYMNTS' data also finds that how firms view their technology capacities when innovating with item-level receipt data changes based on their use cases.

Firms highly interested in using item-level receipt data to tailor loyalty and shopping offers are especially likely to recognize technology's importance for their strategic innovations. With a strong technology base, these firms can further innovate item-level receipt data solutions that help streamline highly complicated processes while adding customer and merchant insights. Such solutions can better provide customers with more relevant deals and rewards or provide detailed access to spending insights.

Among these firms, 90% consider their technical infrastructure very or extremely influential when determining strategic innovations using receipt data, and 81% cite the availability of technology as highly influential.

Even among firms highly interested in using item-level receipt data to track consumer spending and provide fraud solutions, 75% and 76% of these firms, respectively, cite technical infrastructure and 72% and 79%, respectively, cite available technology as influential factors when considering investments in item-level receipt data innovation. While slightly less important to these firms, what is evident is that technology preparedness is important for item-level receipt data innovation across all use cases.

FIGURE 3:
Key factors determining item-level receipt data innovation plans, by use case

Share of firms that consider select factors very or extremely influential in determining item-level receipt data innovation plans, by use case

- ■ Tracking spending behavior
- ■ Offering fraud solutions
- ■ Tailoring loyalty and shopping offers

Technical infrastructure
76.4%
75.3%
90.3%

Cost of investment
49.7%
43.8%
52.4%

Available technology
72.6%
78.8%
80.6%

Organizational structure
36.3%
37.0%
36.9%

Ease of implementation
63.7%
61.6%
69.9%

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Enhancing consumer experiences

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Firms want to implement and innovate using item-level receipt data to provide merchants and consumers with efficient and superior experiences. On average, 43% of all firms surveyed expect that using item-level receipt data will result in their organization providing an improved customer experience, and 46% expect that this data will grant consumers a more efficient experience, especially with transaction questions or disputes.

Firms aiming to improve consumers' understanding of their spending behaviors are particularly interested in using item-level data to enhance customer engagement. Among firms pursuing this objective, 59% expect that using this data will empower their organizations to provide improved customer experiences, and 49% expect it will grant consumers a more efficient experience concerning transaction questions or disputes. Item-level receipt data lets consumers gain insights into their buying habits and track their recent purchases with greater precision. Another 48% of these firms say consumers can benefit from more detailed spending insights. In contrast, just 32% of firms using receipt data for fraud solutions expect improved customer experiences from using item-level receipt data.

Many firms are considering how using receipt data can improve shopping experiences. Among firms that want to provide loyalty and shopping, 41% report that consumers benefit from more relevant shopping deals when firms use receipt data. Additionally, 33% of these firms say consumers benefit from more relevant rewards and rebates when a firm uses receipt data to track spending.

59%

Share of firms that want to improve consumers' understanding of their spending behaviors and expect that using item-level receipt data will empower their organizations to provide improved customer experiences

