

Holiday Haul: How Shoppers Will Save \$5 Billion This Holiday Season

A look inside the deal and offer websites and apps that are reshaping the holiday retail experience and what these offers mean for shoppers

Written by Dr. Jason Abrevaya, Ph.D., and RetailMeNot staff, October 2014

Executive Summary

The holiday shopping experience is evolving. More consumers are turning to their smartphones, tablets and laptops to browse for gifts, compare prices and make online purchases with assistance from deal and offer websites and apps such as RetailMeNot. However, tech-savvy shoppers aren't just looking to avoid the traditional lines of Black Friday. They know the digital world sends offers that save time and money on gifts that come directly down the chimney, too.

So how much money are all those coupon codes and online offers putting back in shoppers' wallets? During the 2013 holiday shopping season, the U.S. population spent more than \$42 billion online. Without deal websites, they would have spent quite a bit more. Our numbers show that American shoppers who used deal or offer websites saved more than \$4 billion in November and December of 2013. This year, that number is poised to grow. According to our estimates, holiday savings in 2014 will approach or surpass the \$5 billion mark.

Using findings from a survey of more than 1,000 consumers, this white paper digs into the state of savings to help holiday shoppers answer some of their most pressing questions:

Are shoppers using deal or offer websites?

Yes. More than 80 percent of shoppers turn to these websites at some point during the holiday season, and some consumers actually count on these deal destinations nearly every time they make a purchase.

How much can shoppers really save?

It depends. We estimate that the average American saved \$16.68 per person by using deal and offer

websites during the 2013 holiday season, but parents with children under 18 at home saved more than \$30.

What is the savings opportunity when using RetailMeNot.com?

\$200 an hour. According to thousands of savings reports submitted during the 2013 holiday shopping season, it is possible to save nearly \$200 an hour when using RetailMeNot.com. That's quite the personal ROI for a few minutes of online savings research.

What should shoppers do with the extra cash?

It's up to them. While nearly 80 percent of shoppers indicated that deal and offer sites helped them save money, 72 percent also said these sites helped them purchase more items or better products.

Is it all about the money?

No. Deal and offer websites are delivering more than dollars and cents. Over 30 percent of shoppers enjoy using deal websites because these sites make the shopping experience more enjoyable, while 16 percent of shoppers indicated that deal websites save them time.

As shoppers begin to make their holiday gift lists, more of them will be in front of their screens searching for their slice of the \$5 billion worth of savings. A recent Gallup poll revealed that 53 percent of Americans plan to do at least some of their holiday shopping online. This white paper provides in-depth insights into how all of those shoppers can save more and buy more by visiting deal websites.

Prepared by Dr. Jason Abrevaya, Ph.D., professor of economics and department chairperson at The University of Texas at Austin. This white paper and the underlying survey, conducted by the independent research firm Kelton Research, were commissioned and co-authored by RetailMeNot.

Background

Americans devote a lot of time and money to holiday shopping. The average American spent between \$600 and \$800 on holiday shopping in 2013,ⁱ which represents 2 to 3 percent of annual per capita income.ⁱⁱ Our survey data suggests that the average American also spends more than 24 hours on holiday shopping, which includes the time spent researching items and searching for deals and special offers.

The Cyber Shopping Craze

U.S. consumers are increasingly turning to the Internet for their holiday shopping. In November and December of 2013, online shopping rose 10 percent to \$46.5 billion, while sales at stores were up just 2.7 percent to \$265.9 billion.ⁱⁱⁱ One report suggests that online spending on Cyber Monday alone saw an 18 percent increase from 2012 (\$1.465 billion) to 2013 (\$1.735 billion)^{iv}. In 2013, a Gallup poll indicated for the first time that a majority (53 percent) of Americans planned to do their holiday shopping online.^v Deloitte's 2013 Annual Holiday Survey also found that the Internet surpassed brick-and-mortar discount/value department stores among venues that respondents expected to shop.^{vi}

