

November 2011 | As deal hunting has become an integral part of daily life for millions of consumers, it's time to dive into the drivers behind this trend and its long term impact on all B2C brands. And yes, countless examples are included ;-)

*NEW: We are working hard on our [2012 Trend Report](#), due 21 November 2011. Highlighting all the consumer trends, insights and innovations that need to be on your radar in 2012. More info, including how to secure your **early-bird discount**, is [here](#) »*

“DEALER-CHIC”

Why for consumers deals are becoming a way of life, if not a source of pride.



Source: [thinkvox](#)

We touched on **PRICING PANDEMONIUM** before, but it's more than time for a full Trend Briefing on this phenomenon, looking at not just the many new and innovative ways in which brands are using promotions and offers, but how consumer attitudes to discounts and deals are changing.

In fact, the avalanche of deals currently available to consumers are not just a short-term symptom of the financial crisis; DEALER-CHIC is here to stay:

DEALER-CHIC | Consumers have always loved getting good deals or exclusive rewards, but rather than having to hide one's haggling, securing the best deal is now accepted, if not admired by one's fellow consumers. Deal hunting will continue to be an integral part of consumers' lives, as it's now about more than just saving money: it's the thrill, the pursuit, the control, and the perceived smartness, and thus a source of status too.

Now, we're not saying that *all* of consumption will be dominated by discounted goods and services. However, for status-conscious consumers (read: all of them ;-), **making the most of discounts and deals is no longer considered cumbersome or even embarrassing, but simply smart.**

In fact, DEALER-CHIC is yet *another* example of the longer-term shifts playing out in the consumer arena, where savvy consumers have more choice, **higher expectations**, and more control, while mature consumers have an ever-less reverential relationship to brands.

So, here are just three reasons why DEALER-CHIC is set to get bigger and bigger in the coming years:

1. **MORE FOR LESS:** While many people in developed economies may have less money to spend right now, **consumers everywhere will forever look to experience more.**
2. **THE MEDIUM IS THE MOTIVATION:** Consumers are now being alerted to, using, reusing and sharing offers and deals via **new** (and therefore infinitely more exciting and attractive) **technologies.**
3. **BEST OF THE BEST:** With instant mobile or online access to not only deals but **reviews** as well, consumers can now be confident they're getting the best price for the **best product or service.**

1. MORE FOR LESS

People want to experience more, even when they have less to spend.



Source: [Groupon](#)

There's no overlooking the fact that many consumers in mature markets like Europe, Japan and Northern America are at the very least fearful of their financial futures, meaning that any kind of deal or discount is welcomed with open arms.*

But even those consumers who don't need to scrimp and save (including the middle classes in emerging markets), are still enthusiastically seeking out deals in almost every purchase, from everyday staples to one-off indulgences.

Why? Because for consumers driven by collecting as many and as varied experiences as possible, **every cent, yen or penny saved, means more to spend on new products, services and ultimately experiences.**

As our recent Trend Briefing on [RECOMMERCE](#) showed, **consumers are embracing anything that unlocks new experiences at lower cost** (such as trading in used possessions), and DEALER-CHIC is yet another part of this phenomenon.

Some MORE FOR LESS indicators:

- When asked about eight money saving strategies, buying items on sale (59%) or using coupons (48%) were the top two answers from consumers around the world. Coupons were most popular in China (67%), the US (66%) and Hong Kong (65%). While only just over a third of European (37%) and US (36%) consumers report shopping at value retailers to save money (Source: Nielsen, October 2011).
- 62% of US consumers rarely pay full price for clothing and 58% of UK consumers "don't like paying full price for anything" (Source: Mintel, September 2011).
- 81% of US consumers think it's fun to see how much money they can save by using coupons or their shopper loyalty card (Source: Deloitte 2010 American Pantry Survey, July 2010).
- Over 40% of coupon 'enthusiasts' had a household income of over USD 70,000 (Source: Neilsen, April 2010).
- In India, 10.4% of the online population accessed a deal site in June 2011, with the market leader Snapdeal.com tripling its audience from the past year (Source: comScore, July 2011).
- Leisure, movies and dining accounted for over 50% of the Chinese daily deal market in August 2011 (Source: Dataotuan, September 2011).
- In September 2011, the top 10 grossing 'daily deal' offers in the US included a USD 399 seven-night resort stay, a USD 6 burger meal, a USD 5 movie ticket and soda deal, and a USD 70 Cirque de Soleil theater ticket (Source: Yipit, September 2011).

