2013

MOBILE
PATH TO PURCHASE

UNDERSTANDING MOBILE'S ROLE IN THE CONSUMER'S PATH TO PURCHASE

RETAIL EDITION

xAd

tel metrics
the power of numbers
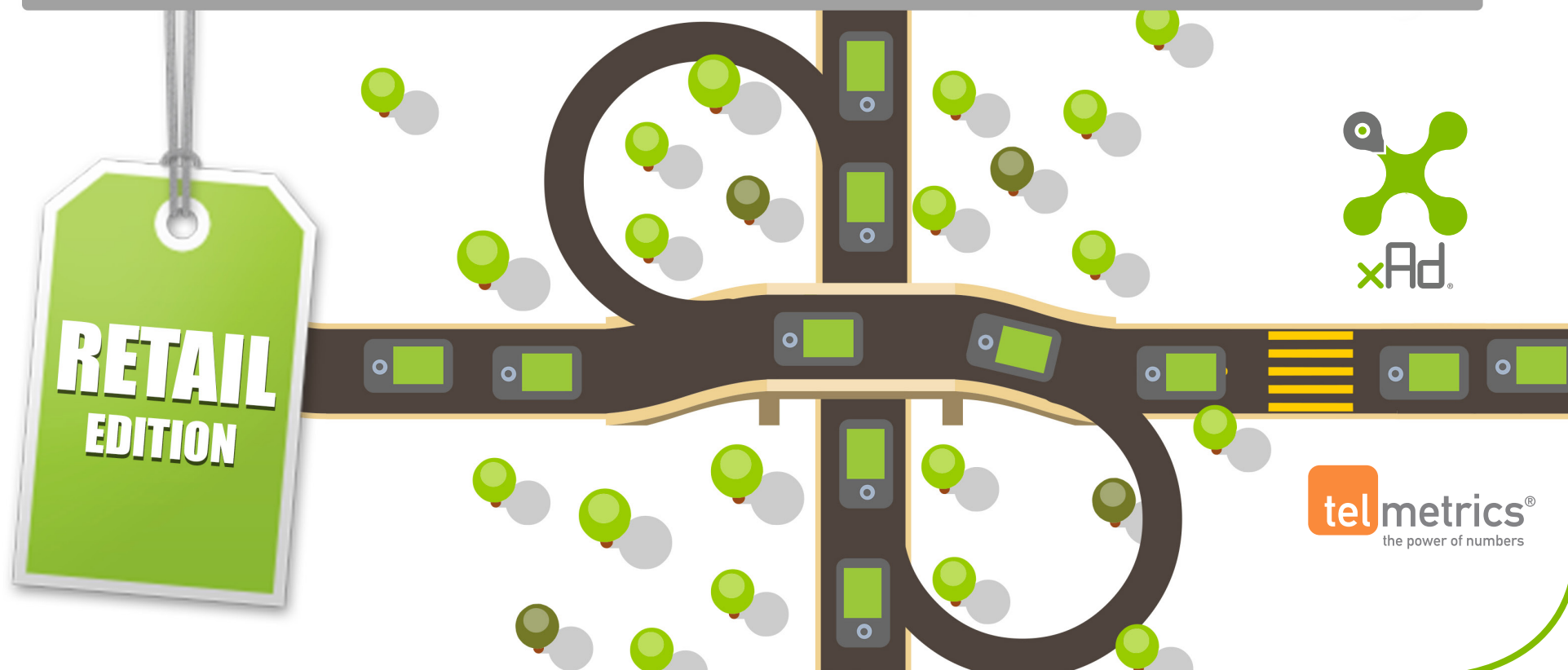
KEY FINDINGS
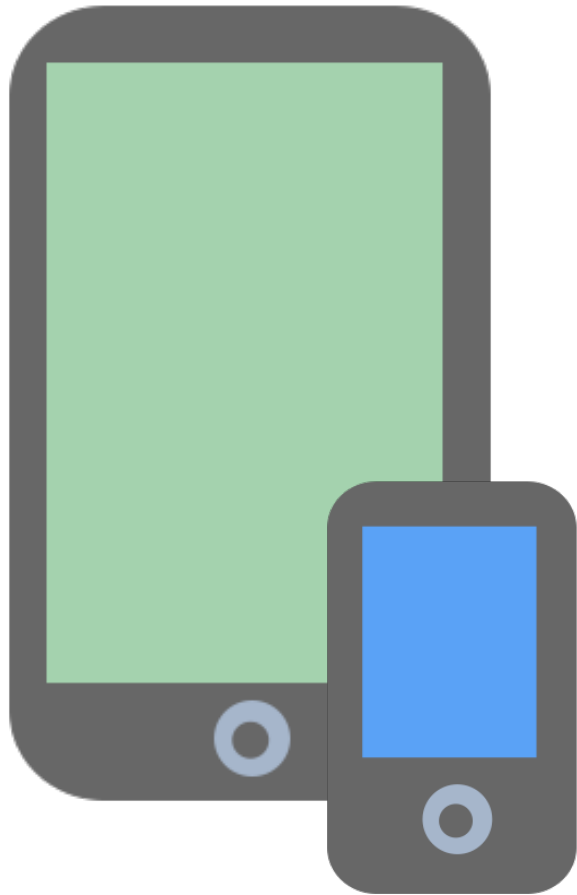
Mobile now represents a significant portion of online Retail shopping

1/3

of all online Retail activity comes from mobile devices

Smartphone purchases are completed in-person while Tablet purchases are completed online

77%

of Smartphone users complete their purchases in person

Location is most important to Smartphone user – while price and deals are top of mind for Tablet users

57%

of all Smartphone users expect locations to be within 5 miles of their location

Mobile usage converts into sales

55%

of all mobile Retail users went on to make a purchase

xAd/Telmetrics Mobile Path to Purchase Study: Understanding Mobile's Role in the Consumer Path to Purchase - Retail Edition

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TOPICS COVERED

» Mobile Reach & Usage

» Profile of the Mobile Retail User

» Mobile Shopping Drivers & Behaviors

» Mobile Advertising – Awareness & Impact

» Mobile Showrooming

STUDY METHODOLOGY

xAd, and long-time partner Telmetrics, have collaborated with Nielsen to expand on the findings from the first-to-market mobile behavior study executed in 2012, tracking the mobile consumer from initial purchase intent to conversion, while exploring ad effectiveness and examining the various profiles of mobile Retail users.

This study combines online survey data from 2,000 U.S. Tablet and Smartphone users, as well as actual observed behaviors from Nielsen's Smartphone Analytics Panel of 6,000 Apple and Android users – each group reporting they had engaged in activity related to Retail information, products and services in the past 30 days.

Respondent totals are as follows (none of which are mutually exclusive):

- Smartphone owners: 1,765
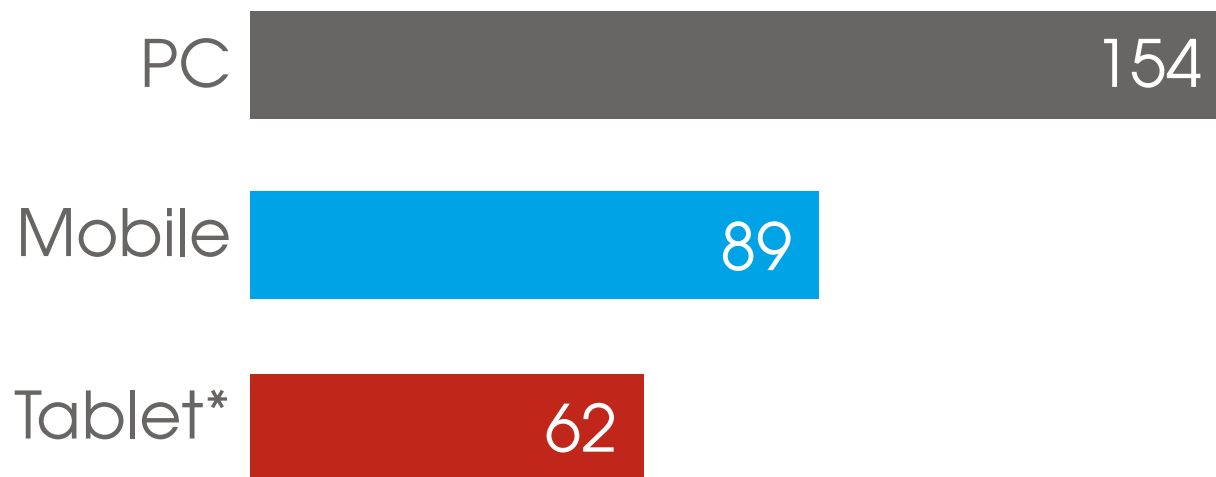- Tablet owners: 1,526
- Retail users: 1,889

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MOBILE REACH & USAGE

MOBILE REACHES A SIGNIFICANT SEGMENT OF ONLINE RETAIL SHOPPERS

Number of Online Shoppers (millions)

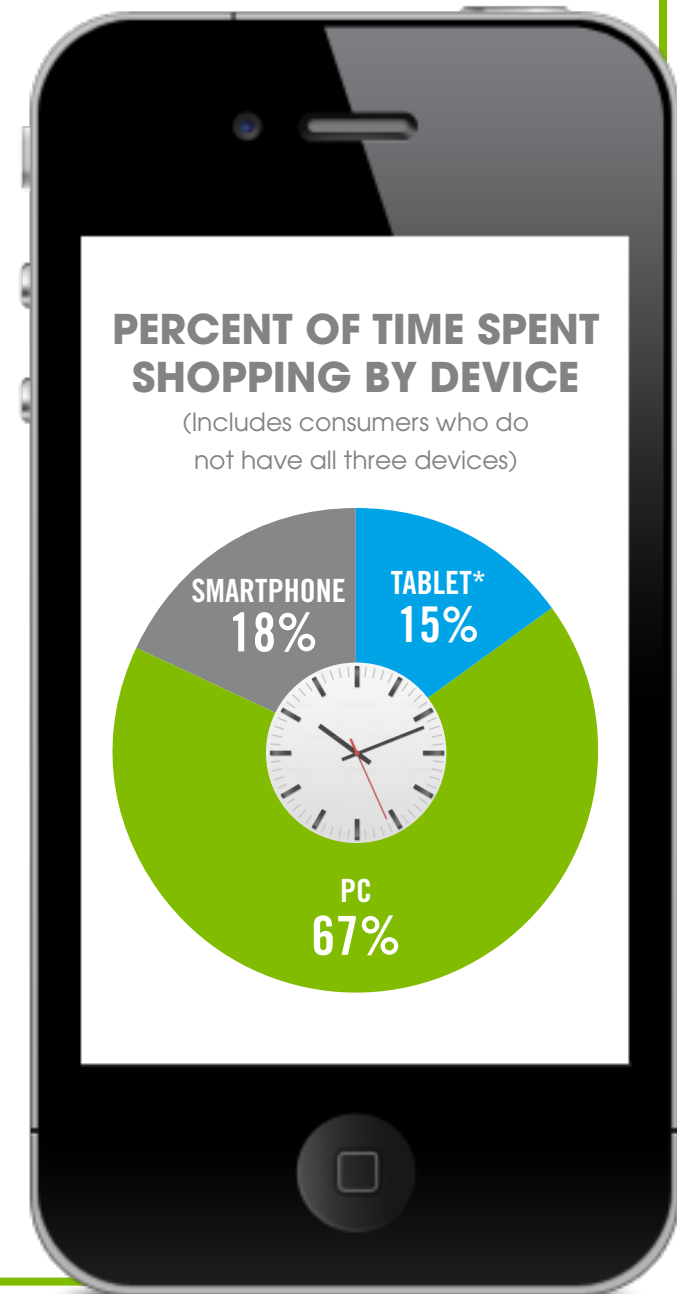| Device	Millions
PC	154
Mobile	89
Tablet*	62

