

LEVERAGING ITEM-LEVEL RECEIPT DATA:

How Card-Linked Offers Drive Customer Loyalty

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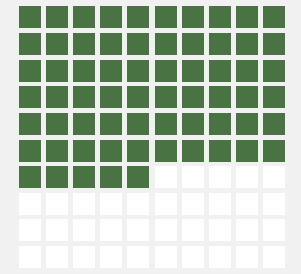
Leveraging Item-Level Receipt Data was produced in collaboration with Banyan, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

In today's competitive retail market, merchants are looking for every opportunity to streamline the consumer purchasing experience and create new sources of sales revenue. More specifically, merchants aim to drive customer engagement by delivering personalized experiences and loyalty programs. Integrating item-level receipt data into product development, marketing and operations enables merchants to provide relevant reward programs and card-linked offers at a category or product level, thus providing digitally savvy consumers with the rich and seamless commerce they expect.

Most consumers shop with brands and merchants where they are members of loyalty or rewards programs. Among credit or debit card users, 65% shop with brands or merchants where they are loyalty or rewards program members, 34% shop at new brands or merchants and 23% are sporadic shoppers, meaning they occasionally shop at specific brands or merchants. These groups are not exclusive, as consumers may identify as

65%



Share of card users who shop with brands or merchants where they are **members of loyalty or rewards programs**

more than one of these shopping personas based on how they shopped in the last 30 days. Moreover, 4 in 10 consumers prefer cards with personalized rewards, as these programs provide economic incentives to increase customer loyalty. Although 41% of consumers have used these programs in the last year, 38% do not use them because they lack familiarity with card-linked offers, indicating that merchants must find ways to increase consumer awareness.

FIGURE 1:
How consumers shop

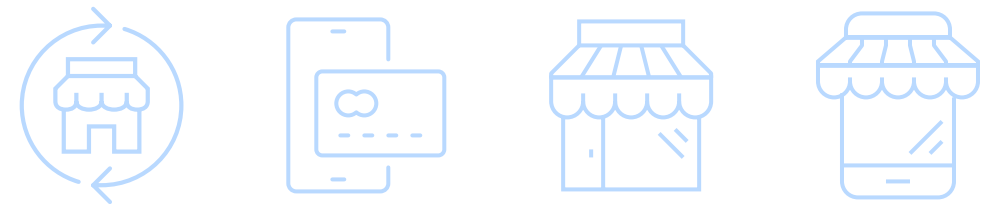
Share of consumers who identify as select personas based on how often they shopped with brands or merchants in the last 30 days



Source: PYMNTS Intelligence
Leveraging Item-Level Receipt Data: How Card-Linked Offers Drive Customer Loyalty, September 2023
N = 2,069; Complete responses, fielded July 17, 2023 – July 20, 2023

Leveraging Item-Level Receipt Data: How Card-Linked Offers Drive Customer Loyalty, a PYMNTS Intelligence and Banyan collaboration, examines how merchants using item-level receipt data can provide card-linked offers that increase consumer engagement and improve customer loyalty. We surveyed 2,069 United States consumers from July 17 to July 20 to learn about their interest in loyalty and rewards programs, their preference for card-linked offers and what merchants can do to increase awareness and usage of these offers.

This is what we learned.



KEY FINDINGS

01

LOYAL CUSTOMERS

Card-reward programs — especially personalized ones — build customer loyalty, as most consumers shop with brands and merchants where they are loyalty program members.



65%

Share of card users who shop with brands or merchants where they are members of loyalty or rewards programs

02

HIGHLY SATISFIED

Consumers who have used card-linked offers in the last year are highly satisfied with these programs, especially millennials, new customers and consumers with children.



41%

Share of card users who have used a card-linked offer program in the last 12 months, including 62% of millennials and 59% of consumers with children

03

ATTRACT NEW CUSTOMERS

Card-linked offers attract new customers: One-third of consumers will likely change their shopping behaviors and switch to merchants that provide card-linked offer programs.



50%

Share of millennials who would switch to merchants offering product-specific or merchant-specific card-linked offer programs

04

AWARENESS BOOST

Merchants and card issuers must boost consumer awareness of card-linked offers and provide good cash-back rewards to foster greater use.



38%

Share of consumers who have not used card-linked offers because they lack familiarity with these programs

PYMNTS IN DEPTH

Through the use of item-level receipt data, merchants can customize card-linked offers to specific categories or product brands and personalize them based on loyalty program insights and card member behavior, thus engaging existing customers while attracting new ones.

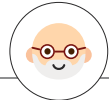




Card reward programs — particularly personalized ones — build customer loyalty, as most consumers shop with brands and merchants where they are loyalty program members.

Sixty-five percent of card users are loyal shoppers. In the last month, they shopped with brands or merchants where they are members of loyalty or rewards programs. Meanwhile, 34% say they are new customers, meaning they shopped with new brands or merchants in the last month. Just 23% of those surveyed report being sporadic shoppers who occasionally shop with various brands or merchants. These groups are not exclusive, as consumers may fall into more than one of these personas based

on how they shopped across different brands or merchants in the last 30 days. Millennials are the most likely to be loyal shoppers and most likely to become new customers, meaning they are a key segment for card rewards programs. While 32% of loyal shoppers are millennials, 37% of new customers are millennials. Although some brands or merchants may be inclined to target the youngest consumers for long-term relationships, just 13% of loyal shoppers and 19% of new customers are Generation Z consumers.

