



THE MEANING OF CASH



A Study Prepared for Cardtronics

Introduction

The role of cash still plays a critical part in our daily lives. It serves to provide us with a sense of comfort and security and control, over what can seem like a chaotic landscape of choices and decisions. Cash, and immediate access to it, provides us with a more meaningful experience than one would initially assume. Cardtronics and innovation strategy consultancy, Scansion, have undertaken several studies to uncover the evolving role of cash in this changing landscape of payment methods.

For the first time, we can now more deeply understand what motivates people to spend and use cash and the role it plays within the retail environment.

Around 2010 and 2011, Scansion conducted several qualitative studies in partnership with Cardtronics. In these previous qualitative studies, cash was primarily about convenience and its ease in distributing to family members and friends. In the aftermath of the recession, the value of cash as a way to maintain a household budget has become increasingly important.

In this study, we marry the the depth of understanding the consumer mindset associated with qualitative work, with the statistical rigor of quantitative metrics applied to a key question: how does the presence of an ATM impact retail locations?

In this whitepaper, we will explore:

- The effect of the presence of ATMs on spend in two types of retailers: convenience stores and drug stores
- A deeper look at those that use ATMs in retail locations
- The functional meaning of cash for people right now. This is of particular importance as alternative payment systems appear to be increasing in importance

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ABOUT SCANSION

Scansion is an innovation strategy consultancy based in San Francisco, CA. Scansion has worked with Cardtronics on multiple studies for the last 5 years exploring the consumer experience with ATMs and the emerging use cases for cash.

Questions? Reach out to us at: hello@scansion.com

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ATM USERS SPEND MORE IN STORES

ATMs placed in retail environments have a positive impact on consumer spend in stores. These ATMs also have a strong influence on the longer term decisions consumers make around store selection and regular patronage. When consumers use ATMs in the store they are shopping at, they often use some of that cash to buy goods in that same store. They often buy convenience items or "everyday" purchases with that cash. The ATM allows consumers to buy goods and obtain cash in the same visit. Providing the convenience of being able to accomplish multiple tasks in the same visit translates to people integrating visits to stores with ATMs as a regular part of their routine.

Key findings around how ATMs affect spend:

- For convenience stores, when an ATM is present spend increases by 3 times – to \$25.54 vs. \$8.72 for the average basket
- For drug stores, spend increases by 2 times – to \$36.65 vs. \$17.76 for the average basket
- For grocery stores, there's little impact of the presence of an ATM on spend



Cash still has an important role to play within the mindset of the consumer. Its role as a transaction tool has evolved into something closer to that of a security blanket:

- It is something that provides comfort (when carrying \$20 to \$60 at any given moment)
- It is a reminder to track and control oneself from over spending
- It is a way to reward others with immediacy through gratuities or gifts

WE INQUIRED INTO BEHAVIOR IN 3 TYPES OF RETAIL STORE TYPES



Convenience Store / Gas Station



Drug Store / Pharmacy



Grocery Store

We surveyed a statistically significant sample representative of the US population. In this survey, many topics were explored including:

- Frequency of store visits to each store type
- Frequency of ATM use in each store type
- Typical basket size in each store type
- Frequency cash is used for purchases
- Method of cash acquisition
- Types of items purchased
- Fees and influence of fees on ATM usage



ATMs IN RETAIL ENVIRONMENTS

ATMs INFLUENCE WHERE PEOPLE SHOP

The presence of an ATM is considered important to the majority of consumers and has influence in the decision-making process of where they like to shop. Having an ATM present makes a difference in attracting regular customers to two retail store types: convenience stores and drug stores / pharmacies.

These ATM users typically develop into more valuable long term customers. Customers who use ATMs in a store spend more than those who don't use the ATM. We have observed a positive relationship between the frequency of ATM usage, store spend, and frequency of store visits.

