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Digital: Benefits, Adoptions, Use Cases & Trends



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Theresa McEndree, VP, Marketing, Blackhawk Network

Impact on Retail



- **≈ 60% of shoppers** use their smartphones to look up product information and prices and search for deals while shopping in store¹
- Digital interactions influence **56 cents** of every dollar spent in brick-and-mortar stores²
- Omnichannel customers spend **3.5 times more** than single-channel shoppers³

1. "How Shoppers Use Their Smartphones in Stores," Retail Dive, June 7, 2017.

2. "The New Digital Divide: The Future of Digital Influence in Retail." Deloitte Insights, Sept. 2016.

3. "Unified Commerce: A New Opportunity for Payments," Cayan and Salesforce, 2017.

Consumer Confidence is High & Spending Remains Solid

In 2017, retailers posted their best holiday season since 2011³



2017 holiday retail sales were **up 5.5% YOY**¹

Total retail sales growth projected to be **4.5%** for 2018 holiday²



2017 holiday retail saw a **17.8% increase** in ecommerce³

eCommerce expected to expand **15.3%** 2018 holiday season²

2017 exceeded predictions of **11-15%** growth¹

1. NRF press-release, "Holiday retail sales increased 5.5 percent in 2017, exceeding NRF forecast and showing strongest gain since great recession, January 12, 2018

2. NRF press release "National Retail Federation Upgrades 2018 Economic Forecast but Says Tariffs Remain a Threat", August 2018

3. US Holiday Shopping Preview 2018, eMarketer, March 2018

Mobile's Appeal

“People have embraced smartphones so eagerly, in part, because the interactivity gives users a **feeling of control**. ... Activities such as **redeeming reward points and responding to special deals** play right into this psychological phenomenon.”



Source: “How Smartphone Apps Influence the Way We Shop.” *Strategy + Business*, Jan. 2017.

Digital Payments



Mobile Wallet Adoption

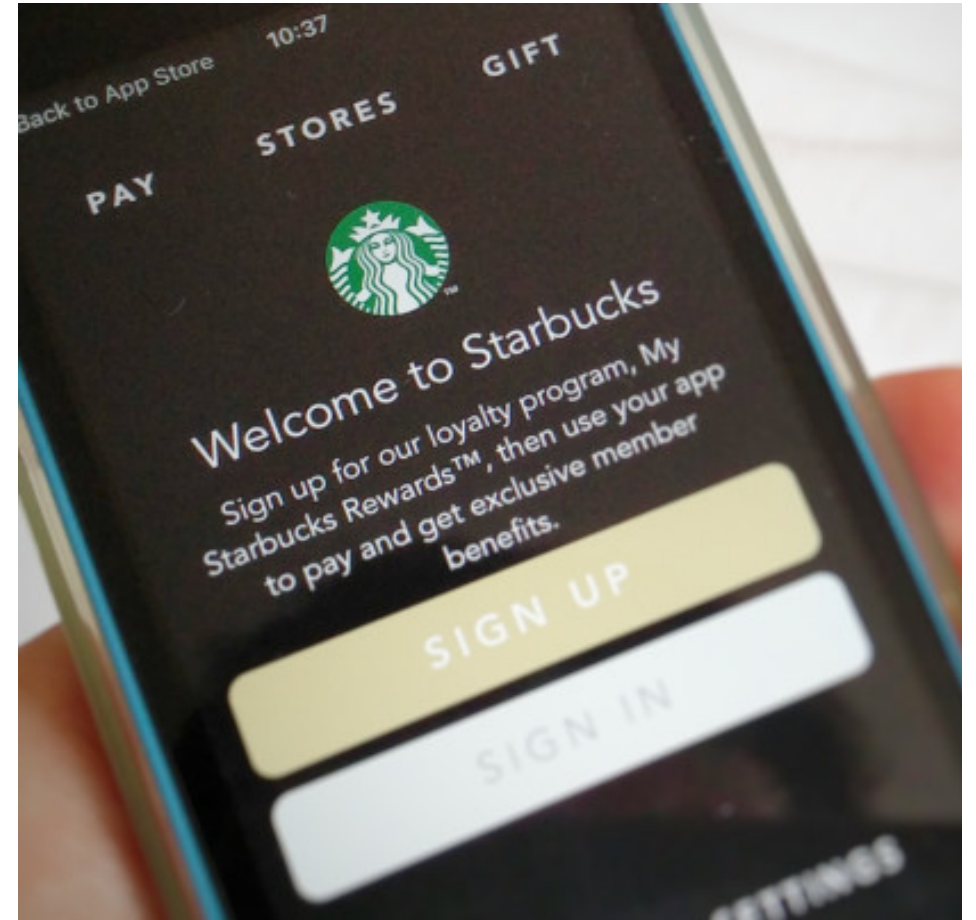
A PMNTS.com study compared four mobile wallet apps; Apple Pay, Android Pay, Samsung Pay and Walmart Pay.

