



Mobile Shoppers: Ubiquitous Data Spawns Savvier Consumers

A Report Prepared by the IAB Mobile Marketing Center of Excellence

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Introduction

Mobile internet connectivity changes everything. How we stay in touch with friends and family; how we inform and entertain ourselves; and how we navigate our ways through our daily lives all are transformed when armed with a wirelessly connected smartphone or tablet. Shopping falls high on the list of mobile-impacted behaviors. According to comScore, as of September 2011, about 36 million Americans accessed mobile shopping content or activities. 8.2 percent of U.S. mobile users specifically visited a mobile shopping site on their phones, up from just 4.8 percent as of September 2010.¹ A scan of a barcode or a quick mobile search can give consumers a command of products, pricing, alternatives and availability, both before they go shopping and while they're at the mall.

As we enter the most important shopping season of the year, consumers' access to mobile data will inevitably influence both what they buy and where they buy it. Deloitte's 2011 annual holiday shopping survey indicates that 27% of smartphone owners plan to use their devices for holiday shopping this year.² Marketers must understand the evolving role of mobile connectivity in the shopping process. Identifying mobile shoppers and delivering relevant messages to consumers as they are in shopping mode represents a key opportunity.

This briefing examines the mobile shopping audience today, along with the distribution of mobile-savvy shoppers across major U.S. cities.³ This report defines mobile shopping as both completing purchases via a phone or tablet and using a phone or tablet to research or shop for products before or during the process of purchasing in physical retail locations or online. Some of the key findings in this report include:

- Mobile shoppers are younger and have higher incomes than the average mobile user.
- Ten percent of U.S. mobile users use their mobiles for comparing prices.
- Almost 20 percent of U.S. mobile users use their phones to text or call family or friends about a product while in a store.
- Houston, New York and Atlanta are the most mobile-shopping-savvy cities in the U.S. Retailers in these cities must be particularly quick to embrace mobile as part of their marketing strategies.

Mobile Already Impacting 2011 Holiday Shopping

Early data on the Thanksgiving 2011 shopping weekend indicate the growing importance of mobile as a shopping tool. IBM's Smarter Commerce benchmark suggests that mobile platforms accounted for over 14 percent of all online shopping traffic on Black Friday, and sales on mobile devices totaled almost 10 percent of all digital (e.g., PC- and mobile-based) transactions, over 300 percent more than in 2010.⁴

Mobile's importance in holiday shopping will only grow over time, and consumers will use their mobiles to help them shop smarter throughout the holidays. However, as consumers are inundated with more and more information about Black Friday deals and doorbusters, it seems likely that they will begin using their mobiles as

¹ Source: comScore. U.S. mobile subscribers aged 13+ on their primary device. Data: Three month average ending Sept. 2010 and Sept. 2011

