The “Shopping“ Mindset of the Mobile Consumer

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Section I: Introduction

The e-tailing group has had the good fortune to participate in the growth of ecommerce over the last 16 years and today we are thrilled to witness the power of mobile devices and their growing importance for both consumers and retailers. The following facts justify that significance and merit merchants’ attention.

- By 2013 more mobile phones will be shipped globally than desktop and laptop computers combined (Mobile Internet Retailer Summit)
- Mobile and social made strong inroads on Black Friday 2010 when consumers using mobile devices accounted for 5.6% of visits to retail websites (Coremetrics)
- Mobile commerce sales in the United States are expected to hit $5.3 billion in 2011, up 83% from a year ago, according to Barclays Capital
- ABI Research projects that in 2015, shoppers around the world are expected to spend about $119 billion on goods and services purchased via mobile phones; representing about 8% of the total ecommerce market
- A majority of the respondents to a 2011 Adobe survey – 62% – said that they have bought physical goods from their smartphone in the last six months

Involved in this emerging market, Coffee Table, (having recently deployed an aggregated catalog app, (where consumers can preview and buy from an array of catalogs) commissioned the e-tailing group to explore consumer browsing and buying behavior relative to smartphones and tablets. By taking a thought leadership perspective, they believe that greater understanding of mobile consumer behavior will grow this market exponentially for all.

The 10th Annual e-tailing group Merchant Survey, completed by 200 merchants in 1Q 2011, reinforces the important role merchants expect mobile to play in their businesses and the lives of their customers. In fact, 77% responded that they will be investing in mobile in 2011. Half of those merchants plan to spend $50K or less and 15% will be spending over $100K with the remainder falling in the middle-ground. Traffic from mobile browsers and mobile applications is growing with single digit percentages reported while revenues follow suit, most often in the low single digits.

This white paper will compare contrasting consumer behavior between the smartphone and the tablet. In particular, we will explore interest in shopping via tablets and present a discussion of the aggregator opportunity that companies like Coffee Table and others provide.

Just as in the early days of ecommerce, there are a plethora of stats on mobile device ownership and marketing capabilities. However, there is only limited data on customer behavior and preferences regarding both smartphones and tablets from a browse and buy point-of-view.

It is important to remember that we are still in the early days of mobile with unprecedented adoption projected over time. Just as ecommerce has become ingrained into our culture, so too will mobile shopping transform consumer shopping behavior forever.
Section II: Survey Methodology

An online survey was fielded in February, 2011 targeting shoppers who spent $250 or more online annually; currently owning a smartphone and/or a tablet where ownership and activity were as follows:

Mobile Devices

As the charts below indicate, mobile users reflect device ownership with slightly older and higher income individuals who tend to be well educated. Retailers have not lost sight of these facts, looking at this audience as one likely to spend significantly in the coming years.

Demographics
Section III: Smartphone Findings

Topline

- Room for improvement in mobile shopping experiences exist as 68% reported less than a “very satisfied” experience citing usability, security, and connectivity challenges

- Shopping and aggregator app usage is relatively limited

- Mobile’s role in locating stores, products, and competitive prices prior to store visits and while in the store is significant and a “game changer” relative to shopping behavior

- 64% of smartphone users have made a purchase on their phone with commodity product categories (Books/Magazines, Music, Tickets) and Clothing/Accessories topping the list

- Despite today’s challenges consumers expect to purchase more in the near future

App Preference

Interestingly, shopping is not a featured category option on the iphone indicating consumer’s likely app interest is limited relative to other kinds of apps. Per our research 57% of consumers surveyed have downloaded individual retailer or aggregator services. Perhaps as more retail apps are introduced consumers will show greater interest but single store usage may prove to be significant mostly for top merchants such as Amazon and eBay.

![Shopping Apps Downloaded from a Smartphone in the Past Year](chart)
Section III: Smartphone Findings

Browse and Buy Behavior

Given the “anytime, anywhere” nature of mobile, we felt it was essential to understand how consumers are using their smartphones prior to making a purchase as well as activities they may engage in when visiting retail stores.

Just as with websites, the retail locator serves as an important destination in anticipation of store visits. Smartphone users have followed similar trends with frequent usage of store locators seen by 44% of respondents while one-in-three consumers take an aggressive stance when researching. This includes information gathering activities such as checking for sales and specials (40%) and looking for competitive pricing at Amazon (38%) or at other retailers (32%). Strong browsing of an online store for product of interest (37%), and seeking out the always popular product ratings and reviews (36%) play an important role in this early shopping stage.

