April 2024 Report

CARD-LINKED OFFER GROWTH HINGES ON FIRST-TIME USERS

PYMNTS INTELLIGENCE | BANYAN

CARD-LINKED OFFER GROWTH HINGES ON FIRST-TIME USERS

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March 2024

Leveraging Item-Level Receipt Data:
How Card-Linked Offers Helped Drive Year-End Spend

Card-Linked Offer Growth Hinges on First-Time Users 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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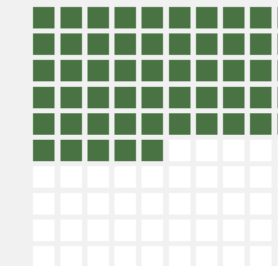
WHAT'S **AT STAKE**

Consumers are faithful to card-linked offers — that is, if they know about them. Card-linked offers, which provide special savings or rewards attached to a merchant or product, are consistently used by roughly 2 in 5 cardholders. Getting cardholders to use a first offer is key to retaining them for the future. After using their first card-linked offer, cardholders remain long-term card-linked offer users: 93% plan on maintaining or increasing their card-linked offer use in the next year. To unlock the next wave of program growth, card providers should focus their efforts on gaining new cardholders who have never used card-linked offers before. Increasing consumers' familiarity with card-linked offers is an important first step toward higher consumer engagement.

55%

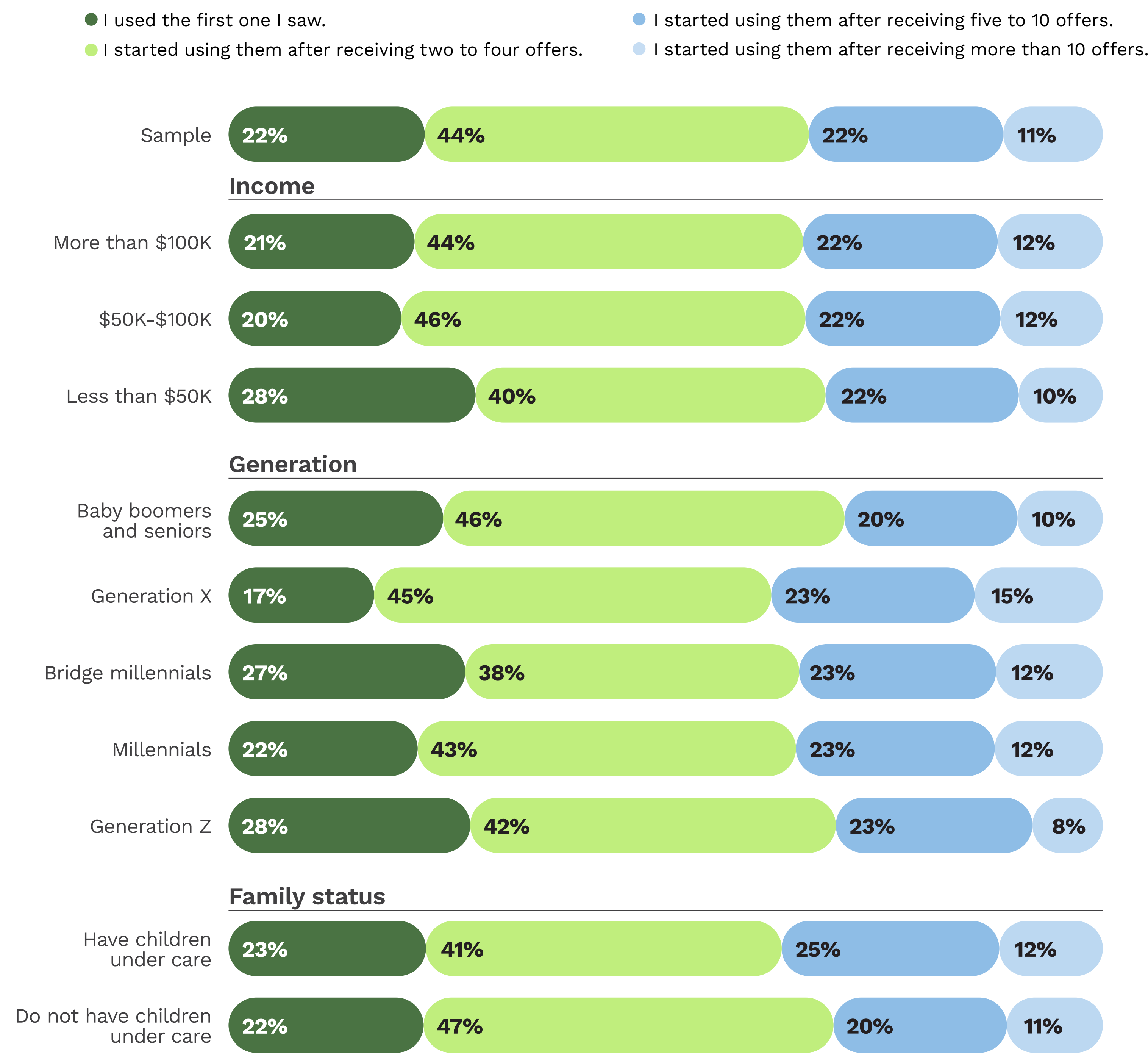


Share of first-time card-linked offer users who were attracted by **cash-back rewards**

The growth of card-linked offers means engaging new consumers — more than once. To get new users in the door, consumers require a certain level of familiarity with the concept of card-linked rewards and just the right deals to attract individual first-time consumers. Before using their first card-linked offer, 41% of consumers said they were very familiar with them, and another 26% said they were somewhat familiar with them.

FIGURE 1:

From familiarity to conversion
Share of cardholders agreeing with select statements about how many card-linked offers they saw before deciding to use one, by demographic



Source: PYMNTS Intelligence
Card-Linked Offer Growth Hinges on First-Time Users, April 2024
N = 715: Respondents who have used card-linked offer programs in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

These are just some of the findings detailed in Card-Linked Offer Growth Hinges on First-Time Users, a PYMNTS Intelligence and Banyan collaboration. This edition examines the future growth dynamics of card-linked offers and draws on insights from a survey of 2,108 respondents conducted from Feb. 2 to Feb. 16.

This is what we learned.

KEY FINDINGS

01

GET HOOKED

Once consumers have tried a card-linked offer for the first time, they get hooked.

93%

Portion of cardholders who have used at least one card-linked offer and intend to maintain or increase their use in the next year

02

THE FAMILIARITY FACTOR

It takes some familiarity with the concept of card-linked offers for consumers to go for them.