60% OF ONLINE RETAIL USERS ARE NOW COMING FROM SMARTPHONES, **40%** FROM TABLET

Source: Nielsen Online panel, Nielsen Mobile panel, Nielsen iPad panel – October 2012
*Tablet estimates are directional

1/3 OF ONLINE SHOPPING TIME HAS SHIFTED TO MOBILE

PERCENT OF TIME SPENT SHOPPING BY DEVICE
(Includes consumers who do not have all three devices)
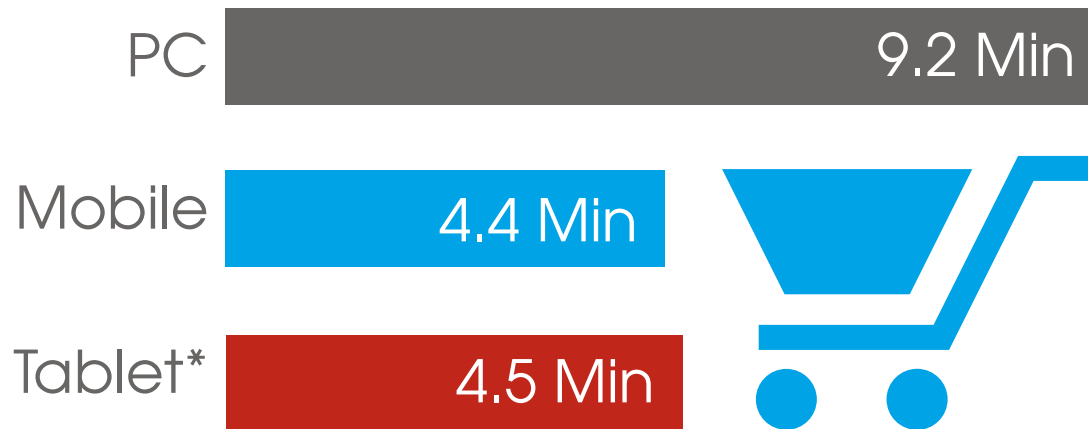
SMARTPHONE 18%

TABLET* 15%

PC 67%

Source: Nielsen Online panel, Nielsen Mobile panel, Nielsen iPad panel – October 2012
*Tablet estimates are directional

THE AVERAGE SHOPPING SESSION ON MOBILE IS SHORT, LASTING ONLY 4 MINUTES

Shorter shopping sessions reflect higher urgency and immediacy of need for information from mobile Retail users
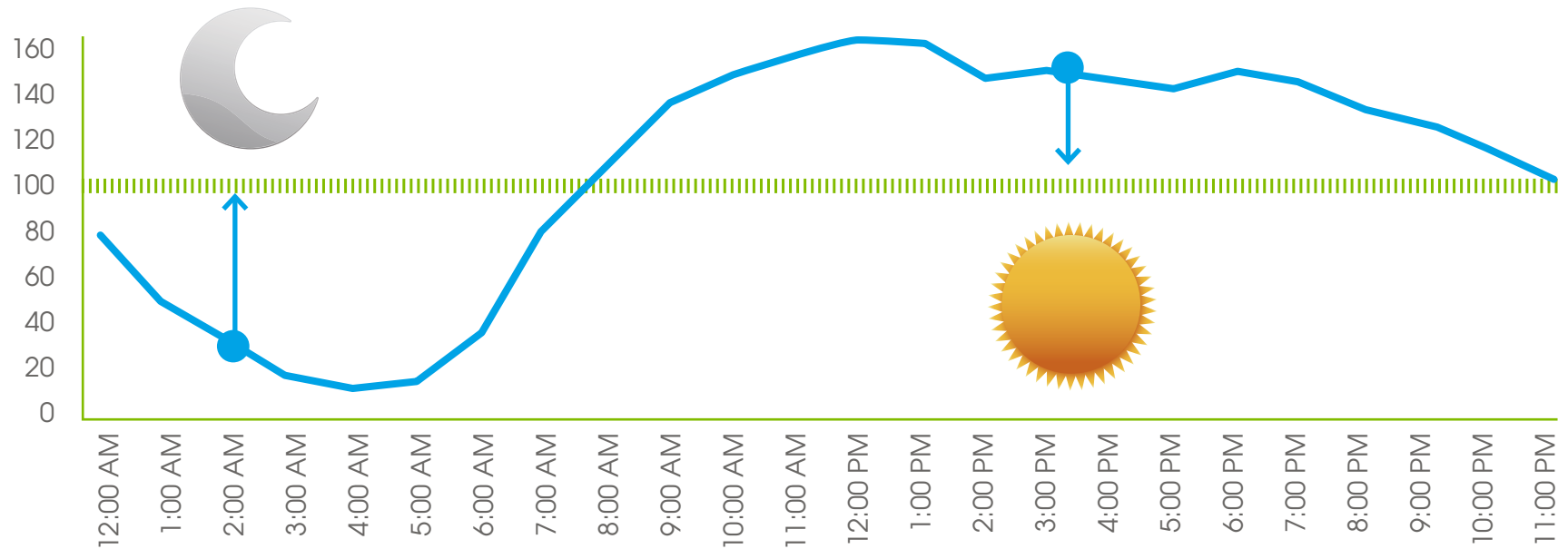
Average Shopping Session Length

Device	Minutes
PC	9.2 Min
Mobile	4.4 Min
Tablet*	4.5 Min

Source: Nielsen Online panel, Nielsen Mobile panel, Nielsen iPad panel – October 2012
*Tablet estimates are directional

THE HEAVIEST RETAIL MOBILE USAGE OCCURS BEFORE LUNCH

INDEX OF MOBILE SHOPPING ACTIVITY BY HOUR
### (100 = AVERAGE AMOUNT OF SHOPPERS FOR THAT CHANNEL)

Source: Nielsen Online panel, Nielsen Mobile panel – October 2012

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WHILE MOBILE WEB HAS THE HIGHEST REACH, APPS HAVE THE HIGHEST ENGAGEMENT

UNIQUE AUDIENCE AND REACH
US, ANDROID AND IPHONE, OCTOBER 2012

53.1% WEB

37.9% APPS

APPS   WEB
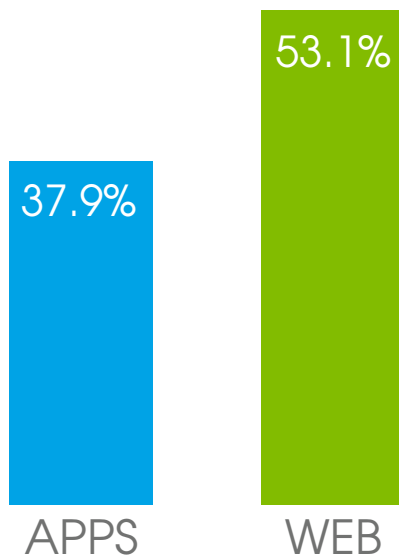
MONTHLY TIME PER PERSON
(HH:MM:SS) US, ANDROID AND IPHONE, OCTOBER 2012
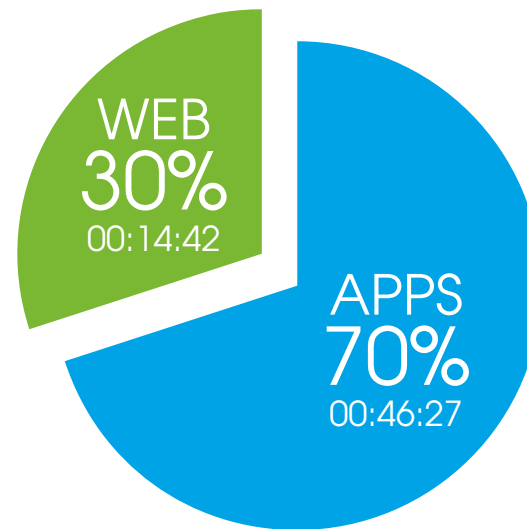
WEB 30% 00:14:42

APPS 70% 00:46:27

Combined Mass Merch Retail App/Web Time per Person
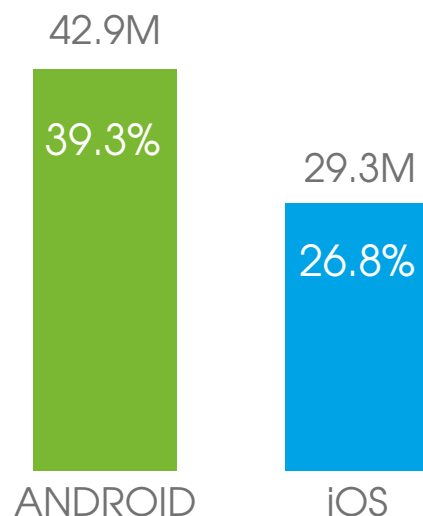00:38:10

Source: October 2012 Mobile Database
*Reach % calculated based on consumers with Smartphone devices, 109.2MM

MOBILE RETAIL USERS ARE MOST LIKELY TO ACCESS ANDROID OVER iOS

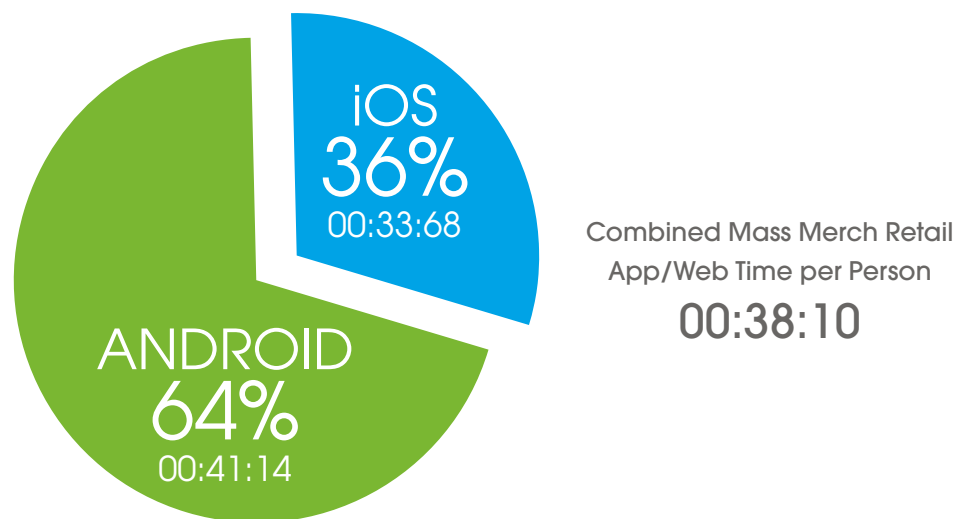## Android users are most likely to visit Retail related sites and for a longer period of time

MOBILE UNIQUE AUDIENCE AND REACH – MASS MERCH RETAIL

US, ANDROID AND IPHONE, OCTOBER 2012

42.9M
39.3%
ANDROID

29.3M
26.8%
iOS

MOBILE MONTHLY TIME PER PERSON MASS MERCH RETAIL

(HH:MM:SS) US, ANDROID AND IPHONE, OCTOBER 2012

iOS
36%
00:33:68

ANDROID
64%
00:41:14

Combined Mass Merch Retail
App/Web Time per Person
00:38:10

Source: October 2012 Mobile Database
*Reach % calculated based on consumers with Smartphone devices, 109.2MM
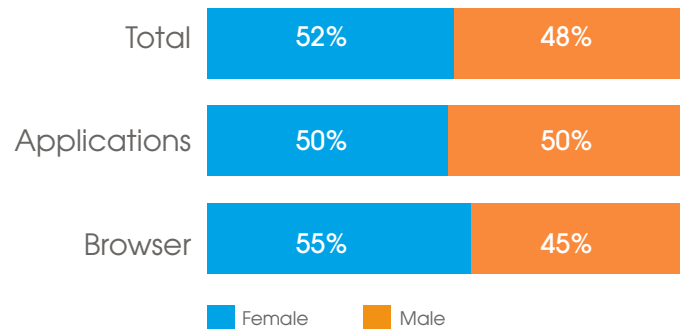
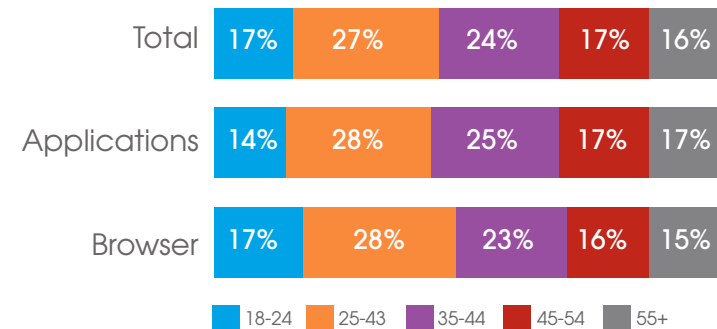# PROFILE OF THE MOBILE RETAIL USER