Current Usage of a Smartphone Prior to Visiting a Store Over the Past 6 Months
Section III: Smartphone Findings

Not surprisingly utilization of smartphones within the retail store assumes an “early adopter” mode. All indications suggest that particularly for the younger customer such behavior will soon be commonplace and retailers who don’t adopt in-store mobile capabilities will be at a severe disadvantage.

Saving money sets the tone for commonplace behavior such as accessing promotional coupons (31%), looking for competitive pricing on Amazon (29%), and via other retailers (26%). With retailers limited by physical space constraints, in-stock product and broader online assortments, consumers are taking advantage of their phones to research options (27%). Product ratings and reviews that serve as confidence builders are seen as valuable to shoppers (26%) as well.

Current Usage of a Smartphone Prior to Visiting a Store Over the Past 6 Months

- Access promotional coupons for in-store redemption
- Look for competitive pricing beyond Amazon
- Check product ratings and reviews
- Look on website for product beyond what’s in-store
- Check competitive pricing at Amazon
- Scan bar codes and compare prices to other retailers
- Scan bar codes to learn more about a specific product
- Look for prices on comparison shopping engines
- Make a purchase at another retailer via phone
- Use ShopKick to receive reward points for store visits

![Bar Chart]

- Frequently /Often
- Sometimes
- Rarely /Never
Section III: Smartphone Findings

Browse and Buy Behavior

- Browsers are evenly divided between heavy (daily/weekly) at 22%, monthly (28%) and intermittent (25%) or no usage at all (25%)

- 400 (64%) of these consumers made purchases on their smartphones in the last six months; one-third did not make any purchases in this manner

- Books/Magazines (37%), Tickets (31%), Clothing/Accessories (26%), Music/DVD/Videos (26%) were purchased by one-in-four individuals in the past six months

- 84% will spend somewhat more to about the same as current levels via their smartphones this year

As a result of usability challenges and the early state of mobile shopping, it's interesting to see that only 32% are very satisfied with their mobile shopping experiences while 41% were somewhat satisfied.

Level of Satisfaction from Mobile Shopping

- Very satisfied
- Somewhat satisfied
- Satisfied
- Not satisfied
- Very unsatisfied
Section III: Smartphone Findings

Shoppers suggest that smartphone usability is still awkward (49%) while credit card security (36%) and connection speeds (31%) top the list of challenges for retailers to overcome.

It is important to remember many of the issues cited in the chart below to ensure that satisfaction scores ascend over the next year. Superior experiences and additional retailer participation will have the greatest influence on time spent shopping via one's mobile device.

![Reasons for not Shopping More on Smartphones](chart)

The Bottom Line: The smartphone is an important device for consumers in pre and post-shopping behavior that still faces challenges to be a desirable shopping tool for the masses.
Section IV: Tablet Findings

For the past year I have been interviewing retailers on a range of topics where mobile initiatives have been in the forefront. I was struck by how many times retailers have discussed their iPad traffic, high penetration of the Safari browser, and the purchasing patterns resulting from tablet usage. They speak to the importance of this well-heeled group of consumers as a customer base they covet.

Among the most interesting aspects of our research were the consumer’s perception, satisfaction, and usage of their tablets in contrast to smartphone behavior for shopping. A number of charts in this section offer a comparison of consumer sentiment across the topics of discussion. The tablet’s ability to better showcase product and conveniently deliver a more compelling experience suggests its continued ability to foster revenue generation for retailers.

Topline

- Tablets are perceived as ideal tools for researching products and browsing followed by purchasing
- Aggregator apps and single retail downloads see limited usage
- Browsing and buying patterns show higher concentration of buyers in the tablet segment as 68% of tablet owners vs. 48% of smartphone owners made a purchase confirming the tablet’s strong positioning as a shopping tool
- 78% of tablet browsers and buyers have purchased with favorite stores dominated by Amazon followed by Best Buy, eBay, and Target
- Shopping satisfaction is stronger on the tablets than smartphones
- Core capabilities of Coffee Table are seen as valuable by tablet owners; browsing favorite catalogs and receiving alerts top the list

App Preference

To date, aggregator services are the shopping apps most frequently downloaded to tablets yet despite this they still see limited usage.
Section IV: Tablet Findings

On Your Tablet, How Often Have You Downloaded the Following Apps?