57%

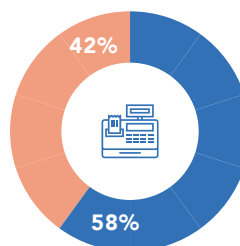
The percentage of the time the presence of an ATM has a positive influence on the selection of the store they currently shop in

43%

The percentage of the time the presence of an ATM has no influence on the selection of the store they currently shop in

Consumers who use ATMs in a retail environment will most likely make a purchase in that same store during the same visit. Those ATM users are also more likely to make more purchases in the store in later visits. The presence of an ATM positively influences the user's decision to go to a store and shop at that store more regularly. The ATM is a key influencer in attracting ATM users who eventually become regular store customers. Being able to visit an ATM and access cash while also shopping for goods enables customers to accomplish multiple tasks in one trip.

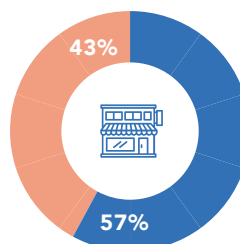
CONVENIENCE / GAS



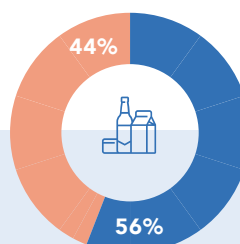
KEY

- Positive Influence
- No Influence

DRUG / PHARMACY



GROCERY



ATMs IN RETAIL ENVIRONMENTS

80% OF STORE ATM USERS USUALLY MAKE A PURCHASE IN STORE

Those who use ATMs within a retail environment will most often make a purchase in the store with the ATM during the same visit. Those same ATM users are also more likely to make more purchases in that store in later visits. These ATM users typically develop into more valuable long term customers.

8 out of 10

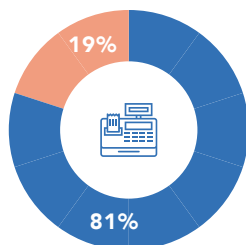
that use store ATMs typically make a purchase

Those that use store ATMs typically spend **more** in that store than those that use other means of getting cash

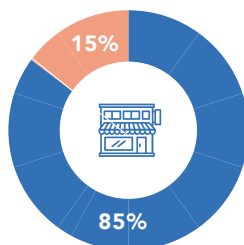
If I'm running into a store to grab cash from an ATM, I'll usually pick up something while I'm there.

DANIEL, 27

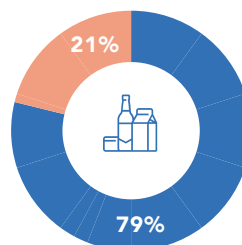
CONVENIENCE / GAS



DRUG / PHARMACY



GROCERY



KEY

- Purchase
- No Purchase

CONVENIENCE STORE ATM USERS SPEND 3X MORE THAN THOSE WHO DON'T USE ATMS

When we surveyed consumers about their typical purchase, not including purchasing gasoline, we found that convenience store customers who use the ATMs in the store, even if occasionally*, they spend more than those who don't ever use those ATMs. When evaluating the average self-reported spend of these customers, we find that store ATM users spend three times as much, on average, than those who do not use those ATMs.

*Occasionally ranging from once or twice a month.



CONVENIENCE STORES

- Those who use ATMs in convenience stores spend 3 times as much as those that never use these ATMs: \$25.54 vs. \$8.72 average basket size
- Those that consider the presence of an ATM to be influential on their choice of convenience store spend 2-3 times more than those that don't: \$23.83 vs. \$9.93 average basket size
- Those that use in-store ATMs that are not bank branded spend 2-4 times more than those that do not use this type of ATM: \$29.28 vs. \$11.24 average basket size
- Those that obtained their cash from the ATM in the convenience store (or another store) spend 80% more than those that obtained their cash from their bank or from cash back at the register.