Demographic Insights

xAd/Telmetrics Mobile Path to Purchase Study: Understanding Mobile's Role in the Consumer Path to Purchase - Retail Edition

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MOBILE RETAIL USERS ARE TYPICALLY 25-44 MAKING BETWEEN $50K-$100K IN HHI

GENDER COMPOSITION
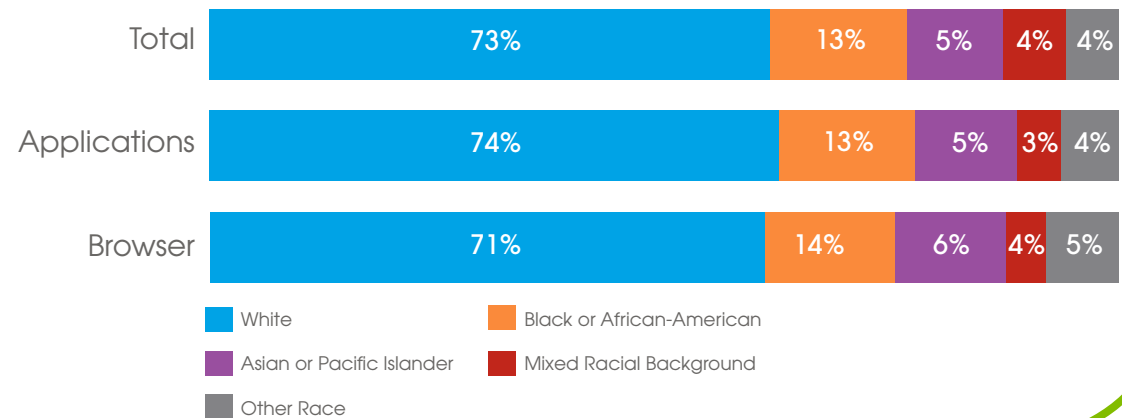**US, Android and iPhone, October 2012**

	Female	Male
Total	52%	48%
Applications	50%	50%
Browser	55%	45%

Legend: ■ Female ■ Male

AGE COMPOSITION
US, Android and iPhone, October 2012

	18-24	25-43	35-44	45-54	55+
Total	17%	27%	24%	17%	16%
Applications	14%	28%	25%	17%	17%
Browser	17%	28%	23%	16%	15%

Legend: ■ 18-24 ■ 25-43 ■ 35-44 ■ 45-54 ■ 55+

HOUSEHOLD INCOME COMPOSITION
US, Android and iPhone, October 2012
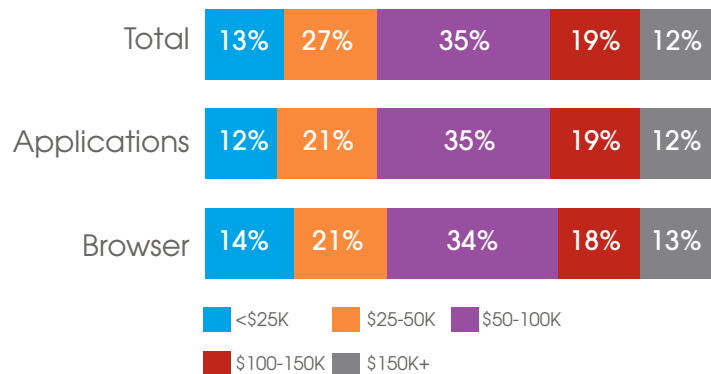
	<$25K	$25-50K	$50-100K	$100-150K	$150K+
Total	13%	27%	35%	19%	12%
Applications	12%	21%	35%	19%	12%
Browser	14%	21%	34%	18%	13%

Legend: ■ <$25K ■ $25-50K ■ $50-100K ■ $100-150K ■ $150K+

RACE COMPOSITION
US, Android and iPhone, October 2012

	White	Black or African-American	Asian or Pacific Islander	Mixed Racial Background	Other Race
Total	73%	13%	5%	4%	4%
Applications	74%	13%	5%	3%	4%
Browser	71%	14%	6%	4%	5%

Legend: ■ White ■ Black or African-American ■ Asian or Pacific Islander ■ Mixed Racial Background ■ Other Race

MOBILE $HOPPING DRIVERS & BEHAVIORS

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SMARTPHONES = OUT OF HOME TABLETS = IN HOME

60% of Smartphone Retail usage is outside of the home, while **83%** of Retail related Tablet usage is in the home

Legend:
- Outside of Home
- Home
- Retail Store
- Other

Smartphone
- 6%
- 1%
- 32%
- 60%
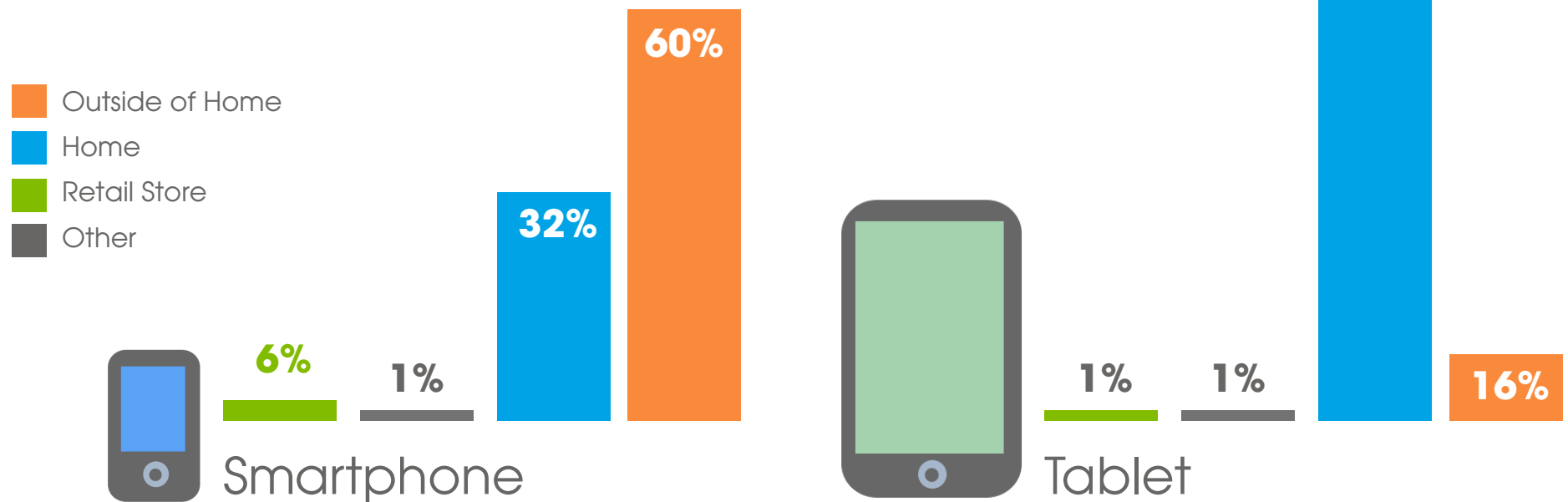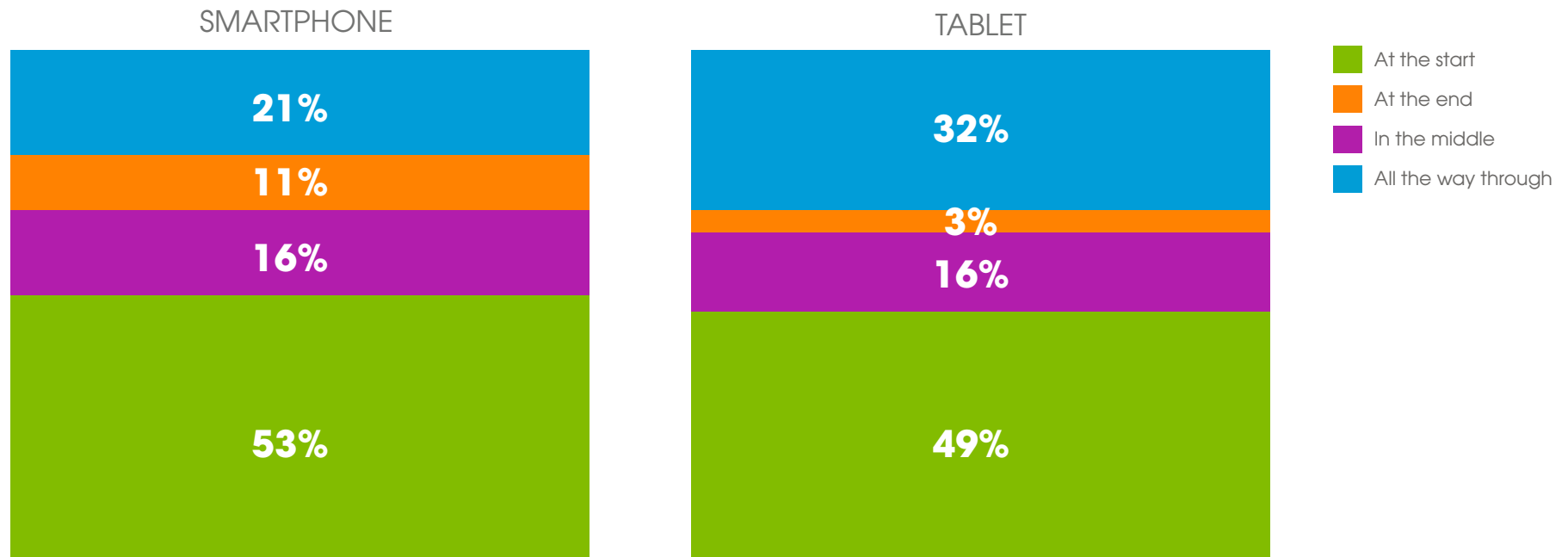
Tablet
- 1%
- 1%
- 83%
- 16%

Question Used: CQ16A, CQ16B, CQ16C:, CQ16D Where were you when accessing the website/app on your smartphone/tablet?
Total Smartphone owners (n=419), Total Tablet owners (n=763)