80%

Share of non-users who say becoming more familiar with card-linked offers would influence their decision to start using card-linked offers in the future

03

ATTRACTION FORMULA

Familiarity plus the right offer can equal card-linked offer engagement, so providers need to educate consumers and hook them with the right offer.

34%

Share of cardholders who have never heard of card-linked offers

04

IMPACTFUL NOTIFICATIONS

The most effective messaging about card-linked offers to potential users comes via an email or app notification.

44%

Share of cardholders who first heard about a card-linked offer directly from their bank or a familiar merchant

PYMNTS IN DEPTH

Once consumers use an initial card-linked offer and understand its value, they tend to remain long-term converts of card-linked offers.

Once consumers have been introduced to card-linked offers, they get hooked, and more than 9 in 10 card-linked offer users plan on using them in the next 12 months.

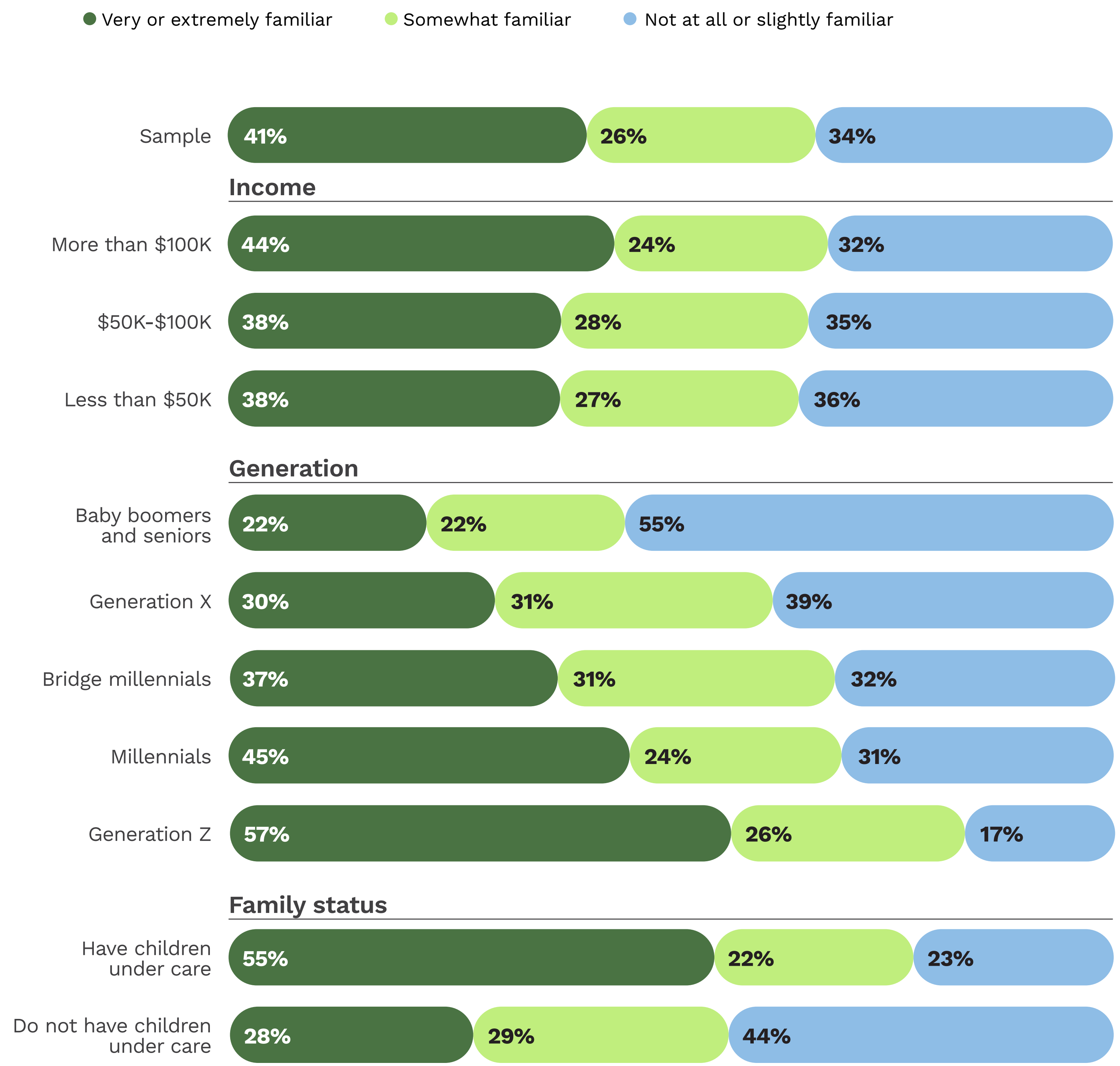
Getting the uninitiated consumer to use a card-linked offer in the first place is key, and familiarity is the first step. Before receiving their first card-linked offer, 41% of consumers said they were very familiar with them, and another 26% said they were somewhat familiar with the offerings.

The consumers who are most familiar with how card-linked offers work tend to be younger, such as Generation Z and millennials; earn high incomes; or are parents, which explains why these populations are also repeat users, as they seek out bargains or may have less income at their disposal.

FIGURE 2:

Consumers' familiarity with card-linked offers

Share of card-linked offer users citing their familiarity with card-linked offers before receiving their first one, by demographic



Source: PYMNTS Intelligence

Card-Linked Offer Growth Hinges on First-Time Users, April 2024

N = 715: Respondents who have used card-linked offer programs in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

Data shows how attractive current card-linked offers are to users: 93% plan on maintaining or increasing their use of card-linked offers. The average consumer who uses card-linked offers has been doing so for 2.5 years, and 22% have been doing so for more than five years.

High-income earners still like a deal, too: Consumers who have money to spare are the least likely to decrease their card-linked offer usage in the next year relative to those in other income groups.

We find that 59% of Gen Z consumers, who are known to hunt for bargains, plan on increasing their card-linked offer usage in the coming 12 months, followed closely by 57% of consumers who are parents. Parents with mouths to feed tend seek out a good deal because they know that every dollar counts.