FIGURE 2:
Consumers' shopping personas

Share of consumers who identify as select personas based on how they shopped with brands and merchants in the last 30 days, by generation¹

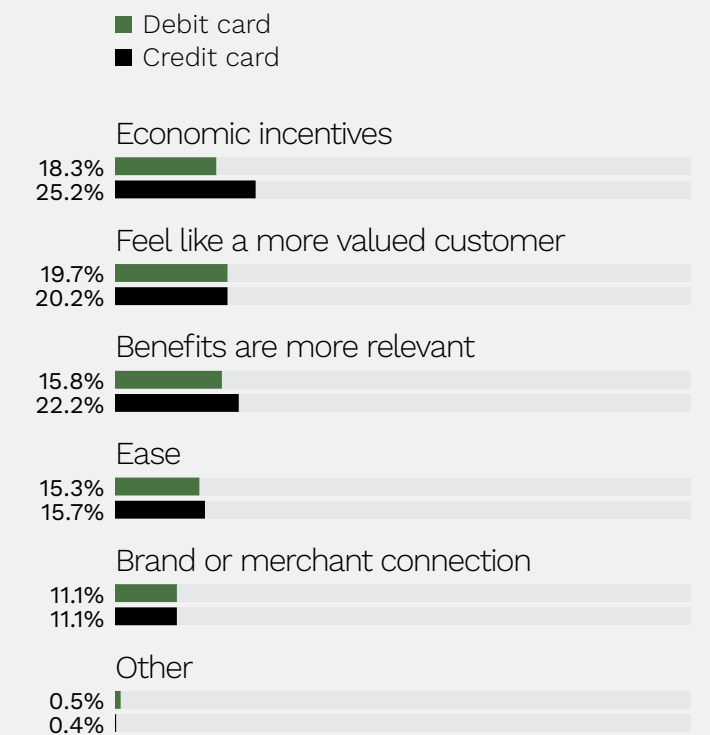
	 BABY BOOMERS AND SENIORS	 GENERATION X	 BRIDGE MILLENNIALS	 MILLENNIALS	 GENERATION Z
• Loyal shoppers	28.5%	26.6%	21.2%	31.8%	13.2%
• New shoppers	18.9%	24.8%	22.6%	37.4%	18.9%
• Sporadic shoppers	50.5%	25.8%	11.9%	16.6%	7.2%

Source: PYMNTS Intelligence
Leveraging Item-Level Receipt Data: How Card-Linked Offers Drive Customer Loyalty, September 2023
N = 2,069: Complete responses, fielded July 17, 2023 - July 20, 2023

¹ Shares of consumer personas do not add up to 100% as shoppers may fall into more than one category based on their shopping with merchants or brands in the last 30 days.

Consumers heavily prefer cards that offer personalized rewards. Among consumers who have used their cards for purchases in the last month, 73% of credit card users prefer using cards that offer personalized loyalty rewards rather than general cards. Preferences are a bit softer for debit, with 60% of debit card users preferring cards that offer personalized rewards. At 25%, economic incentives, such as discounts and higher cash-back offers, are the top reason consumers choose credit cards that offer personalized rewards. The second most cited reason, at 20%, is that personalized rewards make them feel recognized by brands and merchants as valued customers.

FIGURE 3:
Why consumers use cards with personalized loyalty rewards
Share of consumers citing select reasons to use cards that offer personalized loyalty rewards over those that do not, by type of card



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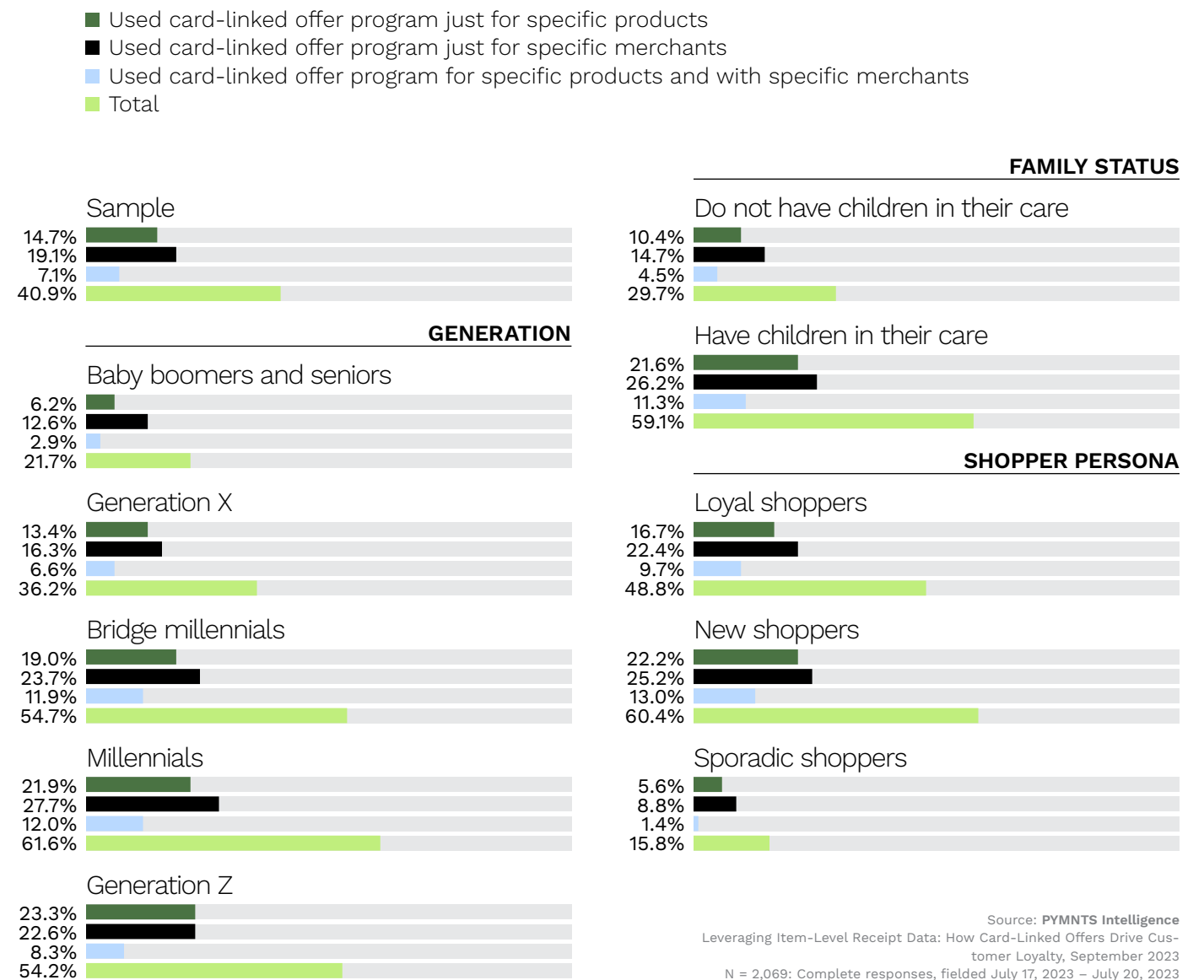
Consumers who have used card-linked offers in the last year are highly satisfied with these programs, especially millennials, new customers and consumers with children.