Serious Cyber Savings

These shoppers aren't simply staying home to avoid lines; they're recognizing that e-commerce delivers easy savings opportunities via online deal and offer websites and apps like RetailMeNot during the holiday shopping season.^{vii} While in-store foot traffic may be growing at a slower pace, the online savings highways are packed. In November and December of 2013, the top 10 deal and offer websites had more than 100 million unique visitors—that's an uptick of 32 percent versus the surrounding four months (September, October, January, February).^{viii}

To better understand the attitudes and expectations of holiday shoppers, in August 2014, RetailMeNot, commissioned a survey about holiday-shopping behavior that was conducted by independent research company Kelton Research. Respondents were asked about their holiday shopping during 2013, including the prevalence of online shopping, usage of deal websites and estimated savings from deal/coupon websites. The findings draw a clear connection between deal and offer websites and shopper satisfaction while helping to predict how the numbers will look in 2014.

Methodology

The Kelton survey was conducted between August 6 and August 11, 2014, among 1,007 individuals ages 18 and over, using an email invitation and an online survey. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.

This analysis focuses primarily on the subsample of 935 holiday shoppers, although our estimates of savings nationwide accounts for the small percentage (7.2 percent in our sample) of non-holiday shoppers. Table 1 (below) provides some summary statistics for the overall sample of holiday shoppers and also breaks the sample into subsamples by gender, age group (18–34, 35–49, 50+) and parental status(children under 18 at home versus no children under 18 at home).

Where indicated, survey responses were also supplemented with internal RetailMeNot click-linked data to draw conclusions about shopper behavior from January 2012 to December 2013.

TABLE 1

DESCRIPTIVE STATISTICS FROM SURVEY ON 2013 HOLIDAY SHOPPING

	Overall	Female	Male	Age 18–34	Age 35–49	Age 50+	Children under 18 at home	No children under 18 at home
Number of people surveyed	935	498	437	337	259	339	307	628
Average amount spent on holiday shopping	\$701	\$684	\$720	\$669	\$742	\$701	\$902	\$603
Average time spent holiday shopping (in hours)	25.9	29.8	21.5	24.9	27.6	25.6	36.3	20.8
Average percentage of holiday shopping done online	42.00%	42.20%	41.90%	44.80%	42.60%	38.80%	42.60%	41.70%
Percentage that did no holiday shopping online	14.50%	14.30%	14.90%	9.20%	12.70%	21.20%	12.40%	15.60%
Percentage that used deal websites for most/all holiday purchases	44.10%	46.20%	41.60%	54.90%	46.30%	31.60%	60.30%	36.10%
Percentage that did not use deal websites for online holiday purchases	18.40%	15.90%	21.30%	9.50%	15.10%	29.80%	9.10%	22.90%

Adding It All Up

How much money are shoppers spending on the holidays?

Among holiday shoppers, an average of \$701 was reportedly spent on holiday shopping, which is in line with the spending levels found in previous surveys. This amount includes holiday shopping that was done both for oneself and for others.

For the subsamples considered, the most significant difference in spending levels were between those individuals with children under 18 at home (an average of \$902) and those without children under 18 at home (an average of \$603). We did not see statistically significant differences in spending levels across gender (male vs. female) or age groups (18–34 vs. 35–49 vs. 50+).

How many hours go into gift giving?

Shoppers take browsing products, comparing prices and checking out very seriously. In 2013, the average holiday shopper spent nearly 26 hours—more than an entire day—shopping. Similar to the variance in spending levels, there was a large difference in time spent shopping between those individuals with children under 18 at home (an average of 36.3 hours) and those without (an average of 20.8 hours). We also found a significant difference between women (an average of 29.8 hours shopping) and men (an average of 21.5 hours).

How many purchases are being made in front of the computer screen?

While in-store sales still outpace online transactions, the survey showed that the online-to-in-store ratio is approaching 50-50. The average shopper reported that 42 percent of his or her holiday purchases were made via the Internet. This percentage was quite similar across different subsamples, although there is some evidence that the millennial audience makes greater use of the Internet. Individuals aged 18 to 34 made

44.8 percent of their purchases online while individuals over 50 made 38.8 percent of their purchases online. This difference is also evident in the percentage of respondents that reported doing none of their holiday shopping online: 9.2 percent of 18- to 34-year-olds reported no online holiday shopping and 21.2 percent of those over 50 reported no online holiday shopping.