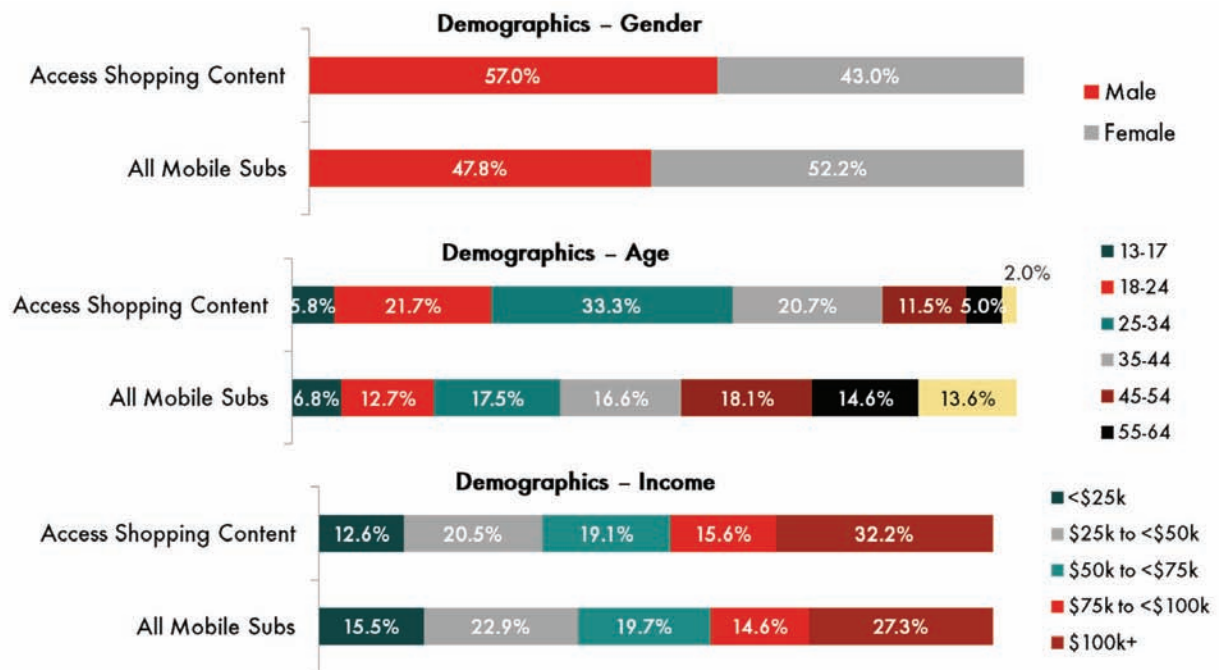
² "Retailers Beware: Santa has a Smartphone, and he's in your Store," Internet Retailer, October 26, 2011. <http://www.internetretailer.com/2011/10/26/retailers-beware-santa-has-smartphone-and-hes-your-store>

³ The IAB is grateful to comScore and BIGinsight™, which provided data for this report.

⁴ "Mobile Drives 14.3% of Black Friday Online Traffic. 9.8% of Sales," MediaPost Online Media Daily, Nov. 27, 2011. <http://www.mediapost.com/publications/article/163034/mobile-drives-143-of-black-friday-online-traffic.html?edition=40631>

a planning tool to help them make the most of the weekend buying opportunities. The IAB predicts that the day before Thanksgiving may emerge as “Wireless Wednesday,” standing alongside Black Friday and Cyber Monday as a strategically important shopping moment for both retailers and consumers.