Card-linked offers are valuable for brands and merchants, keeping customers engaged and returning to buy more. Among consumers who have used card-linked offer reward programs, millennials, consumers with children and new shoppers are the most likely to do so. While 41% of card users overall used a card-linked offer program in the last 12 months, we found that 62% of millennials, 59% of consumers with children and 60% of new customers to brands or merchants in the last month did the same. Among consumers who have used card-linked offer programs,

FIGURE 4:

Usage of card-linked offer programs

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



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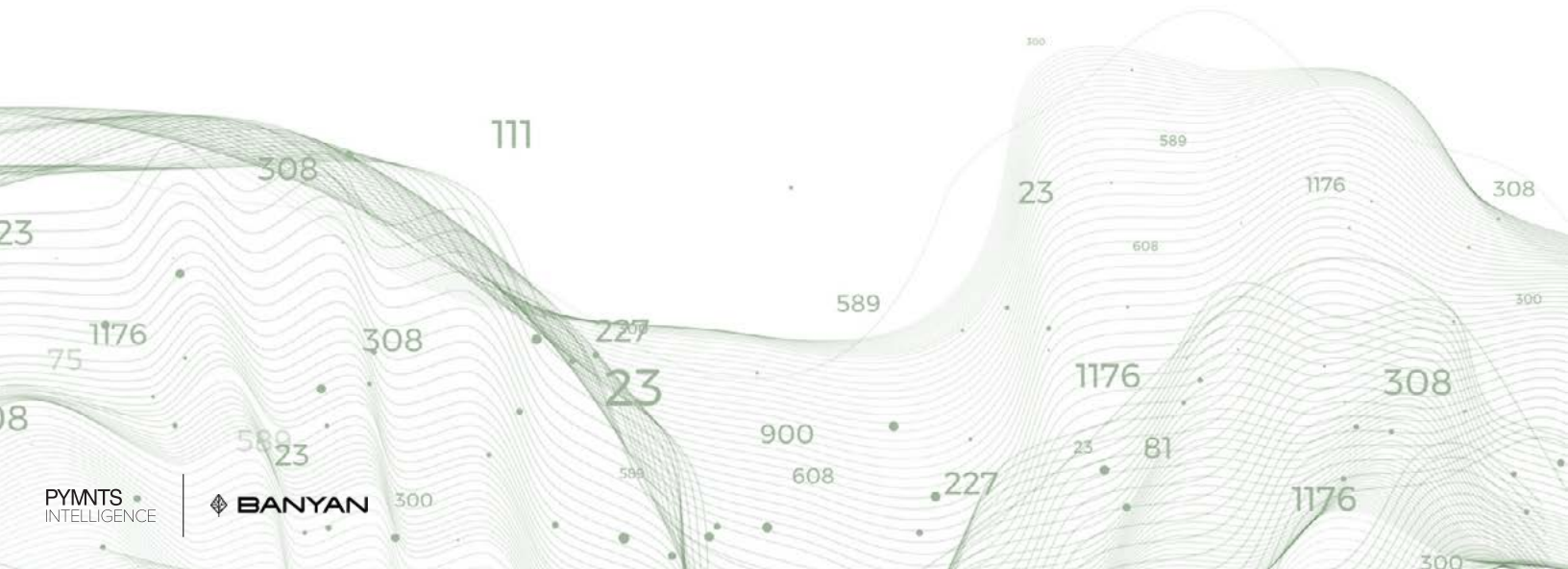
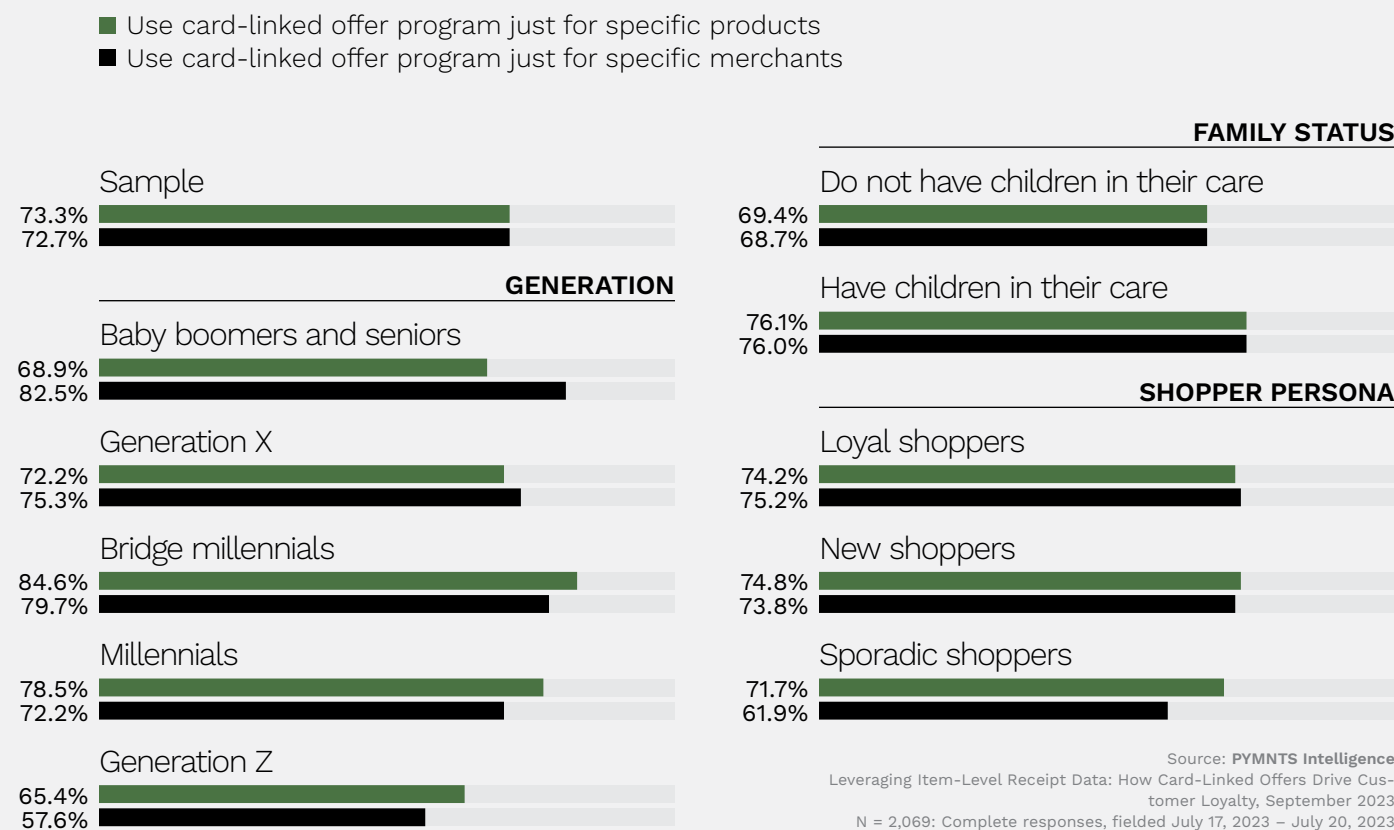
19% used programs tied to merchant-specific transactions and 15% used programs via product-specific transactions. Just 7.1% of card users have used both types of card-linked offers.

