

How Smartphones Are Changing the Retail Shopping Experience

March 2011



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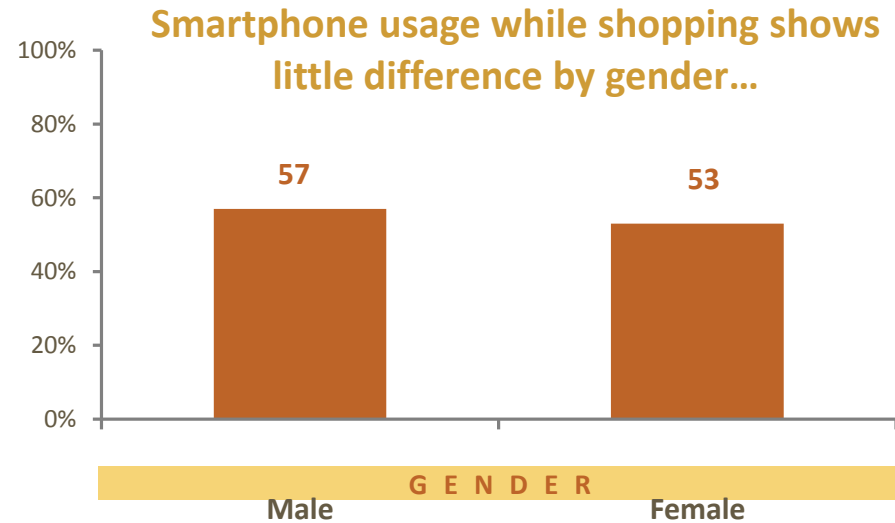
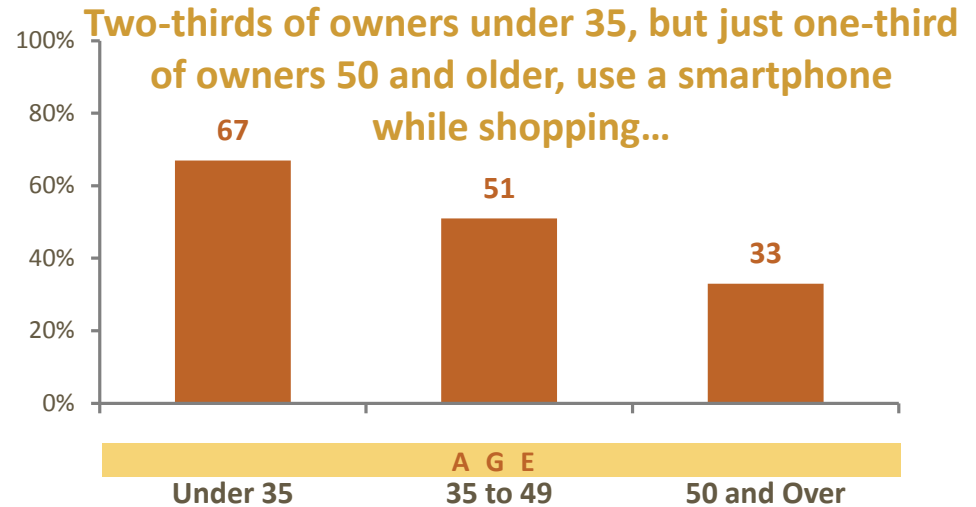
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Highlights of this research

- **Smartphones are a growing part of the shopping experience:** Over half of smartphone owners use them while shopping – usage is highest among owners under 35 years old (67%)
- **iPhones have the highest usage during shopping:** Over 70% of iPhone owners use their device while shopping, highest among the smartphone manufacturers
- **Smartphones are making price more transparent:** Nearly two-thirds of people using it while shopping rely on the smartphone for comparing prices
- **Shoppers get the benefit of peace-of-mind:** Consumers like the convenience of “on-the-spot” price comparisons and shopping with the confidence that they didn’t pay too much

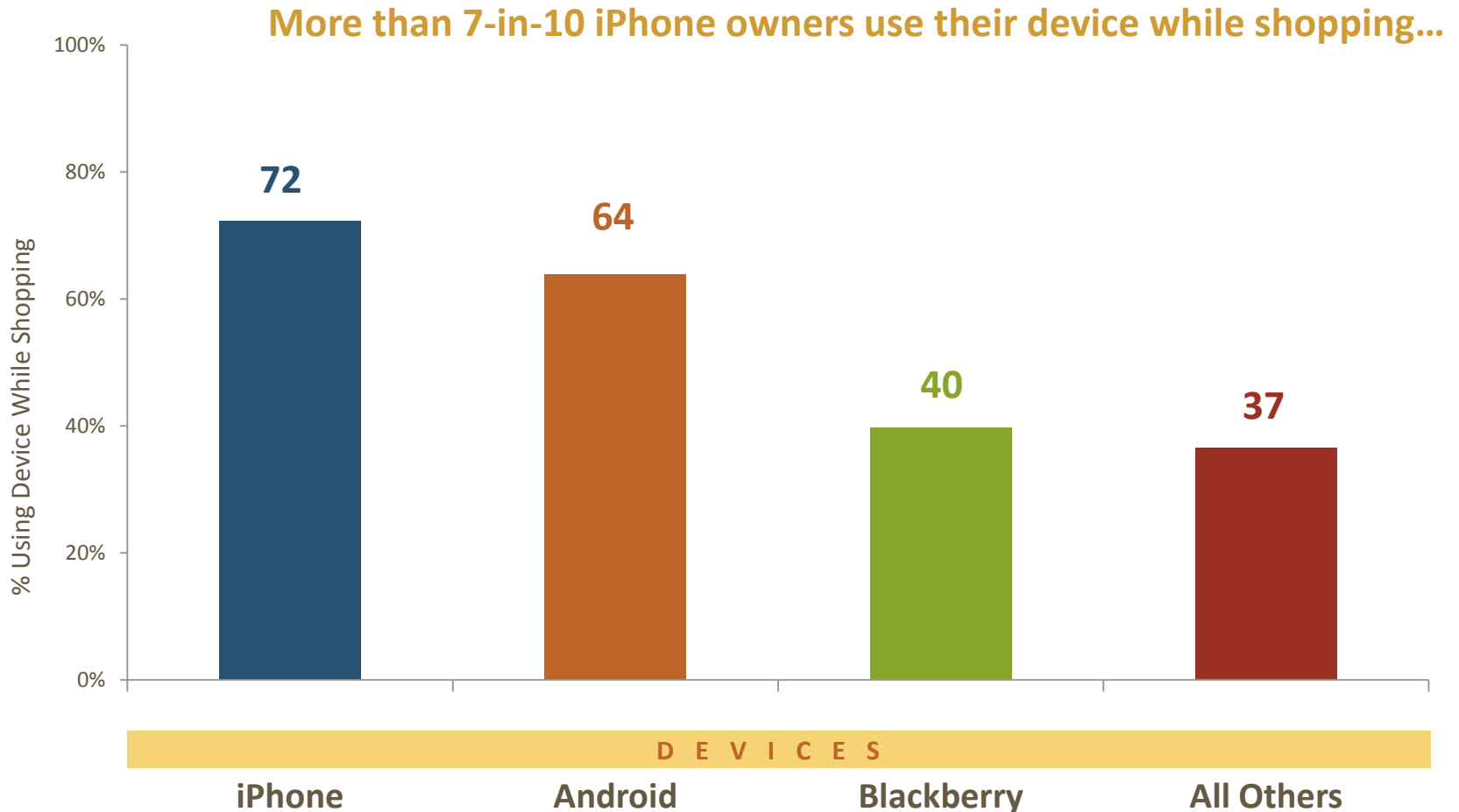
Over half of smartphone owners use them while shopping



Base: Smartphone Users Q13: Have you ever used a smartphone "application"/Web browser in a retail or store environment while shopping? *No includes those that said "No" and "Don't Know."