Mobile Shoppers are a Highly Attractive Segment

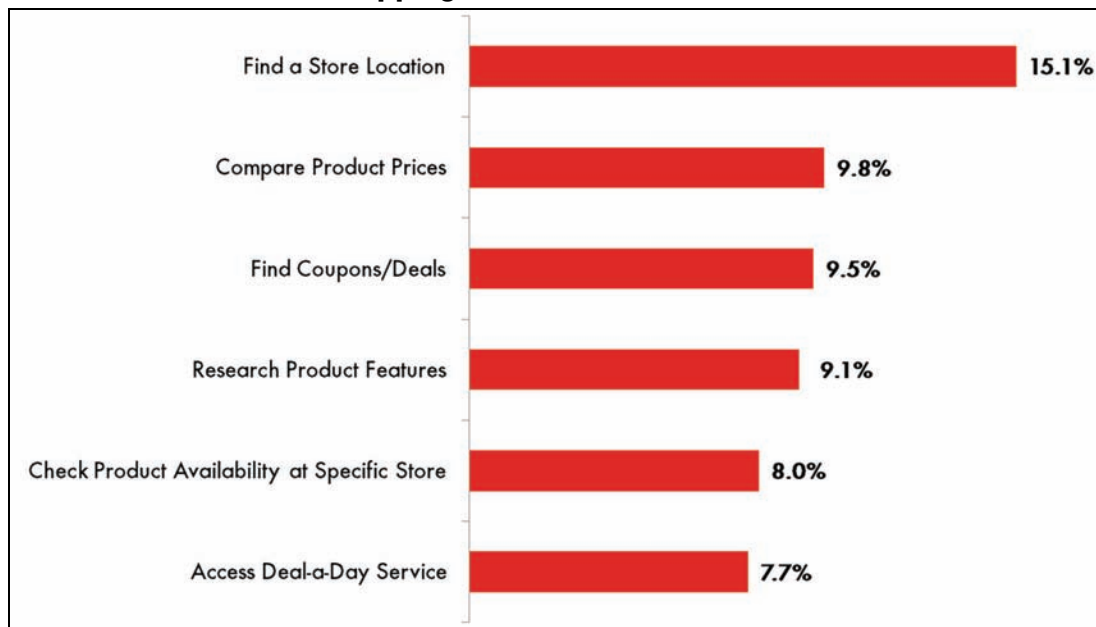


Source: comScore. U.S. mobile subscribers aged 13+ on their primary device
 Data: Three month average ending Sept. 2010 and Sept. 2011

According to comScore, U.S. consumers who access mobile shopping content constitute an appealing demographic. They are much younger than the mobile average, with 61 percent of them under the age of 34 (as compared with 37 percent of all U.S. mobile users). And they have somewhat higher than average incomes, with 48 percent earning over \$75,000 per year (as compared with 42 percent of all U.S. mobile users).

Mobile Shopping Activities Happen Pre-Store, but also In-Store

Percentage of Mobile Consumers Who Perform Shopping Activities on Mobile Phones



Source: comScore. U.S. mobile subscribers aged 13+ on their primary device. Data: Sept. 2011

Mobile devices help consumers save time and effort before they get to a store. Indeed, mobile plays a role even before they know where the store is: about 15 percent of mobile consumers use their devices to find store locations. About 10% of U.S. mobile consumers use their mobile to compare product prices, and roughly the same number seek coupons or deals.

Consumers in this pre-shopping research mindset may have a specific product or retailer in mind, but they may not. About nine percent researched product features via their mobile devices, and about eight percent checked product availability at a specific store. Marketers have a tremendous opportunity to influence consumers in these crucial moments when shopping plans are being made and purchase decisions are being finalized.

However, consumers' use of their mobiles does not end when they walk into a retail location. About one in five mobile consumers text or call people seeking input on products they may buy, and another 14% take pictures of products, while almost 12% send pictures of products to other people.

Over 7% of consumers scanned a product barcode, either to get more information or to check alternate prices. This in-store aspect to mobile shopping (and mobile media) has revolutionary potential. As services grow to advise and influence consumer in-store behavior, marketers will need to think about their mobile budgets holistically—mobile could overlap with, complement, or even redirect, budget currently being spent on in-store displays and free standing inserts (FSIs).

Mobile Shopping Activities Extend into Retail Locations



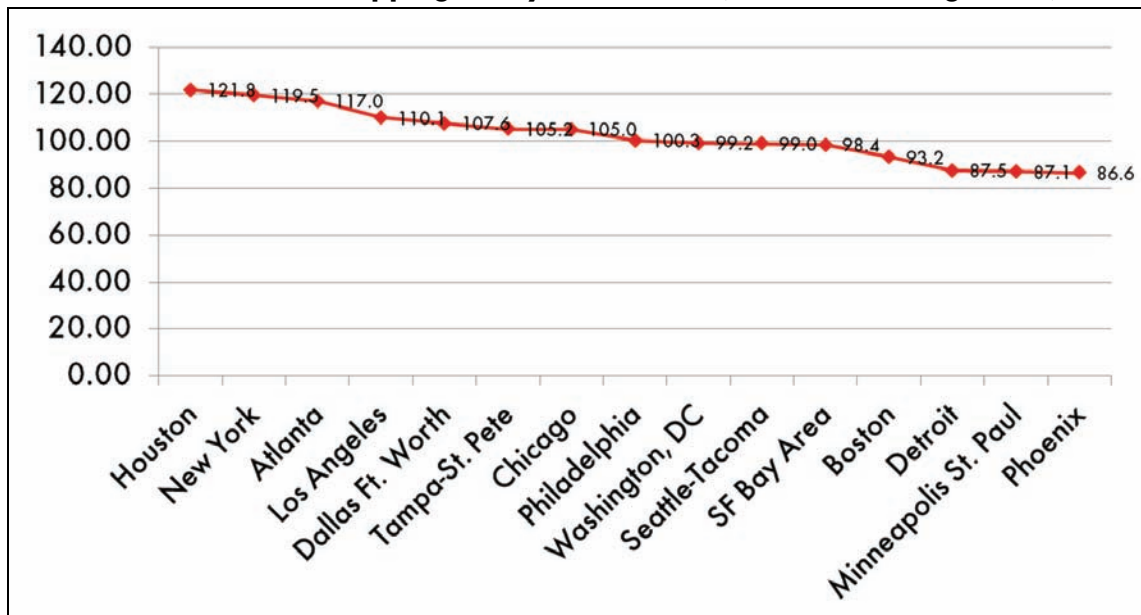
Penetration of activities performed on a phone while in a retail store. Source: comScore. U.S. mobile subscribers aged 13+ on their primary device. Data: Sept. 2011

