



Insight Department



**Consumer Research -
the 'offer culture'**
Topic Paper



In 2012, VisitScotland worked with research agency, Boxclever, to explore UK consumer behaviour, focusing on holiday purchasing behaviour and the role of offers and discounts.

The project drew on the industry experience of the agency, who have worked on consumer projects for clients (from retailers, to FMCG & telecoms) and also generated insights from qualitative research (talking to a small number of consumers but in great depth).

This document highlights key UK consumer trends relating to purchasing behaviour identified within this research.

More

Further details on Tourism in Scotland and the latest statistics can be found on our website www.visitscotland.org within the Research and Statistics section.

Key Insights

Deal hunting is now viewed as savvy behaviour to adopt across purchasing behaviour

Deal hunting is widespread. Searching for a deal has been aided by online & mobile technologies, and is no longer cumbersome for the consumer.

Deal hunting is also no longer seen as embarrassing. In fact some consumers will take pride in finding a good deal and will share amongst their peers

Offers can bring financial savings but emotional benefits to a consumer.

Deal hunting is not just driven by current financial pressures.

Consumers can gain satisfaction from the thrill/pursuit of a deal & can find offers inspiring, rewarding, motivating.

Offers also help to cut through the choice available to a consumer & create differentiation.

Offers and deals should be clear to the consumer and help the consumer easily work out what they are gaining or saving from a deal.

Clear details help a consumer to feel good about an offer and reduces cynicism.

Consumers are savvy interrogators of offers & will seek to establish what the value of the offer is to them.

Finding ways to ensure an offer is relevant to the consumer is key.

The rise of daily deal and discount voucher sites has been the centre of positive & negative media attention over the last few years, and is one very tangible example of how deal hunting is touching people's everyday lives. Deals on all types of goods and services from all manner of providers & suppliers are hitting consumer inboxes.

How widespread is the usage of offers? Not all consumption is offer lead. There will be instances when a consumer will be switched off from offers or deals and their purchasing journey may be short in order to complete the transaction. Time pressure and an apathetic mindset can be drivers behind this behaviour.

However, the research identified that **offers have now become an expected part of purchasing** behaviour across all spending categories (as far ranging as services/utilities, technology, travel, treats, eating out to supermarket purchases) and searching for offers, deals and discounts is now an integral part of consumer buying behaviour. Discount code websites are being used widely across all purchasing categories.

Is it all about the lowest price? Consumer trends during the recession have pointed to the rise of the 'canny consumer'. Financial pressures have no doubt influenced purchasing behaviour and consumers are looking more carefully at how they spend their hard earned money. But within this research for VisitScotland, consumers talked about deal hunting not just being about finding the lowest price. Consumers talked about the positive emotions of deal hunting, as well as the financial savings. Offers can be:

- **Inspiring** - an offer can suggest 'new' purchase and introduce a new supplier or raise a product/service onto a consumers consideration list
- **Rewarding** - hunting for a deal can create a thrill of finding a bargain
- **Exciting** - offers and deals can make the purchase journey more unpredictable/interesting & different each time. In terms of holidays, offers can create a feel good factor for the consumer, tying in with the excitement of planning a break and the emotional benefits that consumers gain from holidays
- **Motivating** - an offer or deal can create a feeling of privilege and savviness for the consumer of obtaining something that is not open to all
- **Challenging** - deal hunting can be a pursuit of the best deal possible

A world without offers was described by consumers as:

Boring

offers can add excitement to purchases, can motivate/inspire

Similar

Offers create differentiation between retailers

Hard Work

Offers help to cut through the choice

Finding a deal is no longer cumbersome or indeed socially embarrassing, but is seen as the knowledgeable and savvy way to do things and can have a significant boosting/broadcast appeal to friends, social networks and communities. Overall, due to the combination of financial and emotional benefits, deal hunting appears to be here to stay. Offers are expected. **Making the most from deals and offers is the mark of the savvy consumer, and this looks set to continue even after the recession.**

Consumer Offer Behaviour

As consumers' experience of offers and deal hunting rises, consumers feel that deals can be seen as getting more and more complicated (e.g. detailed terms & conditions relating to times when the deal can be booked or redeemed). The research identified that consumers are now savvy interrogators of deals, not always taking offers at face value but taking time to research around an offer. They may look carefully at the terms & conditions, looking around to establish the true value of the offer (what is the financial saving, is this offer comparable to other offers promoted via other websites or channels) and will look at numerous channels, particularly online, to establish the range of offers available for that specific purchase.