Moreover, consumers who have used card-linked offer programs are highly satisfied with them, whether offered by brands or merchants. Our data shows that 73% of consumers are very or extremely satisfied regardless of whether the card-linked offers were for specific products or specific merchants. Those more likely to use card-linked offers — millennials, new shoppers and consumers with children — are also more likely to be satisfied with these programs than the average consumer. This is especially true for card-linked offers tied to specific products: 85% of bridge millennials, 75% of new shoppers and 69% of consumers with children are highly satisfied with these offers. However, 83% of baby boomers and seniors and 75% of Generation X consumers are more likely to be highly satisfied with the offers they receive from specific merchants. At 75%, loyal shoppers are slightly more likely to be satisfied with the offers they receive from specific merchants than from specific products.

FIGURE 5:

Consumer satisfaction with the card-linked offers

Share of consumers very or extremely satisfied with the card-linked offers and discounts they have used, by demographic



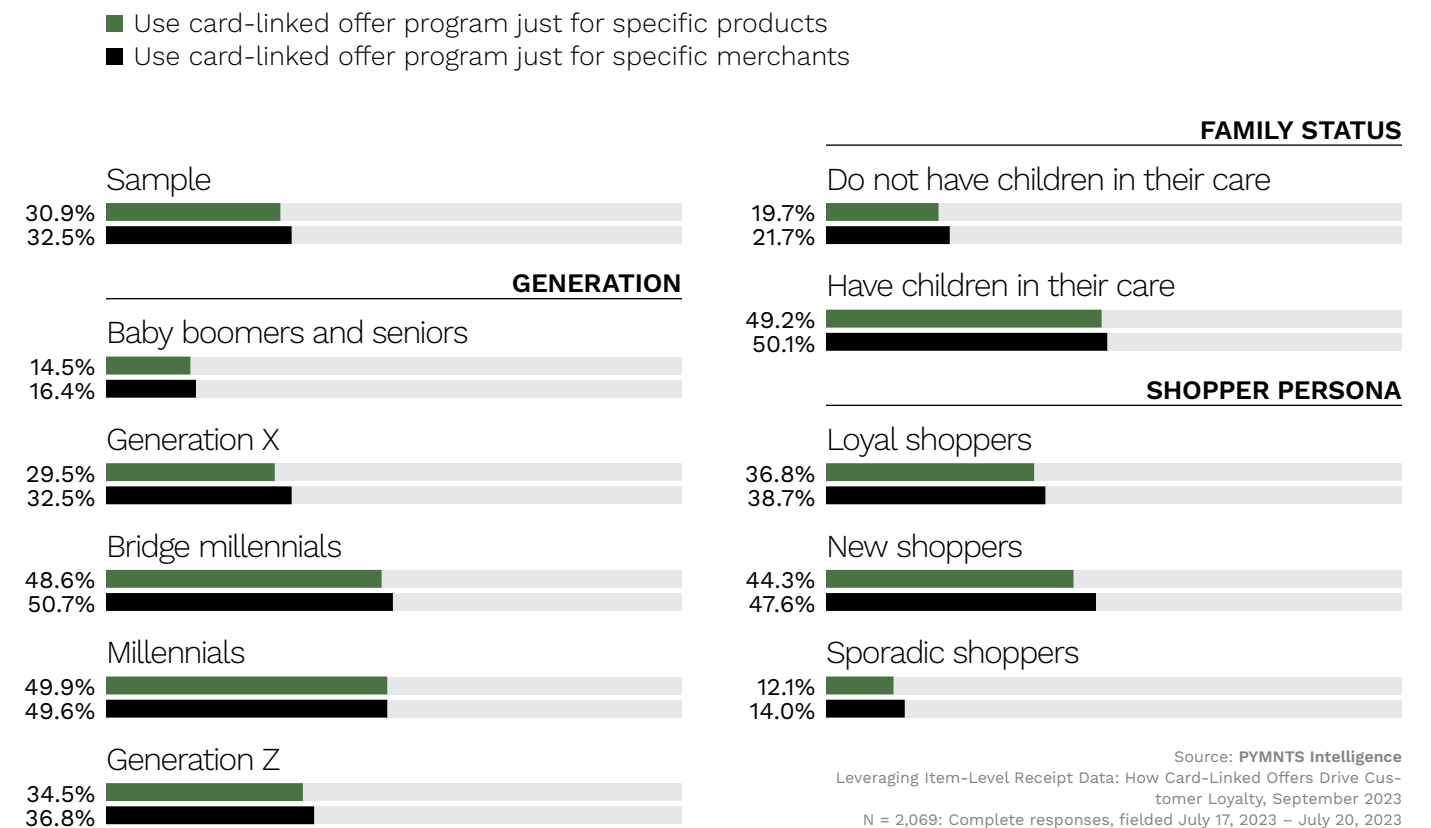
Card-linked offers attract new customers: One-third of consumers are likely to switch to merchants that offer card-linked offers.