Houston is the Most Mobile Shopping-Savvy City in the U.S.

In addition to looking at mobile shoppers nationwide, the IAB wanted to understand which U.S. cities were home to the most mobile shopping-savvy consumers. Using BIGinsight™ data, the IAB constructed an index combining four key data points:

- Ownership of a mobile phone,
- Propensity to be influenced by mobile coupons,
- Ownership of a mobile retail app on handset or tablet, and
- Ownership of a mobile social media app.

IAB U.S. Mobile Shopping-Savvy Cities Index (National Average=100)



Source: IAB analysis of data from BIGinsight™, Simultaneous Media Usage® Survey (SIMM® 18) - Top 15 DMA Markets by Size, June 2011

Weighting and aggregating these data and indexing the results against the U.S. national average reveals that Houston was the most mobile-shopping-savvy city in the U.S. Houston scored high across all four metrics included in the IAB index (see Appendix), and in particular had the highest mobile device ownership level of any major U.S. city. However, high rates of mobile device ownership were not sufficient to make a city mobile shopping savvy. The San Francisco Bay Area had high mobile ownership but scored low on the savviness index, while Tampa-St. Pete went the other way.

Based on the IAB Index, the top five U.S. mobile shopping-savvy cities were:

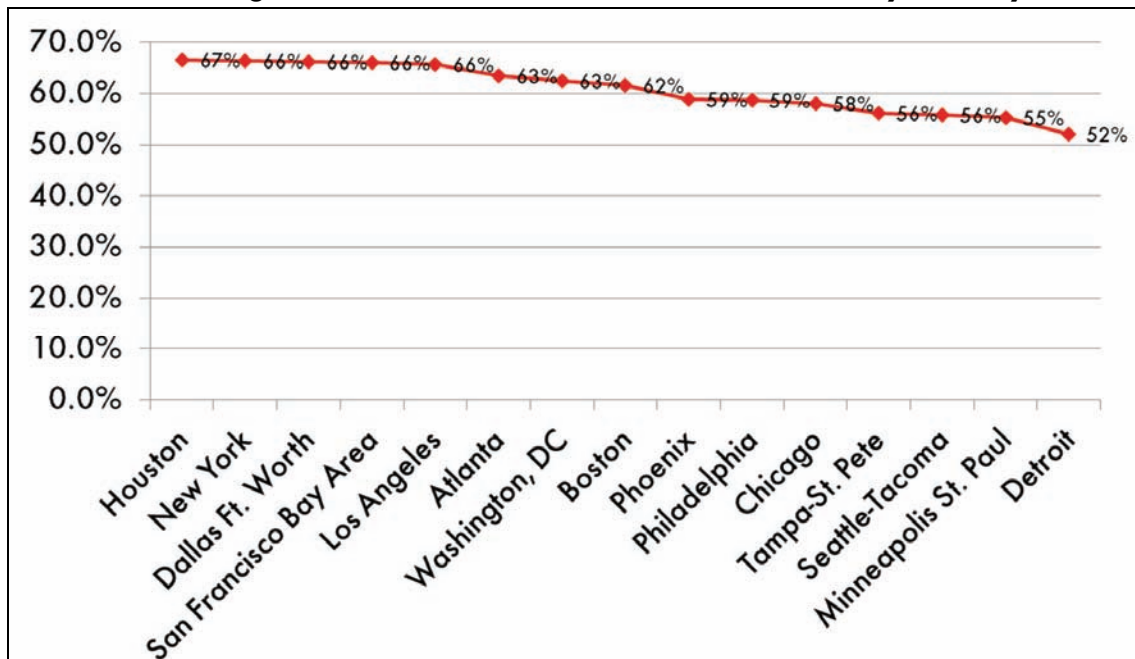
1. Houston
2. New York
3. Atlanta
4. Los Angeles
5. Dallas-Ft. Worth