Who is using deal and offer websites?

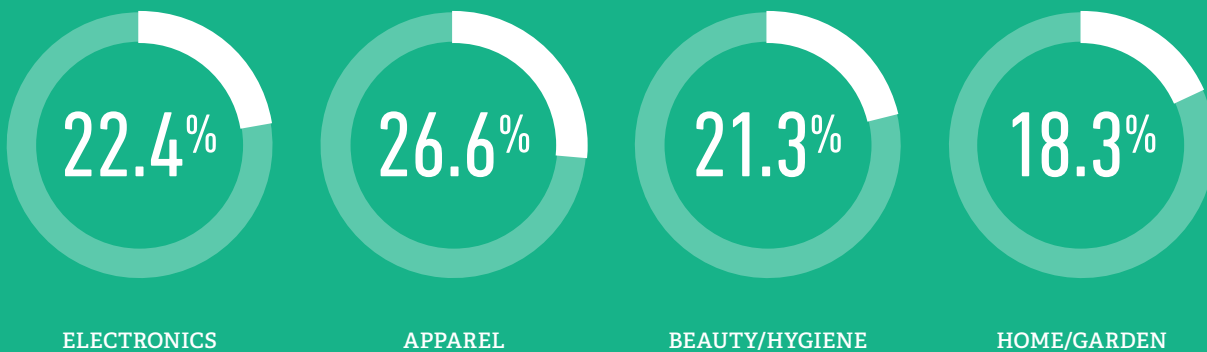
As more shoppers turn to the Internet for shopping assistance, they are turning to deal websites at the same time. More than 81 percent of respondents who shopped online reported using deal websites at some point during their holiday shopping. Others did more than casually stumble upon coupons; deal websites became their go-to destinations, with 40.9 percent of individuals with children under 18 reporting that they used a deal website for their shopping trips. Just over 60 percent of individuals with children under 18 used deal websites for every/most shopping trip, while almost 55 percent of those between 18 and 34 reported the same.

How much do consumers save through the use of deal websites?

From percentage-based offers and dollars-off discounts to BOGO (buy one, get one) promotions, holiday savings vary widely. In order to estimate the aggregate amount of money that consumers save through the use of deal websites, we used spending, utilization and savings data from the survey and savings data from RetailMeNot.com. We asked respondents which categories they spent the most on during the 2013 holiday season. Apparel and electronics were clearly the two most popular categories, with 37 percent and 35.3 percent of respondents saying that they spent the most on electronics and apparel gifts, respectively. Additionally, we analyzed the spending for beauty/hygiene (6.8 percent) and home/garden (4 percent).

We then asked respondents who shopped in a particular category and used deal websites what percentage they saved on their 2013 holiday purchases by using deal websites. With respect to savings, Table 2 reports the average percentage savings experienced by respondents for these categories through deal websites. The savings percentages were 22.4 percent for electronics, 26.6 percent for apparel, 21.3 percent for beauty/hygiene and 18.3 percent for home/garden. To remain conservative with our savings estimates, we used an estimated deal-website savings percentage of 20 percent in our calculations below. This aggregate percentage is consistent with internal savings data provided by RetailMeNot.com.

TABLE 2 2013 HOLIDAY-SHOPPING SAVINGS FROM DEAL WEBSITES ON MAJOR RETAIL CATEGORIES



Note: The average is taken from respondents who reported doing at least some holiday shopping in a given category.

Doing the deal website arithmetic

For each survey respondent, we estimated the amount of online holiday shopping by multiplying the total amount spent by the percentage purchased online (summary statistics for which were reported in Table 1).

We then utilized responses about the frequency of deal-website usage (“Every shopping trip,” “Most shopping trips,” “A few shopping trips,” “One shopping trip” and “I did not use coupon or deal websites at all”) in order to provide an estimate of the percentage of online purchases that were made through deal websites. Table 3 reports our estimates of the percentage of online purchases made through deal websites. Overall, we estimate that at least 30 percent of online purchases were made through deal websites.^{ix}

Again, we see a distinct difference between the subsample with children under 18 at home (40.9 percent of online purchases done through deal websites) and the subsample of those without children under 18 at home (25.4 percent). Similar differences are seen between 18- to 34-year-olds (37.7 percent) and those over 50 (22.8 percent).