Not only do card-linked offers engage existing customers, but they can also help brands and merchants reach new customers. Our study finds that 50% of millennials, 49% of consumers with children and 44% of new customers to brands or merchants in the last month are likely to switch to merchants offering product-specific card-linked offers programs. We also found that 50% of millennials, 50% of consumers with children and 48% of new customers are likely to switch to merchants offering merchant-specific programs. In contrast, baby boomers, consumers without children and sporadic shoppers are the least interested in switching to merchants providing card-linked offers. Just 15% of baby boomers and seniors would switch to merchants providing product-specific offers, while just 16% would switch to those with merchant-specific card-linked offers.

FIGURE 6:

Consumers willing to switch

Share of card users very or extremely likely to switch to a merchant that provides select card-linked offer programs, by demographic



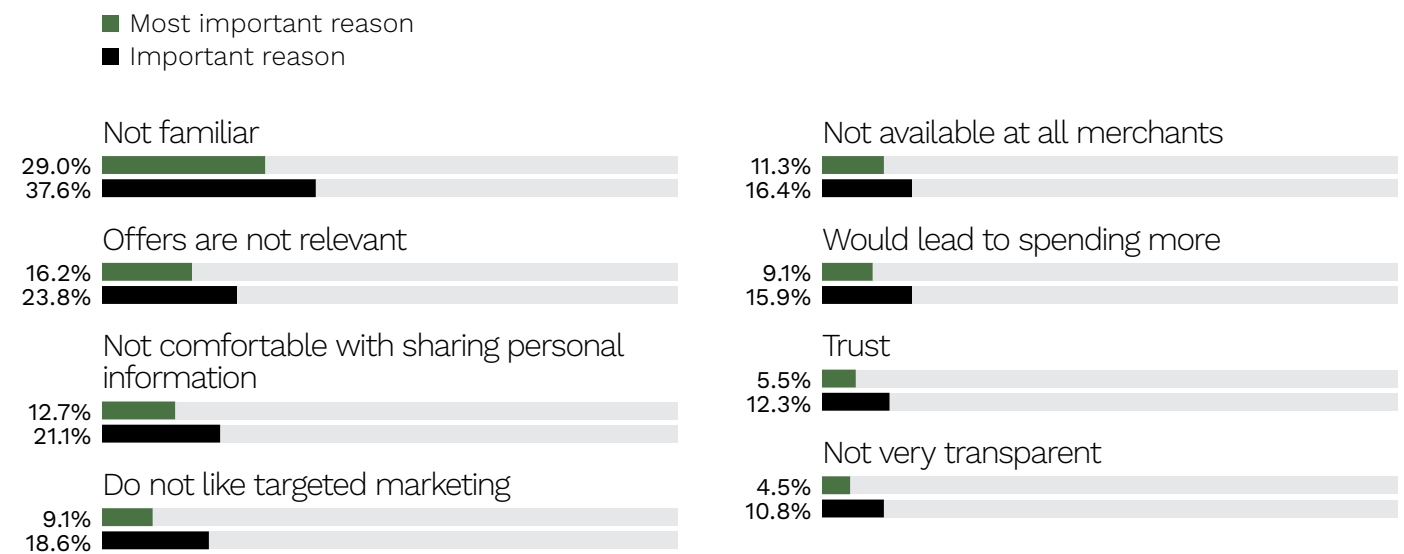
Merchants and card issuers must boost consumer awareness of card-linked offers and provide good cash-back rewards to foster greater use.

Card-linked merchants are leaving a significant share of consumers on the table, with many saying that lack of familiarity is the main reason they do not use card-linked offers. We found that 38% of consumers not using card-linked offers have not used them because they lack familiarity with these programs, with 29% citing this as their most important reason. However, 24% of consumers say such offers are irrelevant to them, and 21% say they do not use card-linked offers because they do not feel comfortable sharing personal information. To reach new customers, merchants, along with card issuers and card-linked offer platforms, must promote these programs better, educating consumers on how they work and the benefits they provide to cardholders.