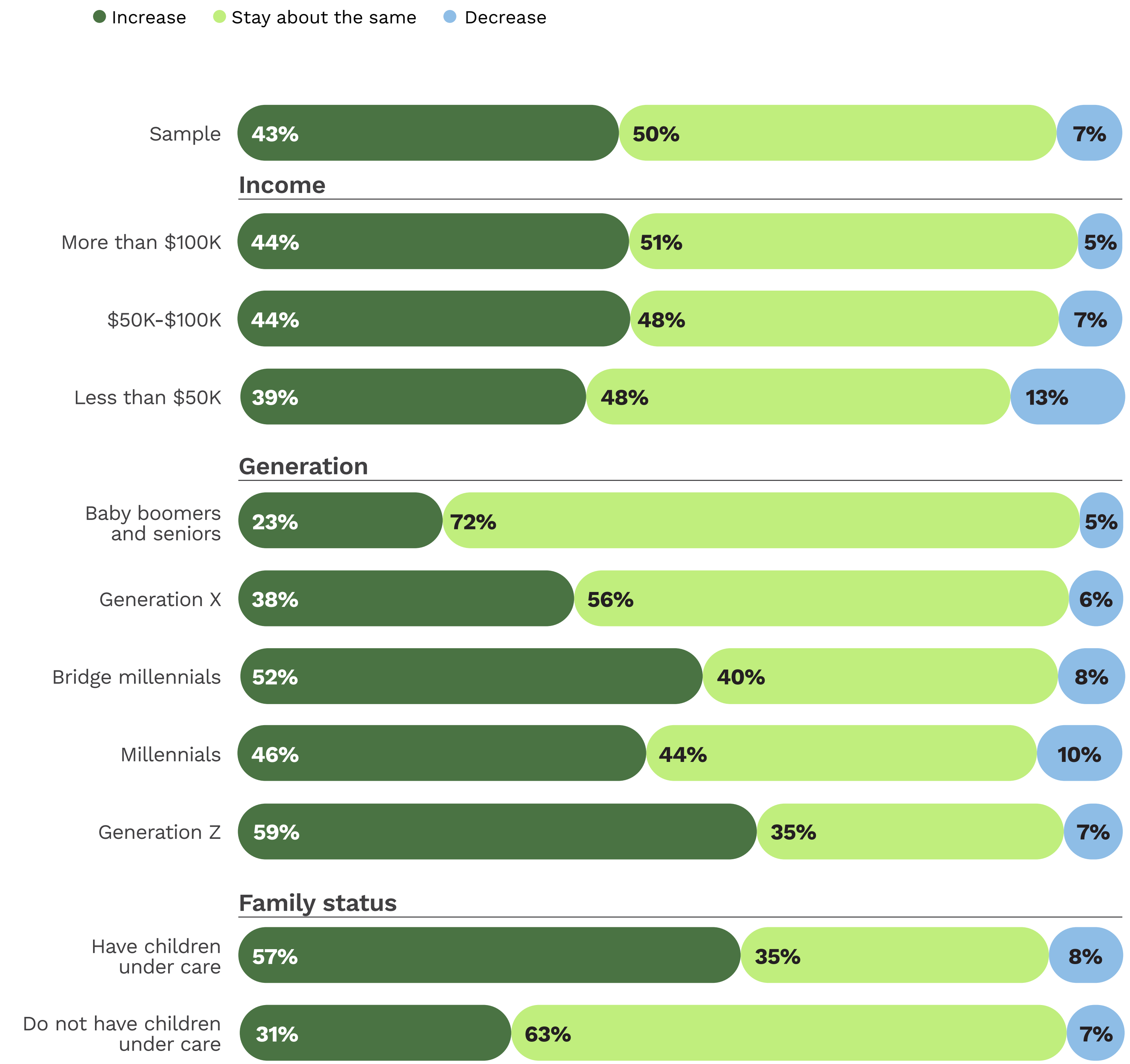
59%

of Gen Z and 52% of bridge millennial consumers who currently use card-linked offers expect to **increase their use** in the next year.

FIGURE 3:

Card-linked offers' momentum

Share of current card-linked offer users citing their expected card-linked offer use in the next year, by demographic



Source: PYMNTS Intelligence

Card-Linked Offer Growth Hinges on First-Time Users, April 2024

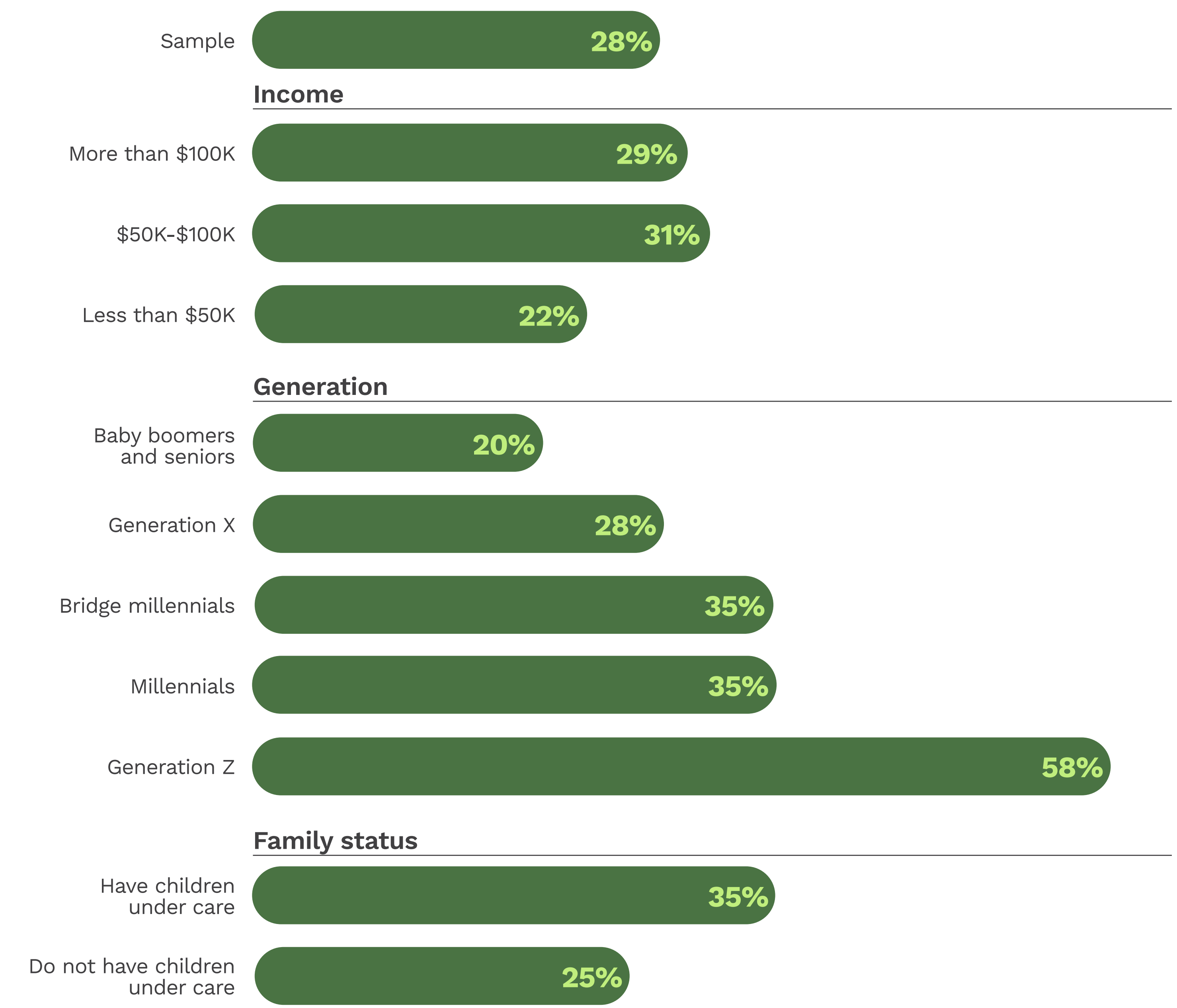
N = 715: Respondents who have used card-linked offer programs in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