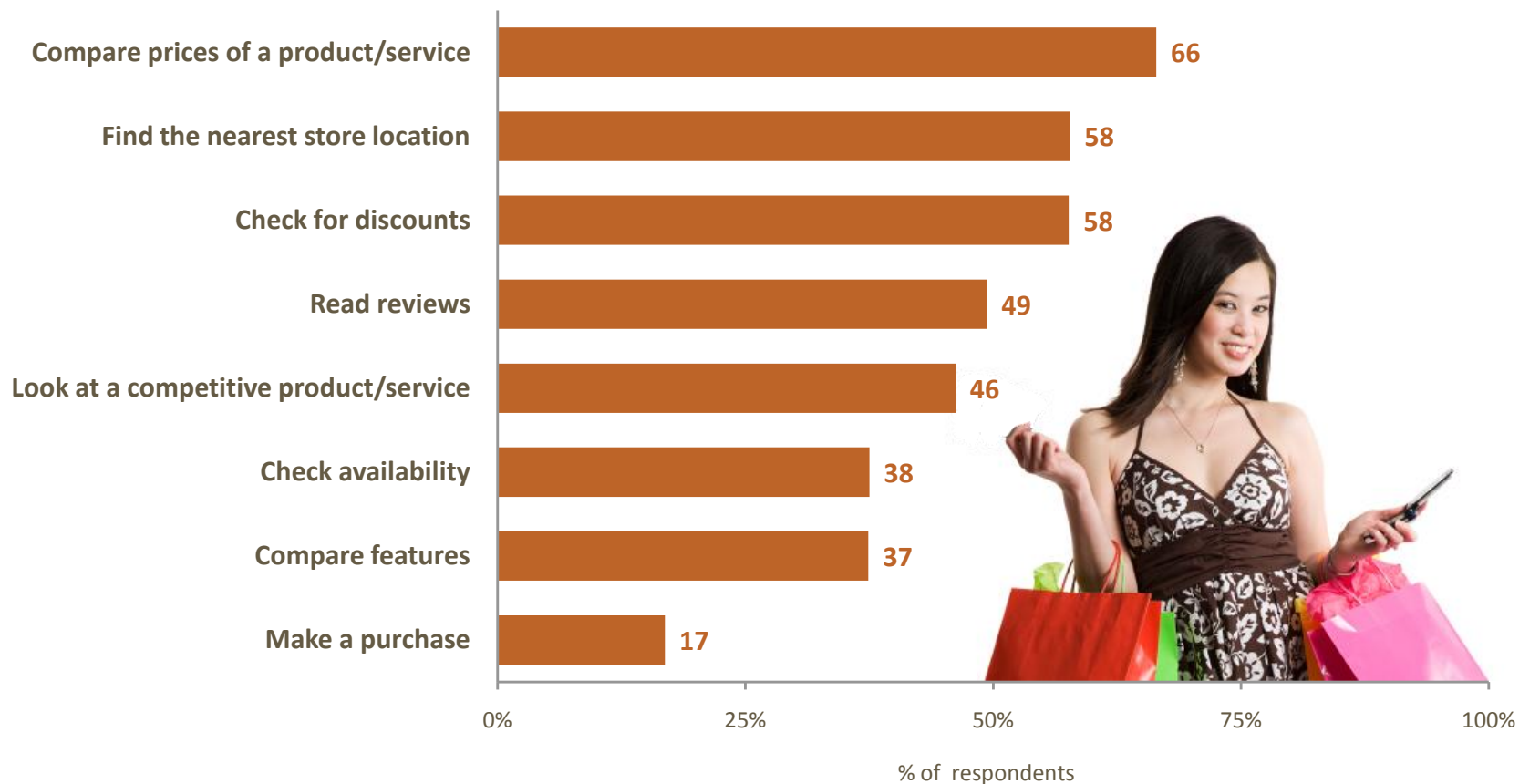


Smartphone usage while shopping is highest among iPhone owners



Price shopping and finding locations are top reasons for using a smartphone while shopping

Reasons for using smartphone while shopping



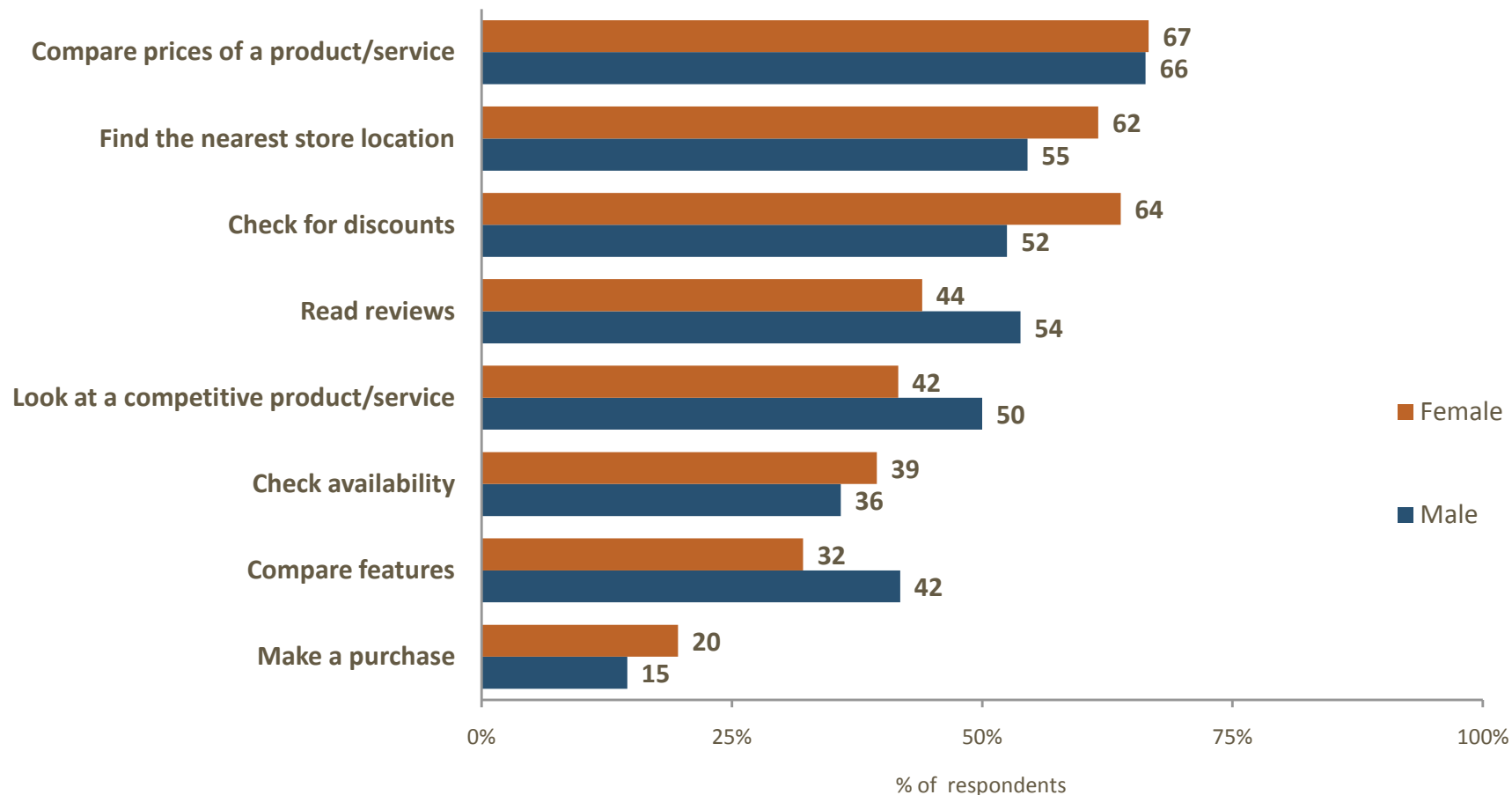
Base: Those who have used a smartphone app/Web browser while shopping in a retail or store environment while shopping? (select all that apply).