FIGURE 8:

Reasons for not using card-linked offer programs

Share of consumers who cite select reasons for not using card-linked offer programs, by level of importance



Source: PYMNTS Intelligence
Leveraging Item-Level Receipt Data: How Card-Linked Offers Drive Customer Loyalty, September 2023
N = 1,063: Respondents who have not used card-linked offers in the last 12 months, fielded July 17, 2023 – July 20, 2023

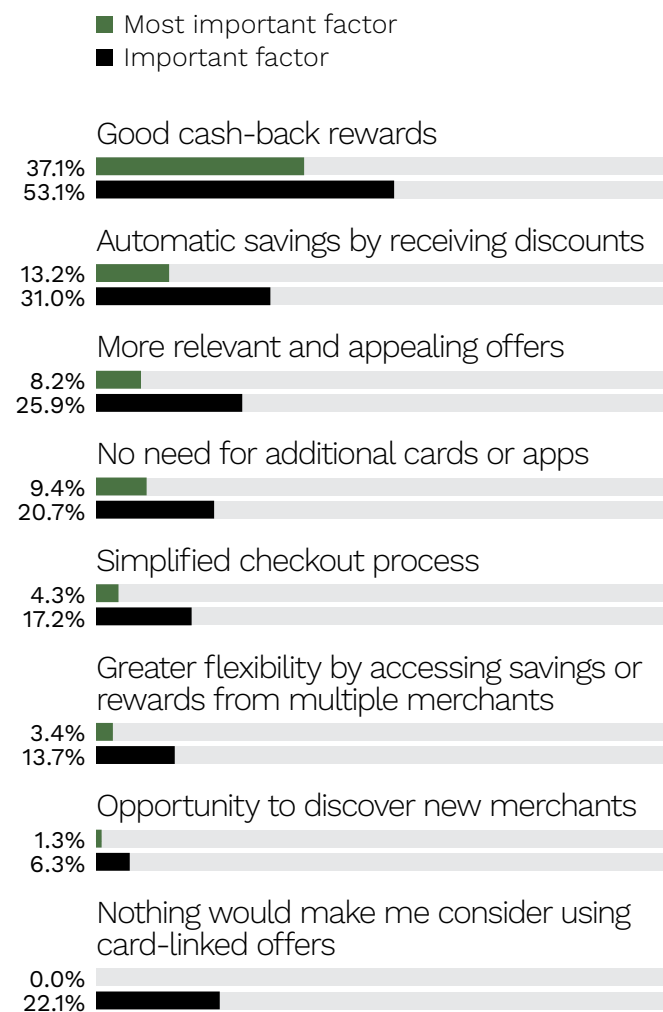
So, what factors drive consumers to use card-linked loyalty program offers? Good cash-back rewards and automatic savings by receiving discounts are consumers' most cited reasons for using card-linked offers in the future. More than half of consumers cite good cash-back rewards, with 37% saying this is their most important reason. Thirty-one percent cite the automatic savings they get by receiving discounts as a factor in their decision to

use card-linked reward offers, while just 13% say it is the most important reason. More relevant and appealing offers are a factor in the decision to use card-linked reward offers for 26% of respondents. The least-cited factors include greater flexibility to access savings and rewards from multiple merchants, at 14%, and the opportunity to discover new merchants, at 6.3%. Twenty-two percent of respondents report that nothing would make them consider using card-linked offers.

FIGURE 9:

Driver of future consumer usage

Share of consumers who cite select factors that would make them consider using card-linked offer programs in the future



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“

The availability of more relevant and appealing offers is a factor that 26% of consumers consider when deciding whether to use card-linked reward offers.

”

DATA FOCUS

Brands and merchants providing card-level offers can learn what program offerings engage consumers the most, expand purchase frequency and basket size, and cultivate shopper loyalty.

Loyalty programs that offer cash back are by far the most appealing programs for card users deciding how to pay for their purchases.

Sixty-five percent of credit and debit card users cited cash-back programs as appealing when choosing how to pay their purchases, with 51% citing cash-back programs as the most appealing. Loyal shoppers are particularly attracted to cash-back programs, as 71% find these appealing when choosing how to pay, compared to 62% of new shoppers. Even 56% of sporadic shoppers find cash-back programs appealing.

Point-based programs rank second, with 40% of consumers citing these as appealing. Just 13% of card users consider point-based programs as the most appealing. Close to half of loyal and new shoppers are drawn to point-based programs, while just one-quarter of sporadic shoppers say the same.

Meanwhile, approximately one-third of card users found exclusive offers and discounts and personalized rewards appealing, even as just 10% cite these offers as the most appealing. Loyal shoppers and new shoppers are more than twice as drawn to these offerings as sporadic shoppers, suggesting that financial incentives may drive these card users. Still, they also want exclusivity and a personal touch, all of which make them feel like they are valued customers.