Corroborating the IAB U.S. Mobile Shopping Savvy Cities Index, eBay reported that New York and Houston shoppers were among the biggest mobile spenders on its site on Black Friday.⁵ While the adoption of mobile devices as shopping aids is a national phenomenon, retailers in these cities should be particularly quick to adopt mobile tools and mobile marketing as a part of their overall plans to attract shoppers, both during the holiday shopping season and throughout the year.

⁵ "Mobile Drives 14.3% of Black Friday Online Traffic. 9.8% of Sales," MediaPost Online Media Daily, Nov. 27, 2011. <http://www.mediapost.com/publications/article/163034/mobile-drives-143-of-black-friday-online-traffic.html?edition=40631> eBay also reported high mobile spending from consumers in Miami, which was not one of the 15 metro areas included in the data for the IABindex.

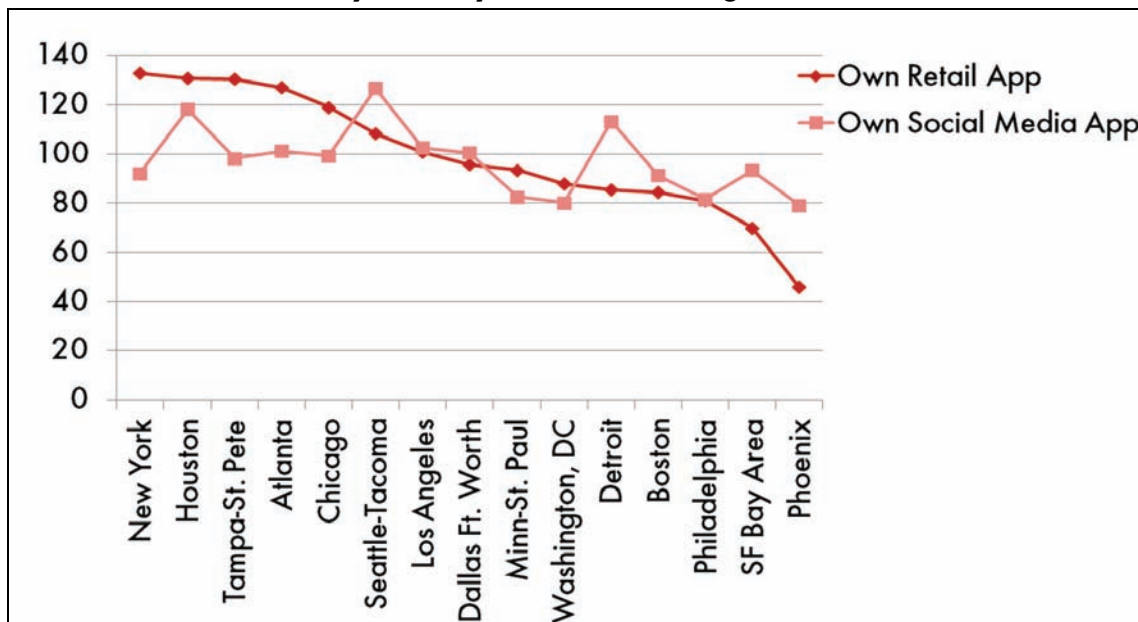
Appendix: Components of the IAB U.S. Mobile Shopping Savvy Cities Index