MOBILE IS NO LONGER A LAST MILE MEDIA

1 OUT OF 4 MOBILE USERS NOW LEVERAGE THEIR DEVICE ALL THE WAY THROUGH THE PURCHASE PROCESS

STAGE OF RETAIL RESEARCH PROCESS IN WHICH DEVICE WAS USED

SMARTPHONE

All the way through	21%
At the end	11%
In the middle	16%
At the start	53%

TABLET

All the way through	32%
At the end	3%
In the middle	16%
At the start	49%

Legend:
- At the start (green)
- At the end (orange)
- In the middle (magenta)
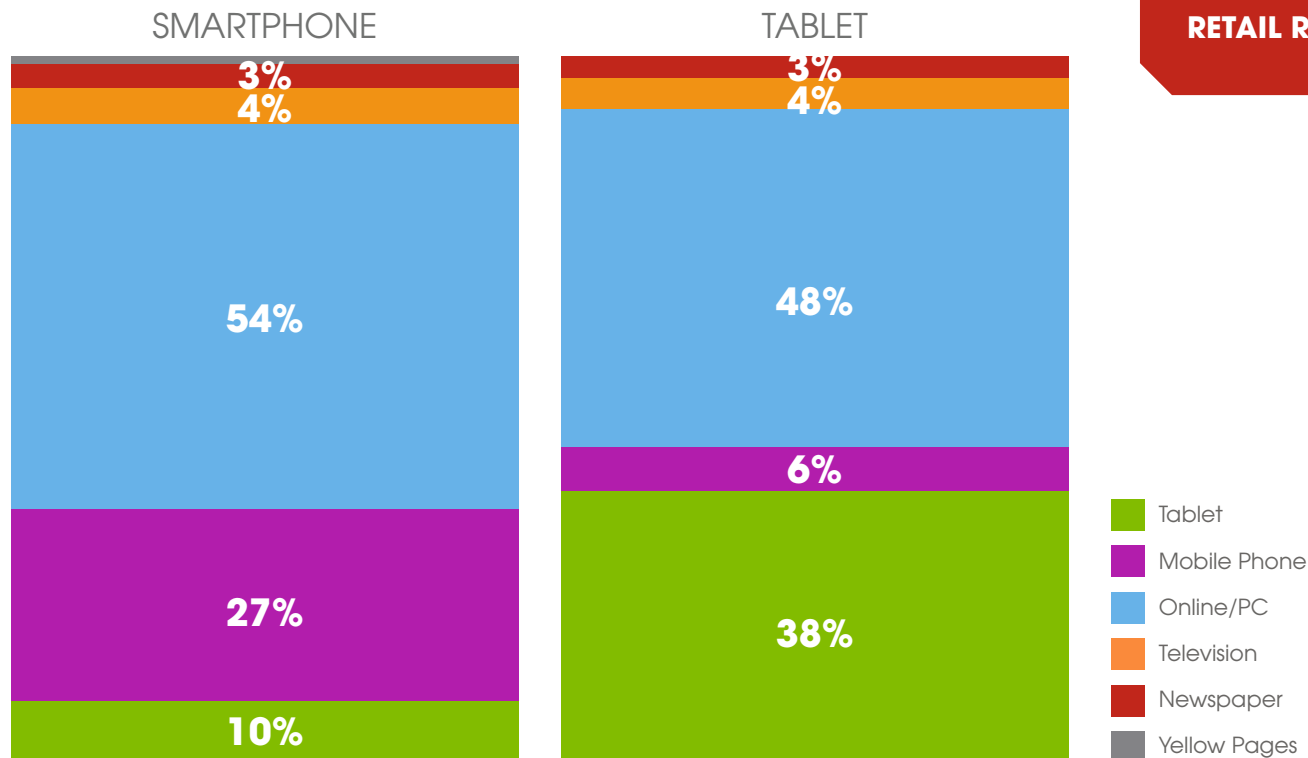- All the way through (blue)

Questions used: CQ39A/B/C/D: When visiting the <CATEGORY>, at what part of the research process did you use your <DEVICE>?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

MOBILE RETAIL SHOPPERS USE MOBILE IN COLLABORATION WITH OTHER MEDIA OUTLETS

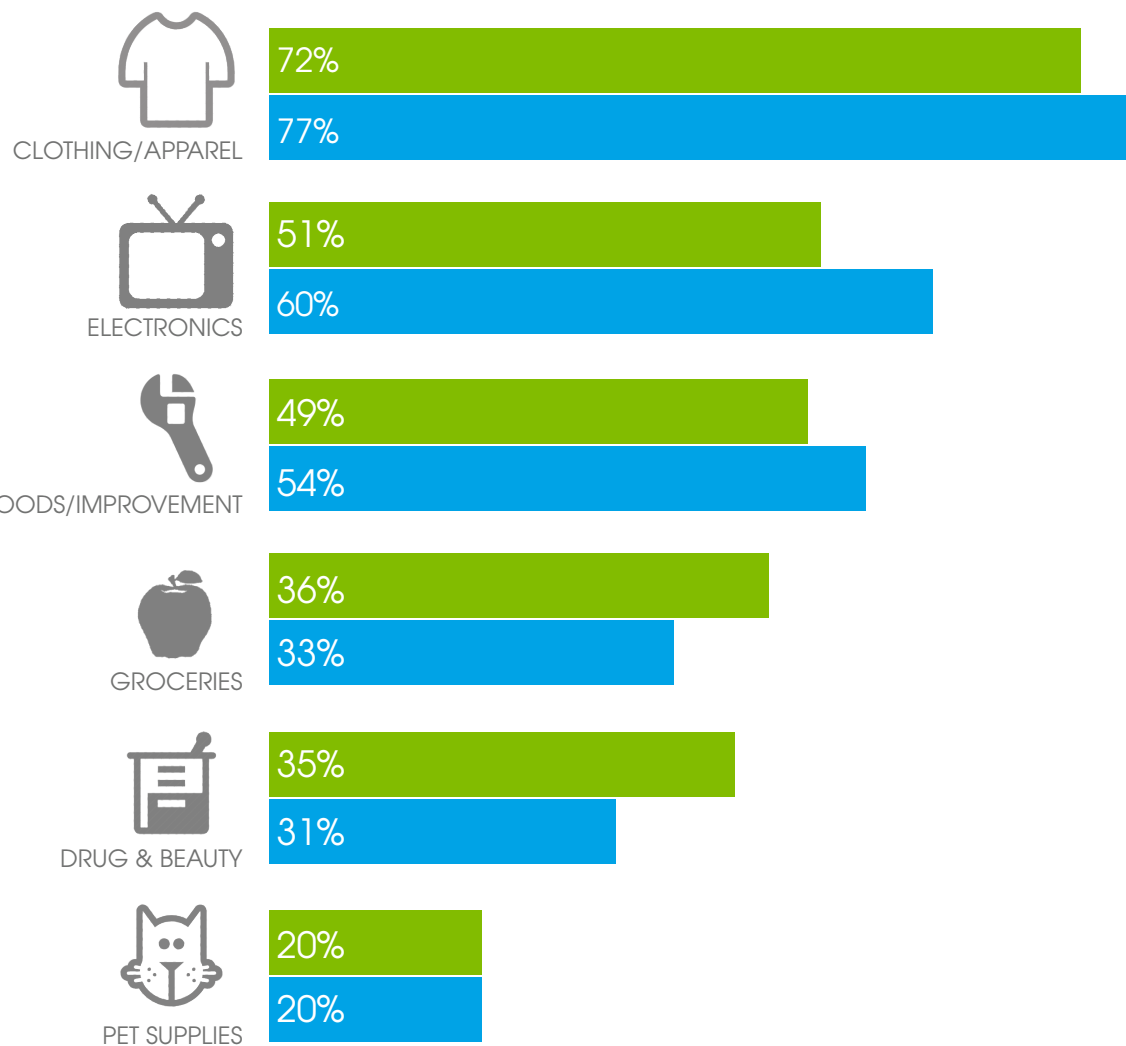**TOP RANKING RETAIL MEDIA CHANNEL**

HOWEVER, 2 OUT OF 5 USERS CONSIDER MOBILE THEIR PRIMARY MEDIA SOURCE FOR RETAIL RELATED INFORMATION

SMARTPHONE

- 3%
- 4%
- 54%
- 27%
- 10%

TABLET

- 3%
- 4%
- 48%
- 6%
- 38%

Legend:
- Tablet
- Mobile Phone
- Online/PC
- Television
- Newspaper
- Yellow Pages

sale

Questions used: CQ8G: When thinking of all the media outlets available when searching for <CATEGORY>-related information, which is most important?
Total Smartphone owners (n=860), Total Tablet Owners (n=848)

# CONSUMERS TURN TO MOBILE IN SEARCH OF A VARIETY OF RETAIL ITEMS

SMARTPHONE
TABLET

CLOTHING/APPAREL
72%
77%

ELECTRONICS
51%
60%

HOME GOODS/IMPROVEMENT
49%
54%

GROCERIES
36%
33%

DRUG & BEAUTY
35%
31%

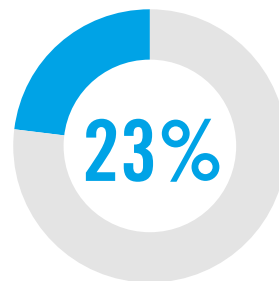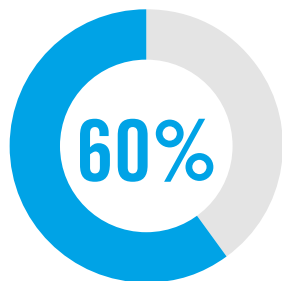**PET SUPPLIES**
20%
20%

Questions used: CQ8D: When accessing information about Retail stores on your <<DEVICE>>, what type of Retail store related products/services were you looking for?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

CONVERSION-RELATED NEEDS DRIVE MOBILE RETAIL ACCESS

SMARTPHONE

TABLET

49%	38%	27%
60%	23%	24%
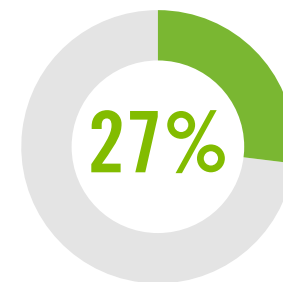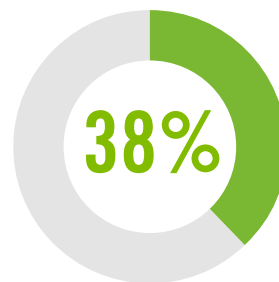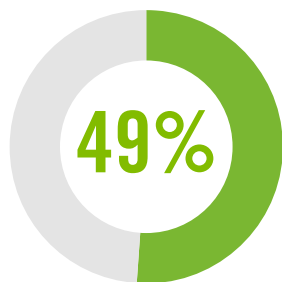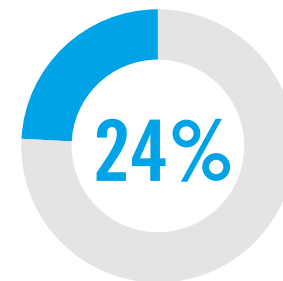
Researching Options

