

Dollar Store Shoppers Are Digitally Savvy

Price is a factor, but consumers come from all generations, income levels and educational backgrounds

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Dollar stores have been said to be Amazon-proof because of their solid brick-and-mortar model. To date, it hasn't made much sense to sell 99-cent party favors and air fresheners online (though Wish.com is having success with low-priced items drop-shipped from China). But this overwhelmingly analog segment isn't immune to digital shopping behavior, especially when it comes to discounts.

Dollar store customers like digital coupons even more than the average consumer, according to June 2018 data from [Inmar](#). Digital redemption volume in the dollar store channel increased 276% year over year in 2017. US consumers who had shopped at a dollar store at least once in the past three months were more likely to use an app from a dollar store if it offered mobile coupons (61%) than overall consumers would be to download a coupon app (59%).

Fully 53% of US dollar store shoppers prefer using digital coupons. For millennials, that figure soars to 70%. Additionally, 56% of Gen X shoppers prefer digital coupons, while just 39% of baby boomers and older respondents agreed.

The desire for personalized coupons is much stronger among dollar store shoppers. Three-fourths want this feature, compared with 48% of total shoppers. And though less enamored overall, dollar store

shoppers also have more interest in mobile payment options.

Preferred Retailer Mobile App Features According to US Total* vs. Dollar Store** Shoppers, June 2018

% of respondents in each group



Note: *n=1,000 ages 18+ surveyed in Jan 2018; **n=1,200 ages 18+ who shopped at a dollar store in the past 3 months
Source: Inmar, "Dollars and Sense: Decoding the Dollar Channel Shopper," July 12, 2018

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As the economy strengthens, there has been speculation that stores like [Dollar Tree](#), [Dollar General](#), [Dollarama](#) and [99 Cents Only Stores](#) that boomed post-recession **might be affected negatively**. But it's not as if this resolutely analog segment attracts low-income shoppers exclusively.

According to the Inmar study, dollar channel shoppers do care far more about price, cited by 83% of respondents, compared with 63% of overall shoppers. But dollar store shoppers come from all generations, income levels and educational backgrounds. In fact, the largest share of dollar store shoppers have annual household incomes of \$20,000 to \$39,000 and \$100,000 or more (21% apiece). And 75% of dollar channel shoppers believe product quality at dollar stores is as good as other retail locations.

On the surface, [Five Below](#)'s recent announcement that it will open its first Manhattan location on Fifth Avenue could be construed as an unusual move. But considering dollar store demographics, it's not that outlandish. This branch close to Times Square is likely to capture tourist attention and grab social media buzz. "This is a unique

opportunity for us to establish a presence in one of the world's most iconic and popular shopping destinations and introduce new customers to the Five Below brand," CEO Joel Anderson told CNBC.

Slated to open in November, the Manhattan flagship will buck NYC's retail trend toward smaller footprints and will be around 10,800 square feet—roughly 3,000 square feet larger than the brand's typical stores. And Five Below doesn't show signs of slowing growth. The discount retail chain, which sells items for \$5 or less, saw sales grow 27% year over year in Q1 2018. It has opened 42 stores in 2018 and plans to open a total of 125 by the end of the year.