



# Nielsen Mobile Local Search Study, Part 1: The Searchers

How mobile consumers make purchase decisions and  
interact with advertising

*Overview of conclusions from the AT&T Interactive–sponsored Nielsen Mobile Local Search Study*



## Background

Mobile devices have changed the way consumers find what they need. They now have access to a wealth of information right at their fingertips. The ability to search for goods and services in the consumer's immediate surroundings with a mobile device, while on the go, introduced a convenience that consumers value. In turn, this connectedness creates new ways for advertisers to reach consumers.

To better understand this dynamic market, AT&T Interactive commissioned Nielsen to conduct a custom study.

In March 2011, Nielsen surveyed more than 1,500 smartphone, feature phone, and tablet owners who used a mobile device to search for a local business using the mobile web or an app (we call them Searchers in this report). The survey aimed to gain better insights into consumer mobile purchase decision-making and advertising consumption.

The survey investigated:

- **Mobile discovery and purchase behaviors:** How consumers research, compare and make purchase decisions
- **Use of location-based services:** How consumers use location-based services as they search
- **Mobile lifestyle/consumption behavior:** How consumers use mobile apps and the mobile web, how certain brands fare and which categories have significant presence

This report provides an overview of the survey's findings; subsequent reports in this series will look at the impact of these findings on advertisers and publishers.



## Key findings

- Compared with all smartphone users, Searchers are more likely to fall in the 25 to 34 age demographic. However, more than one in five are in the 55+ age group.
- For Searchers, using an app is like emailing or texting—they do it every day.
- Searchers most commonly look for restaurants, entertainment and retailers.
- The majority of searches happen at home or in the car.
- Searchers are more likely to allow an app to detect their location when searching dining, restaurants, health and beauty categories.
- Searchers who use YPmobile® apps and the YP.com<sup>SM</sup> site show a greater propensity to click on mobile advertising—then visit the business and make a purchase.
- After completing a search on a phone/mobile device, 43% of Searchers visited a local business and 22% made a purchase.



## Who Is a Local Mobile Searcher?

### They are tech savvy

Searchers are predictably a tech-savvy group. Ninety percent of male Searchers and 86% of female Searchers have smartphones. Ninety-four percent of male and female Searchers have a personal computer and many have an MP3 player (62% of men; 65% of women).

Searchers are on the go, with a mobile device always on and always with them. Smartphones are the devices Searchers most commonly use to conduct local mobile searches. But it appears the smartphone complements, rather than replaces, the Searcher's personal computer.

### They use mobile apps

Searchers use a wide variety of apps on their smartphones. In addition to search, in the three months leading up to the survey, 64% of Searchers used apps for maps and navigation, 63% for weather, 57% for social networking, 52% for games and 46% for reading news. For the Searcher, apps have become a core part of the smartphone experience, on par with other killer apps (i.e., those apps consumers think are indispensable) such as email and texting.

In fact, Searchers use apps, including those dedicated to search, on their smartphones every day, just like email and texting. The story of the rise of mobile apps doesn't end there. One startling fact came to light: For Searchers, apps have overtaken the mobile web as the most popular way for them to access information.

### They carry multiple devices

Searchers use all major mobile service providers and devices from all manufacturers. Not surprisingly, Apple's products make up the largest single share of mobile devices (29%) used by Searchers.

However, as a group, Android-compatible manufacturers count for a larger share—with Samsung, Motorola, LG and HTC totaling 43%. In the face of competition from Apple and Android, BlackBerry still retains a 20% share among Searchers surveyed.

At 36%, AT&T captures first place in provider share among Searchers, followed by Verizon, Sprint, and T-Mobile.

### Searcher demographics

Compared with all smartphone users, Searchers are more likely to fall in the 25 to 34 age demographic.

However, it is also interesting to note that more than one in five fall into the 55+ age group, which is a much higher concentration when compared to all smartphone owners.

In addition, YPmobile® apps users are more likely to be African-American and have an iPhone compared to all smartphone owners.

### Searchers are tech-savvy early adopters

There are some striking differences between the overall Searcher population and those who have used the YPmobile® apps.

By a wide margin (57% to 36%), YPmobile® apps users consider themselves to be early adopters.