Percentage of Consumers Who Own a Mobile Device, by U.S. City



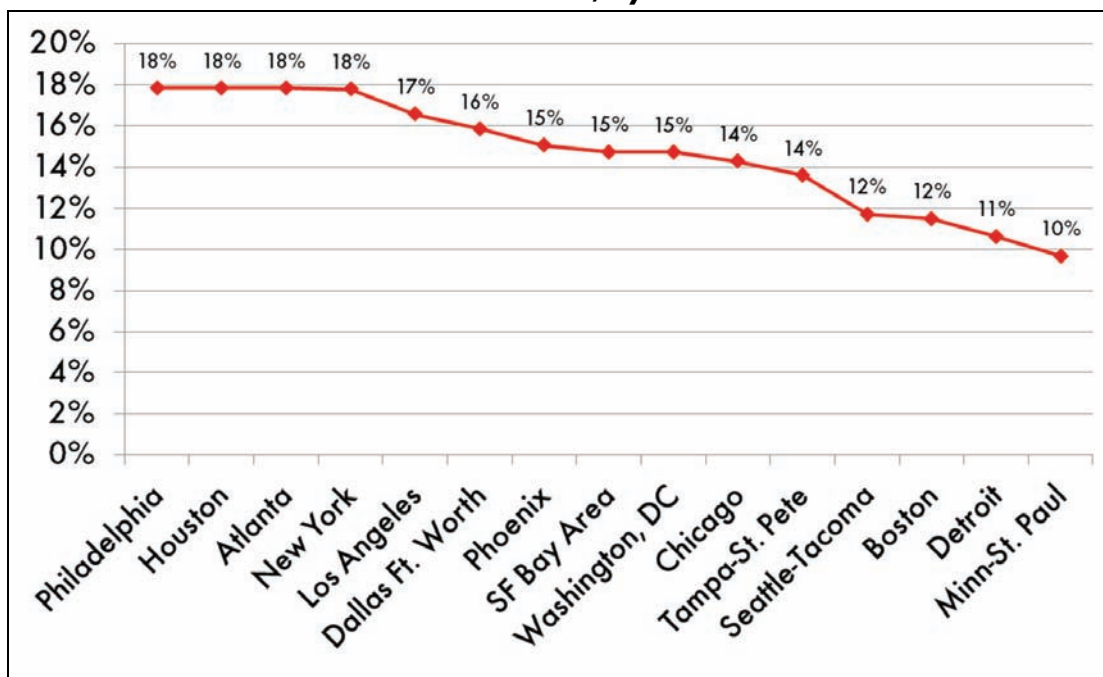
Source: BIGinsight™, Simultaneous Media Usage® Survey (SIMM® 18) - Top 15 DMA Markets by Size, June 2011

**Indexed Ownership of Retail and Social Media Mobile Apps,
by U.S. City, National Average=100**



Source: IAB analysis of data from BIGinsight™, Simultaneous Media Usage® Survey (SIMM® 18) - Top 15 DMA Markets by Size, June 2011

Percentage of Consumers Who Say Mobile Coupons Influence Purchase Decisions, by U.S. Cities



Source: BIGinsight™, Simultaneous Media Usage® Survey (SIMM® 18) - Top 15 DMA Markets by Size, June 2011

Appendix: Methodology

In creating the “2011 IAB U.S. Mobile Shopping Savvy Cities” list, IAB Mobile Marketing Center of Excellence leveraged BIGresearch’s Simultaneous Media Survey (SIMM), a biannual survey of over 20,000 consumers, conducted in June 2011, a large enough sample to yield data on mobile usage for each of the top 15 U.S. DMAs. The IAB examined four key data points: ownership of a mobile device (primarily smartphones or tablets), propensity to be influenced by mobile coupons, ownership of a mobile retail app on a handset or tablet, and ownership of a mobile social media app. For each of these data points, the IAB constructed an index for each DMA relative to the U.S. national average. The IAB then combined them into a single metric, weighting device ownership most heavily, followed by coupon influence and retail app ownership. Social media apps, as conduits for sharing shopping and other information, received a relatively lower weighting.