Q14: Why have you used a smartphone “application”/Web browser



Women tend to use the smartphone to find discounts, while men use the smartphone more for reviews and feature comparisons


Reasons for using smartphone vary by gender...



Base: Those who have used a smartphone app/Web browser while shopping in a retail or store environment while shopping? (select all that apply).

Q14: Why have you used a smartphone "application"/Web browser



A hand holding a smartphone, with several colorful shopping bags (orange, green, red) visible in the background. The scene is set against a plain white background.

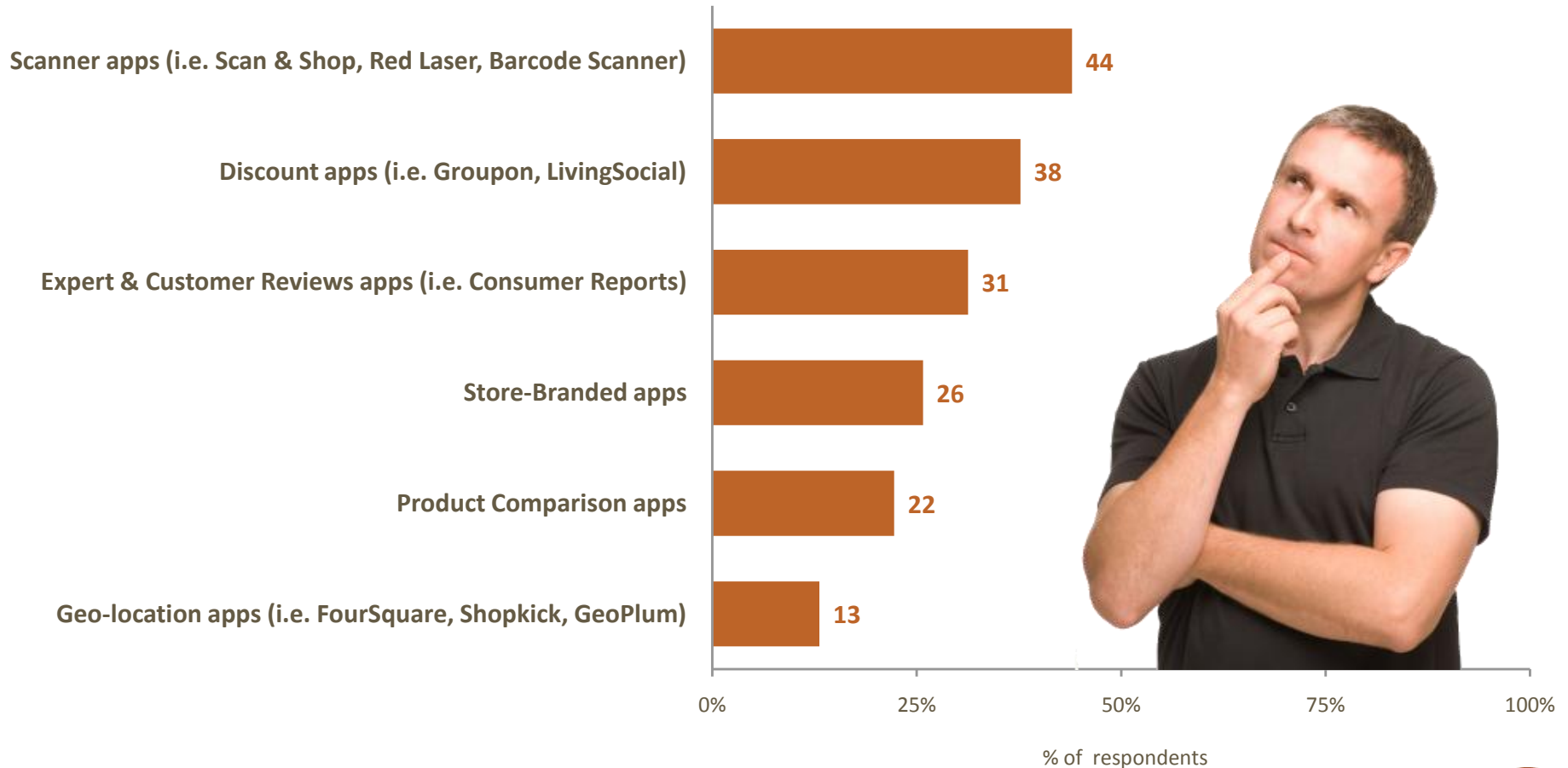
Price comparisons give consumers the confidence that they are getting a good deal

“I've used it to compare prices at other stores or to see if I can get a better deal online... If the price difference is big enough, I'll go to another store or delay my purchase.” - Female, age 25-29

“I was able to shop with more confidence knowing that I was getting a fair price.” - Male, age 40-44


Scanner and discount apps are the most frequently used shopping applications on smartphones

Applications used on smartphone while shopping



Base: Those who have used a smartphone app/Web browser while shopping **Q16:** Which of the following categories of smartphone “apps” have you used in store when deciding to make a purchase or comparing products/services? (select all that apply).