By multiplying three quantities (estimated online holiday shopping, estimated percentage of online purchases through deal websites and estimated savings percentage from deal websites), we were able to estimate the dollar amount of savings attributable to deal websites. Table 3 reports our estimates (in the column “Estimated average savings from deal websites”), which are per capita estimates that take into account the percentage of individuals who did no holiday shopping and/or did not use deal websites at all.

Savings per shopper

In looking at the general population, including Americans who had zero savings, we estimate that the average American saved \$16.68 per person by using deal and offer websites during the 2013 holiday season.

However, all shoppers are not created equally when it comes to saving money. Individuals with children under 18 at home saved nearly three times as much (\$30.96 per capita savings) as individuals with no children under 18 at home (\$11.54 per capita savings), whereas individuals aged 18 to 34 saved nearly twice as much (\$21.91 per capita savings) as individuals over 50 (\$10.76 per capita savings). This particular data includes those that used and did not use deal websites.

Additionally, for those who responded that they used deal and offer websites for every online purchase, they saved \$65 on average, which is 9.4 percent of the average holiday total purchase amount. Respondents who used deal and offer websites for every or most online purchases saved \$44 on average, which is 5.7 percent of the average holiday total purchase amount.

In aggregate, savings reports submitted throughout the year at RetailMeNot.com show the average user saves nearly \$20 per transaction.

Savings per hour on RetailMeNot.com

Setting aside the competition, RetailMeNot reviewed its own savings reports filed by users during the 2013 holiday shopping season. Based on those holiday shopping savings reports, consumers can save nearly \$200 an hour when using RetailMeNot.com. In breaking it down further, an average of 10 minutes on RetailMeNot.com can save consumers \$34.

Savings from coast to coast

Extrapolating to the entire U.S. population, based on the Census Bureau’s estimated population of 242.5 million of those 18 years and older in 2013, our estimate for the overall savings of the U.S. population from deal websites in the 2013 holiday season is \$4.046 billion.^x

Beyond savings: additional benefits of deal-website usage

While more than \$4 billion of savings is a clear benefit to the population, the findings show that deal websites can also save people time, provide information about additional retailers/products and make the shopping experience more enjoyable. In order to delve more deeply into the other possible benefits of deal websites, the survey asked respondents some specific questions about how they used their deal-website savings and how these online destinations impacted their overall shopping experience.

Time savings per shopper

Finding the right deal may take some additional searching, but the survey shows that many shoppers were able to trim the nearly 26 hours they spend on holiday shopping by using deal and offer websites. As seen in Table 3, the average per capita time savings was 32.82 minutes among deal-website users. These time savings represent approximately 2 percent of the average time that consumers devote to holiday shopping. The average per capita time savings was significantly higher (41.48 minutes) for the group of individuals with children under 18 at home. While the average time spent holiday shopping was also significantly higher (36.3 hours) for this group, the time savings still represents 2 percent of the average shopping time for this group.

TABLE 3 TIME SAVINGS & ESTIMATED MONETARY SAVINGS FROM DEAL WEBSITES

	Overall	Female	Male	Age 18-34	Age 35-49	Age 50+	Children under 18 at home	No children under 18 at home
Estimate of percentage of online holiday shopping through deal websites	30.50%	31.70%	29.10%	37.70%	31.20%	22.80%	40.90%	25.40%
Average time saved from using deal websites (minutes)	32.82	30.59	35.52	32.5	34.84	31.35	41.48	27.82
Estimated average savings from deal- websites	\$16.68	\$17.39	\$15.93	\$21.91	\$19.06	\$10.76	\$30.96	\$11.54
Estimated time savings for the U.S. population (18 and older)	100.5 million (hours)							
Estimated monetary savings for the U.S. population (18 and older)	\$4.046 billion							