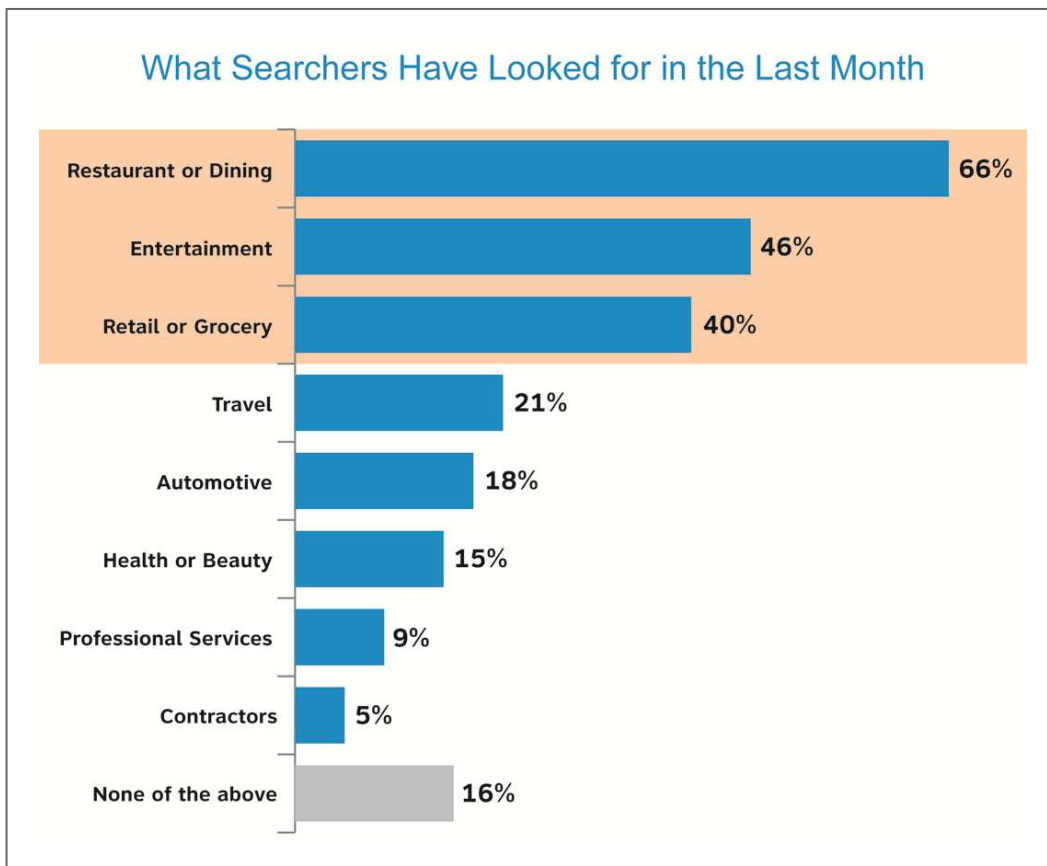


## What Are Local Mobile Searchers Looking For?

### They're hungry and want to be entertained

Like all consumers, Searchers have diverse needs. Restaurants, dining, entertainment, retail and grocery stores are important categories to Searchers.

In fact, 66% of all Searchers were looking for restaurant or dining options, according to the survey, while 46% percent looked for entertainment and 40% were interested in retail or grocery stores.





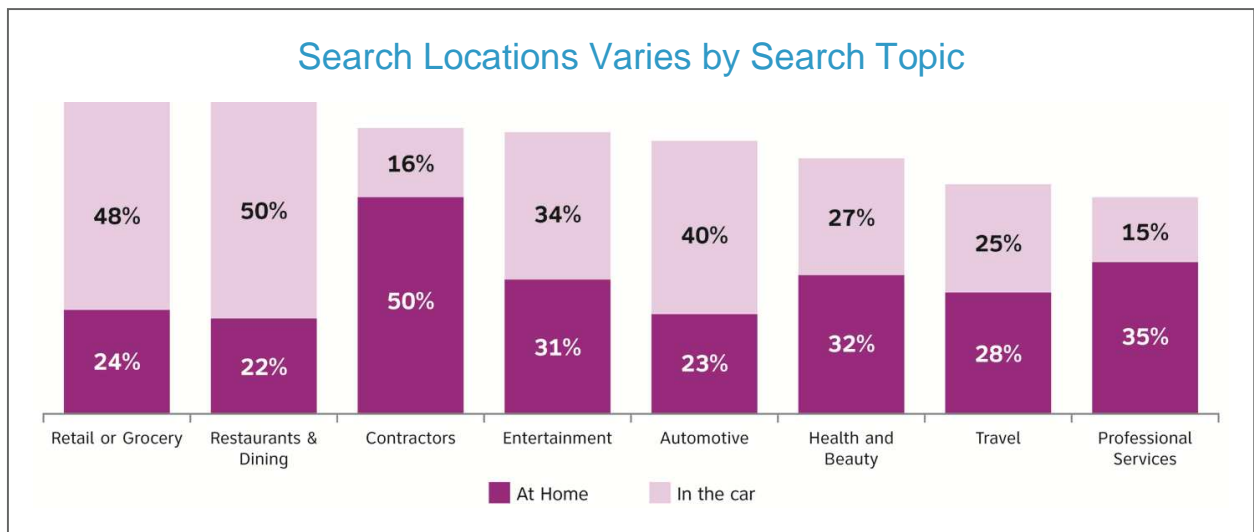
## Search Location Depends on Subject

Overall, home and the car are the most popular search locations, but there are important differences between the kinds of searches conducted from those locations.