Consumers who do not currently use card-linked offers are intrigued by them — and more than one-quarter say they would start using card-linked offers in the coming year.

There is interest in card-linked offers even among those who have yet to use them: 28% of non-users are planning on initiating card-linked offer use in the next year. Discounts are the most-cited reason — at 55% — for people to engage with a card-linked offer for the first time, and the consumers who are most intrigued by a deal will start using these card-linked offers. Younger consumers — many of whom are watching their spending as they start out in jobs and finish school — are the most interested in card-linked offers, peaking at 58% for Generation Z. Another often budget-conscious group is parents: 35% who do not yet use card-linked offers are planning to begin using them in the next 12 months.

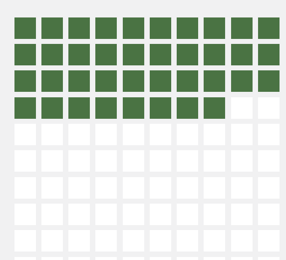
FIGURE 4:

Future users
Share of card-linked offer non-users expecting to adopt card-linked offers in the next 12 months, by demographic



Source: PYMNTS Intelligence
Card-Linked Offer Growth Hinges on First-Time Users, April 2024
N = 1,393: Respondents who have not used card-linked offers in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

Among non-users, 27% say they are at least somewhat familiar with card-linked offers, and another 22% report being slightly familiar with them. Younger consumers, those who are affluent and those who are parents report being more familiar with card-linked offers. On the other hand, more than half of non-card-linked offer users lack familiarity with card-linked offers, and more than 1 in 3 say they have never even heard of them, driving home the need for providers to raise awareness of both the existence of card-linked offers and their benefits. Engaging this group with enticing and relevant offers will be key to ensuring that more new consumers become converts of card-linked offers.



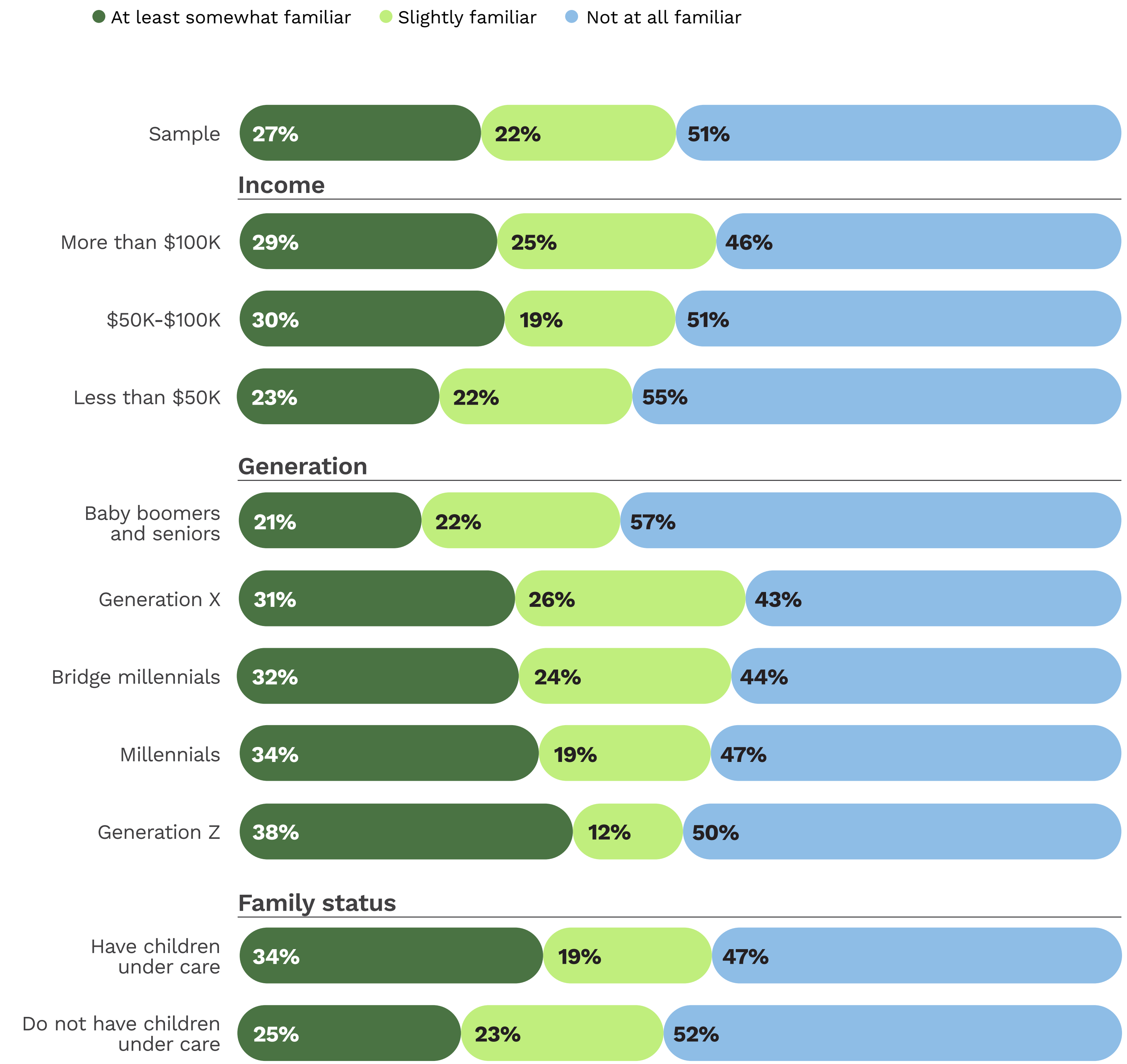
38%

Share of Gen Z consumers who say they are at least somewhat familiar with **card-linked offers**