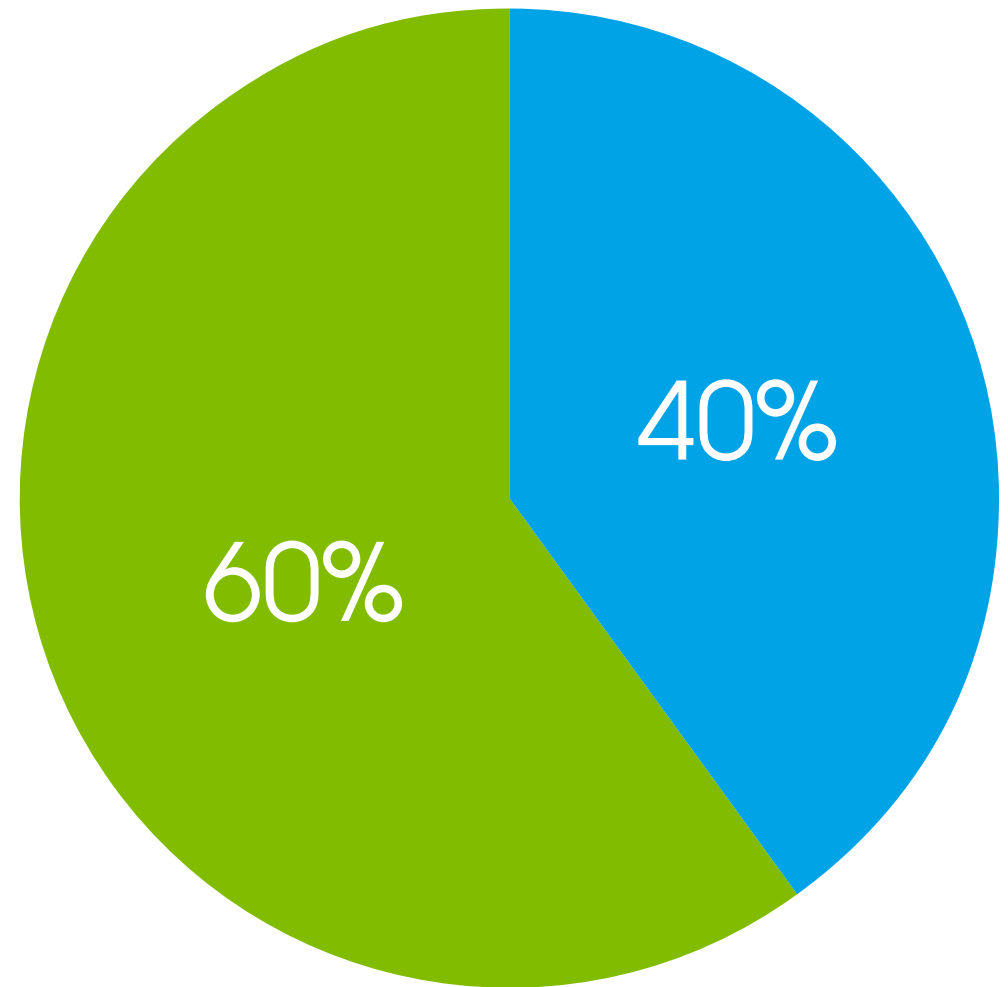Looking for Contact Information

Looking for Business to Purchase From

Questions used: CQ8E: When accessing <CATEGORY> information on your < DEVICE> what were you looking to ultimately accomplish?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

MOBILE HAS THE ABILITY TO INFLUENCE PURCHASING DECISIONS

40%

60%

■ I KNEW EXACTLY WHAT I WAS LOOKING FOR

■ HAD NARROWED DOWN THEIR OPTIONS OR HAD NO IDEA

60% OF MOBILE USERS STILL HAVE A DECISION TO MAKE WHEN ACCESSING INFORMATION VIA THEIR DEVICE

Questions used: CQ17A, CQ17B, CQ17C:, CQ17D Upon accessing the app/website on your <<INSERT DEVICE>>, which of the following best describes you?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

SMARTPHONE USER NEEDS REVOLVE AROUND LOCATION

1/4 SMARTPHONE USERS CONSIDER PROXIMITY OF THE RETAIL BUSINESS LOCATION THE MOST IMPORTANT FACTOR WHEN LOOKING FOR INFORMATION VIA MOBILE DEVICE

Compared to Tablet users, Smartphone users are...

130% MORE LIKELY TO BE IN SEARCH OF DIRECTIONS

**43%** MORE LIKELY TO BE IN SEARCH OF A SPECIFIC RETAIL LOCATION

25% MORE LIKELY TO BE IN SEARCH OF CONTACT INFORMATION SUCH AS A PHONE NUMBER

Question Used:CQ15C: During this visit, what are some of the ways you used the app/website on your smartphone/tablet?
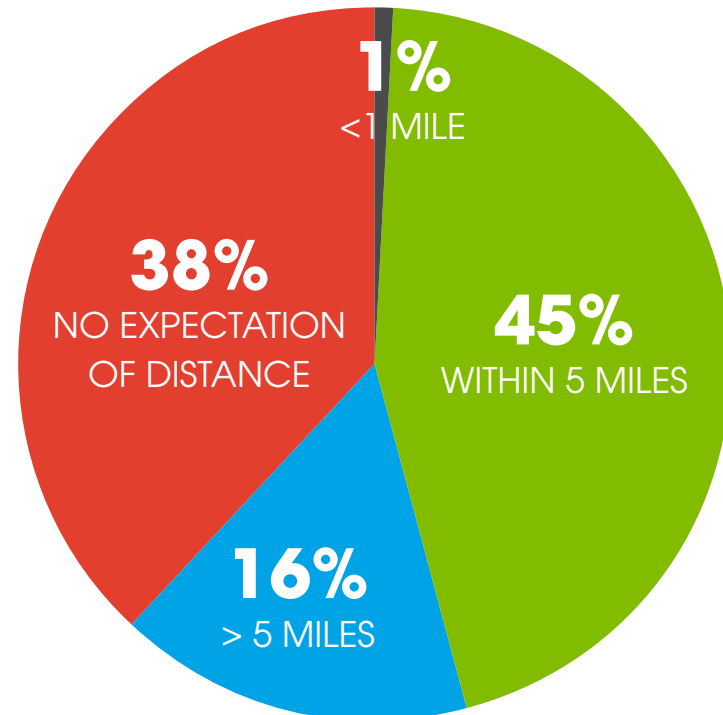Total Smartphone owners (n=860)

LOCATION EXPECTATIONS

SMARTPHONE USERS

- 4% <1 MILE
- 27% NO EXPECTATION OF DISTANCE
- 53% WITHIN 5 MILES
- 16% > 5 MILES

TABLET USERS
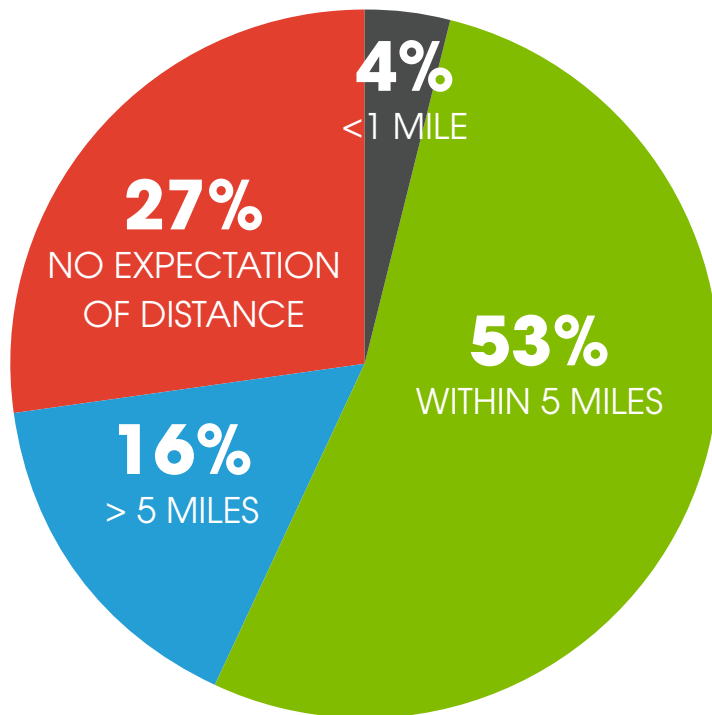
- 1% <1 MILE
- 38% NO EXPECTATION OF DISTANCE
- 45% WITHIN 5 MILES
- 16% > 5 MILES

Questions used: CQ28A, CQ28B, CQ28C, CQ28D: When looking up information related to <CATEGORY> on your <DEVICE>, which of the following do you expect regarding the location of the business?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

TABLET USAGE IS DRIVEN BY DEEPER RESEARCH NEEDS

TABLET USERS CONSIDER A TABLET-OPTIMIZED SITE OR LANDING PAGE THE MOST IMPORTANT FACTOR LOOKING FOR INFORMATION VIA MOBILE DEVICE FOLLOWED CLOSELY BY THE SEARCH FOR COUPON

Compared to Smartphone users, Tablets users are...

55%
MORE LIKELY TO BE IN SEARCH OF GENERAL RESEARCH INFORMATION

29%
MORE LIKELY TO BE IN SEARCH OF REVIEWS

22%
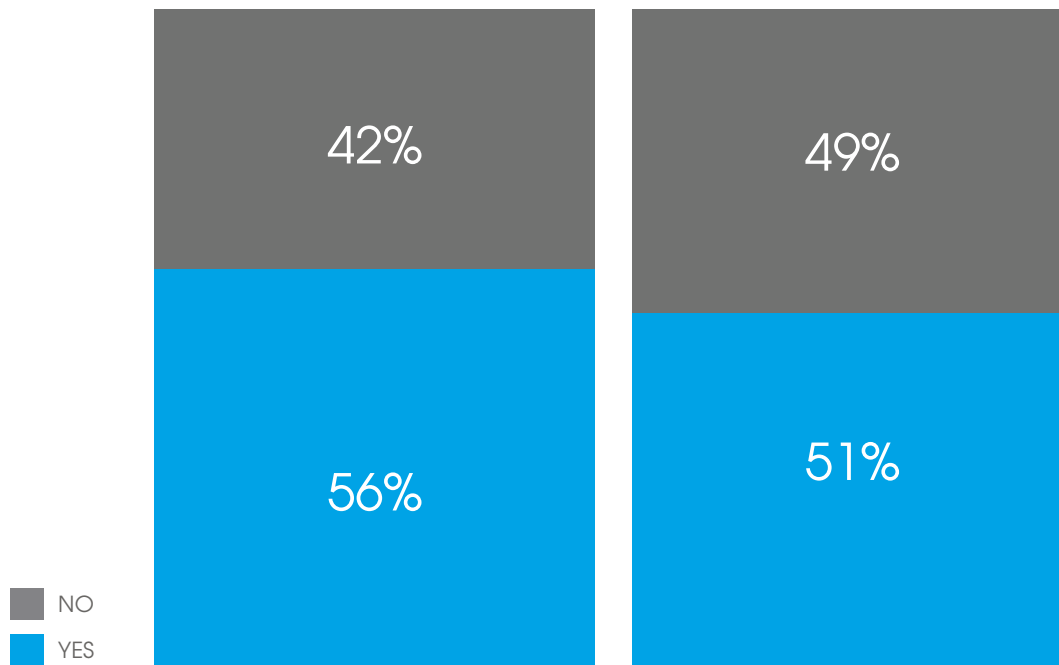**MORE LIKELY TO BE LOOKING FOR AND COMPARING PRICES**

Question Used: CQ15C: During this visit, what are some of the ways you used the app/website on your smartphone/tablet?
Total Tablet owners (n=848)