- **Aggregator services (e.g. Netflix, iBooks)**
- **Standalone retail stores (e.g. Best Buy, Target)**
- **Group shopping (e.g. Groupon)**
- **Comparison shopping engines (e.g PriceGrabber, Shopping.com)**
- **Private sale (e.g. Rue La La, Gilt)**

Browse and Buy Behavior

The tablet’s portability and ease of use explains why consumers see them as ideal tools for researching products and browsing followed by purchasing. Browsers were receptive as 59% agreed that these devices would serve as an ideal tool to research products before making a final purchase. From there it was important to understand if shoppers would be comfortable utilizing catalogs in this environment. More than half (56%) believed the tablet to be an ideal tool for browsing their favorite catalogs and retailers while 49% thought the device would be ideal for purchasing. This is quite strong given the short time tablets have been on the market and an exciting opportunity for the retail community.
Digging deeper into a specific Coffee Table application where catalogs are aggregated under one umbrella, consumers expressed strong sentiments.

Browse my favorite catalog and receive alerts on private sales, promotions and products topped the list (67%) of how they might use their tablets. A free marketplace to discover new catalogs (64%) and receipt of new catalogs when available (64%) followed close behind. Single cart checkout was favored by 60% of respondents and representative of further desire for control while being able to manage individual catalog subscriptions received a 57% value-rating. All responses bode well for extending shopping interests via aggregated applications.
Section IV: Tablet Findings

Tablet users are active from a researching and buying perspective. They appear to use these devices to browse and buy online more frequently than smartphone owners thus we deduce its shopping potential can be exponentially greater. Daily to weekly usage at 29% tablet/22% smartphone and monthly or more (31% vs. 28%) indicate a proclivity for making shopping part and parcel of today’s tablet culture.

Frequency of Browsing or Buying Online?

How Valuable Would Each of the Following Functions Be?

- Receive alerts on promotions & products
- Browse my favorite catalogs
- Free app marketplace to browse and discover new catalogs
- Receive new catalogs automatically when available
- Purchase from multiple catalogs through a single checkout process (i.e. purchase from Pottery Barn and Victoria’s Secret)
- Manage subscriptions to individual catalogs
- Electronically share favorite catalogs or products socially

Tablet users are active from a researching and buying perspective. They appear to use these devices to browse and buy online more frequently than smartphone owners thus we deduce its shopping potential can be exponentially greater. Daily to weekly usage at 29% tablet/22% smartphone and monthly or more (31% vs. 28%) indicate a proclivity for making shopping part and parcel of today’s tablet culture.

Frequency of Browsing or Buying Online?

- Daily: Tablet 16%, Smartphone 19%
- Weekly: Tablet 10%, Smartphone 12%
- Several times per month: Tablet 11%, Smartphone 10%
- Once a month: Tablet 7%, Smartphone 9%
- 4 or more times per year: Tablet 9%, Smartphone 15%
- Less than 4 times per year: Tablet 17%, Smartphone 25%
- Never: Tablet 12%, Smartphone 24%
Section IV: Tablet Findings

Tablet owners use these devices to purchase online more frequently than smartphone owners, moving beyond browsing. One-in-four has made at least 6 purchases in the past six months versus 16% on their smartphones while 39% have made 2 to 5 purchases vs. 30% on smartphones. Time spent coupled with already strong purchase behavior elicits optimism among merchants.

Purchases Made in the Past 6 Months?

Favorite Retailers/Favorite Products

Over 100 different merchants were named as one of the last three stores where purchases were made via a tablet with Amazon, Best Buy, Target, eBay, iTunes, and Wal-Mart topping the list. Others favored included Apple, Barnes and Noble, and specialty retailers such as Staples, Lands’End and JCPenney.