FIGURE 5:

How familiar consumers are with card-linked offers

Share of card-linked offer non-users citing their familiarity with card-linked offer programs, by demographic



Source: PYMNTS Intelligence

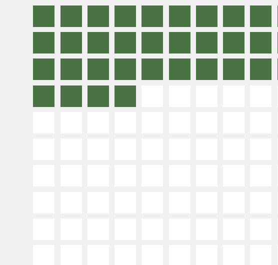
Card-Linked Offer Growth Hinges on First-Time Users, April 2024

N = 1,393: Respondents who have not used card-linked offers in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

Attracting new card-linked offer users is a three-step process: introducing them to these programs, educating them and hooking them with the right offer.

Consumers who do not currently use card-linked offers have revealed the most important factors that would encourage them to start using card-linked offers: familiarity and exposure to new offers relevant to them. Twenty-three percent of non-users cite familiarity and ease of use as the most significant factors that would reel them into using card-linked offers. Notably, non-users are open to these offers if they can spot them in the first place: 16% say more visibility is the most important factor to initiating card-linked offer use.

34%



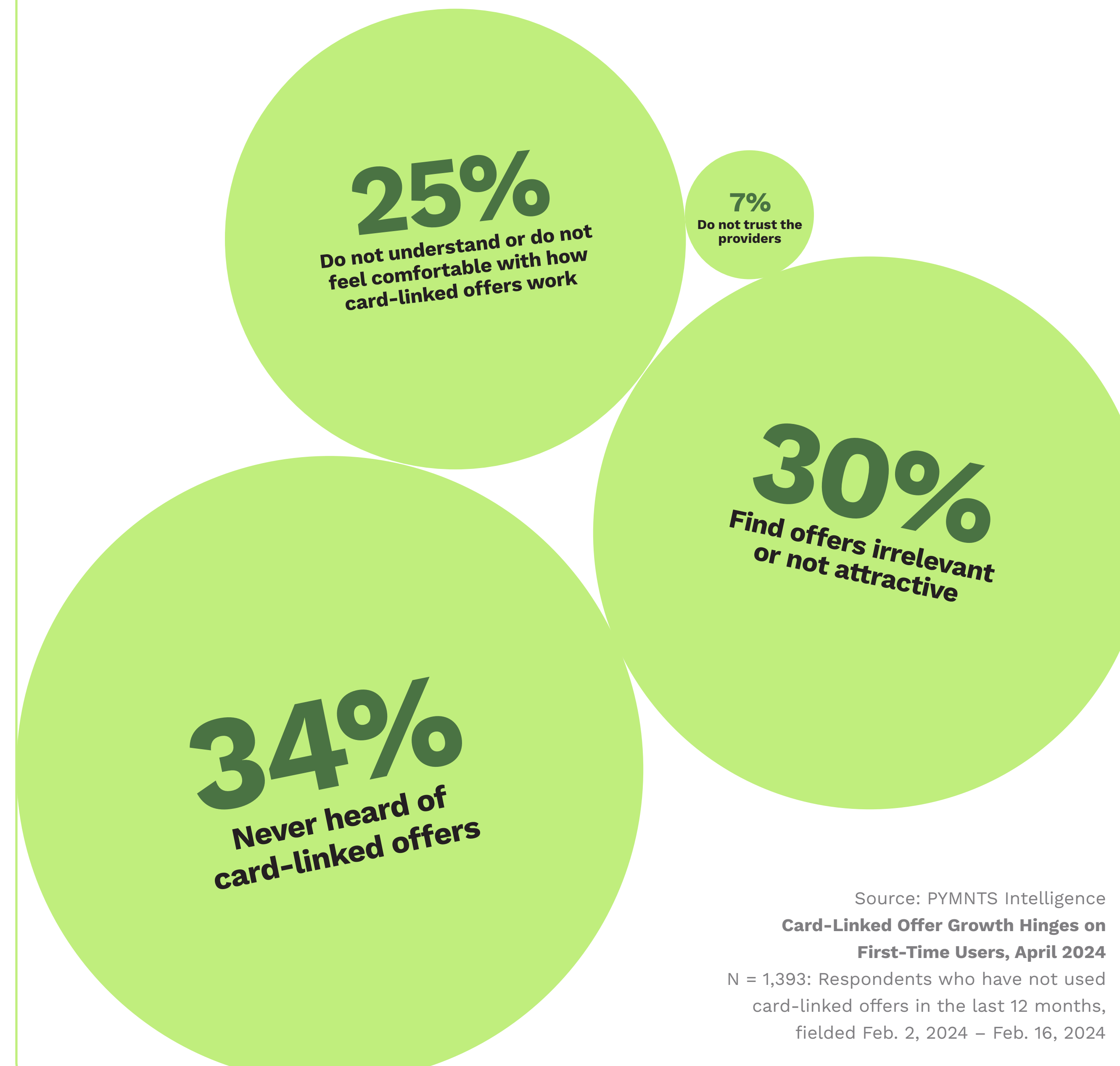
Share of consumers who have never heard of card-linked offers

However, 34% of consumers have never heard of card-linked offers, which indicates that there is a considerable amount of education needed to help them understand what they are missing out on. In addition, 25% of non-users note that they do not understand or are not comfortable with how card-linked offers work. Consequently, after initial exposure to these programs, consumers also need additional education on how card-linked offers work to improve the likelihood that they will start using them. Lack of relevance also plays in new consumers' adoption of card-linked offers: 30% of non-users feel that the offers they receive do not speak to them. Lacking trust in card-linked offer providers, mentioned by 6.7% of non-users, suggests the importance of using trusted sources to educate non-users about card-linked offers.

