The Impact of Digital on Path to Purchase

Presented at the MMP2P Conference 2012

Josh Chasin; Chief Research Officer
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Agenda

- eCommerce and the General Digital Landscape
- The Game Changer: Mobile Digital Access
- The ‘Showrooming’ Phenomenon
- Social Commerce Trends
comScore’s Global 2 Million Person Panel Powers a Plethora of Digital Insights

The Only Global Measurement of Audience and e-Commerce

41 Media Metrix Reported Countries
170+ Countries with Sample Presence

360° View of Consumer Behavior

- Web Visiting and Viewing
- Online / Offline Transactions
- Mobile Usage
- Search Behavior
- Advertising Exposure
- Streaming Video
- Demographics Life Stages
The Purchase Funnel
McLuhan: The content of any new medium is the previous medium
eCommerce and the General Digital Landscape
As consumers continue to shift their spending to the Internet, the overall e-Commerce share of spending approaches 10%.

**e-Commerce Share of Corresponding Consumer Spending**
Source: comScore for e-Commerce & U.S. Department of Commerce (DOC) for Retail

*Note: e-Commerce share is shown as a percent of DOC’s Total Retail Sales excluding Food Service & Drinking, Food & Bev. Stores, Motor Vehicles & Parts, Gasoline Stations and Health & Personal Care Stores.
E-commerce now accounts for a substantial share of consumer buying, especially in tech categories

<table>
<thead>
<tr>
<th>Product Category</th>
<th>E-Commerce as % of All Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers*</td>
<td>37%</td>
</tr>
<tr>
<td>Printers*</td>
<td>28%</td>
</tr>
<tr>
<td>Navigation*</td>
<td>28%</td>
</tr>
<tr>
<td>Still Digital Cameras*</td>
<td>25%</td>
</tr>
<tr>
<td>Portable Digital Players*</td>
<td>23%</td>
</tr>
<tr>
<td>Accessories*</td>
<td>14%</td>
</tr>
<tr>
<td>Footwear*</td>
<td>13%</td>
</tr>
<tr>
<td>TVs*</td>
<td>12%</td>
</tr>
<tr>
<td>Toys*</td>
<td>9%</td>
</tr>
<tr>
<td>Apparel*</td>
<td>9%</td>
</tr>
<tr>
<td>Consumer Packaged Goods**</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: *The NPD Group, Inc. and **comScore, Inc.
Digital Media Fundamentally Shift Power to Consumers by Facilitating Availability of Improved Price Data

online retailer sites
187 million monthly visitors

comparison shopping sites
85 million monthly visitors

coupon sites
45 million monthly visitors

224 million monthly searchers
Search-Plus-Display advertising generates greater lift than either alone...

Incremental Lift in Retailers’ Offline Sales per (000) Exposed

Source: comScore Ad Effectiveness Solutions
...but the reach of a display campaign will far-exceed the reach of a search campaign.

- Because, a priori, persons exposed to a search campaign are further along in the funnel (thus filtered/qualified)
- As a result, even though the sales lift among those exposed to a search ad is higher, the total dollar sales gained from display ads is often larger than search due to the smaller lift acting on a larger base.

Note: 0 equals par in above chart.
Display ads can lift retailer sales—both on- and offline

### Dollar Sales Lift Among Households Exposed to Online Advertising

- **% Lift: 17%**
  - Exposed: $11,550
  - Unexposed: $9,905

- **% Lift: 27%**
  - Exposed: $1,263
  - Unexposed: $994

### Conclusions

- Exposure to display ads doesn’t just impact online sales—it lifts in-store sales as well.

- The absolute dollar lift in offline sales is 5x higher than the lift in e-commerce sales.

Source: “Whither the Click?” 139 comScore studies in the June 2009 Journal of Advertising Research
The Game Changer: Mobile Digital Access
Over 12% of Digital Volume Now Comes From Non-Computer Platforms

…and it’s doubled in a year.

Source: comScore Device Essentials
More than 4 million new smartphone subscribers activated in Q2, taking the audience over the 110 million mark

Acquisition Trend for Smartphone Subscriber Base and Total Smartphone Subscriber Base

New Smartphone Acquisitions (In Millions)
Total Smartphone Subscriber Base (In Thousands)
E-commerce and Related Services Accessed by % of Smartphone Users

Source: comScore MobiLens, US, 3 mon. avg. ending Dec 2011

- Deal-a-Day: 17%
- Shopping Guides: 17%
- Electronic Payments: 19%
- Credit Cards: 20%
- Online Retail: 25%
- Bank Accounts: 35%
Social Networking is the Most Popular Online Activity Worldwide

Source: comScore MobiLens, 3 mon. avg. ending Apr-2012, U.S.