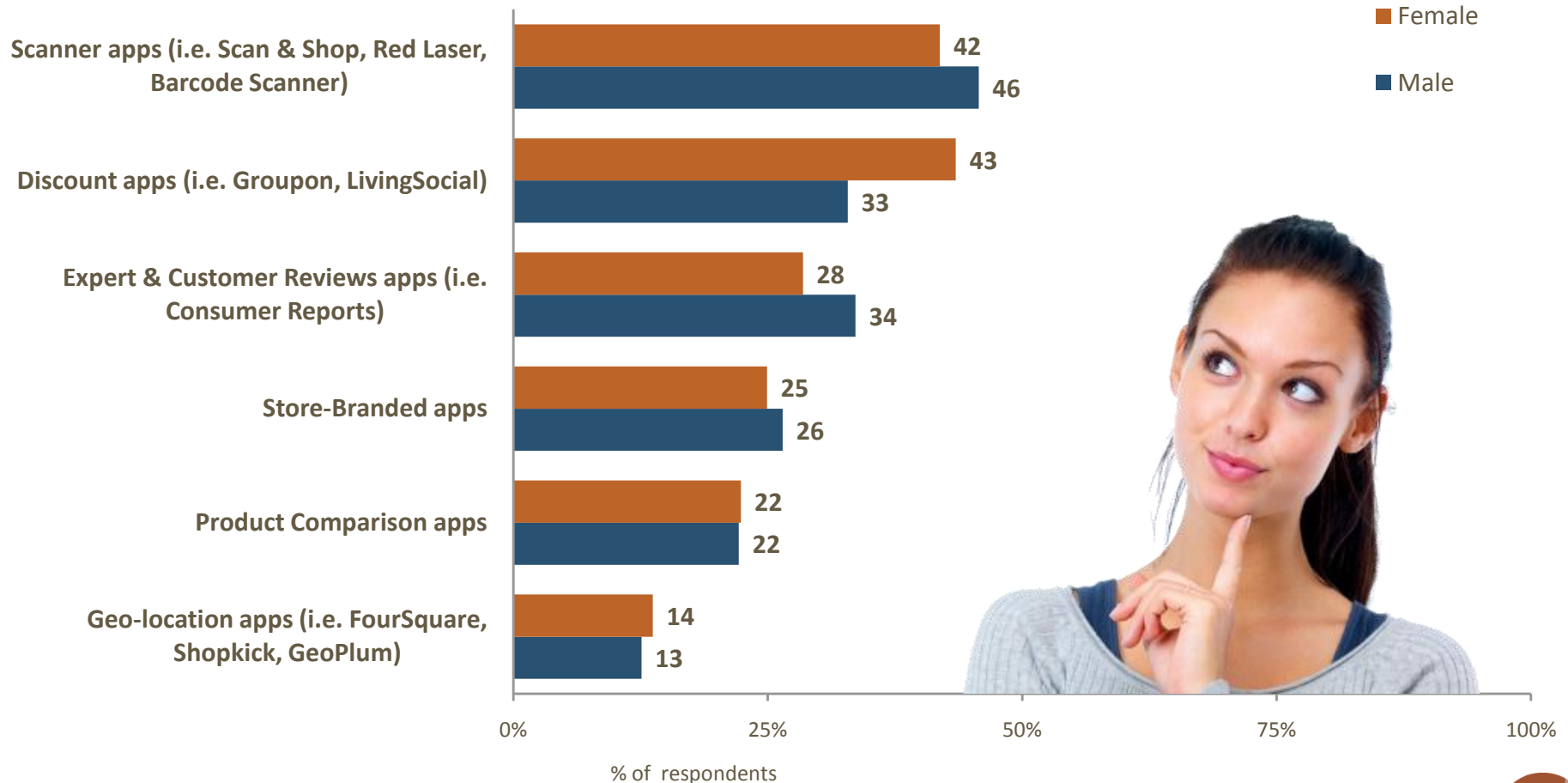
A woman with dark hair, wearing a white t-shirt, is smiling and looking down at her smartphone. She is holding several shopping bags, including a prominent pink one. The background is a blurred retail store environment with bright lighting and shelves.

“I was in Target one day and used my smartphone to check Best Buy...I was purchasing a printer and saw that it was on sale at Target. I was pretty sure that Best Buy could beat the price and I was right. So I left Target and went to Best Buy and made the purchase at Best Buy.”

- Female, age 35-39

Women have higher frequency of using discount apps, while men have higher frequency of using review apps

Applications used on smartphone vary by gender...

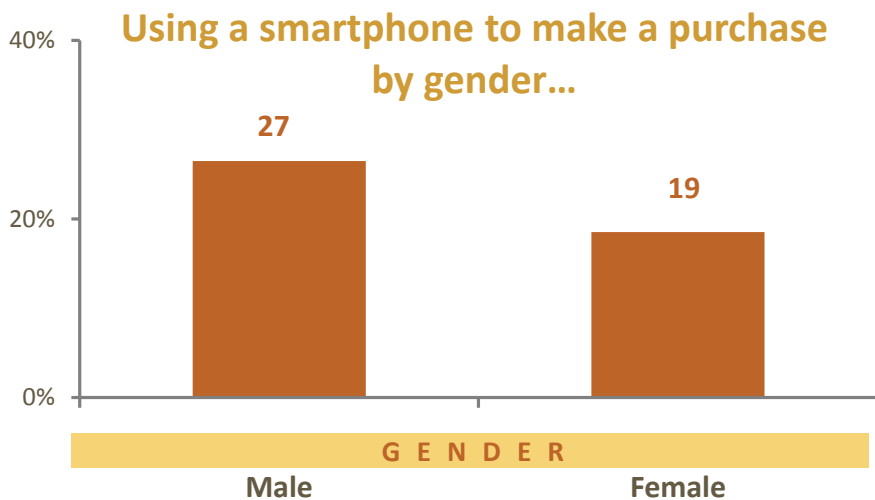
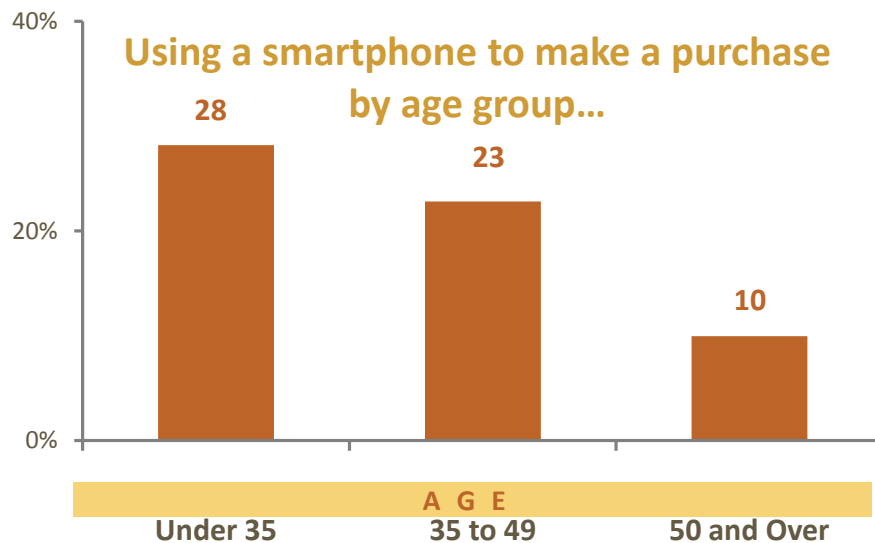


Base: Those who have used a smartphone app/Web browser while shopping **Q16:** Which of the following categories of smartphone “apps” have you used in store when deciding to make a purchase or comparing products/services? (select all that apply).



Almost a quarter of smartphone owners have used them to make a purchase

Smartphone owners making a purchase...