** Showing some empathy and compassion shouldn't be a new trend for any business professional. In fact, we recommend that anyone waiting for the crisis to pass before reverting back to a purely profit-driven, 'business-as-usual' corporate mindset, stops reading now and checks out our Trend Briefing on [GENERATION G](#) from way back in February 2009.*

2. THE MEDIUM IS THE MOTIVATION

Deals are now a source of tech and online innovation, and thus smart, cool and fun to switched-on consumers.



Let's look at 'classic' deals for a moment, especially paper coupons: they were fiddly, generic, required forward planning and needed to be publicly processed at the cash desk, none of which made them attractive to consumers. It didn't help that most savings were focused on getting 10 cents off a can of tuna, versus the many entertainment-heavy discounts to be had in 'Coupon World 2.0'.

Now discounts and deals are **increasingly innovative and attractive in where, when and how they are delivered and redeemed**. They can be sourced online or via smartphones at the right moment. Deals can be hyper-personalized or shared with friends. They can be exclusive, convenient or fun. Even securing and redeeming them (when using a smartphone, for all to see), can be a source of accomplishment or status.

All of this drives DEALER-CHIC: deals are now relevant, timely and interesting; **using them is savvy, sophisticated and perfect for experience-hungry consumers**.

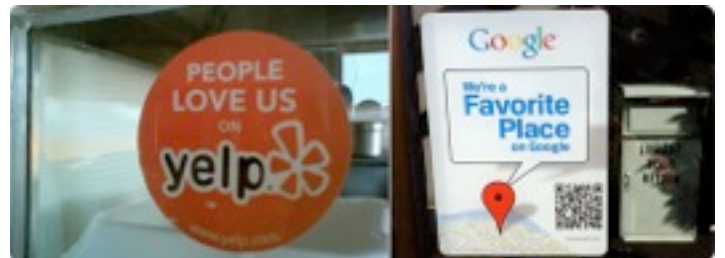
Some indicators:

- Online coupons account for only 1% of all coupons distributed, but 10% of those that are redeemed (Source: Catalina, April 2011).

- 79% of smartphone owners use their phones for shopping related activities, and of those nearly half (48%) use their phones to look for or use discounts and coupons (Source: Google & IPSOS, April 2011).
- 53% of Chinese and 47% of Korean smartphone owners have used mobile coupons to purchase products in-store. Comparative figures for other countries are: 22% US, 14% UK and Turkey, 13% Spain, 11% Germany, 10% France and 7% The Netherlands (Source: Google & IPSOS, July 2011).
- 67% of mobile users agree that location-based coupons on a mobile device are "convenient and useful", while 42% say they have already used a mobile coupon of some kind (Source: Prosper Mobile Insights, October 2011).

3. BEST OF THE BEST

Why consumers can be increasingly confident they are getting the best price *and* the best product.



DEALER-CHIC doesn't mean an endless race to the bottom, where promotions dictate where and when consumers buy. Not because consumers won't seek out deals and discounts (because they will), but because **poor quality businesses will no longer simply be able to turn to promotions to attract customers, as consumers are able to instantly check reviews and ratings* before they make a purchase**. And a bad product or service will be a bad deal at any price ;-)

Just one example:

Launched in November 2010, **SNIQUEaway** is an invite-only travel deals website operated by US based Smarter Travel Media (owner of TripAdvisor). The limited-time-only deals, all feature four star or more properties that were given the highest ratings in TripAdvisor reviews, ensuring each deal is pre-vetted.