Smartphone Shoppers: 19 Million Buy On Device

Top 5 Smartphone Purchase Categories

1 in 5 Made Purchase on Smartphone in April

- Clothing or accessories: 32.4%
- Tickets: 23.5%
- Consumer electronics/household appliances: 22.3%
- Meals for delivery/pickup: 21.2%
- Books (not eBooks): 21.0%

Source: comScore MobiLens, 3 mon. avg. ending Apr-2012, U.S.
...and Smartphones are changing the in-store experience

% Smartphone Owners Performing Task in Physical Retail Store

- Took picture of a product: 20.7%
- Texted or called friends/family: 17.9%
- Scanned a product barcode: 17.0%
- Sent picture of product to…: 16.5%
- Compared product prices: 10.4%
- Found store location: 10.0%
- Found coupons or deals: 8.7%
- Researched product features: 7.6%
- Checked product availability: 4.6%

Source: comScore MobiLens, US, 3mo Avg ending June, 2012
Americans’ New Shopping Companion:

More than Half of Smartphone Owners Use Phone While in a Brick-and-Mortar Store to Shop

58% of Smartphone Owners Used Phone to Shop While in a Retail Store

1 in 5 Scanned Barcodes

Source: comScore MobiLens, 3 mon. avg. ending Dec-2011, U.S.
Nearly 1 in 10 e-Commerce dollars are spent via mobile device

Percentage of Total e-Commerce Dollars Spent via Mobile or Tablet Device

Source: comScore Mobile Measurements

Spike in percentage of e-commerce sales via mobile coincides with surge in tablet ownership
Mobile App access dominates Mobile Web access for most leading pure play online retailers

Selected Leading Retailer Mobile Web Properties
Unique Visitors (000): Mobile Web + App Combined
Source: comScore Mobile Metrix, U.S., March 2012

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Mobile Web Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>41,215</td>
</tr>
<tr>
<td>eBay</td>
<td>27,190</td>
</tr>
<tr>
<td>Netflix</td>
<td>13,351</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>12,673</td>
</tr>
<tr>
<td>Target</td>
<td>6,927</td>
</tr>
<tr>
<td>Best Buy</td>
<td>5,471</td>
</tr>
<tr>
<td>Redbox</td>
<td>4,319</td>
</tr>
<tr>
<td>Barnes &amp; Noble</td>
<td>3,508</td>
</tr>
<tr>
<td>Etsy</td>
<td>2,423</td>
</tr>
</tbody>
</table>

Share of Mobile Time Spent by Retailer App vs. Mobile Web
Source: comScore Mobile Metrix, U.S., March 2012

<table>
<thead>
<tr>
<th>Retailer</th>
<th>App</th>
<th>Mobile Web</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>eBay</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Netflix</td>
<td>99%</td>
<td>1%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>18%</td>
<td>82%</td>
</tr>
<tr>
<td>Target</td>
<td>16%</td>
<td>84%</td>
</tr>
<tr>
<td>Best Buy</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>Redbox</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Barnes &amp; Noble</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>Etsy</td>
<td>27%</td>
<td>73%</td>
</tr>
</tbody>
</table>
Nearly 2 in 5 tablet owners have purchased something online via their device in the past month, more than double smartphone owners.

Tablet owners are generally more engaged overall – in addition to the above ‘purchased’ metric, 43% have researched items and 42% have compared product prices in the past month (compared to 21% and 22% for smartphones, respectively).
Compared to smartphones, tablet ownership is ramping up much faster.

40 Million Consumer Tablet Owners in less than 2 years

Device Ownership – Smartphones vs. Tablets
Sources: comScore MobiLens + comScore TabLens U.S., 3 Mo. Avg.
Tablet owners tend to skew to higher incomes: 6 in 10 make $75k+

U.S. Tablet Owners by Household Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Share of Tablet Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25k</td>
<td>7%</td>
</tr>
<tr>
<td>$25k to &lt;$50k</td>
<td>17%</td>
</tr>
<tr>
<td>$50k to &lt;$75k</td>
<td>17%</td>
</tr>
<tr>
<td>$75k to &lt;$100k</td>
<td>19%</td>
</tr>
<tr>
<td>$100k+</td>
<td>38%</td>
</tr>
</tbody>
</table>
Tablet users are more engaged than smartphone users, and more likely to shop (and pre-shop) on-device.

**Shopping Activity on Tablet vs. Smartphone**


- **Found Store Location**: 34% Smartphone Owners, 42% Tablet Owners
- **Compared Product Prices**: 22% Smartphone Owners, 41% Tablet Owners
- **Researched Product Features**: 20% Smartphone Owners, 41% Tablet Owners
- **Found Coupons or Deal**: 20% Smartphone Owners, 35% Tablet Owners
- **Checked Product Availability**: 18% Smartphone Owners, 31% Tablet Owners
- **Made Shopping List**: 20% Smartphone Owners, 24% Tablet Owners
The ‘Showrooming’ Phenomenon
What is “showrooming?”