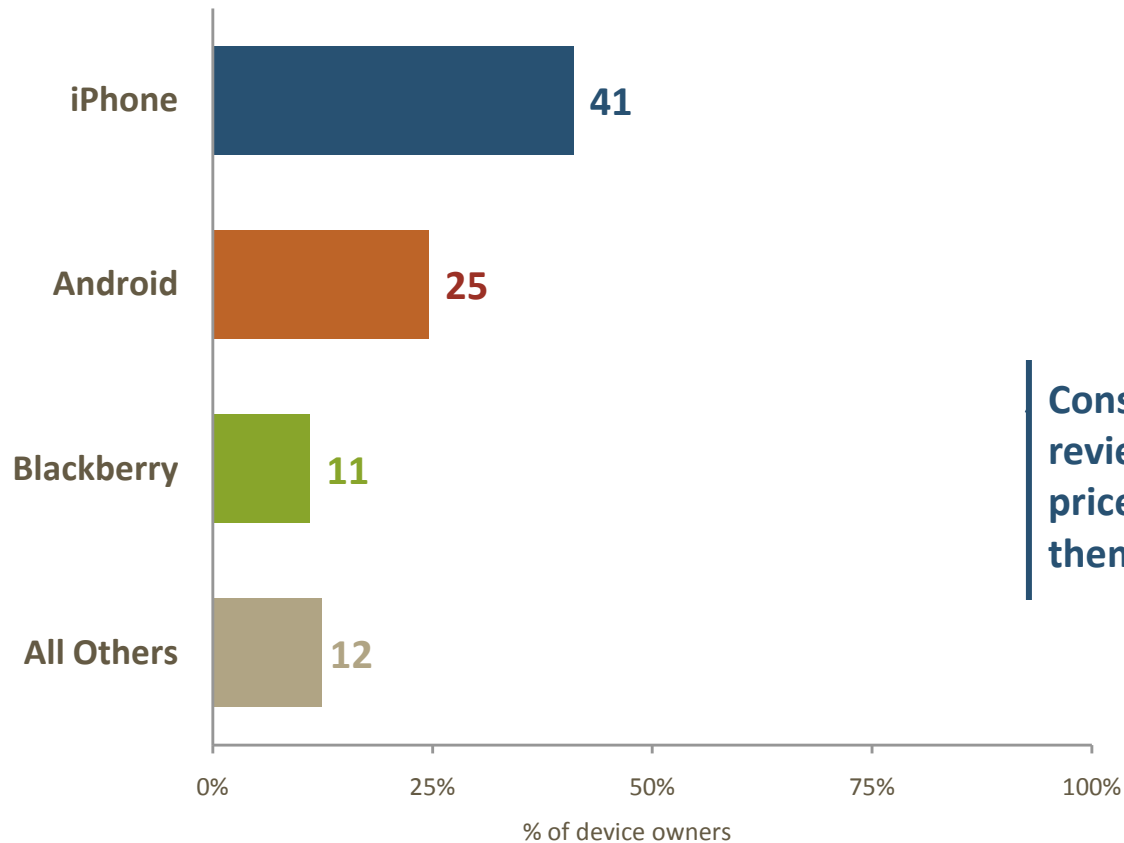


“I use my smartphone to scan the barcode and check the prices online and reviews of the product...saving time and effort by purchasing the right product for me the first time around so I don't have to return and buy again.”

- Female, age 18-24

41% of iPhone owners have made a purchase from their smartphone – highest among all smartphones

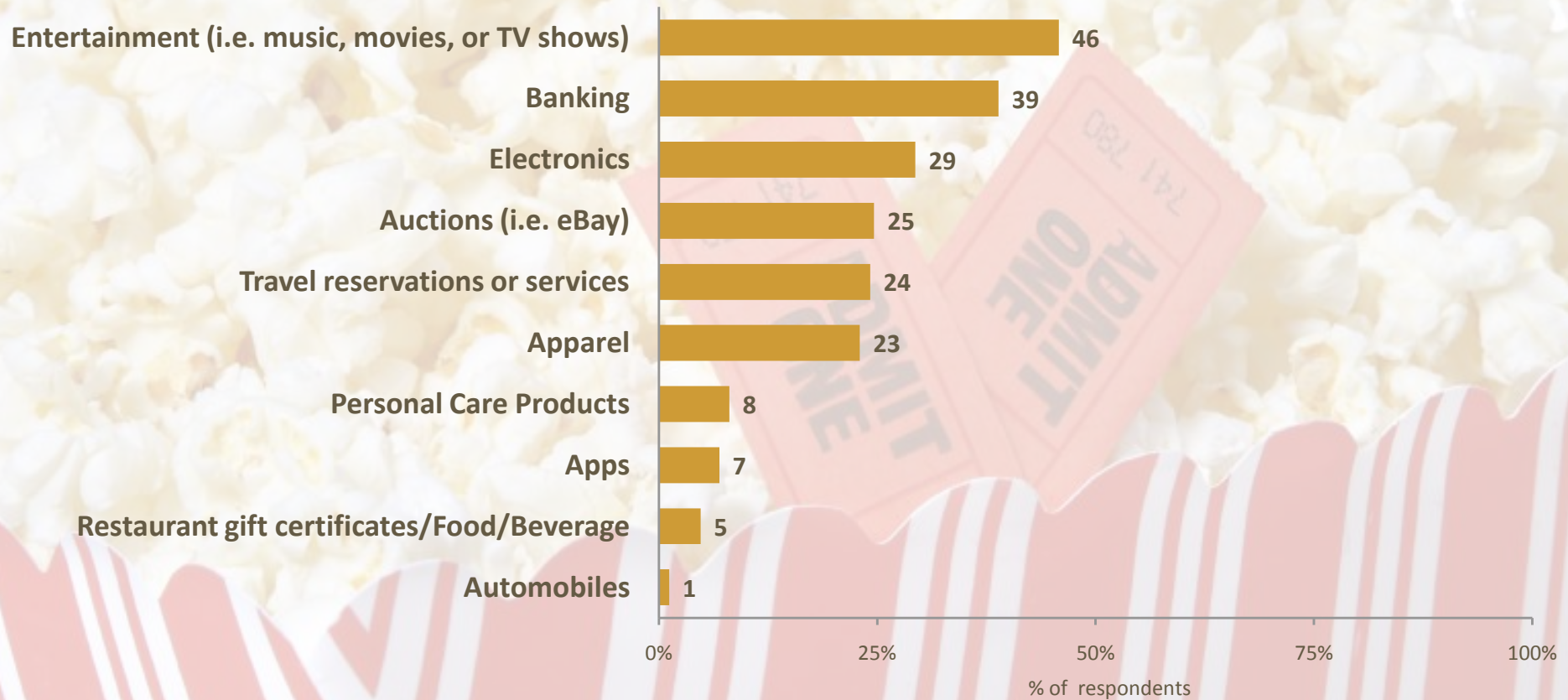
Share of owners making a purchase from their smartphone



Consumers check reviews, stock status and prices all of which save them time and hassle

The most common transaction made by mobile smartphones is entertainment purchases

