Agenda

1 Research Objectives and Methodology

2 Understanding Consumer Smartphone Usage

3 Understanding Advertisers’ Mobile Marketing Strategies & Activities

4 Key Findings and Implications
Research Objectives

How are **smartphones** shaping consumer behavior?

Where is consumer **smartphone usage** headed?

How are **advertisers** integrating mobile into their **marketing strategy**?

What **ROI** are advertisers achieving on their investments in mobile marketing?
Research Methodology

Smartphone User Study

- Online interviews with smartphone users (ages 18+) in 30 countries.
- This presentation will focus on the following markets:
  - United States (n=6,000)
  - United Kingdom (n= 2,000)
  - France (n= 2,000)
  - Germany (n= 2,000)
  - Japan (n= 1,000)
- Interviews were conducted in Q1–Q2 2011
- Data for other countries released over next few months

Marketing Decision Maker Study

- Telephone interviews with advertisers who sell products and services online.
  - Must have involvement in marketing or advertising activities on the client side
- 200 interviews in each of 5 countries: US, UK, France, Germany and Japan
- Data directional in nature
- Interviews were conducted in Q1–Q2 2011

Note: B2C Study commissioned through Ipsos; B2B Study commissioned through TNS.
1 Consumer Smartphone Usage
In Key Markets Smartphone Ownership Is Significant

Smartphone Penetration by Market

Source: Smartphone Enumeration Study (CATi)
Base: Total Respondents (Qualified & Non-Qualified Respondents)
Q: Which, if any, of the following devices do you use?
Note: Smartphone classification was determined by self-reported manufacturer/brand of mobile phone owned.
Users are Accessing The Web Through Desktop, and Now Mobile

Used Device To Go Online Everyday in Past 7 Days

Q. Thinking about the last seven days on how many days were you online with ...?
Both Mobile & PC Are Accessed Frequently

Used Device Multiple Times Yesterday to Access Internet

<table>
<thead>
<tr>
<th>Country</th>
<th>Smartphone</th>
<th>PC</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>53%</td>
<td>67%</td>
</tr>
<tr>
<td>UK</td>
<td>49%</td>
<td>58%</td>
</tr>
<tr>
<td>FR</td>
<td>47%</td>
<td>68%</td>
</tr>
<tr>
<td>DE</td>
<td>62%</td>
<td>42%</td>
</tr>
<tr>
<td>JP</td>
<td>68%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Q. Now, thinking about yesterday, how often were you online with your [smartphone or computer]?
Nearly All Users Plan to Maintain or Increase Online Usage of Their Digital Devices

Expected Smartphone & Computer Internet Usage in Next 12 Months

<table>
<thead>
<tr>
<th>Country</th>
<th>Smartphone</th>
<th>PC</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>91%</td>
<td>92%</td>
</tr>
<tr>
<td>UK</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>FR</td>
<td>86%</td>
<td>93%</td>
</tr>
<tr>
<td>DE</td>
<td>85%</td>
<td>92%</td>
</tr>
<tr>
<td>JP</td>
<td>94%</td>
<td>88%</td>
</tr>
</tbody>
</table>

Q. Thinking about the next 12 months, how will you be using the Internet with your... *Note: “Don’t know/No Answer” excluded.
## Search Engines Are a Daily Touchpoint

<table>
<thead>
<tr>
<th>Country</th>
<th>Multiple times a day</th>
<th>Once a day</th>
<th>At least once a day</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>95%</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>UK</td>
<td>94%</td>
<td>34%</td>
<td>49%</td>
</tr>
<tr>
<td>FR</td>
<td>95%</td>
<td>34%</td>
<td>48%</td>
</tr>
<tr>
<td>DE</td>
<td>90%</td>
<td>24%</td>
<td>39%</td>
</tr>
<tr>
<td>JP</td>
<td>98%</td>
<td>52%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Q. Which of the following search engines do you use to search for information on your ... ?

Q. How often do you do searches (via Google Yahoo! Bing etc.) on your ... ?
## App Usage Is Prevalent

<table>
<thead>
<tr>
<th></th>
<th>Average Number of Apps Installed</th>
<th>Average Paid Apps</th>
<th>Average Apps Used in Past 30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>23</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>23</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>France</td>
<td>27</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Germany</td>
<td>21</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Japan</td>
<td>45</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>


Q. How many apps do you currently have on your smartphone?
Q. And of the apps you currently have installed on your smartphone how many have you purchased for a certain amount in an app store?
Q. And of the apps you currently have installed on your smartphone, how many have you used actively in the last 30 days?
Smartphone Users Are Avid Video Watchers

Online Video Consumption

<table>
<thead>
<tr>
<th></th>
<th>Smartphone</th>
<th>PC</th>
<th>At least once a day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>73%</td>
<td>34%</td>
<td>20%</td>
</tr>
<tr>
<td>PC</td>
<td>64%</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>At least once a day</td>
<td>92%</td>
<td>23%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Q. How often do you watch videos via websites or apps (e.g., short video clips, videos of TV shows, TV movies online, etc. on your [device])...?
Smartphone Users Are Frequent Social Networkers

Social Media Usage

<table>
<thead>
<tr>
<th>Country</th>
<th>Smartphone</th>
<th>PC</th>
<th>At least once a day</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>78%</td>
<td>49%</td>
<td>35%</td>
</tr>
<tr>
<td>UK</td>
<td>87%</td>
<td>58%</td>
<td>46%</td>
</tr>
<tr>
<td>FR</td>
<td>85%</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>DE</td>
<td>76%</td>
<td>41%</td>
<td>56%</td>
</tr>
<tr>
<td>JP</td>
<td>72%</td>
<td>29%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>83%</td>
<td>66%</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>82%</td>
<td>57%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Q. How often do you visit a social network (via websites or apps) on your…?
Smartphone Users Are Local Information Seekers