* Our recent Trend Briefing on [RETAIL RENAISSANCE](#) highlighted how for growing numbers of consumers, the online world is blending with the real world to a degree where OFF=ON. And with the omnipresence of all things online comes online expectations: instant price transparency, reviews, comparisons and direct deals, 24/7.

INCOMPARABLE

The counter-trend to DEALER-CHIC: desirable stuff that doesn't have to be discounted because there's no alternative for it.

For every trend there's a counter trend, as no trend applies uniformly to *all* consumers or *all* brands. Yes, more brands than ever before will experiment with imaginative ways to offer deals and discounts (and some of them won't even seem like deals), and yes, consumers will be able to take advantage of promotions in almost every product category.

But we'll also see the rise of INCOMPARABLE offerings: **products and services that are of such high quality, so unique, so authentic, so personalized, or so immediate that consumers won't be able to (or even want to) look for reviews, price comparisons, discounts or deals.** One to keep in mind if you feel DEALER-CHIC is not a trend you want to be part of.

NEXT

An even bigger 'deal ecosystem', more personalization, more loyalty schemes, more pressure on brands to deliver deal-immune brilliance as an integral part of everything they sell and promote.



So how will DEALER-CHIC evolve in the year to come? Some pointers:

- Consumers will become even more **conditioned** in expecting deals for *anything*.
- There will be no deal-fatigue as both deal-fueled impulse buying and targeted search for deals get more sophisticated, moving away from the current shotgun approach:
 - Impulse buys will be triggered by ever more curated, more targeted offers to consumers based on (known) profile and preferences. These offers will 'find consumers', not the other way around. Basically, permission based deals.
 - Targeted search for deals will become more relevant and accurate, as localized and real-time deals proliferate.
- Deal sites will focus much more on **loyalty**, using deals to attract new, loyal customers (and reward existing ones). This will further reduce (or even eliminate) any stigma attached to brands that offer deals.
- Real-time reviews of any deal will be easier to find, if not automatically accompanying the deals.
- More brands will justify 'full' prices by adding or highlighting anything that's **INCOMPARABLE** about their product or service.

EXAMPLES

Enough theory. Learn from the examples below of brands and business already making deals more mobile, relevant, instant, cool, integrated, seamless, interactive and yes, fun!

DAILY DEALS

Of course, it's impossible to look at DEALER-CHIC without acknowledging the daily deal phenomenon. Whatever the potential flaws in Groupon's business model, over doubling their mailing list from 50 million at the end of 2010 to 115 million by August 2011, shows that for consumers at least, they are doing *something* right (Source: Reuters).

Indeed, is there *any* niche where consumers can't receive daily deals via email? Just a few recent spottings:



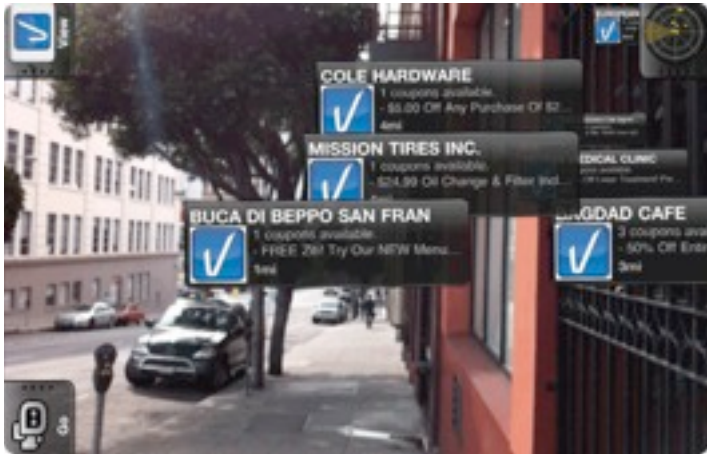
- **Sports** | [CrowdSeats](#) offers subscribers up to 90% off sports tickets in Los Angeles, San Francisco, New York, Boston and Chicago.
- **Travel** | [Groupon Getaways](#) sold USD 9.6 million worth of holidays in its first full month after launch (Source: Yipit, September 2011). Other travel deals sites include [Living Social Escapes](#) and [Yuupon](#). While [Travelzoo Local Deals](#) focuses on restaurant, event or leisure deals that appeal to consumers *on* vacation.
- **Entertainment** | [Goldstar](#) sells half-price event tickets to venues including Cirque du Soleil and Madison Square Garden.
- **Nightlife** | [Poggled](#) offers deals for bars and clubs in New York and Chicago.