MORE THAN HALF OF MOBILE ACTIVITY LEADS TO CONVERSION

MOBILE USERS THAT MADE A PURCHASE RELATED TO THEIR RETAIL SESSION
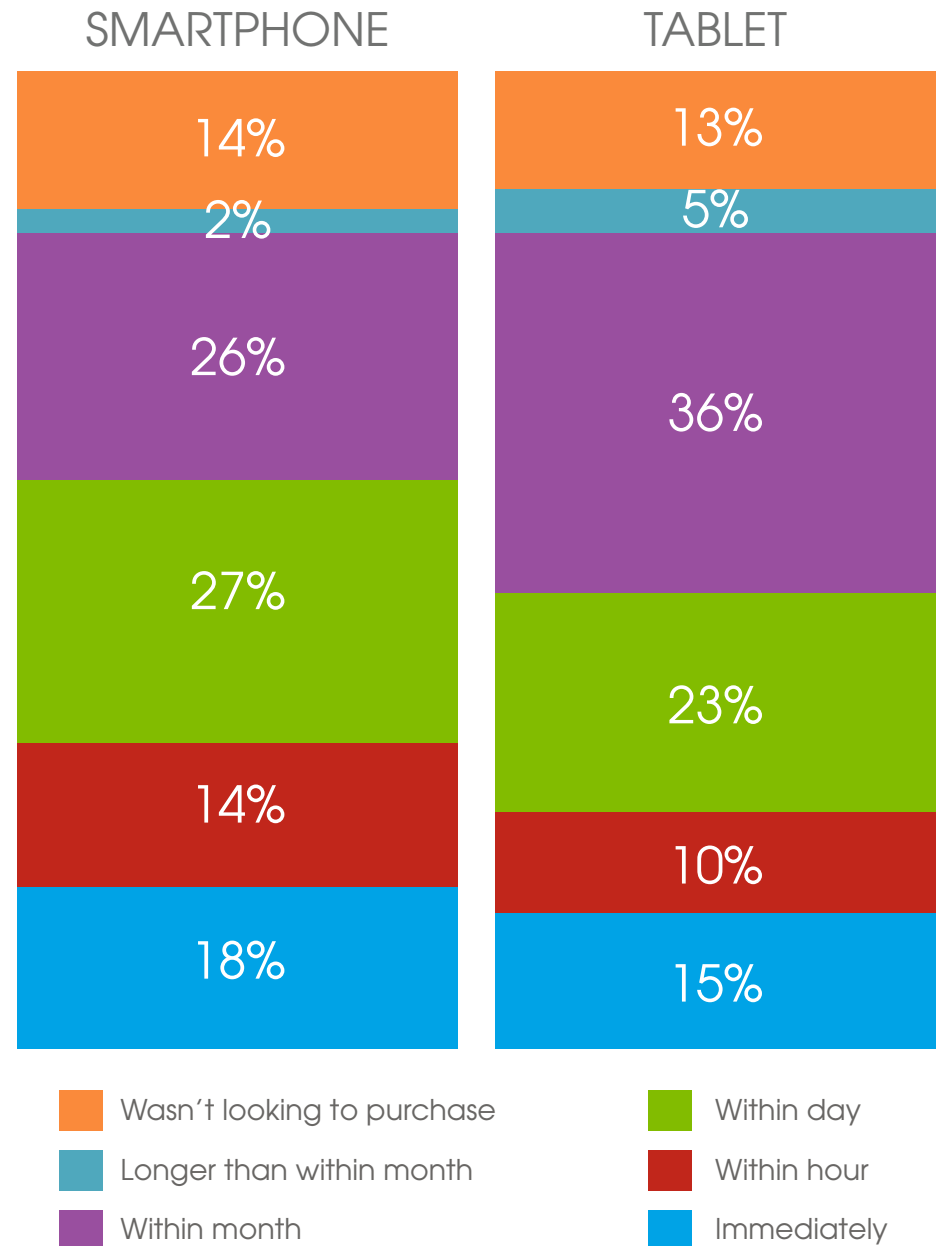
SMARTPHONE	TABLET
42%	49%
56%	51%

- ■ NO
- ■ YES

SMARTPHONE AND TABLET USERS EXPECT TO MAKE RETAIL PURCHASES QUICKLY, OFTEN WITHIN THE DAY

Over 30% of Smartphone users and 25% of Tablet users want to make a purchase within the HOUR
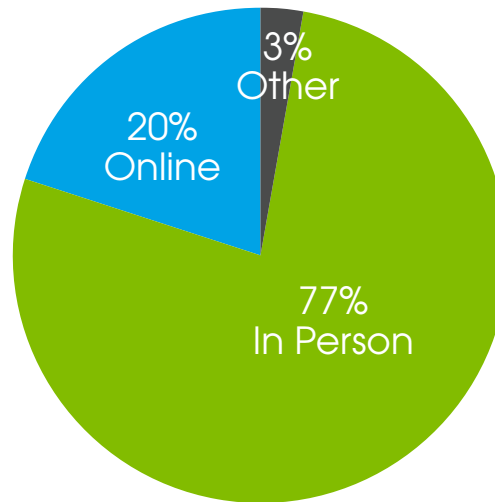
SMARTPHONE

14%	Wasn't looking to purchase
2%	Longer than within month
26%	Within month
27%	Within day
14%	Within hour
18%	Immediately

TABLET

13%	Wasn't looking to purchase
5%	Longer than within month
36%	Within month
23%	Within day
10%	Within hour
15%	Immediately

Legend:
- Wasn't looking to purchase
- Longer than within month
- Within month
- Within day
- Within hour
- Immediately

Questions used: CQ18A, CQ18B, CQ18C:, CQ18D Still thinking of this most recent visit, how quickly were you looking to make a purchase/transaction?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

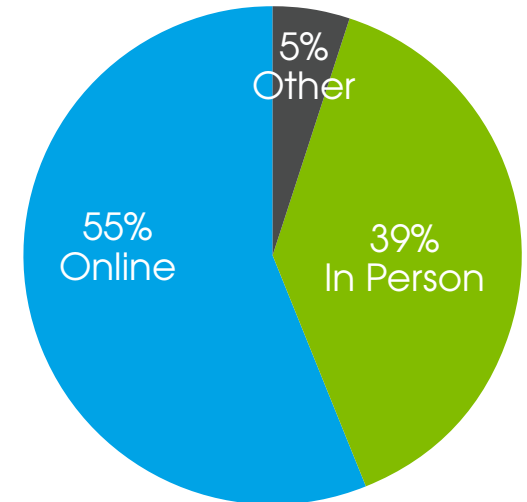# SMARTPHONE USERS CONVERT OFFLINE, WHILE TABLET USERS CONVERT ONLINE

¼ of Tablet users complete their online conversion via mobile device

SMARTPHONE

3% Other
20% Online
77% In Person

7% OF ONLINE CONVERSION IS COMPLETED VIA SMARTPHONE

TABLET

5% Other
55% Online
39% In Person

24% OF ONLINE CONVERSION IS COMPLETED VIA TABLET

Question Used:CQ41C: When visiting the <CATEGORY> on your <DEVICE>, how was the actual purchase completed?
Total Smartphone owners (n=860), Total Tablet owners (n=848)

TOP FACTORS THAT LEAD TO CONVERSION BY DEVICE

SMARTPHONE USER

- 34% - Fit what I was looking for

- 21% - Was the right price

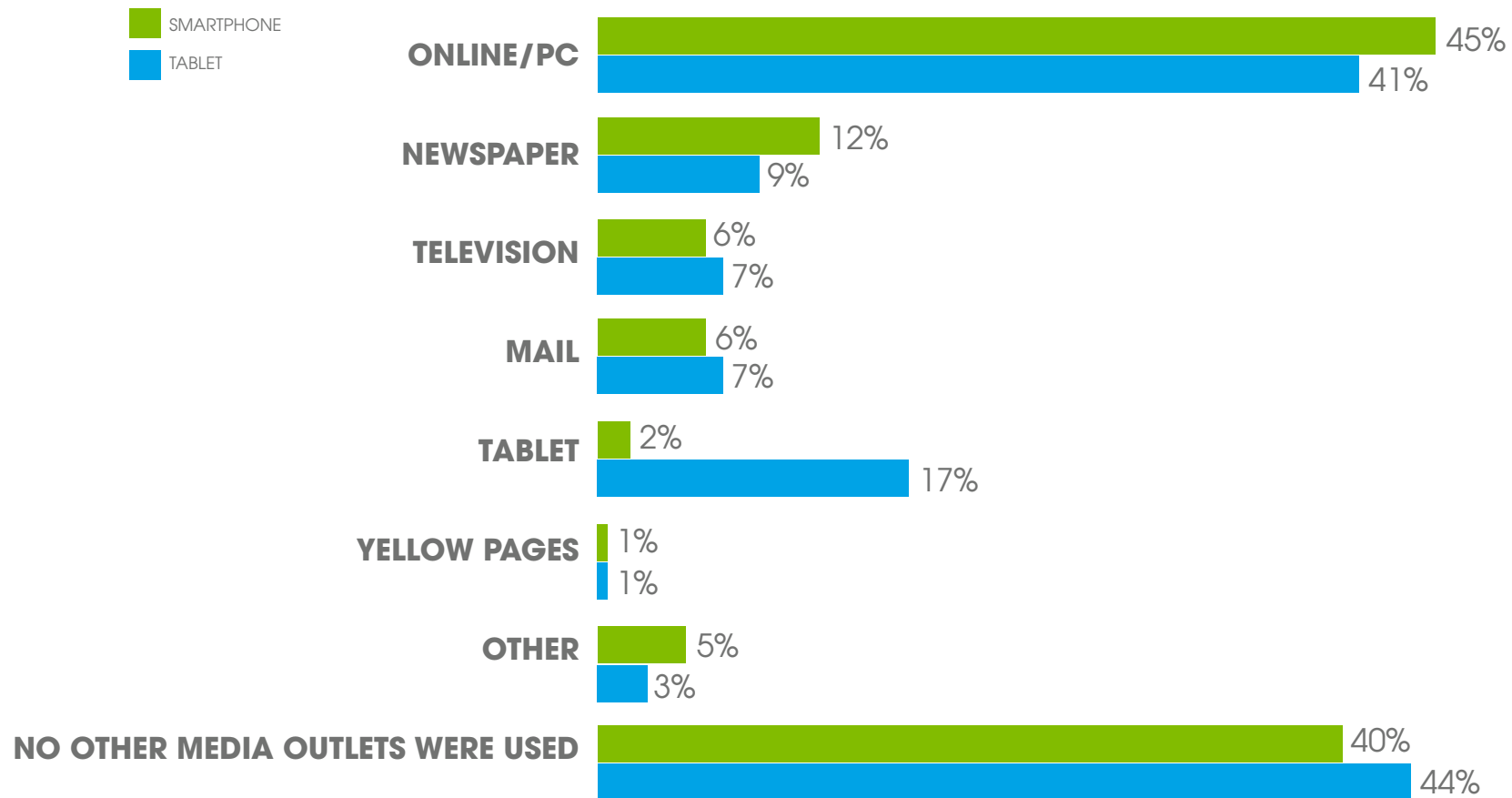- **16% - Close to my location**

TABLET USER

- 37% - Fit what I was looking for

- 25% - Was the right price

- **13% - Deal that required imme~~dia~~ attention**

40% OF USERS EXCLUSIVELY USED MOBILE IN THEIR PURCHASE DECISION

MEDIA USED TO AID IN RETAIL PURCHASE DECISION

Legend:
- ■ SMARTPHONE
- ■ TABLET

| Media	Smartphone	Tablet
ONLINE/PC	45%	41%
NEWSPAPER	12%	9%
TELEVISION	6%	7%
MAIL	6%	7%
TABLET	2%	17%
YELLOW PAGES	1%	1%
OTHER	5%	3%
NO OTHER MEDIA OUTLETS WERE USED	40%	44%

Questions used: CQ36C: Other than on your mobile device, what other media did you use to aid in your purchase decision?
Made a retail purchase and owns a Smartphone (n=244), Tablet (n=390)