“Showrooming” – verb. Visiting a brick-and-mortar store to see a product but instead purchasing the product online. Shoppers may intend from the start to purchase the product online, or may decide to purchase online, rather than in-person, after viewing the item at the store.

% who have heard of 'showrooming'

- All respondents: 16%
- Men: 12%
- Women: 8%

Can Retailers Halt 'Showrooming'?

Stores Test New Services, Selection; It's About Price

By ANN ZIMMERMAN

Shoppers who scope out merchandise in stores but buy on rivals' websites, usually at a lower price, have become the bête noire of many big-box retailers.

The trend, known as “showrooming,” hurts the bottom lines of traditional stores while benefiting online-only retailers such as Amazon.com Inc., which have the advantage of lower overhead costs and mostly can skirt the collection of sales tax.

To thwart showrooming, Target Corp. earlier this year pushed its suppliers to offer it exclusive products that can't be found elsewhere. It also has quadrupled the number of items available online and is sending special coupons directly to customers' mobile phones. Wal-Mart Stores Inc., meanwhile, is emphasizing in-store pickups for online orders—many available the same day they are purchased—allowing customers to avoid shipping fees.

The real hurdle, though, is pricing. Lower prices are one of the main reasons people pick Amazon and other Internet-only emporiums over traditional retailers. If brick-and-mortar stores can't compete on price, it is unclear how successful they can be with tweaks to merchandising and customer service.
35% of respondents have engaged in ‘showrooming’. Most intended to buy at brick-and-mortar but changed their mind at the store.

**Consumer Usage of Showrooming**

Q. Based on this definition, have you ever done this activity? (showrooming)

Source: comScore Survey – April 2012

**Who’s engaging in showrooming?**

- 35% of all respondents
- 50% of respondents ages 25-34, the highest of any age group
- 48% of tablet owners and 43% of smartphone owners
- 43% of Millennials*

**…and did they plan it?**

- 6 in 10 ‘showroomers’ say they originally planned to purchase at the store, but changed their mind while there & instead bought online
- 32% said they went to the store always intending to buy online

* - defined as ages 18-29
Price was the biggest driver of ‘showrooming,’ while some wanted to see item in person before deciding to purchase.

**Why Consumers Are Engaging in ‘Showrooming’**

Q. Which of the following describe why you utilized showrooming? *(Please select all that apply)*

Source: comScore Survey – April 2012

- Price was better online: 72%
- Planned to buy online but wanted to see item(s) in person before ordering: 45%
- Item was out of stock at store: 24%
- Would rather have item(s) shipped to home than take home with me: 18%
- Was not convenient to buy in-person at the time: 17%
- Other: 5%

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**Location, Location, Location**

Respondents living in urban areas were nearly twice as likely (26%) to choose this option than those living in suburban or rural areas (15% for both).
Consumer Electronics and Apparel were the most popular categories among consumers who bought via showrooming.

Product Categories Most Likely to be Purchased via Showrooming

Q. Which of the following types of item have you bought online after using ‘showrooming’?
(Please select all that apply)
Source: comScore Survey – April 2012

- Consumer electronics: 63%
- Apparel, clothing & accessories: 43%
- Books: 29%
- Appliances: 22%
- Toys: 22%
- Jewelry / watches: 16%
- Other: 10%

% among those who engaged in ‘showrooming’
Social Commerce Trends
Brands control the three basic levers that will determine social media marketing success

Many brands don’t consider these intermediary steps

Get Fans → Brand Messages Reach Fans in News Feed → Fans “Talk About” News Feed Content → News Feed Content Spreads to Friends → Goal: Max Reach, ROI

1. Fan Reach
2. Engagement
3. Amplification
Quantifying Amplification: Top Facebook Brands tend to reach 0.5-2.0 Friends for every Fan reached w/ earned media.

Fans & Friends of Fans' Earned Impressions and Amplification Ratios for Selected Leading Facebook Brands
Source: comScore Social Essentials, U.S., March 2012
Pinterest & Instagram among the two hottest growth sites over past year

Pinterest & Instagram: U.S. Unique Visitor (000) Trend

- Pinterest.com
- Instagram.com

+22x Y/Y
+5x Y/Y
Social networkers tend to be heavier online buyers, but Pinterest has significantly higher propensity than average.