STORE ATM USERS SPEND**MORE THAN NON-STORE
ATM USERS****CONVENIENCE STORE
ATM USERS TEND TO SKEW MORE:**

- Youthful
- Mid to upper income brackets
- African-American
- Male
- Online bank customers



DRUG STORE ATM USERS SPEND 2X MORE THAN THOSE WHO DO NOT USE ATMS

Drug store customers who use the ATMs in the store also spend more than those who don't ever use those ATMs. When evaluating the average self-reported spend of these customers, we find that store ATM users spend twice as much, on average, than those who do not use those ATMs.

PHARMACIES OR DRUG STORES

- Those who use ATMs in drug stores, on average, spend 2 times as much as those that never use those ATMs: \$36.65 vs. \$17.76 average basket size
- Those that consider the presence of an ATM to be influential on their choice of drug store spend 1-2 times more than those that don't: \$29.84 vs. \$20.60 average basket size
- Those that use in-store ATMs that are not bank branded spend 1-2 times more than those that do not: \$33.95 vs. \$20.79 average basket size
- Those that obtained their cash from the ATM in the drug store (or another store) spend 20% more than those that obtained their cash from their bank or cash back

STORE ATM USERS SPEND**MORE THAN NON-STORE
ATM USERS****PHARMACY OR DRUG STORE
ATM USERS TEND TO SKEW MORE:**

- Youthful
- Mid to upper income brackets
- African-American and Asian-American
- Male
- College graduates
- National bank, credit union, and online bank customers



WHEN PEOPLE USE CASH, IT SYMBOLIZES SOMETHING GREATER

Some of the topics explored in the Cash portion of the survey as well as in earlier qualitative work:

- Intended purpose of cash when withdrawn
- Typical use cases for cash
- Reasons why cash is used above other payment methods– functional and experiential
- Methods cash is most often obtained
- How much is typically spent
- How much is typically carried
- What is the maximum amount cash would be used for
- How spending is tracked
- Top security concerns when it comes to money



THE MEANING OF CASH

CASH CONTINUES TO PLAY AN IMPORTANT ROLE IN KEY ASPECTS OF CONTEMPORARY LIFE

Now more than ever, people can pay for and receive things in a myriad of ways. The use of cash might seem like it is losing its place. But through our study, we have found that cash has just as an important role to play in our everyday lives as in the past. Although cash payments are used less for larger expenses, it is still used for everyday small purchases, to settle minor debts and payments, and for gifts and gratuities. Cash has also evolved into a symbolic tool. Physical cash grounds a transaction more than a card purchase. The presence of cash reminds us of its worth before we spend it.

Key Findings about cash usage:

95%

of people spend more than one cash dollar a week

93%

of people like to carry more than a dollar in cash on them at any given moment

45%

of people surveyed spend between \$20 and \$100 in cash a week

44%

like to have a minimum of \$10 to \$40 in their wallet



THE MEANING OF CASH

PEOPLE LIKE TO HAVE CASH ON HAND TO BE PREPARED

Cash has come to represent more than simply the value that it holds. For some, it is used as a mechanism to deliver a feeling or sense of comfort – like a security blanket or safety net. Most people like to use it as a way to facilitate daily activities or speed up a small transaction. For others, cash is seen as a better way to reward service people with a gratuity or make small purchases where using a card is seen as a hassle.

The most common reason cited for withdrawing cash from an ATM is to keep on their person in case of emergency. According to a study conducted by the Cash Product Office of the Federal Reserve System, as much as 15% of the population are “just in case holders” who like to hold cash but not spend it.

“Cash ensures I have the option to buy what I want or to indulge”