81% 85% 90%


Q. How often do you look for information about local businesses or services on your smartphone? Think about any information you may access in your immediate location, in your home area, while traveling, etc.
...And, These Local Information Seekers Take Action

Have Taken Action After Looking Up Local Content

- 87% US
- 80% UK
- 83% FR
- 79% DE
- 80% JP

Q. Which of the following actions have you taken after having looked up this type of information?
Actions Triggered by Local Search Are Wide Ranging

Top Actions Taken After Looking up Local Information

- Visited a business
- Called a business or service
- Visited the website of a business or service
- Looked up business or service on a map or got directions
- Made a purchase


Q. Which of the following actions have you taken after having looked up this type of information?
The Smartphone Is a Consumer’s Always-on Companion…Especially While Shopping

Use Smartphone in a Store

- **82%**
- **68%**
- **82%**
- **75%**

Q. Where do you use your smartphone?
Mobile is an Emerging Point of Purchase

Have Purchased on Smartphone

- 45%
- 29%
- 28%
- 28%
- 17%


Q. Have you ever purchased a product or service over the Internet on your smartphone?
### Preference For Computer and Concerns of Security Are Main Barriers to Mobile Purchasing

#### Reasons for Not Purchasing on Smartphone

<table>
<thead>
<tr>
<th>Reason</th>
<th>US</th>
<th>UK</th>
<th>FR</th>
<th>DE</th>
<th>JP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefer to use a PC/laptop</td>
<td>71%</td>
<td>65%</td>
<td>37%</td>
<td>12%</td>
<td>71%</td>
</tr>
<tr>
<td>Doesn’t feel secure</td>
<td>69%</td>
<td>34%</td>
<td>26%</td>
<td>9%</td>
<td>74%</td>
</tr>
<tr>
<td>Too complicated</td>
<td>34%</td>
<td>9%</td>
<td>10%</td>
<td>12%</td>
<td>21%</td>
</tr>
</tbody>
</table>


**Base:** Smartphone Users Who Have Not Made a Purchase on Device (US: 4444; UK: 1653; FR: 1559; DE: 1442; JP: 554).

**Q.** Why have you not made a purchase using your smartphone?
2 Advertisers’ Mobile Strategies & Activities
Mobile Site Optimization Varies Widely Throughout the Globe

- 33% Get new customers
- 17% Increase branding presence to all touchpoints
- 12% Increase traffic on mobile website
- 37% Stimulate users during the pre-purchase and research phase
- 43% Increase traffic on stationary website

Q. Does your company have a mobile optimized website? Mobile optimized means a website that is formatted or developed specifically to be used on a mobile device.
Q. What is your primary goal your company seeks to achieve with its mobile optimized website?
Note: In Japan, 80%+ also reported “Increase purchase online” and “Have a better presence after a sale” as goals.
Fewer Than 1 in 3 Advertisers Have an App

Respondents’ Reasons for Having an App

- Communicate with clients
- Generate leads
- New business model

Q. Does your company have an app that B2C or B2B clients can download?
Q. What is your intention behind having an app?
Reasons For and Against Investing in Mobile

Respondents’ Reasons for *Not* Investing in Mobile

- Limited advertising budget (55%)
- No mobile optimized website (48%)
- Unsure of how mobile advertising can work for my business (46%)
- Not sure about ROI (41%)

Respondents’ Reasons for *For* Investing in Mobile

- More consumers have access to smartphones (78%)
- Ability to target certain demographics based on devices (61%)
- Attractive ad formats (42%)

Base: Advertisers Who Are Familiar with Company’s Mobile Initiatives (664).
Q. What are your drivers to investing in mobile advertising
Base: Advertisers Who Do not Invest in Mobile Advertising (191).
Q. Why have you never tried mobile advertising?
Alignment With Other Marketing Activities

Q. Now I would like you to think about mobile in the context of your total marketing strategy. How is the mobile strategy aligned with the other marketing activities?


Closely Aligned | Slightly Aligned
---|---
US: 200 | 57% 28%
UK: 200 | 55% 35%
FR: 200 | 55% 25%
DE: 200 | 62% 27%
JP: 200 | 59% 21%
Mobile Commerce Strategy Primarily Targets Upper Funnel Activities

Mobile Advertisers focus is to target consumers in the...

- **65%** Research phase, right at the very beginning of the shopping process
- **48%** Comparison phase, in the middle of the shopping process
- **45%** Purchase phase, at the very end of the shopping process
- **38%** Post-purchase phase

**Base:** Total Advertisers Who Do Mobile Advertising Currently (325).

**Q.** What is the main focus of your mobile commerce strategy?

**Q.** Is there any other focus of your mobile commerce strategy?
Few Marketers Quantify the Impact of Mobile Marketing on In-Store Sales

Q. Have you quantified the impact of mobile advertising on in-store sales?
Key Findings and Implications

• While mobile use is prevalent and on an upward trajectory, its growth is not at the expense of computer Internet use.

• Smartphone users have a high incidence of search, video viewing, and local information seeking.

• Japanese smartphone users are unique. They are active smartphone users and may represent a window into the future of smartphone use in other countries.

• Businesses seem to be lagging behind the consumer in terms of use/support of mobile. This represents a significant opportunity.

• Barriers to further growth in mobile marketing seem to be easily addressed.

• While the mobile revolution is moving at different speeds across the globe, it is evident everywhere.
Thank you

For more information, contact the Google mobile team or your MMA representative