- **Food** | [Gilt Taste](#) offers deals on luxury, artisanal foods, while [Munch on Me](#) offers deals on single dishes at featured restaurants and bars.
- **Groceries** | In August 2011, [Aisle50](#) launched in the US, offering consumers the opportunity to buy one deal each day on groceries such as food products, with price points generally in the 3-10 USD bracket.
- **Lifestyle** | [Zipongo](#) focuses on deals that encourage healthy eating and living, while [Heartsy](#) is a group-buying site offering deals on Etsy sellers' products.
- **Music** | [groopEase](#) offers deals on albums from up-and-coming artists at discounts of up to 75%, [RCRD Deals](#) offers music products and experiences ranging from band discographies to backstage VIP experiences, and [1band 1brand](#) offers weekly deals on an emerging fashion brand and music artist.
- **Education** | In September 2011, [The National Louis University](#) in Chicago in the US became the first educational establishment in the world to sell a course on a daily deal site.
- **Financial Services** | In July 2011, Dutch financial institution ING ran a deal in Canada offering CAD 185 when the user opened an [ING Thrive](#) account.
- **Kids** | [DoodleDeals](#) partnered with Diapers.com to offer subscribers kids themed deals.
- **Pets** | [Coupawz](#) offers deals on products for dogs, cats and other pets.
- **LGBT** | [The Daily Hookup](#) has a team of curators who vet the site's gay-friendly fashion, nightlife and vacation deals.
- **Adult** | [ExoticDeals](#) features a new adult-only deal every 69 hours, while marijuana-lovers can receive deals from [WeedMaps](#).

RIGHT HERE, RIGHT NOW

New technologies (Apps! NFC! Alerts!) have made deals and discounts all about **NOWISM** and the here-and-now, and the preserve of early adopters (therefore exciting and very DEALER-CHIC ;-).

Check out these services helping consumers find the deals going on right around them:



- **Notikum** is a real-time, location-based app for Singaporeans which enables users to find deals near them, organized into categories of "Shop", "Eat" and "Play".
- Groupon launched **Groupon Now** on its mobile apps in April 2011. Users can get short-term deals (often valid only for a few hours or at specific times) for local businesses.
- **Touchtown** is an Israeli developed app that shows customers deals in their vicinity.
- **Valpak's** mobile apps allow users to see coupons overlaid onto their phone's camera, as well as a map.

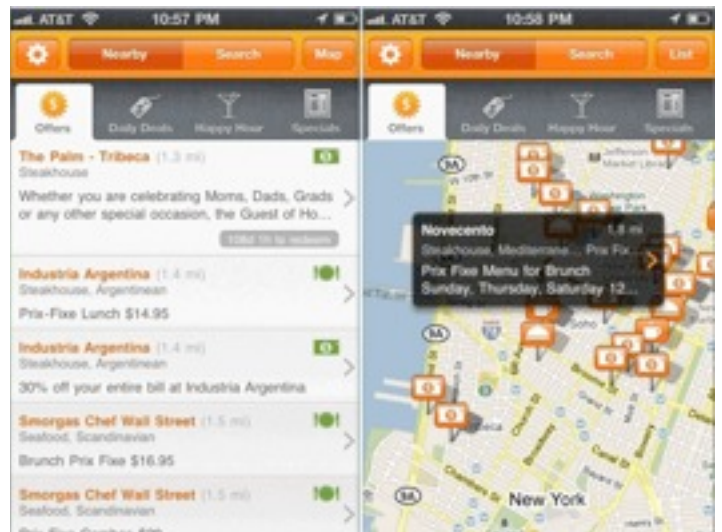
A number of services are also enabling consumers to opt-in to alerts for nearby deals:



- **Brouha** is a mobile messaging platform that allows customers to receive offers and information when in-store, without having to reveal personal data.