ANITA, 41

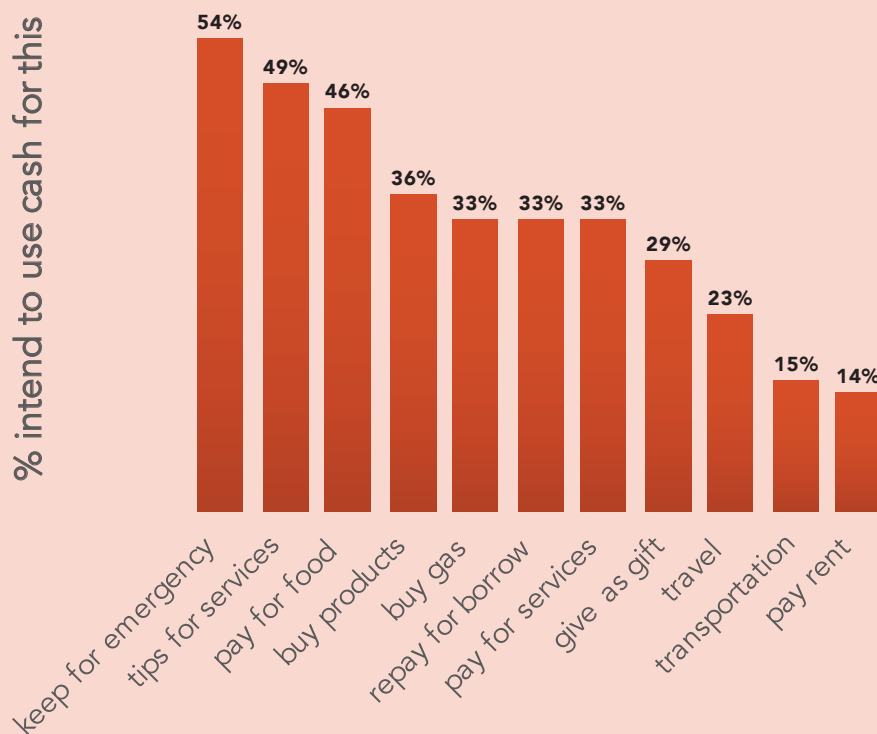
“I tip in cash because it’s the way I make sure that the person I’m tipping is getting the money.”

TIFFANY, 43

While this is often the intention behind obtaining cash, respondents we surveyed expressed that the cash they carry is often spent in a more “intentional” way than in the past.


- Most people like to keep cash in case of an emergency (or in case they find that they need to pay for something in cash rather than a card)
- Having cash on hand to give out as a tip or gratuity for service people is the most popular specific use case for cash
- A lot of cash use is driven by the popularity of certain merchants or food vendors who only accept cash

INTENDED USE OF CASH WHEN WITHDRAWN FROM ATMs



"Sometimes I need to have cash handy to give to my kids for school expenses."

TIFFANY, 43



—
I get nervous
if I don't have at
least \$20 in my
wallet. You never
know what you'll
need it for.

—
DORITA, 37

For most people,
cash experientially
functions as a
safety net – a way
to be prepared.

THE MEANING OF CASH

CASH IS USED TO CONTROL SPENDING AND SAFEGUARD IDENTITY

We continue to see an increase in products and services that aim to remove the friction of payment and the act of transacting as much as possible. But contrary to what these new products might suggest, many people are using cash as a way to put the friction back into payments as a mechanism to control spending.



Digital or card based purchases have become so convenient that it makes over-spending too easy, for many. Putting the “friction” back into the purchase process, especially when going out to restaurants or bars, is seen as a way by many respondents to make the transaction feel more “real” and therefore more valuable.

According to a recent study in the Journal of Consumer Research*, using cash (or a cash equivalent) to pay for an item increases a person's emotional attachment to that item (versus using a credit or debit card).

In our survey:

38%

of those surveyed track their spending “in their head” (rather than use other types of tools, such as spreadsheets or apps), so using physical cash makes tracking spending visually easier to tally.

“If I need to repay a friend, cash is the best way because it's the easiest way for them to receive it”

* Avni M. Shah, Noah Eisenkraft, James R. Bettman, and Tanya L. Chartrand. “‘Paper or Plastic?’ How We Pay Influences Post-Transaction Connection.” Journal of Consumer Research: February 2016.

SPENDING AND IDENTITY

A top security concern of respondents in our study is identity theft and hacking of online accounts. The use of cash in a transaction is also seen as a way to obscure a transaction from would-be hackers or thieves.