MOBILE ADVERTISING: AWARENESS & IMPACT

3/4 RETAIL USERS NOTICE MOBILE ADS

21% OF SMARTPHONE & TABLET USERS **CLICK ON ADS**

RETAIL USERS THAT HAVE SEEN AN AD IN THE PAST 30 DAYS
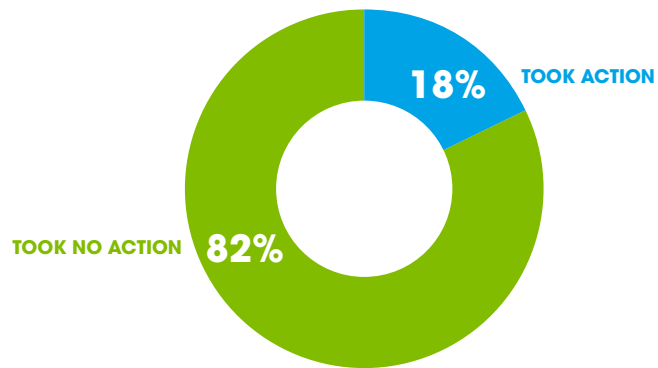
74% SMARTPHONE
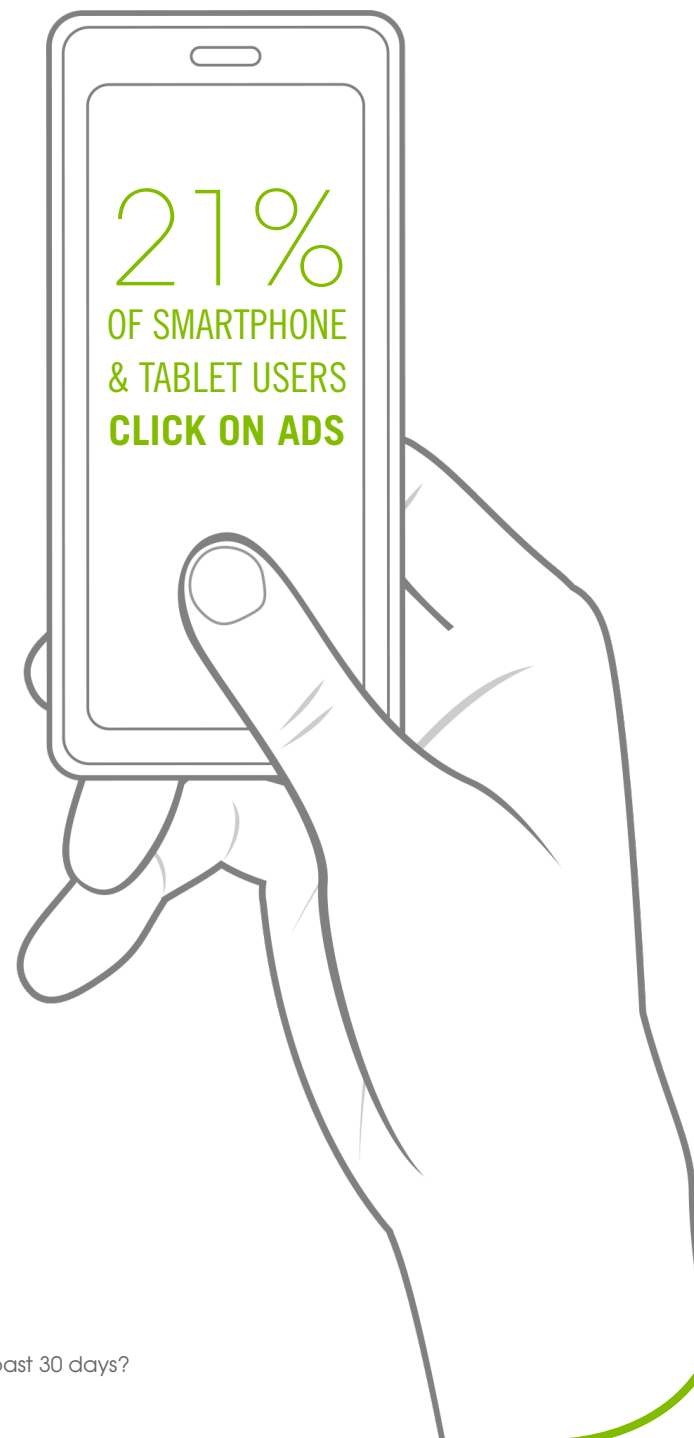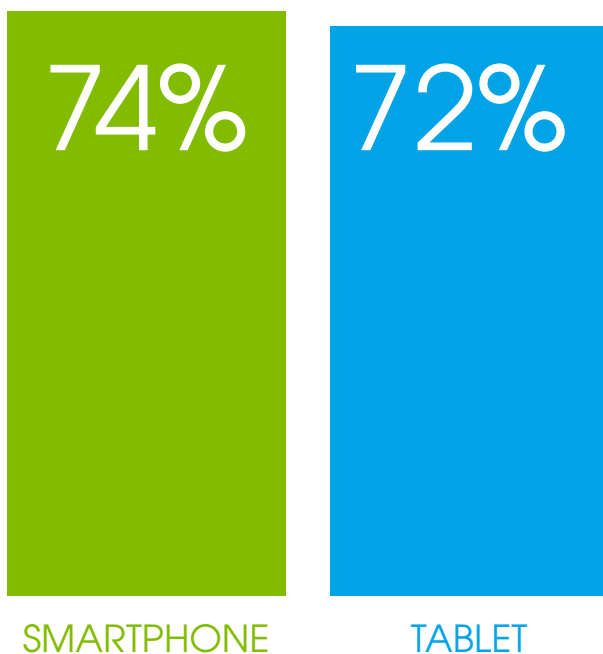
72% TABLET

C22/22A. Have you encountered/clicked any of the following types/categories of advertisements on your device(s) in the past 30 days? Smartphone Owner for Retail (n=419), Tablet Owner for Retail (n=590)
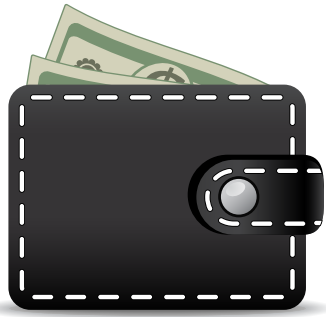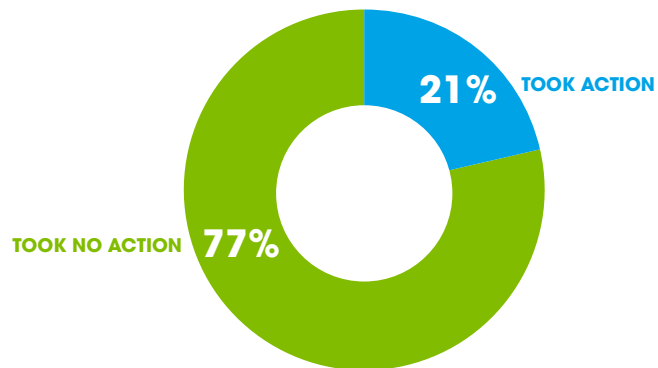
1 IN 5 RETAIL USERS WHO VIEWED A MOBILE AD TOOK ACTION, MOSTLY VISITING THE ADVERTISED SITE

AFTER VIEWING AN AD ON SMARTPHONE

18% TOOK ACTION

TOOK NO ACTION **82%**

AFTER VIEWING AN AD ON TABLET

21% TOOK ACTION

TOOK NO ACTION **77%**

15% of users got what they needed without having to click on the ad

ACTIONS DONE AFTER VIEWING ADVERTISEMENT BY DEVICE FOR RETAIL

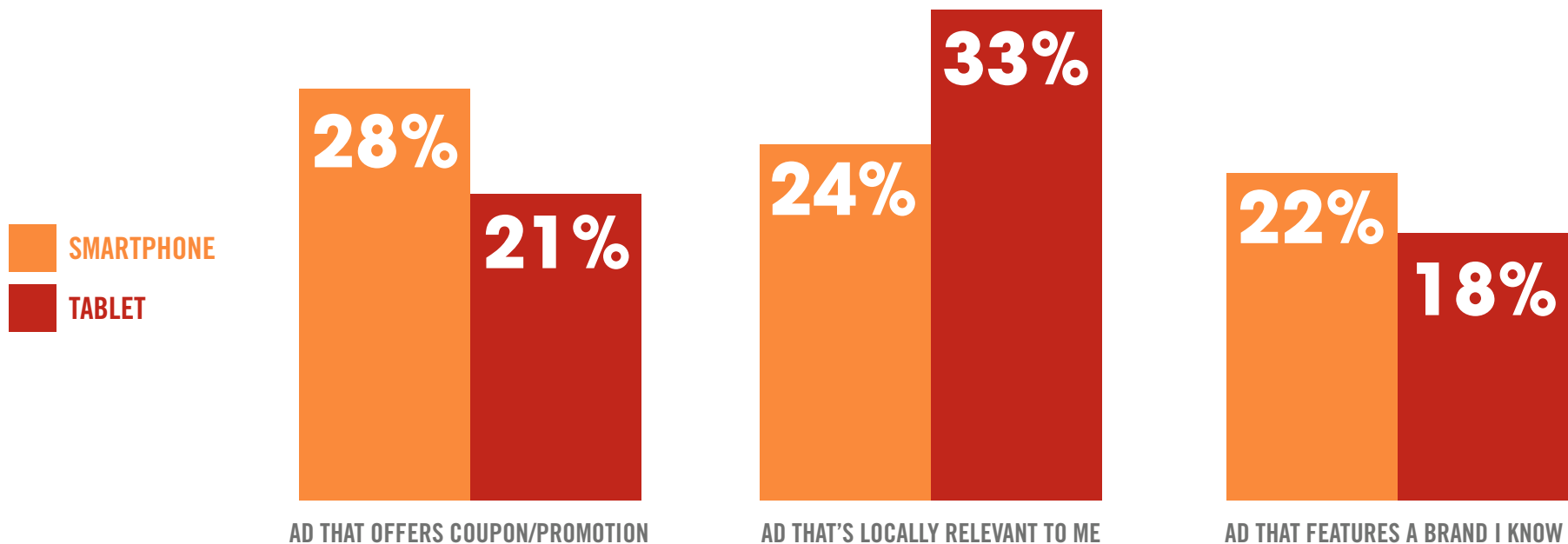|	SMARTPHONE	TABLET
VISITED SITE THAT WAS ADVERTISED	8%	10%
UTILIZED A COUPON/OFFER	5%	4%
VISITED ADVERTISED RETAILER	3%	4%
LOOKED ONLINE FOR MORE INFO	4%	5%
CONSIDERED BUYING PRODUCT	3%	5%

C24. You mentioned that you encountered an ad during the past 30 days on your <<INSERT DEVICE>. Did you do any of the following after viewing the ad?
Smartphone for Retail Smartphone Owner for Retail(n=311), Tablet for Retail Tablet Owner for Retail (n=553), Smartphone Owner for Retail(n=311), Tablet Owner for Retail (n=553)

LOCAL RELEVANCE IS IMPORTANT FOR BOTH SMARTPHONE AND TABLET USERS FOLLOWED BY THE ABILITY TO UTILIZE A COUPON OR OFFER

RETAIL ADVERTISING MOST LIKELY TO CLICK ON

Top rank by device

SMARTPHONE
TABLET

28% 21%
AD THAT OFFERS COUPON/PROMOTION

24% 33%
AD THAT'S LOCALLY RELEVANT TO ME

22% 18%
AD THAT FEATURES A BRAND I KNOW

CQ27. When it comes to mobile advertising on your <<INSERT DEVICE>>, what kind of ads are you most likely to click on?

MOBILE SHOWROOMING

MOST MOBILE RESEARCH IS HAPPENING OUTSIDE OF THE STORE.