FIGURE 4A:
Benefits of using receipt data

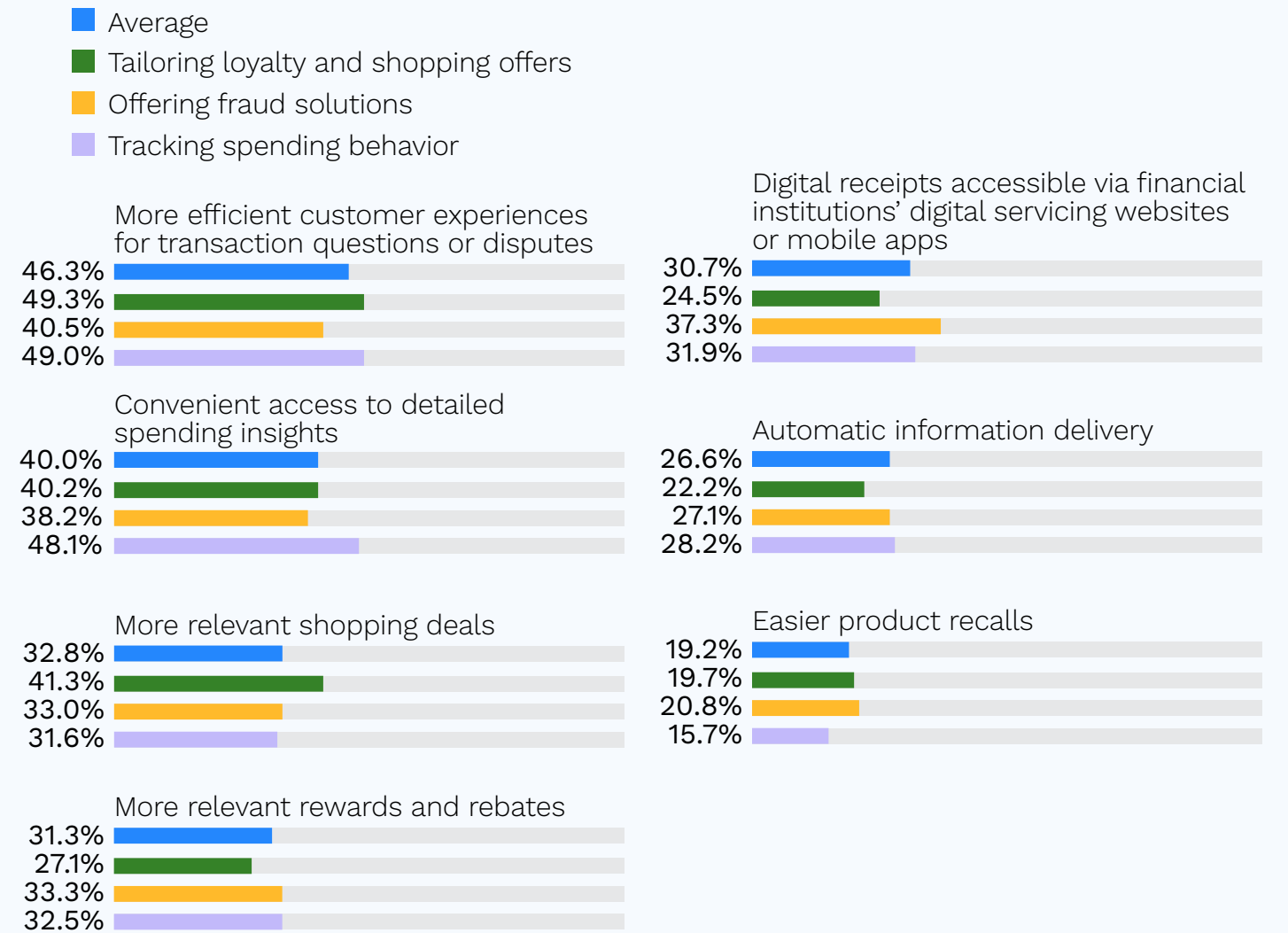**Share of firms citing organizational benefits of using receipt data, by use case**
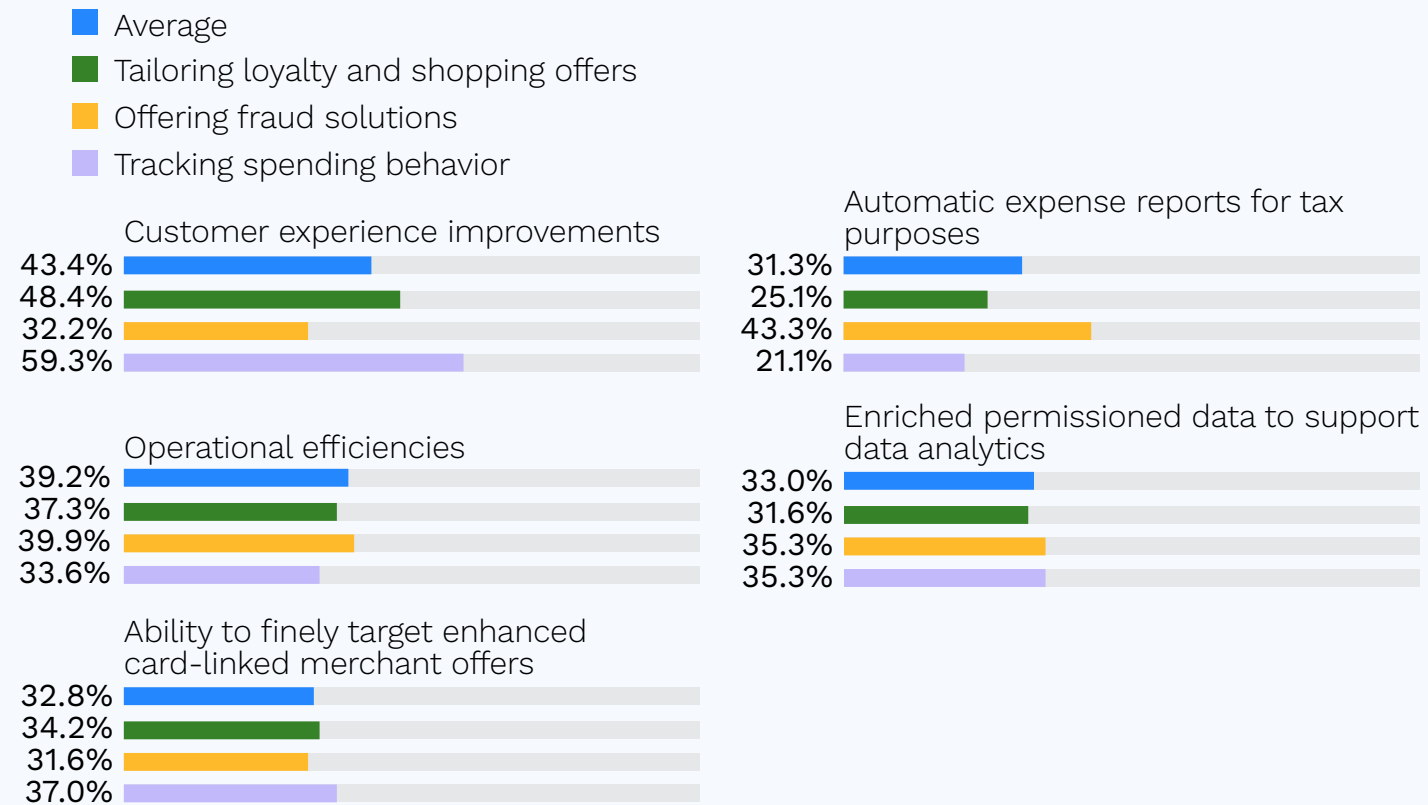
- Average
- Tailoring loyalty and shopping offers
- Offering fraud solutions
- Tracking spending behavior