First-time card-linked offer use is strongly determined by giving the individual consumer what they want: good savings and relevant deals. The amount a potential user could save is the most cited reason consumers gave for initiating card-linked offers. Consumers were most excited about getting cash-back rewards, with 55% reporting that it was a draw for using a card-linked offer and 35% naming it the most significant reason. Following cash-back rewards and discounts, the relevance of an offer is attractive for 25% of new card-linked offer users. Consumers want their card-linked offers to reflect their shopping interests and needs, whether that is a discount at a retailer they love or a sale on a specific product tailored to their needs and preferences. Even after initial use, relevance continues to be an important factor in continuing to use card-linked offers for 32% of users. This suggests that providers need to ensure that card-linked offers are always relevant to the individual, whether they are a new or storied user.

FIGURE 6:

Reasons limiting card-linked offer adoption
Share of cardholders who have not used a card-linked offer citing select reasons why they have not used them



Source: PYMNTS Intelligence
Card-Linked Offer Growth Hinges on First-Time Users, April 2024
N = 1,393: Respondents who have not used card-linked offers in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

FIGURE 7:

Money matters

Share of consumers citing the factors influencing their decision to begin using card-linked offers, by level of importance

- Most important factor
- Selected, but not most important

Source: PYMNTS Intelligence
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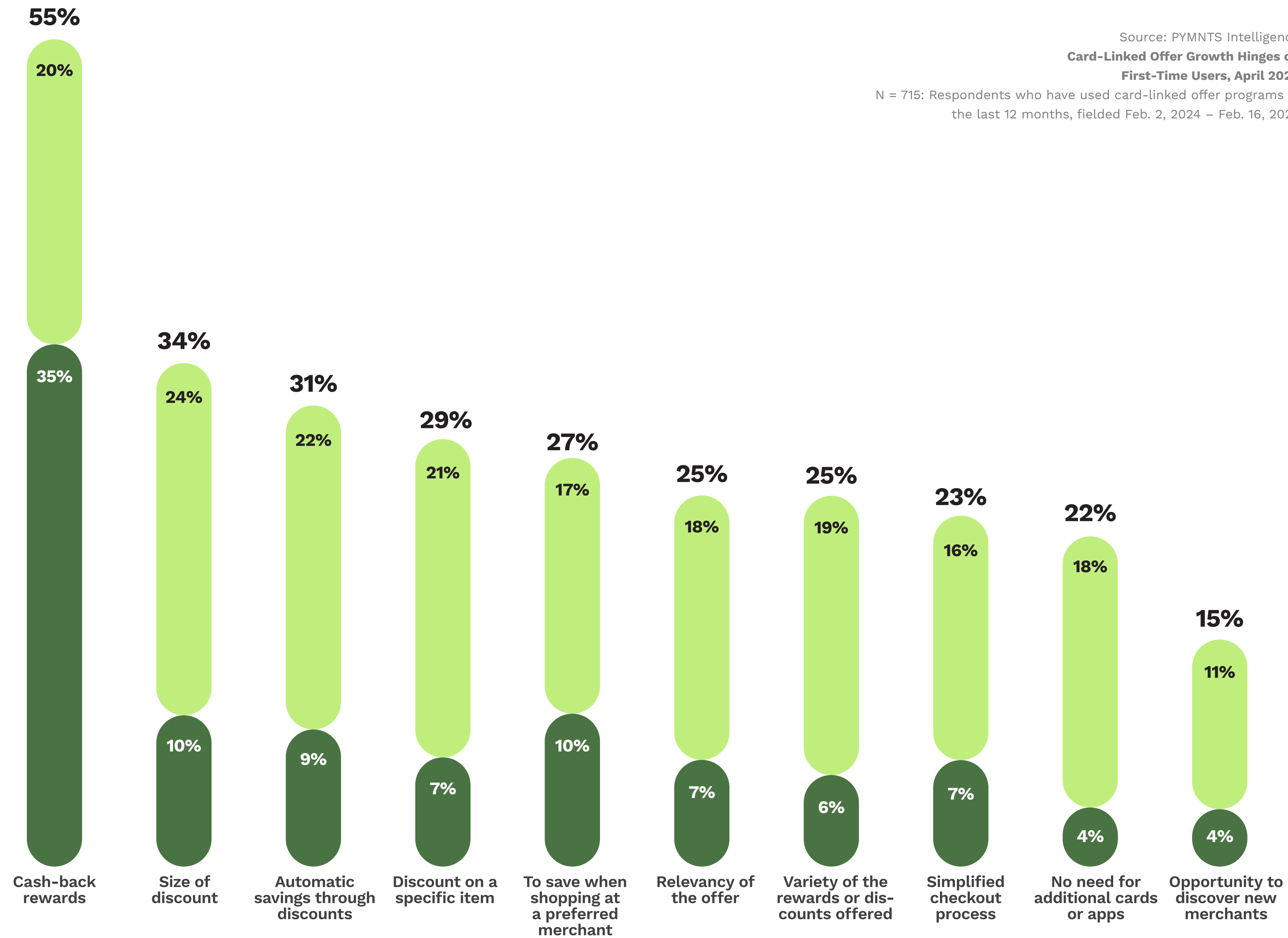


Forty-four percent of cardholders first heard about a card-linked offer directly from their main financial institution (FI) or from a familiar merchant.