- **QuickerFeet** is an app that enables retailers in AMP Shopping Centers in Australia and New Zealand to notify nearby shoppers of new promotions.
- AT&T's **ShopAlerts** and O2's **Priority Moments** services can alert the networks' customers to exclusive offers and deals based on their location.

And there are a number of services to help those who are out-and-about looking for specific deals:



- **BiteHunter** is an app which searches restaurant portals and social networks to show users nearby dining deals in real time.
- **Willcall** enables users in San Francisco to search and purchase half price same-day tickets for live theater and music events.
- While for those looking for a last minute hotel, Priceline launched their **Tonight-Only** iOS app in September 2011.

There are even services to help consumers find and use deals once they're in the store:



- In China, during July 2011, South Korean mobile communications firm **SK Telecom** tested a service synchronizing tablet-equipped shopping carts with consumers'

smartphones to deliver real-time, in-store information using indoor positioning technology.

- **Aisle 411** is a shopping app that helps shoppers find where products are located in stores, and delivers available digital coupons to users' smartphones. Shoppers can also get points for various activities (such as mapping a list, or searching for and sharing items), which may unlock further offers from selected retailers and brands.

One final example to show just how smart local deals are becoming:



- **ThinkNear** automatically generates coupons during businesses' slow trading hours. Companies inform ThinkNear about their typical slow periods, and a range of discounts to be offered during such times. ThinkNear also monitors the local environment for factors that could cause slow-downs, such as rain and snow. When such periods occur, ThinkNear automatically generates coupons for nearby consumers, either as ads in mobile apps, or direct real-time alerts to those who've opted in.

DEAL ME IN

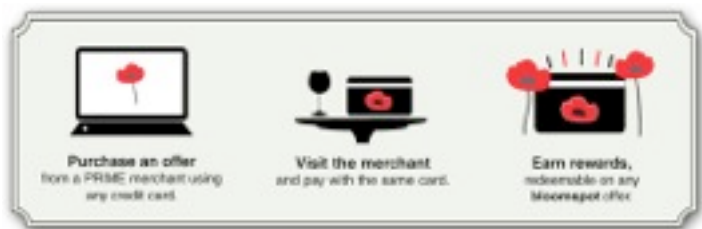
Consumers know that there are almost always deals out there, but the sheer number of providers and platforms makes it difficult to know how to find them. Which of course means there's a big win for anyone or anything that can flag or even create deals, which are **relevant or tailored** to consumers' personal interests:



- American Express launched its **Link-Like-Love** social commerce program in July 2011. The free service gives AMEX cardholders relevant deals and experiences based on their likes, interests and social connections on Facebook.
- Launched in June 2011, **KoalaDeal** provides users with a customized list of daily deals. Users begin by teaching KoalaDeal about their tastes and interests; they can choose categories manually, or let the site scan their past purchases in Gmail, or their interests as indicated on Facebook or Twitter. Using this information, KoalaDeal searches over 45 daily deals sites for relevant offers to present the user with.
- In July 2011, location-based social network **Foursquare** started showing users deals from Living Social, Gilt Groupe, AT&T and Groupon. The service also introduced a feature where users who had added a venue to their to-do list were notified if a deal became available at the venue.
- **Delta Air Lines announced** in July 2011 they were partnering with Living Social to enable users to receive local deals for the places they are traveling to. Customers only receive offers which are valid during their trip, and are automatically unsubscribed at the end of their trip.

REWARD INC.