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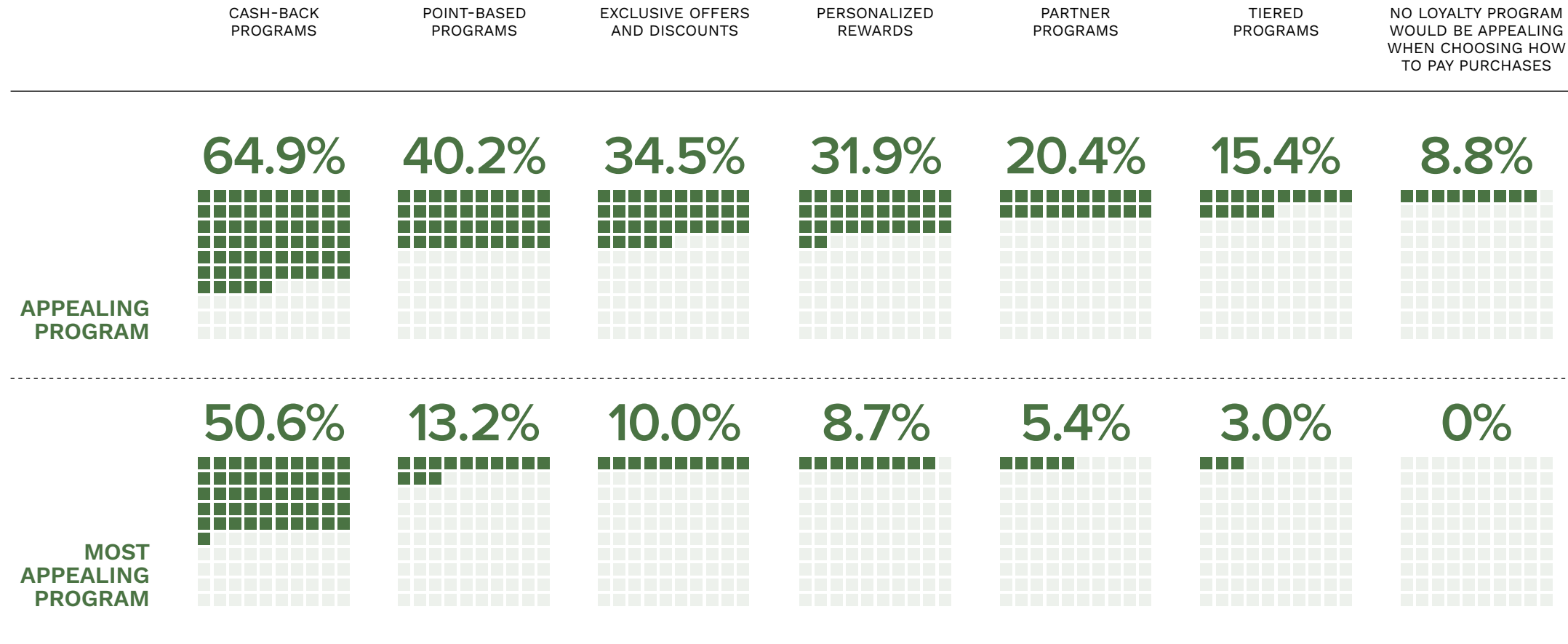
Approximately one-third of card users found exclusive offers and discounts and personalized rewards appealing when choosing how to pay for purchases.

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FIGURE 10A:

The appeal of loyalty programs

Share of consumers citing select loyalty programs they find appealing when choosing how to pay for purchases, by level of appeal

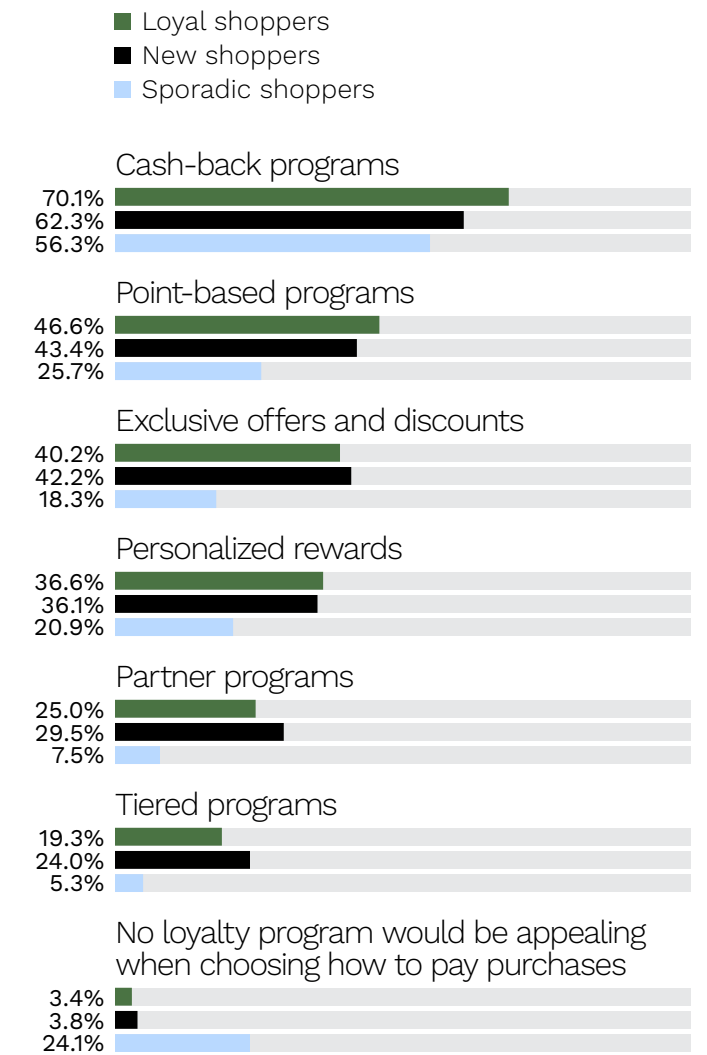


Source: PYMNTS Intelligence
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FIGURE 10B:

The appeal of loyalty programs

Share of consumers citing select loyalty programs they find appealing when choosing how to pay for purchases, by shopping persona



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ACTIONABLE INSIGHTS



01

Brands and merchants could benefit from using item-level receipt data to provide customers with personalized and relevant card-linked offers, thereby increasing spending and engagement among existing customers and attracting new ones. While economic incentives, such as discounts and higher cash-back offers, are the main reason consumers say they choose cards, the availability of personalized rewards is the second most cited reason, as these programs make them feel understood and recognized by brands and merchants as valued customers.