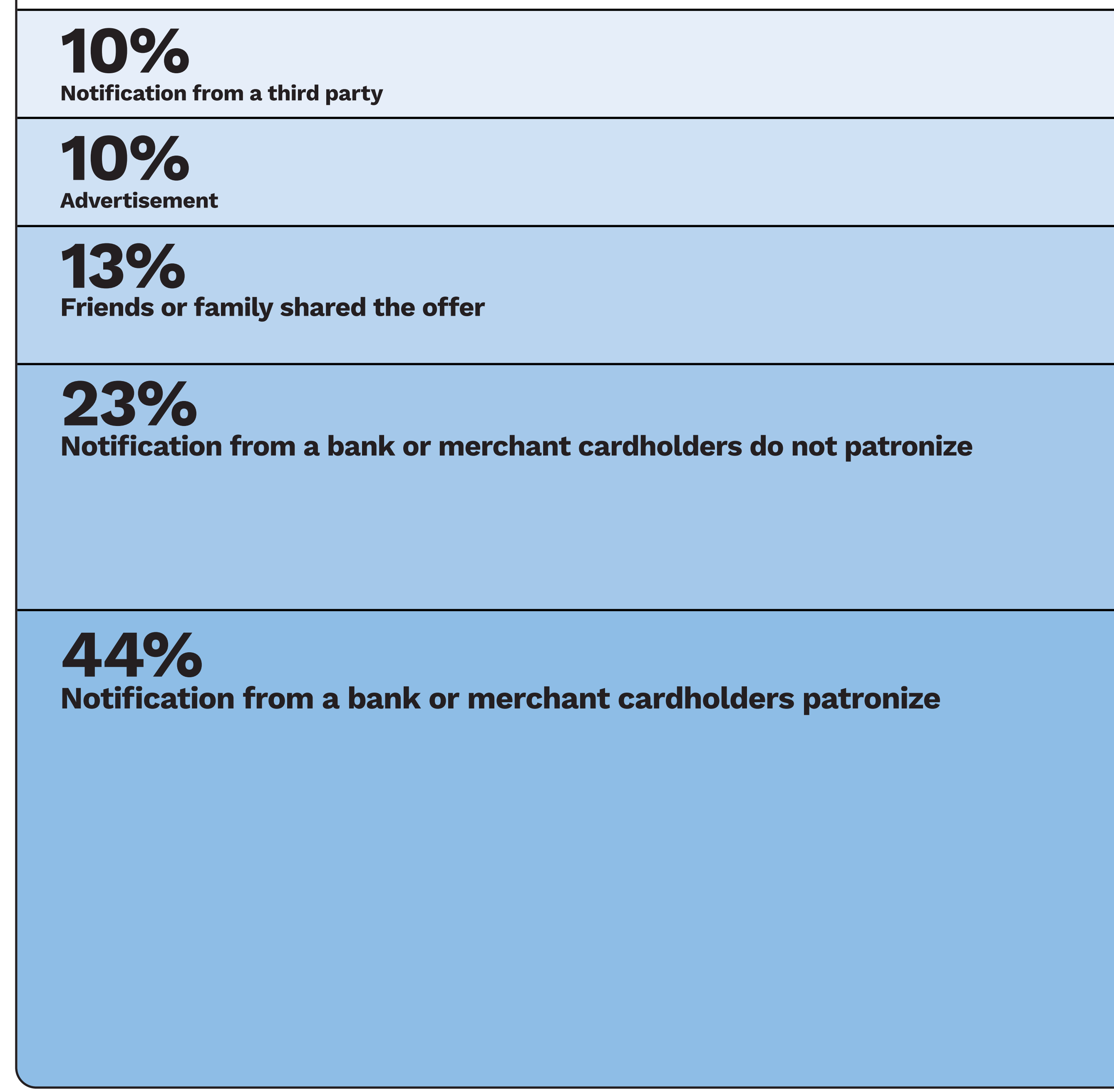
The messenger has a key role to play in making consumers familiar with card-linked offers.[1] Cardholders are likely to trust an initial notification about card-linked offers from their main FI or a retailer they already frequent. While the majority of notifications stem from these, 23% of consumers noted they received initial card-linked offer notifications from unfamiliar merchants and FIs. Consumers are also likely to take recommendations from people in their inner circle, as 13% of cardholders received notifications about card-linked offers from friends or family — recommendations likely to sway consumers to adopt card-linked offers.

[1] Leveraging Item-Level Receipt Data: How Card-Linked Offers Helped Drive Year-End Spend. PYMNTS. 2024. https://www.pymnts.com/study/leveraging-item-level-receipt-data-card-linked-offers/. Accessed April 2024.

FIGURE 8:

Heard it here first

Share of cardholders citing how they first heard about card-linked offers



Source: PYMNTS Intelligence

Card-Linked Offer Growth Hinges on First-Time Users, April 2024

N = 715: Respondents who have used card-linked offer programs in the last 12 months, fielded Feb. 2, 2024 – Feb. 16, 2024

Potential card-linked offer users are most receptive to notifications received via email and mobile app communications.[2] It's one thing to target a new card-linked offer user with a notification, but how that notification is received matters to how the individual will respond to it. The most effective conversions to card-linked offers occurred from notifications that were received as emails for 42% of cardholders and as mobile app notifications for 27%. The higher rates of effectiveness for consumers with email and mobile apps suggests that visibility and convenience play into their receptiveness to these offers, as the user can easily be notified in both ways. Apps were preferred mostly by millennial consumers, while older cardholders were more open to emails. Conversely, notifications about card-linked offers potential users received from traditional mail and via a website had lower rates of receptivity, at 16% and 15%, respectively.

[2] Leveraging Item-Level Receipt Data: How Card-Linked Offers Helped Drive Year-End Spend. PYMNTS. 2024. https://www.pymnts.com/study/leveraging-item-level-receipt-data-card-linked-offers/. Accessed April 2024.

FIGURE 9:

Where consumers first hear about card-linked offers

Share of consumers citing the channel from which they first learned about card-linked offers, by demographic

	Email	Mobile app	Mail	Website	Other
SAMPLE	41.5%	26.7%	15.5%	15.2%	1.0%
INCOME					
• More than $100K	45.0%	25.3%	11.9%	17.8%	0.0%
• $50K-$100K	40.0%	28.7%	16.9%	12.5%	1.9%
• Less than $50K	34.0%	27.4%	23.6%	12.4%	2.7%
GENERATION					
• Baby boomers and seniors	56.7%	5.1%	21.3%	11.6%	5.3%
• Generation X	44.5%	26.2%	9.1%	20.2%	0.0%
• Bridge millennials	34.7%	42.9%	8.2%	14.2%	0.0%
• Millennials	32.9%	39.2%	9.8%	18.1%	0.0%
• Generation Z	38.3%	27.6%	23.7%	10.4%	0.0%
FAMILY STATUS					
• Have children under care	38.8%	24.8%	15.9%	20.5%	0.0%
• Do not have children under care	44.0%	28.3%	15.2%	10.4%	2.0%

Source: PYMNTS Intelligence

Card-Linked Offer Growth Hinges on First-Time Users, April 2024

N = 621: Respondents who learned about card-linked offers via notifications, fielded Feb. 2, 2024 – Feb. 16, 2024

DATA FOCUS

Card-linked offer users crave flexibility. Issuers and merchants that provide various types of card-linked offers stand the best chance of maximizing engagement.

Twice as many cardholders want card-linked offers for stores they frequent than for specific products.

Twice as many cardholders prefer offers for stores they love, at 37%, than offers for specific products, at 18%. This suggest that flexibility is often the defining factor in how they go about spending their rewards. Nonetheless, another 30% of consumers say they do not have a preference regarding a specific merchant or product.