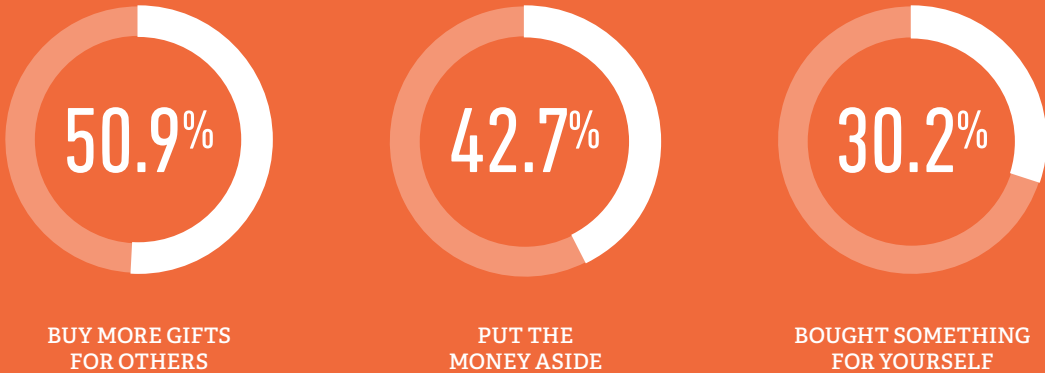
Time savings for the whole country

When we aggregate the estimated per capita time savings to the overall U.S. population 18 years of age and older (see Table 3), we estimate that the overall time savings attributable to deal websites is approximately 100 million hours. As a caveat, we mention that this estimate does not take into account individuals who may have spent extra time shopping due to deal websites. A small portion of respondents (7.9 percent) indicated that deal websites forced them to spend more time conducting their holiday shopping business.

Where does the money go?

What are shoppers doing with the extra money in their pockets? As seen in Table 4, roughly half (50.9 percent) of respondents said that the deal-website savings allowed them to buy more gifts for others, and nearly a third (30.2 percent) said that deal-website savings allowed them to buy more gifts for themselves. Also, 42.7 percent of respondents said that savings from deal websites allowed them to put some money aside.

TABLE 4 WHAT DID RESPONDENTS DO WITH THE MONEY THEY SAVED?



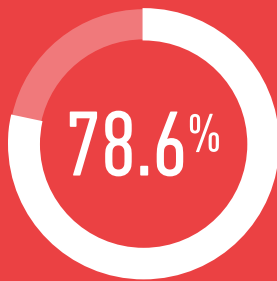
Note: The average is taken from respondents who reported doing at least some holiday shopping.

How did the shopping experience change?

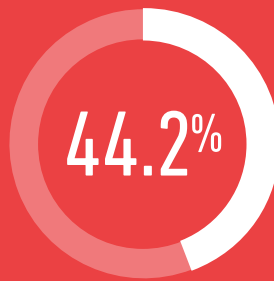
In addition to agreeing on the obvious benefit of deal websites (78.6 percent of respondents said these sites helped them save money), respondents highlighted that using deal sites enabled three key activities. First, 44.2 percent indicated that deal websites allowed them to buy more items. Secondly, nearly one-third (31.2 percent) of respondents indicated that deal websites did something very important: made shopping more enjoyable. Finally, 28.3 percent said they allowed them to buy better items.

TABLE 5

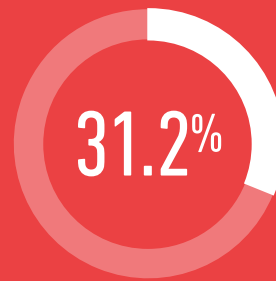
HOW USING A COUPON OR DEAL SITE IMPACTS PEOPLE'S SHOPPING EXPERIENCE



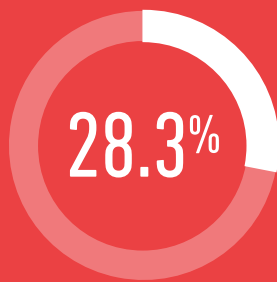
SAVED ME MONEY



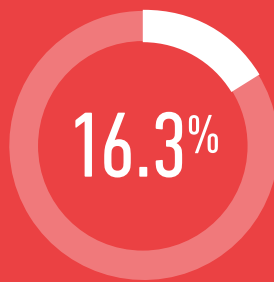
ALLOWED ME TO BUY MORE ITEMS



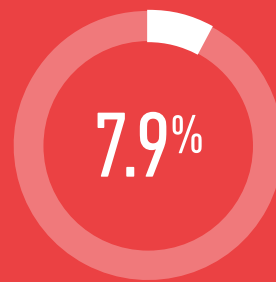
MADE SHOPPING MORE ENJOYABLE



ALLOWED ME TO BUY A BETTER PRODUCT



SAVED ME TIME



COST ME EXTRA TIME

Note: The average is taken from respondents who reported doing at least some holiday shopping.