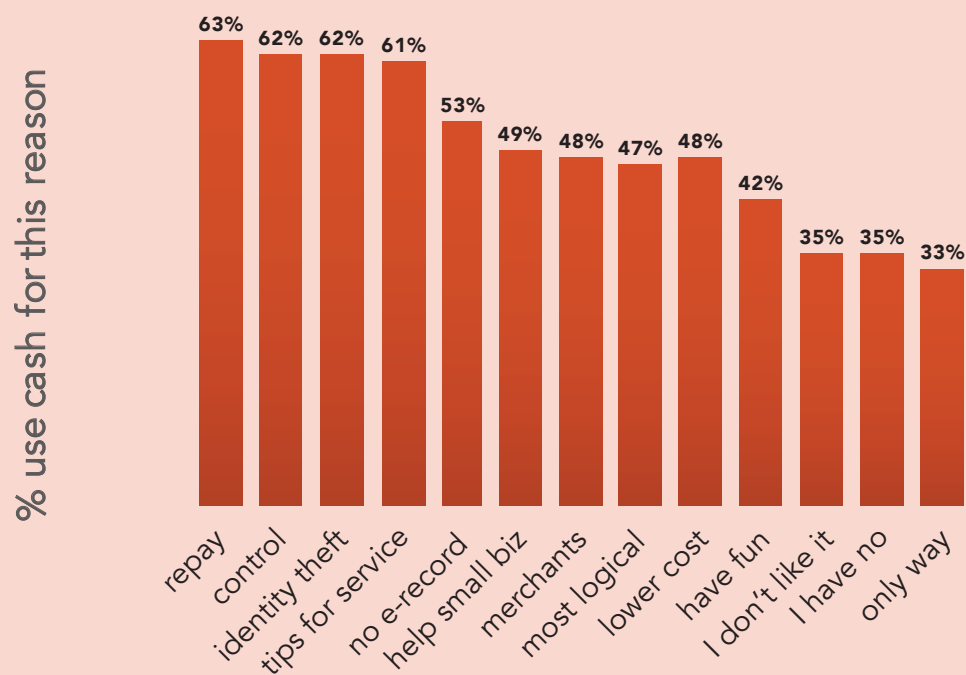
- Repaying friends/family through peer-to-peer payment apps is sometimes seen as a hassle
- Cash payments are used as a way to protect card information when the merchant is not trusted
- Only 33% rated not having a choice in payment method as the reason for using cash.



"I HIDE MY CARDS WHEN I GO OUT AND ONLY TAKE WHAT I'M WILLING TO SPEND FOR THE NIGHT, SO I DON'T OVER-SPEND"

ANTHONY, 30

REASONS FOR USING CASH OVERALL



"If I'm at a place that's kind of sketchy, I'd rather pay in cash rather than risk a scam being run on my card."

DANIEL, 27

Conclusions

ATMs have a significant impact on spend at convenience and drug stores.

Many consumers prefer to shop at their favorite retailers in part because they feature ATM machines. Consequently, we conclude that the value of the ATM in drug and convenience stores is substantial. The average purchase for ATM users is significantly more than those who do not use the store ATMs.

Customers who use ATMs value its presence in their favorite stores. The presence of an ATM becomes a key criterion in selecting the store a customer frequents most. Customers who like to pay in cash use their withdrawn cash to make purchases in stores, both in the same visit and in later visits as well. This indicates to us that an ATM is influential in cultivating regular customers.

Cash as a payment system is retaining or even increasing its appeal for many people.

With the rise of online retailers, one might expect that the desire for cash and its use as a payment form would dwindle as more people leverage online technology. But we are observing quite the contrary. Cash, and ATMs as the primary method to access cash, remain important if not critical instruments for modern shoppers and consumers.



Three of the four primary reasons why cash appeals to people, from a purely functional standpoint – **tipping**, **avoidance of identity theft**, and as a tactic to prevent over-spending – are likely to remain significant into the future.