- **Walmart Pay** is the most-used wallet app, since it is compatible with all devices; however, its use is limited to Walmart stores
- **Apple Pay** is second most common, with **13%** of smartphone owners reporting having tried it
- **<5%** of customers with the capability to use a mobile wallet did so

Source: "Mobile Wallet Adoption: Where Are We Now?," PMNTS.com survey, 2018.

Mobile App Use Case

In 2017, 10% of Starbucks US orders were placed via the company's Mobile Order & Pay app, which lets customers place and pay for orders before arriving at a Starbucks® location.



Source: "10 eCommerce Trends for 2018," Absolutnet, 2018.

Mobile App Use Case

Wells Fargo launched Card-Free ATM access in 2017. The new feature lets customers request a single-use access code that allows them to make a withdrawal at any Wells Fargo ATM.¹

“We believe the future is cardless.”

— *Brett Pitts, Head of Digital, Virtual Channels, Wells Fargo*²



1. Source: "10 eCommerce Trends for 2018," Absolutnet, 2018.

2. Source: USA Today, March 29, 2017

Digital Wallet Use Case

Amazon Go stores use a proprietary technology called Just Walk Out that allows consumers to scan their phones upon entering, make their product selections and leave the store. Purchases are automatically scanned and charged to the shopper's Amazon account.



Source: "10 eCommerce Trends for 2018," Absolutnet, 2018.

Awareness vs. Adoption

While consumer ***awareness*** of digital payment technology is “at an all-time high,” ***adoption*** has remained flat due to lack of additional value.

Digital payments are not yet providing more benefits than credit cards.

Source: “The Edge of a New Frontier,” 2016 North America Consumer Digital Payments Survey. Accenture, Jul. 2016.

Consumer Expectation

“Consumers expect more in today’s fast-paced digital environment—just the ability to tap and pay is not enough.”

— ***Robert Flynn***
Managing Director,
Accenture Payments, NA



Source: “Mobile Payments Awareness Up in North America, but Usage Remains Flat,” NFC World, Oct. 1016.

Growth Drivers

Consumer adoption of digital payment technology is projected to grow at a 20.3% compound annual growth rate through 2021.

- Retailer implementation of NFC POS acceptance devices is occurring in tandem with implementation of EMV chip readers
- Increase in merchant-integrated mobile payments (ability for consumers to add cards to virtual accounts)
- High consumer confidence in storing credit card information with retailers
- Merchant acceptance of mobile wallets
- Increasing consumer adoption of mobile P2P payment technology (Venmo, Square, Google, Facebook, Western Union, Zelle)

Source: "US Mobile Payments Will More Than Triple By 2021: Highlights From Forrester's Data Mobile Payments Forecast, 2016 To 2021 (US)," Forrester and CashStar, 2017.
Source: "Mobile Payments Forecast, 2016 To 2021 (US), Q4 2016 Update," Forrester Research, Inc, Feb. 2017.

Future State

“The advancement of simplified payment technology on mobile, including fingerprint and facial recognition, will boost the percentage of transactions completed on mobile.”

— **Absolunet**

Source: “10 eCommerce Trends for 2018,” Absolunet, 2018.



Consumer Trends: Digital Rewards



Consumer Desires: Mobile Wallet

Consumers like the idea of gift cards with mobile wallet portability

- **55% of consumers** are interested in receiving digital gift cards that can be added to a mobile app or digital wallet
- **53% of consumers** are interested in giving digital gift cards that can be added to a mobile app or digital wallet
- **The stats are higher for Millennials**, with 69% interested in receiving and 67% interested in giving



Source: 2018 US Spring Summit Research, Leger for Blackhawk Network, Mar. 2018.

Consumer Desires: Personalization

Personalization is a key driver of loyalty, especially for consumers under 40
Boomers (40%); Gen X (48%); Millennials (52%)

- **48% of Millennials** expect customized offers
- **4 of 10 Millennials** will go out of their way to use customized offers
- **77% of smartphone users** believe mobile offers, exclusive content and personalized messaging positively impact their loyalty



Source: "Redefining Loyalty," Rare Consulting, Summer 2016.