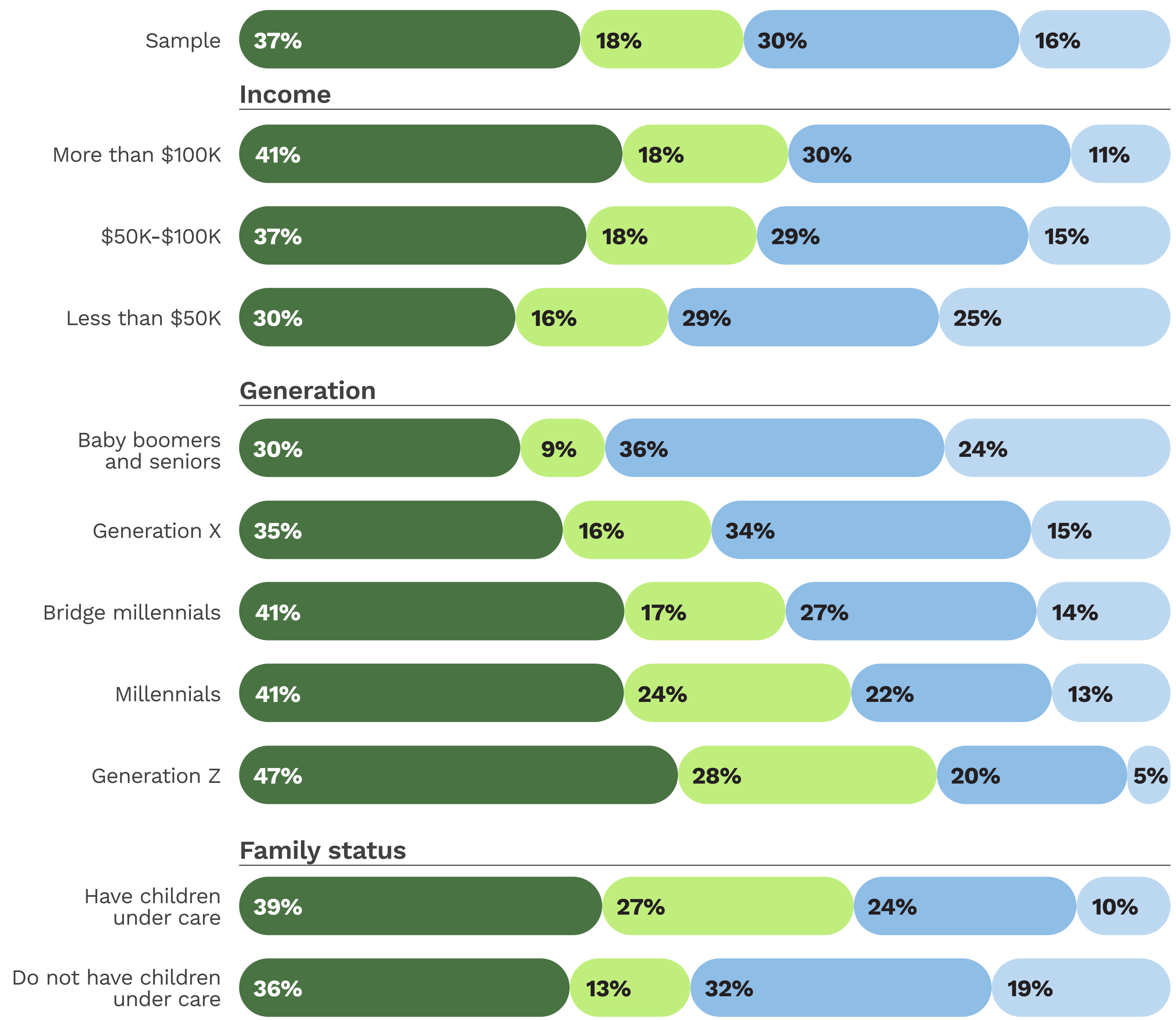
To address consumers' needs, card-linked offer programs could benefit from precision targeting offers to engage consumers. Using transaction history could help providers reach hard-er-to-engage populations. Out of all consumers, Gen Z spenders, at 21%, are the least indifferent to rewards type, with 27% pre-ferring given product offers over a particular store and 47% preferring rewards for a favored store.

FIGURE 10:

Bargain hunting right

Share of cardholders citing select rewards program preferences, by demographic

- Prefer to earn rewards on overall spending at a specific store
- Prefer to get discounts on specific products
- Indifferent, depends on the offer
- Not sure or do not know



Source: PYMNTS Intelligence

Card-Linked Offer Growth Hinges on First-Time Users, April 2024

N = 2,108: Complete responses, fielded Feb. 2, 2024 – Feb. 16, 2024

47%

Share of Gen Z consumers who prefer card-linked offer rewards that they can spend on anything from a specific store

ACTIONABLE INSIGHTS

01

Card-linked offers continue to have strong consumer appeal, with more than 9 in 10 users getting hooked on card-linked offers after initial use. The challenge is in getting cardholders to use their first card-linked offer. Marketing and communications efforts should be targeted to new consumers.

02

Younger consumers seeking a deal are the most interested in first-time card-linked offer use. Drawing in the 28% of non-users who say they are planning on using a card-linked offer this year means targeting bargain offers to groups most intrigued by card-linked offers, especially Gen Z consumers.

03

Providers need to focus on consumer education. Reaching the 34% of consumers who have never heard of card-linked offers could increase adoption. In addition, many consumers are confused about how card-linked offers work. Continued education and enhancing familiarity is key for consumer adoption.

04

Getting consumers' eyes on card-linked offers means using a trusted source to do so. Forty-four percent of card-linked offer users first heard about card-linked offers from a notification from their FI or on a mobile app, suggesting that increased communications by those means would grow initial card-linked offer use.

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METHODOLOGY

Card-Linked Offer Growth Hinges on First-Time Users, a PYMNTS Intelligence and Banyan collaboration, examines the future growth dynamics of card-linked offers. We surveyed 2,108 U.S. consumers from Feb. 2 to Feb. 16 to learn about how and why they started using card-linked offers. Our sample was census-balanced to reflect the U.S. population: 51% of respondents identified as women, 36% held a college degree, the average age was 48 and 41% 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 receipt data platform powering innovation in commerce — fast, simple and secure. Banyan's privacy by design and first-of-its-kind data infrastructure enables merchants to easily collaborate with banks, FinTechs and other service partners to activate item-level receipt data solutions ranging from loyalty and marketing personalization to fraud and chargebacks prevention to commercial and consumer solutions that reduce payments friction. Banyan was named to the 2024 Fintech Innovation 50, an annual list by GGV Capital U.S. in partnership with Crunchbase that recognizes the most promising FinTech companies.

To learn more, visit www.banyan.com.

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