Watching new customers get great deals is a sure-fire irritant for regular patrons. Especially when new technologies make it easier than ever to reward loyal customers with special deals:



- Daily deal site [Bloomsport](#) launched their [PRIME](#) service in Q2 2011. The service integrates with retailers' credit card systems, to give customers rewards based on the total amount spent and for repeat visits. The company claims that these rewards mean customers spend an average of 50% more than the value of the coupon.
- In March 2011, location-based gaming platform SCVNGR launched a mobile payment service [LevelUp](#) that mixes deals with rewards for repeat customers. LevelUp offers customers a daily deal of USD 5, 10 or 20 credit at a featured merchant, redeemed when paying with the service's QR code-based mobile app. Customers can unlock further credit with additional purchases.
- Launched in September 2011, [Groupon Rewards](#) creates a new class of deal only available to customers who have spent a minimum sum with a merchant. The service works with existing point-of-sale systems when customers use a credit or debit card they registered with Groupon.



- [The Target RedCard](#), the retailer's own-branded credit and debit card offers shoppers a 5% discount on all purchases. [Lowe's](#) own-branded cards offer customers a similar discount.

- In September 2011 Danish supermarket Netto teamed up with telecoms operator TDC to create their [Nettalk](#) mobile service. Customers register their supermarket loyalty cards to their mobile account, and depending on how much they spend, can earn up to two hours extra talk time per month.

DEALIRIOUS

Of course DEALER-CHIC is more about changing consumer attitudes than new technologies. Coupons were simply about saving money, whereas the new breed of deals are often about making the pursuit of a good deal fun, entertaining *and* savvy:



- [Sneakpeek](#) is an online deal site however no prices are listed. Instead, users have to click on the item to take a "peek" and see the price; each "peek" causes the item's price to decrease, but only until the site's limited stock runs out. Shoppers have 15 seconds to click and buy. They can choose to check prices at a later date, although this may mean losing out to another buyer.



- To promote the launch of their Regent Street, London store, Japanese fashion retailer [Uniqlo](#) installed the Uniqlo Happy Machine. At various times, the machine would release certain items at heavily discounted prices.



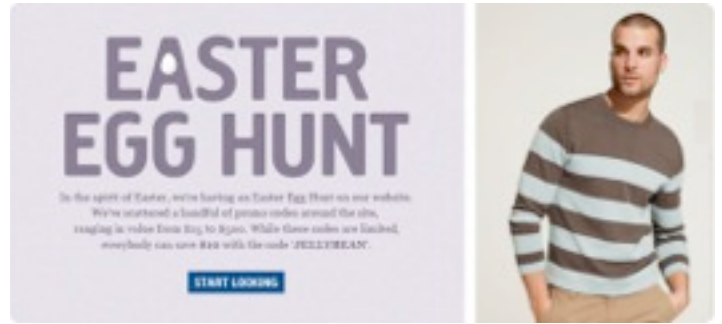
- In May 2011, French supermarket group Carrefour organized the "**Hora Mágica**" (Magic Hour) for 200 families in Brazil. For one hour the selected customers (all holders of the retailer's loyalty card) had exclusive access to the store in Osasco, up to a 50% discount on non-food products, and a welcome breakfast.



- In August 2011, the daily deal site **Living Social** offered passengers in a London taxi the choice of continuing to their destination, or a surprise experience determined by the roll of a die. Experiences included cookery classes and nature visits.



- In September 2011, Stockholm's **ICA Vanadis** supermarket introduced an initiative where product discounts increased as more customers 'checked in' to the retailer on Facebook.



- US based menswear retailer **Bonobos** ran an 'online Easter egg hunt', with promotional codes hidden on pages of Bonobos' site that users could use to claim special offers ranging from 10 to 500 USD off purchases.



- During September and October 2011, US womenswear retailer **Lane Bryant** promoted its T3 jeans range with an interactive Facebook campaign. Consumers could play the Spin & Win game once a day to try and win a USD 75 gift card redeemable in-store, with 62 prizes available each day.



- In March 2011, US retailer **Gap** launched a one-off deals site, **gammyprice.com**, where shoppers could decide how much they wanted to pay for their khakis and make an offer online. The retailer then put forward its price,

which consumers could accept or make a further bid until a final price was agreed on.



- **Daitan** (a dealership selling used vehicles from Japanese automotive brand Honda) gave Brazilians the opportunity to propose prices for cars on its website. Via the "Faça sua Oferta" ("Make your offer") page, consumers could put forward the figure they wished to pay, and if the offer was accepted Daitan's sales team contacted them to arrange the sale.