02

Millennials, consumers with children and customers new to brands or merchants in the last month stand out as the most likely to use card-linked offer programs. They are also the most likely to switch to merchants offering both product-specific card-linked offer programs and merchant-specific programs, further indicating that merchants and brands can effectively use card-linked offers to engage existing customers and attract new customers from these segments.



03

Increasing consumer awareness can unlock value in the form of more card members, driving more purchase volume at more merchants. A significant portion of consumers say they are unfamiliar with card-linked offer programs. This lack of consumer awareness and familiarity indicates that merchants, card issuers and card-linked offer platforms must do a better job promoting that these programs exist, how they work and the benefits to card members of relevant shopping deals and personalized rewards.

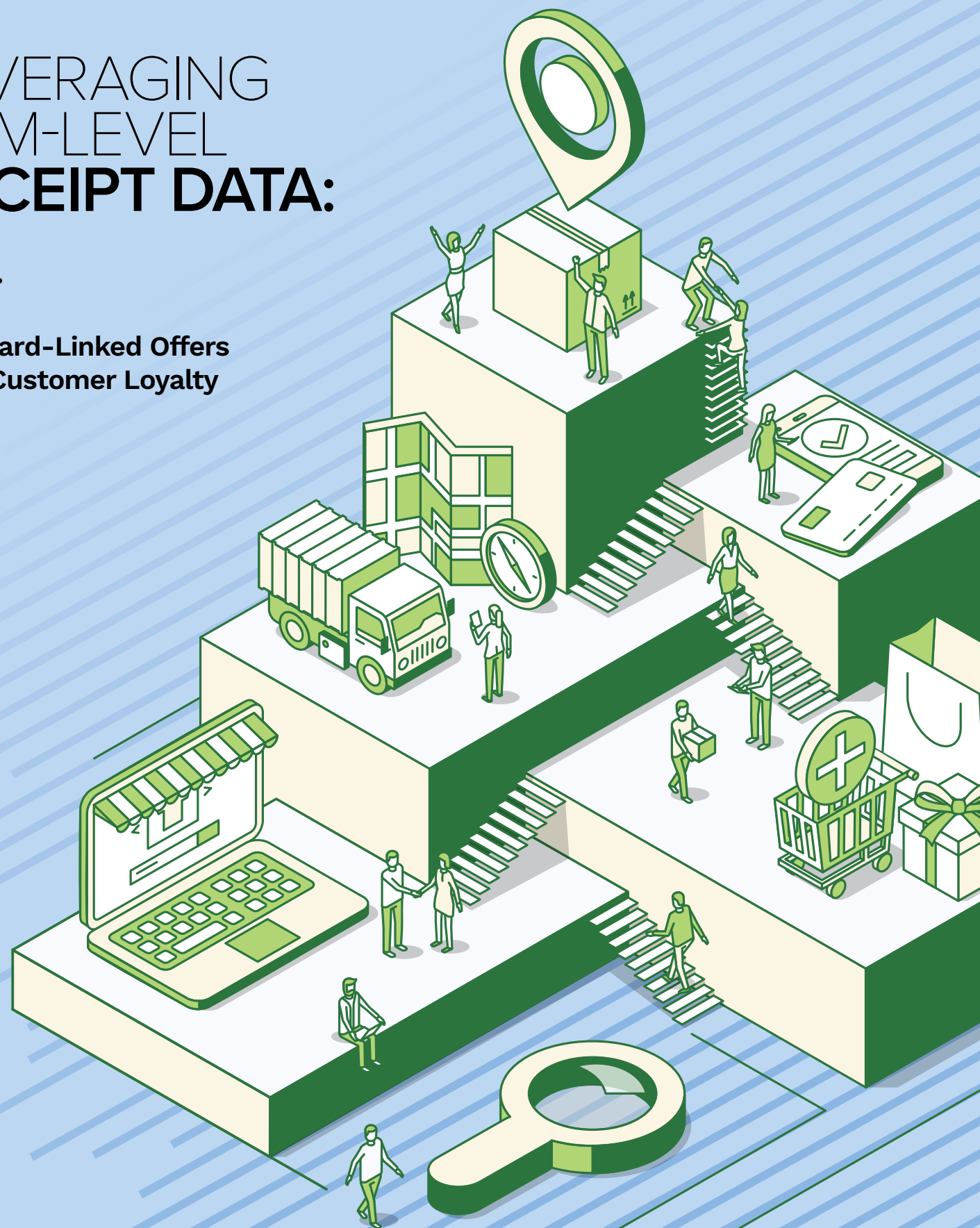


04

Brands and merchants may be able to increase customer engagement and satisfaction by improving the relevance and personalization of cardlinked offer programs. Consumers who have used card-linked offer programs are highly satisfied with them. Yet, by ensuring that programs appeal to customer demographics, merchants and brands make them feel like they are valued customers.

LEVERAGING ITEM-LEVEL RECEIPT DATA:

How Card-Linked Offers Drive Customer Loyalty



METHODOLOGY

Leveraging Item-Level Receipt Data: How Card-Linked Offers Drive Customer Loyalty, a PYMNTS and Banyan collaboration, examines how merchants using item-level receipt data can provide card-linked offers that increase consumer engagement and improve customer loyalty. We surveyed a census-balanced panel of 2,069 U.S. consumers from July 17 to July 20 to learn about their interest in loyalty and rewards programs, their preference for card-linked offers and what merchants can do to increase consumer awareness and usage of these offers. Fifty-two percent of respondents identified as women, 35% held a college degree, the average age was 48 and 40% annually earned more than \$100,000.

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.

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◆ 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.

To learn more, visit www.banyan.com

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