The fourth reason, to **repay debts**, may begin to move toward other payment systems.

ATMs IN RETAIL ENVIRONMENTS

RESEARCH METHODOLOGY



Cardtronics initiated a process to understand how consumers could be encouraged to engage in more transactions with Cardtronics ATMs. Cardtronics began working with Scansion to gain a deeper understanding of how the consumer mindset around ATM usage, cash, spending, and financial management have evolved.

Cardtronics asked Scansion to take a fresh look at the environment, develop a sharper perspective on the opportunities that lie within it, and articulate how Cardtronics' presence benefits its customers.

Building off several previous qualitative studies, Scansion conducted two phases of research:

- **Qualitative Research** to understand the directional variance in attitudes of ATM users within the US
- **Quantitative Research** to uncover definitive insights within a statistically significant sample that is projectable across the US population.



PHASE ONE: QUALITATIVE RESEARCH

- 25 ethnographic 90 minute interviews with respondents in their home July of 2016
- Respondents lived near Los Angeles CA, Houston TX, New York NY, and Minneapolis MN
- 25% of respondents were small to mid-sized banking customers
- 30% were Millennials
- Respondents had to have used ATMs in retail locations within the last 30 days



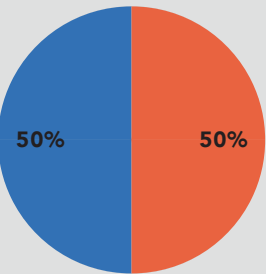
PHASE TWO: QUANTITATIVE RESEARCH

- n = 960
- Quotas to match the US census at 95% confidence level

ATMs IN RETAIL ENVIRONMENTS

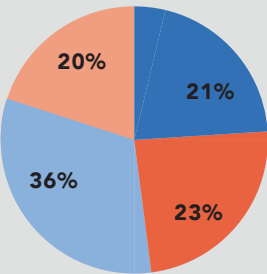
RESEARCH METHODOLOGY: CHARACTERISTICS OF THE QUANTITATIVE SAMPLE

GENDER



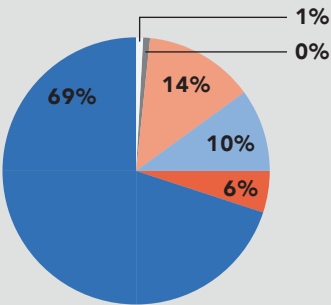
Female
Male

REGION



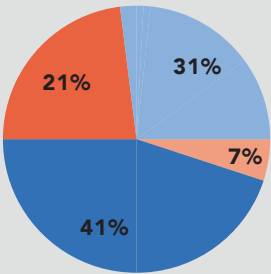
West
Northeast
Midwest
South

ETHNICITY



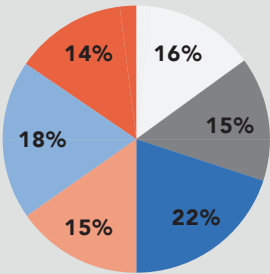
White
Native
Other
Black
Hispanic
Asian

AVG AGE: 40



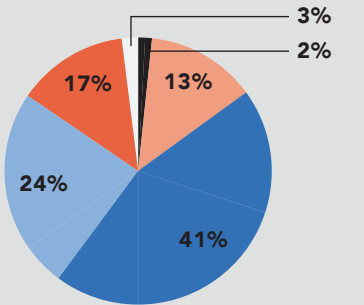
- 18-24
- 25-34
- 35-49
- 50-64

AVG INCOME: \$65k



- Under \$30,000
- \$30,000 - 44,999
- \$45,000 - 59,999
- \$60,000 - 74,999
- \$75,000 - \$99,999
- More than \$10,000

EDUCATION



- Completed College
- Some college courses completed
- Completed highschool
- Attended and/or completed graduate school
- Other education beyond highschool
- Some highschool or less

FINANCIAL INSTITUTION TYPES: % with accounts