Looking Ahead: \$5 Billion of Savings in the Upcoming Season

So what will the 2014 numbers look like for online holiday shopping savings? Impressive, to say the least. Using our estimate of deal and offer website holiday savings in 2013, we expect that holiday savings will approach or surpass \$5 billion in 2014. As more consumers move toward online channels and more retailers embrace competitive promotional strategies, holiday shopping is about to feel even better.

Consumer confidence is rising.^{xi} Shoppers are preparing to spend the same or more on their holiday shopping.^{xiii} With deal websites just a click away, the online landscape is rife with opportunity to make the holiday season not only about giving and celebrating but also about saving.

ENDNOTES

- i. "Top Retail Holiday Trends: Holiday Shopping Survey Results 2013," Accenture.com, October 7, 2013 (<http://www.accenture.com/us-en/Pages/insight-holiday-2013-shopping-trends.aspx>); "Americans' Holiday Spending Not Shut Down by Shutdown," Gallup.com, October 21, 2013 (<http://www.gallup.com/poll/165479/americans-holiday-spending-not-shut-down-shutdown.aspx>).
- ii. According to the U.S. Census Bureau, annual per capita income in the United States was \$28,051 in the period 2008–2012. (<http://quickfacts.census.gov/qfd/states/00000.html>).
- iii. "Changing shopping habits affect Wal-Mart, Amazon," USA Today.com, February 1, 2014 (<http://www.usatoday.com/story/money/business/2014/02/01/walmart-amazon-changing-shopping-habits/5085679/>).
- iv. "Cyber Monday Jumps 18 Percent to \$1.735 Billion in Desktop Sales to Rank as Heaviest U.S. Online Spending Day in History," ComScore.com, December 3, 2013 (<https://www.comscore.com/Insights/Press-Releases/2013/12/Cyber-Monday-Jumps-18-Percent-to-1735-Billion-in-Desktop-Sales-to-Rank-as-Heaviest-US-Online-Spending-Day-in-History>).
- v. "Online Holiday Shopping Rises, Still Trails Other Venues," Gallup.com, November 27, 2013 (<http://www.gallup.com/poll/166040/online-holiday-shopping-rises-trails-venues.aspx>).
- vi. "Deloitte's 2013 Annual Holiday Survey," Deloitte.com, October 2013 (http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_Retail_2013HolidaySurveyResults_102113.pdf).
- vii. Throughout this report, we will use the term "deal websites" to describe websites whose main focus is providing online deals or coupons to consumers. The top 10 deal websites, based upon the ranking at <http://www.ebizmba.com/articles/coupon-websites>, were RetailMeNot.com, Coupons.com, ShopAtHome.com, SlickDeals.net, eBates.com, FatWallet.com, DealsPl.us, BradsDeals.com, Savings.com and DealCatcher.com.
- viii. Data on monthly unique visitors were obtained from <http://www.compete.com> in August 2014.
- ix. Specifically, 100 percent was assigned to "Every shopping trip," 50 percent to "Most shopping trips," 10 percent to "A few shopping trips" and 0 percent to "One shopping trip."
- x. According to the Census Bureau, the estimated population of 18-year-olds and over in the United States as of July 1, 2013, was 242,542,967. Source: <https://www.census.gov/popest/data/national/asrh/2013/index.html>.
- xi. See the Conference Board's Consumer Confidence Index, at http://future.aae.wisc.edu/data/monthly_values/by_area/998?tab=sales.
- xii. "Americans' Holiday Spending Not Shut Down by Shutdown," Gallup.com, October 21, 2013 (<http://www.gallup.com/poll/165479/americans-holiday-spending-not-shut-down-shutdown.aspx>).

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