When away from home, Searchers are likely to look for restaurants, entertainment and retail options. Searchers interested in categories such as professional services and contractors still conduct these searches more at home.

The reason for the difference could be something very simple—urgency.

With a smartphone and local search options at the ready, something like planning a dinner out or a visit to a movie theater or a local retailer can happen en route to the destination. Some searches, such as finding a company to landscape a yard, redesign a kitchen or remodel a bathroom, require some deliberation that a Searcher (and perhaps one or two other people) can do more effectively at home.





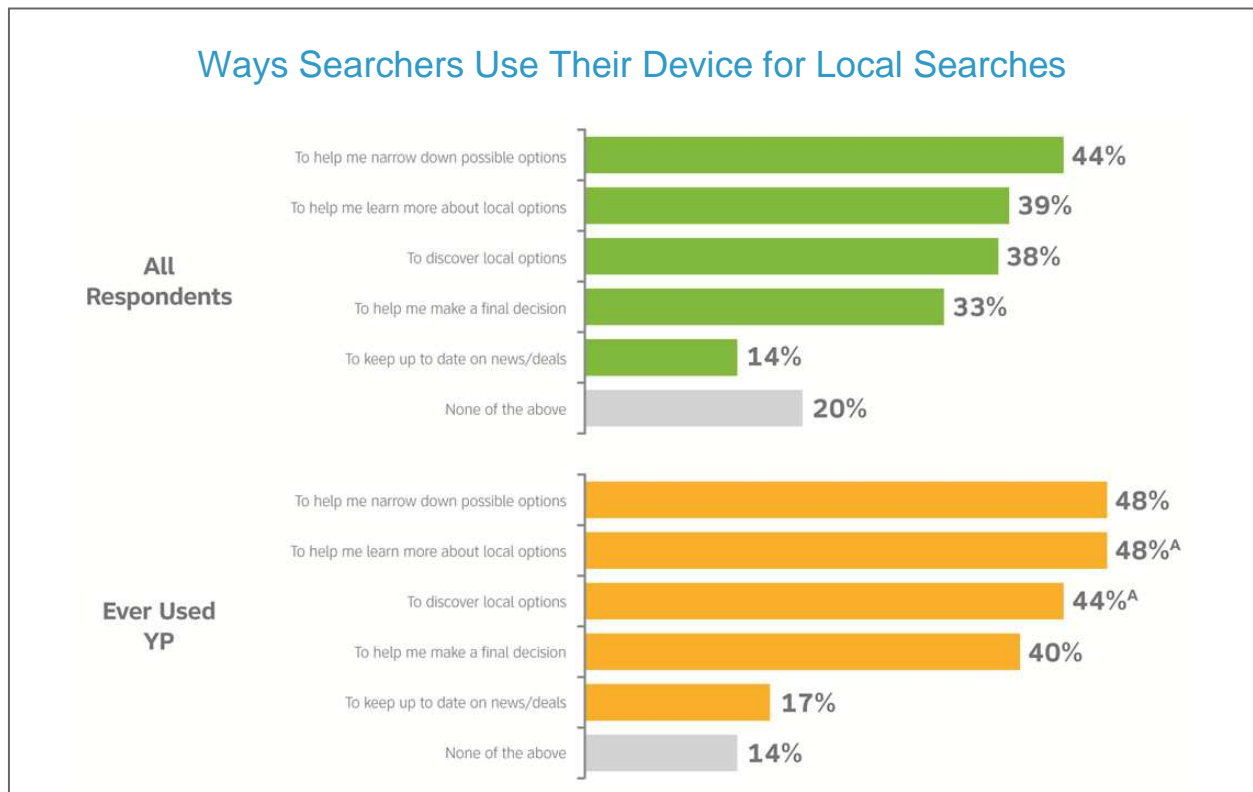
## How Do Searchers Search and Choose?

### They're interested in local options

Searchers want to know about local options, and then get help with making a decision. To help them sift through results, 44% of Searchers use local search to narrow their options. Another 39% use local search to learn more about specific local options. Finally, 33% turn to local search resources to help make a final decision.