**Buying Power Index (BPI)** for Selected Leading Social Networking Sites

Source: comScore Media Metrix, U.S., June 2012

*B Buying Power Index = Average Spending per Buyer for Site / Average Spending per Buyer for Total Internet x 100; Index of 100 represents average spending behavior*
Pinterest users love, love, love shopping, making it a gold mine for marketers wanting to reach buyers

**Top 20 Site Categories with Highest Concentration (%) of Pinterest Visitors**

<table>
<thead>
<tr>
<th>Category</th>
<th>Concentration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail - Jewelry/Luxury Goods/Accessories</td>
<td>22.8%</td>
</tr>
<tr>
<td>Retail - Flowers/Gifts/Greetings</td>
<td>21.2%</td>
</tr>
<tr>
<td>Retail - Fragrances/Cosmetics</td>
<td>20.1%</td>
</tr>
<tr>
<td>Retail - Food</td>
<td>19.7%</td>
</tr>
<tr>
<td>e-cards</td>
<td>19.0%</td>
</tr>
<tr>
<td>Gay/Lesbian</td>
<td>18.8%</td>
</tr>
<tr>
<td>Retail - Books</td>
<td>18.7%</td>
</tr>
<tr>
<td>Travel - Transactions</td>
<td>18.6%</td>
</tr>
<tr>
<td>Lifestyles - Green</td>
<td>18.3%</td>
</tr>
<tr>
<td>Retail - Coupons</td>
<td>18.0%</td>
</tr>
<tr>
<td>Retail - Apparel</td>
<td>17.8%</td>
</tr>
<tr>
<td>Retail - Consumer Goods</td>
<td>17.8%</td>
</tr>
<tr>
<td>Retail - Health Care</td>
<td>17.7%</td>
</tr>
<tr>
<td>Retail - Home Furnishings</td>
<td>17.4%</td>
</tr>
<tr>
<td>Retail - Toys</td>
<td>17.2%</td>
</tr>
<tr>
<td>Incentives</td>
<td>17.2%</td>
</tr>
<tr>
<td>Retail - Mall</td>
<td>16.8%</td>
</tr>
<tr>
<td>Religion/Spirituality</td>
<td>16.7%</td>
</tr>
<tr>
<td>Travel - Hotels/Resorts</td>
<td>16.6%</td>
</tr>
<tr>
<td>Shipping</td>
<td>16.6%</td>
</tr>
</tbody>
</table>

*Source: comScore Media Metrix, U.S., June 2012*

Overall Pinterest Internet penetration: 10%

16 of top 20 Pinterest users’ highest affinity categories are Retail-related
Persons who **shop online but buy offline** are likely to be early adopters…

**Index: “First among friends to own / buy / use the latest on:”**

<table>
<thead>
<tr>
<th>Category</th>
<th>Shopped online but made purchase offline (48 MM)</th>
<th>Bought Anything Online, Past 6 months (150 MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty / Cosmetics</td>
<td>162</td>
<td>205</td>
</tr>
<tr>
<td>Books</td>
<td>160</td>
<td>201</td>
</tr>
<tr>
<td>Clothes / Fashion</td>
<td>154</td>
<td>203</td>
</tr>
<tr>
<td>Computer Hardware/Software</td>
<td>178</td>
<td></td>
</tr>
<tr>
<td>Electronics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health / Dieting / Exercising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Decorating / Interior Design</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Improvement / Repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household Products - Non-food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household Products - food &amp; beverage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movies</td>
<td>144</td>
<td>171</td>
</tr>
<tr>
<td>Music</td>
<td>148</td>
<td></td>
</tr>
<tr>
<td>Online Shopping / E-Commerce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parenting / Family</td>
<td></td>
<td></td>
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<tr>
<td>Politics / Current Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationships / Dating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religion / Spirituality</td>
<td></td>
<td></td>
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<tr>
<td>Restaurants or Bars</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Television Programs</td>
<td></td>
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</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Video Games</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Websites / Internet Content &amp; Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
... and purchase influencers in their social circles across categories

Index: “Frequently advise others on:”

- Beauty / Cosmetics: 183
- Books: 192
- Clothes / Fashion: 167
- Computer Hardware/Software: 139
- Electronics: 144
- Financial Information: 177
- Health / Dieting / Exercising: 164
- Home Decorating / Interior Design: 183
- Home Improvement / Repair: 195
- Household Products - Non-food: 186
- Household Products - food & beverage: 186
- Movies: 186
- Music: 155
- Online Shopping / E-Commerce: 186
- Parenting / Family: 186
- Politics / Current Events: 160
- Relationships / Dating: 181
- Religion / Spirituality: 181
- Restaurants or Bars: 154
- Television Programs: 154
- Travel: 193
- Video Games: 193
- Websites / Internet Content & Services: 238

- Shopped online but made purchase offline (48 MM)
- Bought Anything Online, Past 6 months (150 MM)

Source: Plan Metrix; August 2012; Persons 18+
Thank You

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