Customer experience improvements
43.4%
48.4%
32.2%
59.3%

Operational efficiencies
39.2%
37.3%
39.9%
33.6%

Ability to finely target enhanced card-linked merchant offers
32.8%
34.2%
31.6%
37.0%

Automatic expense reports for tax purposes
31.3%
25.1%
43.3%
21.1%

Enriched permissioned data to support data analytics
33.0%
31.6%
35.3%
35.3%

Source: PYMNTS

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N varies based on use case, fielded June 30, 2022 – July 27, 2022

FIGURE 4B:
Benefits of using receipt data

Share of firms citing consumer benefits of using receipt data, by use case

- Average
- Tailoring loyalty and shopping offers
- Offering fraud solutions
- Tracking spending behavior

More efficient customer experiences for transaction questions or disputes
46.3%
49.3%
40.5%
49.0%

Convenient access to detailed spending insights
40.0%
40.2%
38.2%
48.1%

More relevant shopping deals
32.8%
41.3%
33.0%
31.6%

More relevant rewards and rebates
31.3%
27.1%
33.3%
32.5%

Digital receipts accessible via financial institutions' digital servicing websites or mobile apps
30.7%
24.5%
37.3%
31.9%

Automatic information delivery
26.6%
22.2%
27.1%
28.2%

Easier product recalls
19.2%
19.7%
20.8%
15.7%

Source: PYMNTS

Meeting the Need for Item-Level Receipt Data: Why Data Infrastructure is Key to a Better Customer Experience, March 2023
N varies based on use case, fielded June 30, 2022 – July 27, 2022

Using item-level receipt data to tailor loyalty and shopping offers

Item-level receipt data enables merchants to provide more compelling offer structures, such as category and exclusion offers.

Category offers

Category-level offers allow merchants to align offers based on considerations such as strategic objectives, inventory levels and seasonal events.
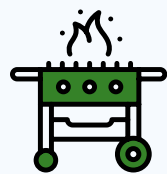
5% back on gas grills over $150

$30 back when you spend $200 on outdoor living and patio
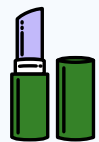
10% back on beauty aisle products

Exclusion offers

Exclusion offers allow merchant-level promotions that exclude certain categories for regulatory, margin or other considerations.

5% back at an outdoor recreation retailer (e.g., Bass Pro Shops), excluding guns and ammo

5% back at a drugstore retailer (e.g., Rite Aid), excluding prescription drugs

5% back at a convenience store (e.g., Casey's), excluding gasoline and tobacco products

5% back at an electronics retailer (e.g., Best Buy), excluding gift cards

Conclusion

Financial service providers expect to incorporate item-level receipt data into their operations throughout the next three years, but they need to begin taking the next steps. Firms have identified item-level receipt data as important to meeting consumer demands and are aware of the key factors impacting their innovation strategies, such as those regarding technical capacities. High data-readiness firms are most aware of what is required to maximize the value of this data, and as a result, they are more apt to move ahead with these innovations.

Despite the technical challenges, however, item-level receipt data holds much promise for FIs and FinTechs as a tool to further engage their consumer and merchant customers. For instance, firms looking to use item-level receipt data to understand consumer spending say that consumers can benefit from more relevant rewards and rebates, while those integrating item-level receipt data into their existing loyalty and shopping offer programs say that consumers benefit from more attractive and relevant shopping deals. With so much untapped potential in receipt data to improve customer experiences and drive growth, financial service providers would benefit from increasing their data readiness to meet this growing market opportunity.

About

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

BANYAN

Banyan, the leading data infrastructure for item-level receipt data solutions, enables banks, FinTechs, hotels and merchants to automate expense management, power the future of Precise Commerce^{sm} with SKU and category-level shopping offers and create other powerful applications such as fraud reduction and personal financial management. Data privacy is core to Banyan's mission, and the company prides itself on its privacy-by-design and consent-based approach. With world-class security protections and a highly scalable infrastructure, Banyan network participants unlock new capabilities and opportunities while remaining secure and compliant. Getting started with Banyan is fast, flexible and easy through secure batch or API data integrations. For more information, visit www.banyan.com.

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