- US based **ScoreBig** offers consumers discounted event and sports tickets. Similar to travel-deal site **Priceline**, users choose a seating area and make an offer for tickets, which are either accepted or rejected by the venue.

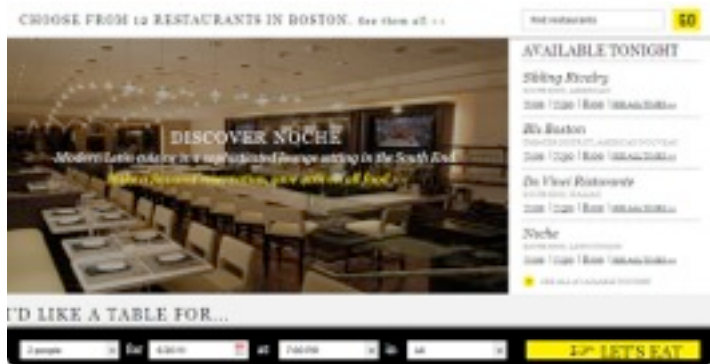
In fact, there's barely a sector or business that isn't embracing DEALER-CHIC, even those that would traditionally shy away from discounting:



- In June 2011, luxury fashion brand Oscar de la Renta launched their own private discount club, **Backstage Pass** to sell discounted items directly to its customers rather than via secondary flash sale sites.



- In May 2011, US based fashion designer **Derek Lam** put five dresses from his 16-piece 2011 collection, which was shown at New York Fashion Week during February 2011 on eBay. Users of the auction site were asked to vote for their favorite five to determine which of the 16 should go on sale at 'buy it now' fixed prices. 120,000 eBay users voted; priced at USD 175 to USD 225, the dresses were significantly more affordable than Lam's usual creations.



OPPORTUNITIES

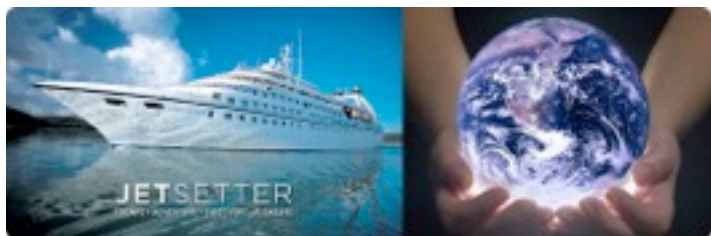
Every B2C brand will have to deal with DEALER-CHIC's impact, and there are plenty of opportunities to be had.

True entrepreneurs should be wetting themselves at the possibilities that this whole deal ecosystem throws up: from new sectors, to ancillary services, to deal review sites, to new technologies. Because if you get it right, consumers *will* want to hear from you (but don't forget to keep businesses happy too!).

For brands, DEALER-CHIC is not about giving everything away or wildly slashing prices. The PERFORM OR PERISH message still holds true. Instead, brands should be thinking about the ways in which DEALER-CHIC enables them reach out to (new) audiences, engage with them in novel ways, and help them do the things they want to do at a lower cost.

Last but not least, here's a deal from us for you: our next free Trend Briefing will hit your inbox on 1 December, so [make sure you're subscribed](#).

- June 2011 saw US based [Savored](#) launch; a members-only website giving users discounts of 30% at a hand-picked selection of high-end restaurants in ten cities across the country. Rather than offering customers a 'set deal', restaurants make a certain number of tables available to Savored members, who pay a booking fee of 10 USD to receive a 30% discount. This is applied to the final bill for all food and drink, without the need for coupons or deal codes.
- Users of the [Daily Gobble's](#) mobile app can also get deals when eating off-peak at various restaurants in New York. Rather than requiring a coupon, diners upload a photo of their check to receive a Paypal credit.



- In April 2011, US based vacation flash sales site [Jetsetter](#) teamed up with private online community [ASMALL-WORLD](#) to offer ASW members discounted vacation opportunities, curated by Jetsetter.