Why Digital Rewards?

Digital rewards best meet **consumer demands** by offering:

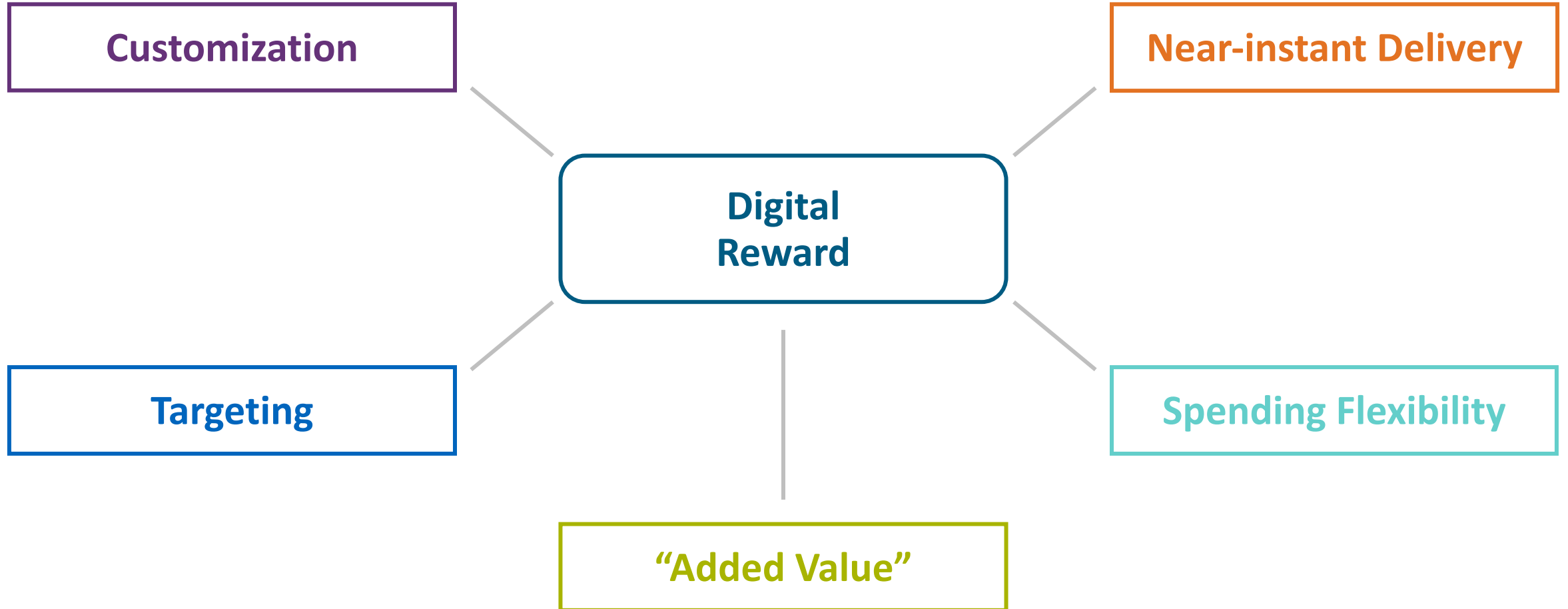
- The customization consumers find engaging
- The speed of delivery and ease of redemption consumers want
- The ability to meet the consumer where they are—anytime, anywhere
- A unified omnichannel shopping experience

Source: Journal of the Experimental Analysis of Behavior, Jan. 2015.

Digital Rewards in Action



Digital Reward Benefits



Added Value

Research from Accenture concluded that a digital payment experience has to provide **value beyond the transaction** “to make emotional connections with consumers.”¹

The “added value” consumers are looking for from digital payment technology includes **deals, rewards and discounts.**²



1. Source: “The Edge of a New Frontier,” 2016 North America Consumer Digital Payments Survey. Accenture, Jul. 2016.

2. Source: “Banking on Value: Rewards, Robo-Advice and Relevance,” 2016 North America Consumer Digital Banking Survey. Accenture, Mar. 2016.

Key Takeaways

- Digital commerce and influence continues to rise
- Digital payments are novel, but remain flat
- Opportunities abound for marketers that:
 - Leverage omni-channel promotions to drive cross-channel success
 - Incorporate payments and promotion into digital strategy
 - Provide relevance and rewards customers seek





Thank You