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## THINKING FORWARD

### Five Key Consumer Trends: Outsmart an Economic Downturn

*Avoid losing your consumers to the recession; adjust your online marketing to respond to thrifty consumer behavior.*

There may be a silver lining for online marketing during an economic downturn. In periods of growth, a variety of factors influence shoppers. However, during tough economic times, consumer motivation is uniform and purchasing patterns are consistent. Consumers want to spend less and be the most efficient with the money they do spend.

By and large, consumers go online for savings, efficiency, discounts, and product information. Performics has identified five key consumer trends and provided recommendations for online advertisers to engage these consumers.

## 1. Swapping Keys for Keyboards

### ecommerce saves consumers time and gas

As opposed to shuffling between stores, consumers shop online and financial efficiency is a priority. Consumers spend less money on gas to travel between stores and more time online to compare products from a wide selection of retailers.

Savings complement the convenience of shopping from home. According to a 2008 study by Piper Jaffray, respondents indicated that convenience, saving gas money and lower prices are the most significant reasons they shop online.<sup>1</sup>

Furthermore, in a recent iCongo study, one in three adults responded that high gas prices were influencing them to shop online instead of in the store.<sup>2</sup>

Online advertisers should emphasize convenience and savings in their messaging. For example, through phrases such as “beat the crowds and shop online,” “buy online and pick up in store today,” or “shop online to save gas.”



## 2. Trading Down

### Shoppers select items that provide a similar value for less

“Lower price” is now the single most important decision making factor for online consumers.<sup>3</sup> As a result, comparison shopping sites, discount stores, off-price chains, thrift stores, online auctions, resale chains, and consumer-to-consumer sites have experienced a lift in sales.

This lift corresponds with a pattern of forgoing certain types of purchases to accommodate tighter budgets. Sixty-three percent of people recently surveyed by Media Post have made some sacrifices because of the economy – giving up vacations, buying private-label brands, or dining out less.<sup>4</sup>

For the purchases consumers do make, getting the most value for their money is the essential consideration. Advertisers should clearly communicate the value propositions of their products. This might include practical “bang for your buck” call to actions, or an emphasis on the quality and endurance of products.

## 3. Strategy Shopping

### Consumers strategize shopping trips for efficiency

Consumers do not want to waste time and gas looking for a store or a product. In most cases, consumers search online for store locations and product availability. Consumers are inclined to make the trip to a store if they are confident it is the nearest location with their desired product at the best price.

This process of researching before making a purchase has become the status quo. Ninety percent of shoppers in an NRF Study say they research products online before buying them in a store. They use the Web to find store locations, hours and merchandise availability to prevent a wasted trip.<sup>5</sup>

Advertisers should make sure consumers can find what they are looking for. Web site usability and landing pages should make store locators and product availability information accessible. Additionally, advertisers can capitalize on the relationship between online and offline shopping by featuring capabilities that allow shoppers to shop online and pick-up in store.



## 4. Couponing and Deal Seeking

### Consumers find coupons and deals more valuable than ever

The economic downturn is generating a long-term shift in coupon use and discount shopping online. Consumers perceive ecommerce as a value driven channel where they can find the best deals. According to an iCongo survey, 55 percent of respondents indicated that lower prices lead them to shop online instead of in a store.<sup>6</sup>

Consumers no longer view couponing and deal seeking as frugal behavior. Savings-driven shopping is quickly becoming the norm. Thirty-six million Americans rely on online sources for coupons; an increase of ten million since 2005.<sup>7</sup> Additionally, a 2008 Hitwise study found that U.S. visits to coupon Web sites increased by 56 percent from 2007.

Advertisers should emphasize discounts in their ad copy and throughout their Web site to engage consumers who search for the best deals online. Coupons and sales events should be easily accessible and identified. Additionally, advertisers should expand their generic keywords to cast a wider net that captures discount hungry consumers.

## 5. Cocooning

### Consumers travel less and spend more time at home

Consumers are giving up lavish getaways in an effort to save money. This trend leads to more online shopping and increased investments in items that make a consumer's home feel luxurious and comfortable, for example, a flat screen TV.

If consumers are unable to take a vacation, they want their home to feel like the next best thing. In the past 12 months, 24 percent of leisure travelers indicated that they have spent their vacation at home, otherwise known as a "staycation." Nearly three out of ten said they planned to take a "staycation" in the next 12 months.<sup>8</sup>

Advertisers should appeal to cocooning consumers. They should emphasize products that make a home more enjoyable and provide a good value per entertainment dollar. Additionally, advertisers should incorporate messaging that communicates value, durability and quality.



## Conclusion

Five key consumer trends prevail during an economic downturn: swapping keys for keyboards, trading down, strategy shopping, coupon and deal seeking and cocooning. Advertisers can stave off the effects of a struggling economy and perhaps even benefit if they properly invest in strategic online marketing.

Performics capitalizes on these shifts in consumer behavior to differentiate advertisers from the competition and attract consumers to a shopping experience that is equally if not more compelling and productive than an in-store shopping experience. As a result, consumers benefit from a satisfactory online experience that offers both cost and time savings.

## Sources

- <sup>1</sup> "Retail Shoppers hit the Web first" [eMarketer](#), 2008"
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- <sup>3</sup> "Iconoclature and Consumers Trade Down as Economic Angst Grows", [WSJ](#), July 2008
- <sup>4</sup> "Study: Downturn Gives Rise to New Consumer Beliefs", [Media Post Publications](#), August 2008
- <sup>5</sup> "Feeling Consumers' Pain", [NRF](#), July 2008
- <sup>6</sup> "High Gas Prices Driving Many Consumers Toward Online Shopping", [iCongo](#), April 22, 2008
- <sup>7</sup> [BusinessWire.com](#), July 7, 2008
- <sup>8</sup> "Travelers Eye Prices Online", [eMarketer](#), July 2008



## Performics can help you outsmart the economic downturn

Contact Performics at

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At Performics, we create opportunities and drive success for more than 200 of the world's top brands. Our innovative approach to paid and natural search as well as user experience, emerging media and digital strategy fully integrates all aspects of performance marketing program management from analytics and conversion optimization to tracking, reporting, and technology.

Our commitment is to deliver more qualified consumers and a better return on investment. Performics works diligently and efficiently on behalf of our clients to boost the effectiveness of their digital marketing efforts.

Headquartered in Chicago with offices around the world, Performics is the performance marketing expert inside Publicis Groupe's Vivaki Nerve Center. Visit us:

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