ONLY 6% WERE AT A RETAIL STORE THE LAST TIME THEY ACCESSED RETAIL-RELATED INFORMATION ON THEIR DEVICE

Since in-store shopping is low via mobile device – *is Mobile Showrooming really an issue?*

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| Category	Index
Groceries	111
Consumer Electronics	105
Home Goods	103
Clothing/Apparel	73
Drug and Beauty	72
Pet Supplies	70

MOBILE SHOWROOMING OCCURRING MORE OUT OF STORE THAN IN-STORE

Pre-Visit Consideration:

Considering that most Smartphone users are looking to make a Retail purchase within the day (60%) and in person (77%), there is strong indication that any research driving their decision has already occurred

Online Research:

Mobile Users that conduct retail research online finalize their decisions with the help of sites such as Amazon
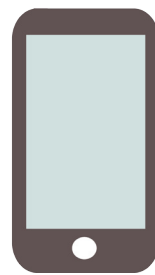
Smartphone users narrowing their Retail decisions

To[...]%
m[...]
Amazon throughout the decision making process than Smartphone users
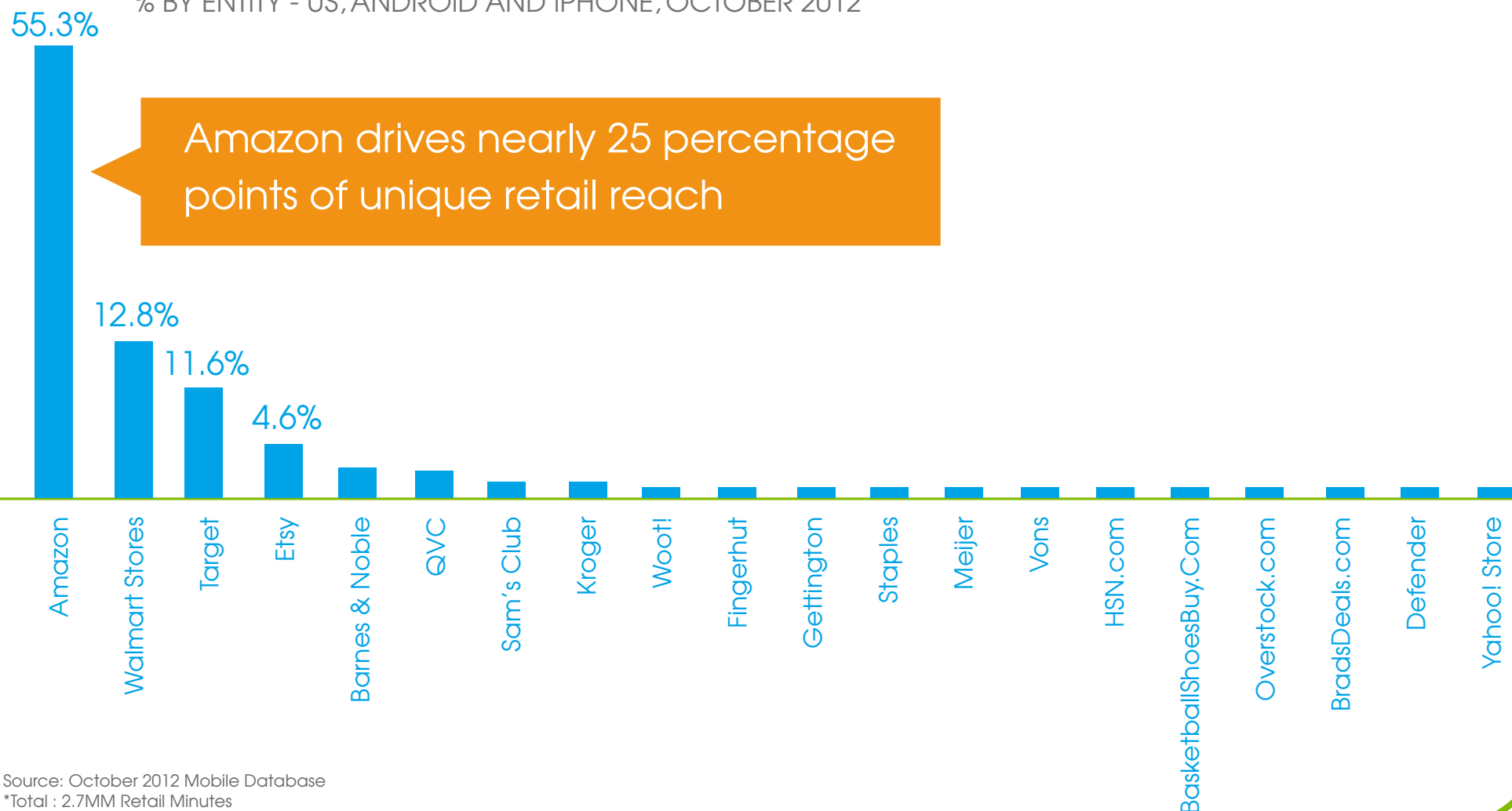
Question Used: CQ26C1: Which did you access or consider during the visit to the <CATEGORY> on your <DEVICE>?
CQ37C1: And which brand(s) did you end up making a purchase with, following your visit to the <CATEGORY> on your <DEVICE>?

THE **amazon** EFFECT

AMAZON LEADS THE MAJORITY OF MOBILE RETAIL REACH ONLINE AT 55%, WITH WALMART AND TARGET COMING IN A LITTLE OVER 10% EACH

COMBINED RETAIL MOBILE WEB/APP REACH

% BY ENTITY - US, ANDROID AND IPHONE, OCTOBER 2012

55.3%

Amazon drives nearly 25 percentage points of unique retail reach

12.8%
11.6%
4.6%

Amazon | Walmart Stores | Target | Etsy | Barnes & Noble | QVC | Sam's Club | Kroger | Woot! | Fingerhut | Gettington | Staples | Meijer | Vons | HSN.com | BasketballShoesBuy.Com | Overstock.com | BradsDeals.com | Defender | Yahoo! Store

Source: October 2012 Mobile Database
*Total : 2.7MM Retail Minutes

NEARLY THREE QUARTERS OF SMARTPHONE RETAIL MINUTES ARE SPENT ON amazon®

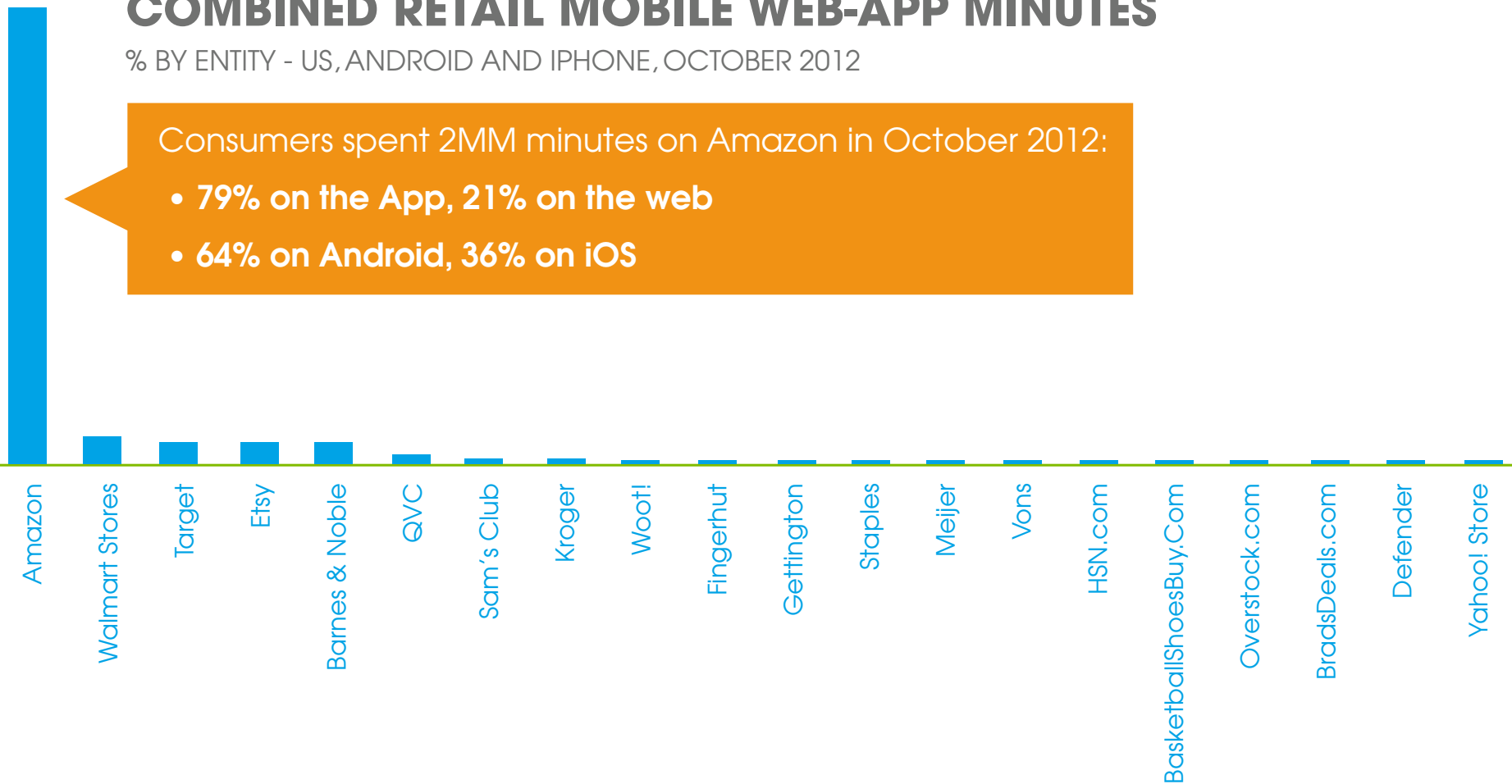## COMBINED RETAIL MOBILE WEB-APP MINUTES

% BY ENTITY - US, ANDROID AND IPHONE, OCTOBER 2012

74.4%

Consumers spent 2MM minutes on Amazon in October 2012:

- **79% on the App, 21% on the web**
- **64% on Android, 36% on iOS**

Amazon | Walmart Stores | Target | Etsy | Barnes & Noble | QVC | Sam's Club | Kroger | Woot! | Fingerhut | Gettington | Staples | Meijer | Vons | HSN.com | BasketballShoesBuy.Com | Overstock.com | BradsDeals.com | Defender | Yahoo! Store

Source: October 2012 Mobile Database
*Total : 2.7MM Retail Minutes

amazon® HELPS DRIVE IN-STORE SALES FOR SMARTPHONE USERS, ONLINE SALES FOR TABLETS

- **Less than 2% of Smartphone Retail users say they actually made a purchase via Amazon as the majority of purchases were made in-store (77%)**

- **On Tablet, Amazon was the top retailer brand utilized when completing purchases**

CQ37C1: And which brand(s) did you end up making a purchase with, following your visit to the <CATEGORY> on your <DEVICE>? Smartphone (n=244), Tablet (n=390)

NOTE: Responses were un-aided

CONCLUSIONS

- Mobile now represents a significant portion of online Retail shopping. As a result, both online and brick and mortar retailers must understand how to integrate this fast growing media into their overall media plans

- Smartphone and Tablet users have very different needs and intent. By taking into consideration user need by device (location for Smartphone users and pricing and deals for Tablet users) marketers can effectively reach their mobile audiences

- Although the phenomenon of in-store "mobile showrooming" doesn't appear to have broad usage among the general mobile user – online comparison shopping is definitely happening and should be taken into consideration when trying to reach and impact consumer purchase decisions

FOR MORE INFORMATION:

Additional study details and findings can be found at MobilePathtoPurchase.com. For questions or to provide feedback, please contact us at 888.234.7893 or requests@xAd.com

ABOUT XAD

Since 2009, xAd has grown to become one of the largest mobile-local advertising networks in the U.S. and the only one offering the ability to target mobile audiences using a combination of location signal and search context, leading to performance that is 3 to 5 times above the industry average. Across its network, xAd aggregates and manages the largest network of location verified mobile inventory in the industry, resulting in billions of location-specific ad impressions per month and over one million national and local advertisers. xAd is based in New York City with several satellite offices across the U.S. and internationally. For more information, visit xAd.com.

ABOUT TELMETRICS

For more than 20 years, Telmetrics has been the call measurement industry leader. Telmetrics' call tracking solutions, which are available in North America and across Europe, track the lead generation quality of local search advertising and pay per call programs for the leading brands in local search. This includes both publishers and agencies that serve millions of SMBs and national franchise locations across North America and Europe. With greater visibility into advertising per-formance across all media channels—digital, mobile, print and more—media publishers, agencies and advertisers can optimize the media mix for higher quality lead generation, resulting in increased revenues and a more complete picture of ROI across converging media. For more information, visit Telmetrics.com

ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

xAd/Telmetrics Mobile Path to Purchase Study: Understanding Mobile's Role in the Consumer Path to Purchase - Retail Edition

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TERMINOLOGY

- **Mobile Application/App:** mobile content portal which does not require access via a mobile browser, though does still require internet access to reach.

- **Mobile Website/WAP:** mobile content source accessible via a mobile browser such as Google or Safari, which requires internet access to reach. Desktop-accessible websites visited with a smartphone are then called mobile websites.

- **Showrooming** is the practice of examining merchandise in a traditional brick and mortar retail store without purchasing it, but then shopping online to find a lower price for the same item.