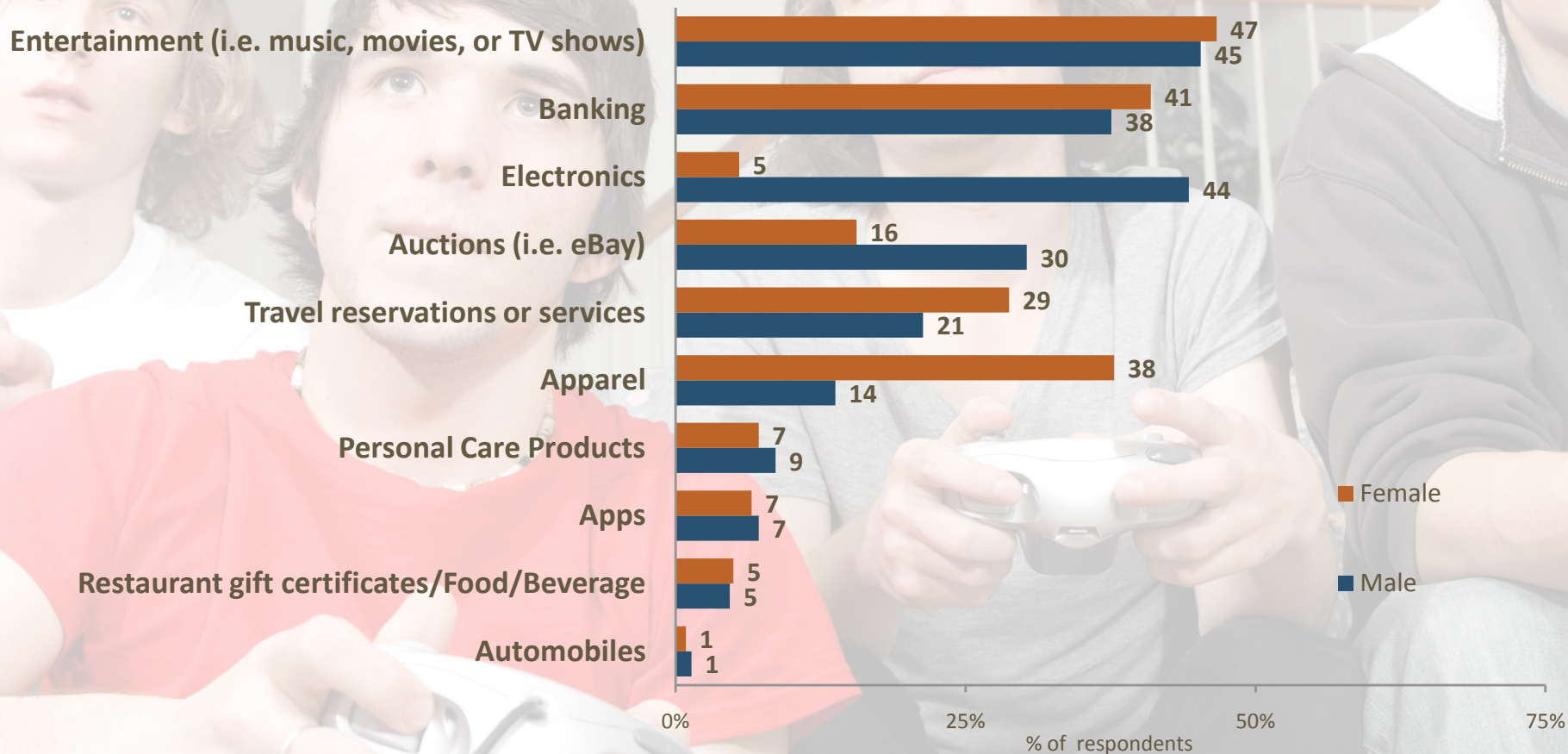
Mobile purchase transactions



Base: Those who have used their smartphone to make a purchase in the last month Q21: Which of the following categories of products/services have you purchased using your smartphone in the last 6 months? (select all that apply).

Men have higher frequency of electronics and auction purchases by smartphone; women purchase clothing

Mobile purchase transactions by gender...



Base: Those who have used their smartphone to make a purchase in the last month
have you purchased using your smartphone in the last 6 months? (select all that apply).

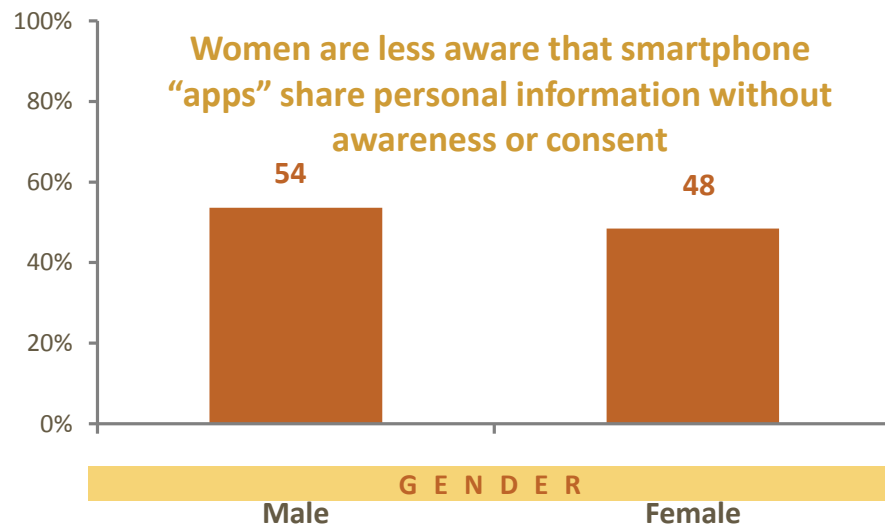
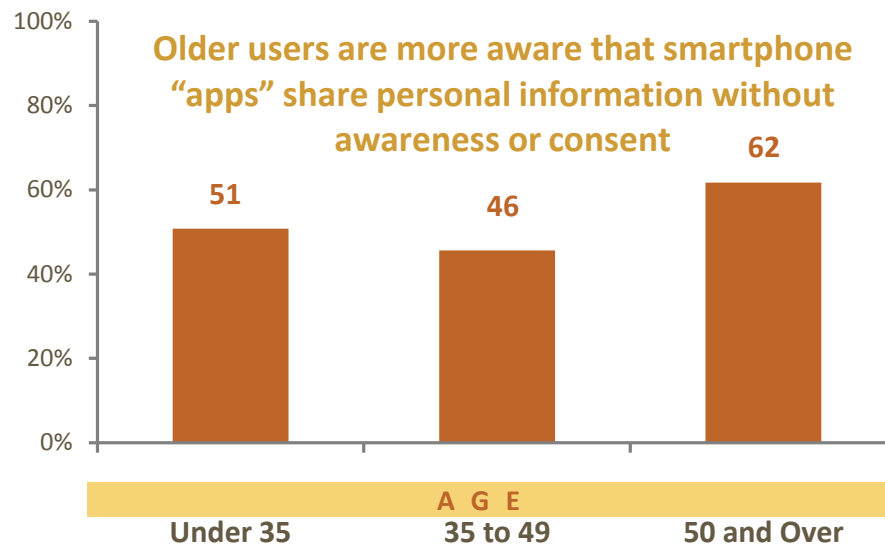
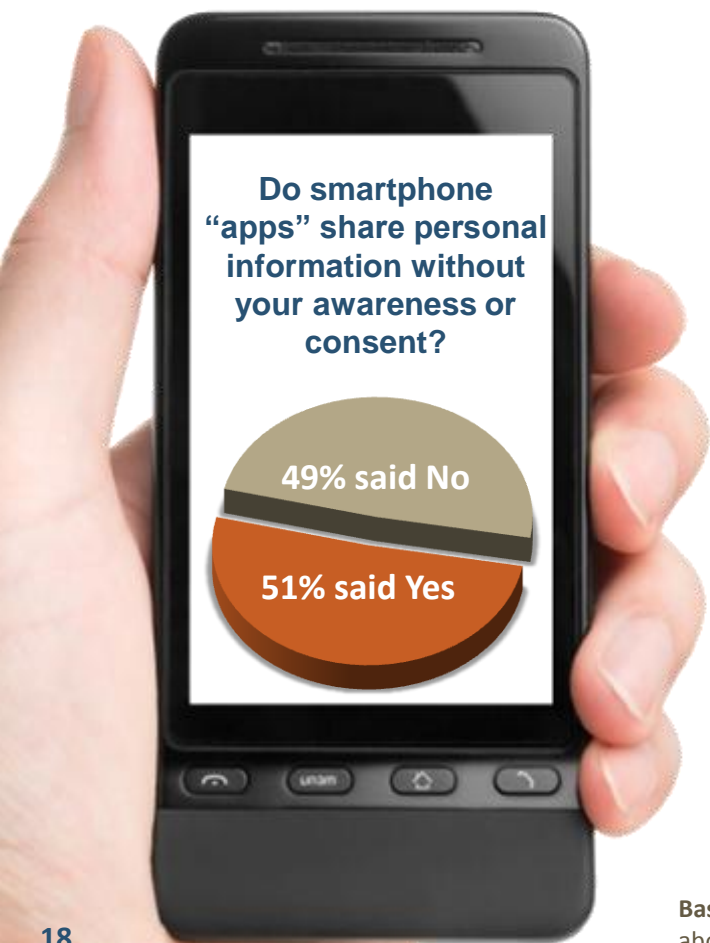
Q21: Which of the following categories of products/services