Deals which are transparent, clear and easy to understand are the most motivating to consumers and will help determine what they are gaining or saving from an offer. Deals which were less clear, allowed for a level of cynicism to creep in (e.g. free champagne - the research found that consumer's assumed that this would be an inexpensive brand, whereas if a brand of champagne was clearly stated this allowed the consumer to view the offer with more confidence and determine the value of the offer to them).

Finding ways to ensure an offer is relevant to the consumer is also important. The initial excitement surrounding daily deal sites may have diminished for some consumers, in part as their relevance has been diluted through provision of offers on less relevant products to them. Whilst offers per se can help consumers cut through the choice, the volume of offers around means that the offers that the consumer will view as being relevant to them, will be the most impactful.

The language used in how deals are voiced is key to making a consumer understand an offer and to guide interpretation of the offer. Within the research, a range of offer types were perceived as motivating:

- **% off** - was considered more credible & upmarket (even more so than half price) and was appealing to all life stages. But 10% and 20% off lacked appeal and was viewed as too small to entice a person to try something new or shortlist something new
- **Half price** was a familiar discount and a motivating offer. But consumers may not always take it at face value and may seek validation of the original price
- **Buy one get one free (BOGOF)** was familiar and had appeal, but was linked to cynicism surrounding supermarket price hikes and supermarkets use of BOGOF
- **£x off** - did not generate as much enthusiasm as percentage off or half price
- **Free champagne/free wine with meal** - was not viewed as a clear and transparent offer. Consumers felt it would be motivating to know the brand name. There was some cynicism that the free item would be low quality
- **How deals are voiced can be key** - words such as 'upgrade' and 'unlimited' can lift a deal beyond its face value and be well perceived by consumers

The research identifies that usage of social media to access deals is most popular currently with the pre family life stage group. The interaction with social media in terms of deals is being held back by an unwillingness to interact with commercial brands in the personal space of social networking sites (e.g. Facebook).

The younger and pre family stage groups were also more confident in showing/using their mobile to show proof of offer or discount code. Others were less confident about using mobiles and some limitations were holding them back (e.g. concerns in battery life, lack of mobile coverage in certain places, lack of provider belief without tangible evidence). On a more positive side, some views indicated that producing a paper discount could be embarrassing & mobiles could help distil embarrassment.

Tips for Business

1	Deal Hunting - consider offers and deals which will bring financial benefit to your business but also consider the wider emotional benefit of a deal. Consider a range of different offers which can meet different needs (consider inspiring, rewarding, exciting, motivating & challenging aspects of deal hunting and the associated broadcast effect of offers)
2	Ensure all offers are clear and can help the consumer quickly understand what they are saving or gaining from the deal
3	Consider clearly stating brand names if offering something free (e.g. wine, champagne)
4	Consider stating the financial saving of a deal (e.g. state what the value of breakfast is if offering a free breakfast)
5	Consider how you can make offers & deals relevant to your consumer - consider how to gather information on consumer's interests or consumer profile so that communication on offers can be tailored

Using and Interpreting Consumer Research

Please use the following as guidance notes when interpreting the results from this research:

- Qualitative research was conducted in September 2012 involving focus groups with a smaller number of UK consumers. Qualitative results are not statistically significant.
- In depth conversations were undertaken with the consumers via creative workshops and tracking short break planning process in order to gain broad insights into the topic.
- The main aim of the research was to explore consumer reaction to the 'offer culture'

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