Tablet owners primarily purchased Books/Magazines, Clothing/Accessories, Digital Books, Consumer Electronics, and Computer Hardware & Software. Given their greater propensity to shop, they simply purchased more across most categories. Categories favored for shoppers via their tablet included Books, Clothing/Accessories and Furniture while Tickets and Food skewed higher for smartphone users.
Section IV: Tablet Findings

Purchased Products or Services from the Following Categories

- Books/Magazines: 45%
- Clothing and accessories: 45%
- Digital books: 30%
- Consumer electronics: 28%
- Computer hardware and software: 27%
- Music/DVD/Videos: 26%
- Movies: 24%
- Gifts and collectibles/Flowers: 20%
- Gift Card/Certificates: 20%
- Tickets (movies, concerts, theatre): 23%
- Toys/Video games: 18%
- Furniture/Home and garden: 17%
- Crafts/Hobbies: 16%
- Food: 17%
- Pet supplies: 16%
- Sporting goods: 15%
- Health and beauty items: 15%
- Jewelry/Watches: 15%
- Luxury items: 15%
- Travel: 4%
- Don't know/unsure: 1%
- Other, please specify: 1%

- Smartphone
- Tablet
Section IV: Tablet Findings

Shopper Satisfaction

Shopping via a tablet delivered a more satisfactory experience than shopping via a smartphone. Charting satisfaction of tablet owners versus smartphone users, 88% of tablet owners reported that their most recent shopping experiences via these devices were very to somewhat satisfactory compared to 73% of smartphone users.

Satisfaction Level from Recent Shopping Experience

Further supporting such sentiments when asked to rate the experience against one another, 69% of tablet owners reported that their most recent shopping experiences via these devices were significantly (39%) to somewhat better (30%) than shopping with their smartphones.

Shopping Experience Rating of Tablet vs. Smartphone

Section V: The Coffee Table Story

We concluded our research by attempting to gauge consumer sentiment for Coffee Table’s new app and were thrilled to see that for more than one-half of tablet owners convenience would be core to the top-two reasons for becoming a “Coffee Table” user followed by time-savings via one-click (47%) and environmental consciousness (41%).

The convenience of downloading an app where one can view catalogs and checkout across multiple retailers is a promising model consumers will be sure to embrace.

Coffee Table is Exciting in the Following Ways

- The convenience of looking at all catalogs in one app: 56%
- My favorite brands are in on app vs. individual apps: 53%
- Single checkout for purchasing from multiple catalogs: 47%
- Reduce the printing of catalogs for the environment: 41%
- Receive sale notifications from my favorite merchants: 39%
- Receiving alerts when new catalogs are available: 30%
Section V: The Coffee Table Story

An Innovative Solution Exists That Extends Reach Through an iPad Catalog Marketplace

Coffee Table offers iPad users a virtual mall to browse and purchase from the catalogs of their favorite retailers. As an eCommerce enabled catalog aggregator, Coffee Table turns inspirational window-shopping into impulse purchasing by converting rich media catalog assets into real-time purchasing tools.

Through an intuitive two-touch process, consumers are able to purchase across multiple catalogs, which is almost frictionless compared to navigating multiple checkout systems that require a full keyboard in a traditional retail website.

Catalogs are automatically updated by pushing them out to shoppers’ mobile devices as new issues are released. Coffee Table represents an exciting “green” way for consumers to shop as tablets continue to proliferate. Coffee Table merchants extend both their brand reach and customer relationships by increasing sales with favorable ROI by participating in our marketplace.

To learn more about how to be fill contact us at contact@shopcoffeetable.com or visit our website at www.shopcoffeetable.com and our retail department will be in touch with you to setup a demo.
About the e-tailing group

The e-tailing group is a niche e-commerce consultancy that helps merchants deliver the right customer experience on their websites and across all of their channels while adeptly assisting technology companies to create and execute go-to-market strategies that simultaneously educate the retail community and deliver cost-effective thought leadership and lead generation. For more information on this research or the e-tailing group, visit their website www.e-tailing.com or contact Lauren Freedman at LF@e-tailing.com.

About Coffee Table

Coffee Table offers iPad users a virtual mall to browse and purchase from the catalogs of their favorite retailers. As an eCommerce enabled catalog aggregator, Coffee Table turns inspirational window shopping into impulse purchasing by converting rich media catalog assets into shopping tools, allowing users to purchase across multiple catalogs through an intuitive two-touch process. The customer experience is enhanced by having catalogs digitally pushed to shoppers’ mobile devices as new issues are released. Additionally, Coffee Table allows retailers to send catalog recipients time-based flash sale promotions through push notifications. Coffee Table represents an exciting “green” way for consumers to shop, much in the same way ecommerce revolutionized traditional mail order retail. Coffee Table merchants extend both their brand reach and customer relationships by increasing sales all at a predictable and favorable ROI.

To learn more about getting your catalog on Coffee Table, email sales@shopcoffeetable.com or visit www.shopcoffeetable.com for more information.