Using a smartphone for purchases is not for everyone...
Security is a concern for some...



“I just don’t know a lot about what information can be accessed through the smartphone...I would not feel comfortable providing credit card info.”
- Female, age 35-39

Nearly half of smartphone owners don't believe their personal information is shared without their consent

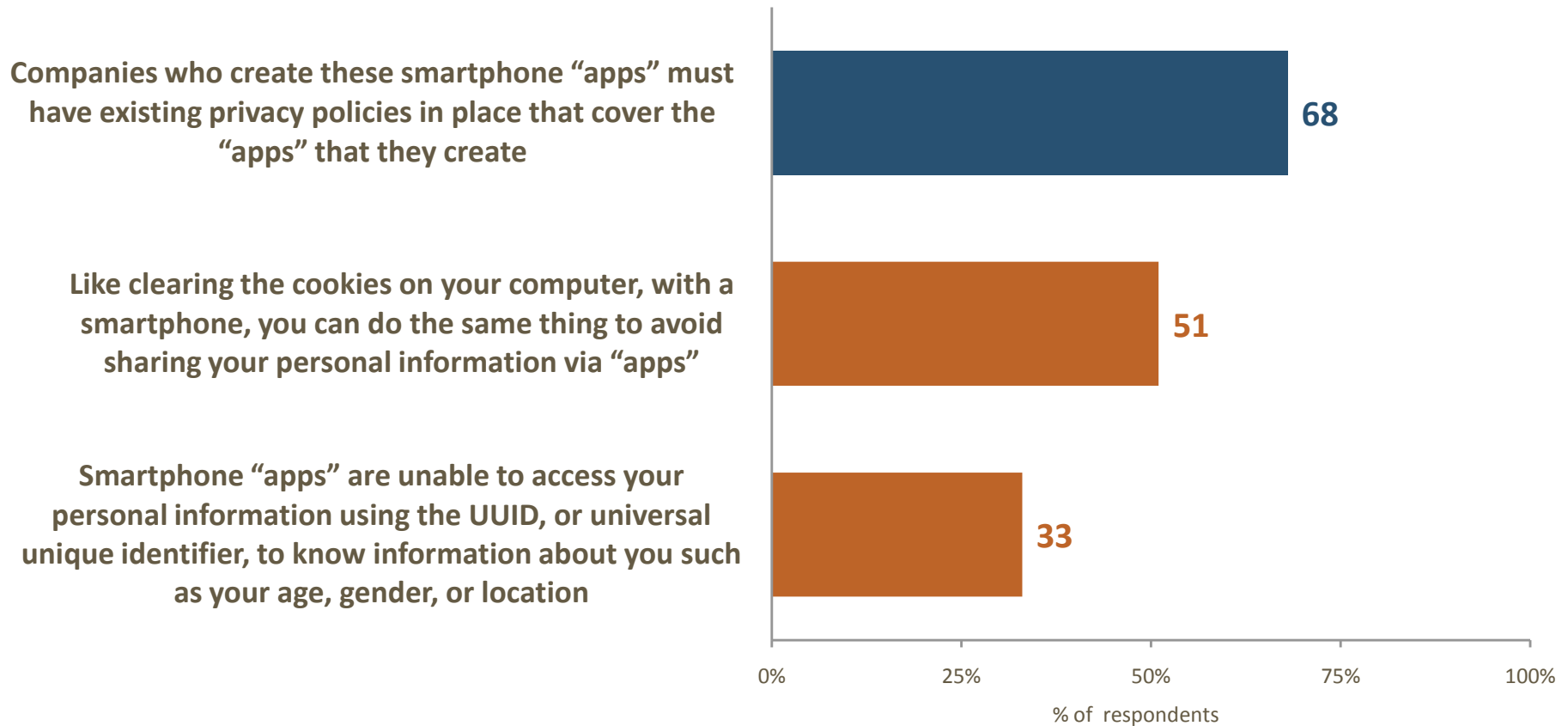


Base: Smartphone users Q19: Please indicate which of the following statements is true or false about personal privacy and smartphone "apps?"



Over two-thirds of consumers have a false sense of security when using apps on their smartphone

Percent incorrectly thinking these statements are true



“There is always a certain degree of concern about my privacy online. I'm not overly concerned when using my phone to shop because I haven't heard that many negative things about hackers retrieving my personal information from smartphones as I have with PCs.” - Female, age 30-34



Security of smartphones

“There is always a chance that my ID could be stolen, etc, but I don't feel it's any more likely with my iPhone than my personal computer.”
- Male, age 35-39

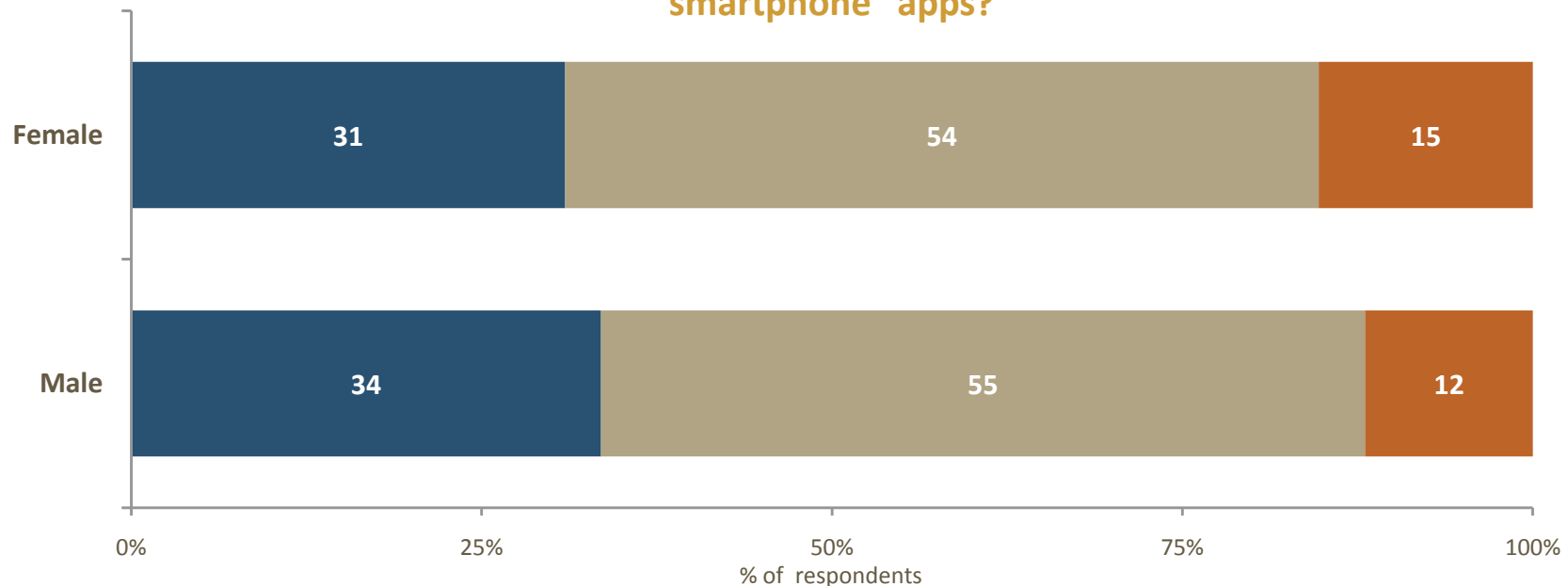


“I feel that smartphone applications are very secure. I am not worried about my information being shared in a way that would hurt me.”
- Male, age 30-34



Men and women have comparable level of concern about privacy associated with smartphone apps

Compared to other online activities you might do on your personal computer...
How concerned are you with personal privacy when using these
smartphone “apps?”

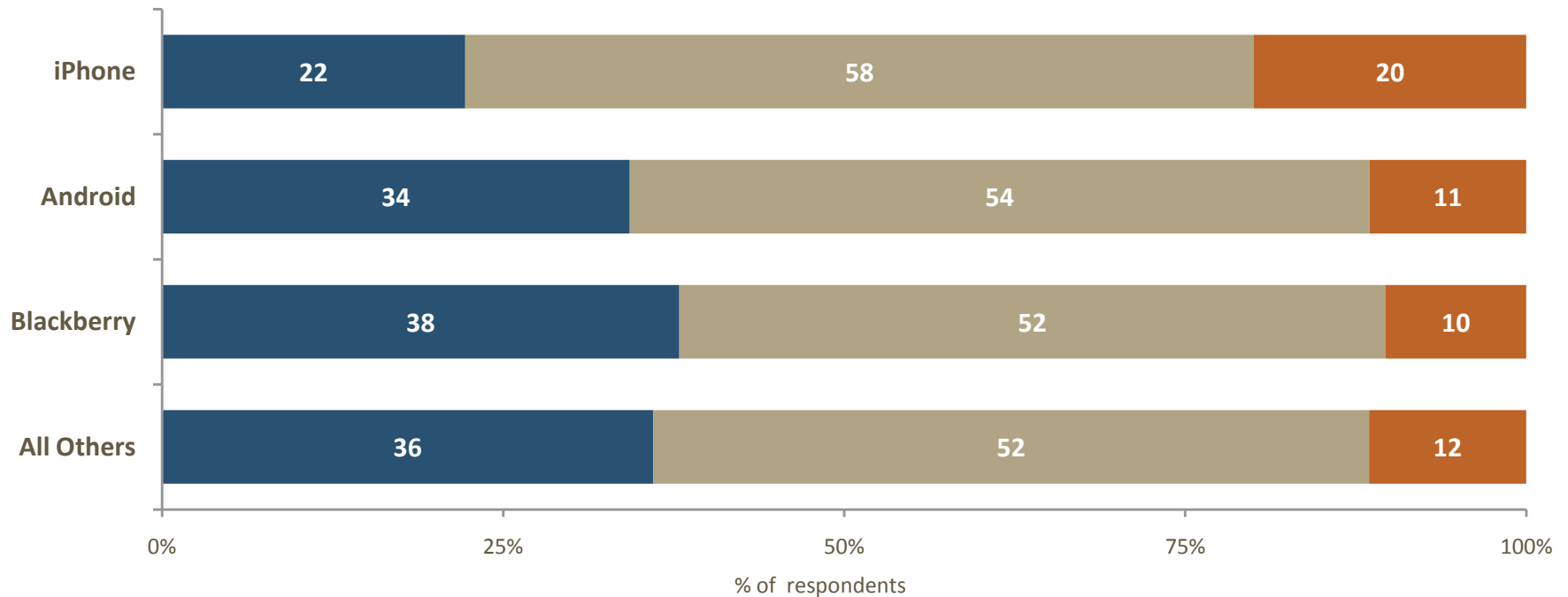


- I am more concerned with my personal privacy when using smartphone “apps”
- I am not more or less concerned with my personal privacy when using smartphone “apps”
- I am less concerned with my personal privacy when using smartphone “apps”

Base: Smartphone users Q18. In comparison to other online activities you might do on your personal computer, are you more or less concerned with your personal privacy when using these smartphone “apps?”

iPhone owners express the least concern about application privacy

Compared to other online activities you might do on your personal computer... How concerned are you with personal privacy when using these smartphone “apps?”



- I am more concerned with my personal privacy when using smartphone “apps”
- I am not more or less concerned with my personal privacy when using smartphone “apps”
- I am less concerned with my personal privacy when using smartphone “apps”

Base: Smartphone users Q18. In comparison to other online activities you might do on your personal computer, are you more or less concerned with your personal privacy when using these smartphone “apps?”

The impact: Marketers have tough decisions ahead

- Marketers, retailers and manufacturers need to stay ahead of the curve and proactively prepare and implement a mobile shopping plan
- We have just scratched the surface, but we foresee retailers and manufacturers taking a couple strategic approaches:

1. Make it harder (fight it)....

Prevent the ability to comparison shop: Offer retailer-specific products that make comparison shopping more difficult.



- Store-branded products are an easy method to achieve this
- Another method is through custom or bundle-packaging of branded products
- Let customers customize and build their own making it hard to truly compare

The impact: Marketers have tough decisions ahead

- The other approach

2. Make it easier (embrace it)...

Use mobile applications to improve the retail experience: Retailers and manufacturers create mobile shopping applications to enhance the in-store experience and inform shoppers of pricing specials and key product benefits

- Integrated shopping lists and wish lists
- Integration with shopping rewards programs that give retailers the ability to link in-store offers with individual shopping history
- Broader and deeper product information

In all cases, retailers and manufacturers must prepare in-store associates to recognize the “mobile shopper” and empower them to address the inevitable questions about price, features and availability



About this study

Sample and Methodology

- 1,491 consumers, age 18+ in the United States through panel company, Research Now
- Data was collected through a 15 minute online questionnaire from January 20th through January 31st 2011
- As part of this research, iModerate Research Technologies conducted twenty one-on-one discussions to more fully contextualize their mobile shopping behaviors

Questions?



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