The typical buying cycle for a searcher appears to follow the age-old consumer stages of awareness, discovery, evaluation and decision. First, Searchers use local search to become aware of their options; then they discover options that match their needs and evaluate those options; then finally they make a decision based on the information they have gleaned from their local search.

As a technologically savvy consumer with multiple devices, a Searcher might use a general-purpose search engine on a PC in an initial search to become aware of products and discover options. But as the choices narrow, the Searcher is likely to depend on services such as the YP.com<sup>SM</sup> site and YPmobile<sup>®</sup> products to help with the evaluation and subsequent decision.





## How Searchers Interact with Businesses and Ads

### They're open to clicking on relevant ads

Even though they share the demographic attributes we outlined on page 4, there are critical distinctions between all Searchers and those who have used the YP.com<sup>SM</sup> site or YPmobile® products.

Simply put: Searchers who have used YPmobile® apps or the YP.com<sup>SM</sup> site are more likely to click on ads (which can include banner ads/images, video ads, or ads that show up in search results).

Of the overall group of Searchers who use apps, only 34% click on an ad at least once a month. When we look at app users who have used YPmobile® products or the YP.com<sup>SM</sup> site, 48% click on an ad at least once a month.

Looking at the app numbers more granularly, only 16% of all Searchers click on an ad up to several times a week, while 27% of [YP]-using Searchers click on ads at least several times a week.

The situation is very similar for website users—34% of all Searchers and 49% of Searchers who have used YPmobile® products or the YP.com<sup>SM</sup> site click on an ad at least once a month.

Looking a bit closer, only 17% of Searchers who visit websites click on ads up to several times a week. That contrasts with the 27% of Searchers on the web who have used the [YP] experience.

### [YP] users click on ads

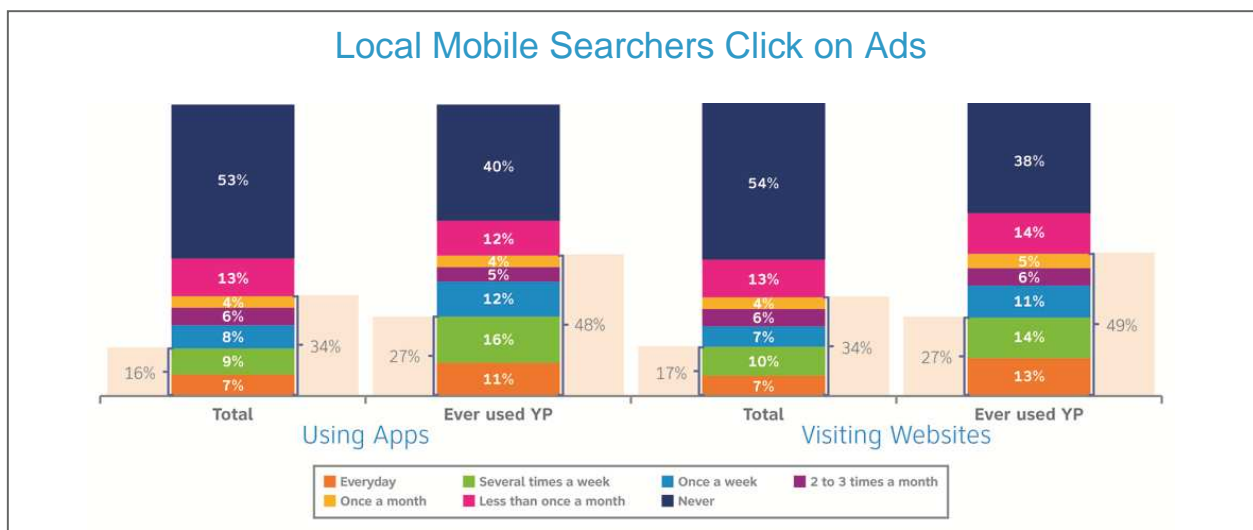
The survey sheds some light on why people click on ads.

The top reasons for clicking are mainly related to relevance, for all Searchers including those who have used on the YP.com<sup>SM</sup> site or YPmobile®.

However, a closer examination shows that those who have used YPmobile® and the YP.com<sup>SM</sup> site have a greater propensity to click within all search categories.

### The bottom line

[YP] users are a more profitable target for advertisers.







## Searchers visit businesses and make purchases

Clickthrough rates, which measure the consumer’s level of engagement with an ad, are a historical measurement of online ad effectiveness. Although clickthrough rates remain an important metric for general-purpose advertising, local businesses want more from local mobile search. They are looking to generate foot traffic and sales. On both fronts, local mobile search delivers.

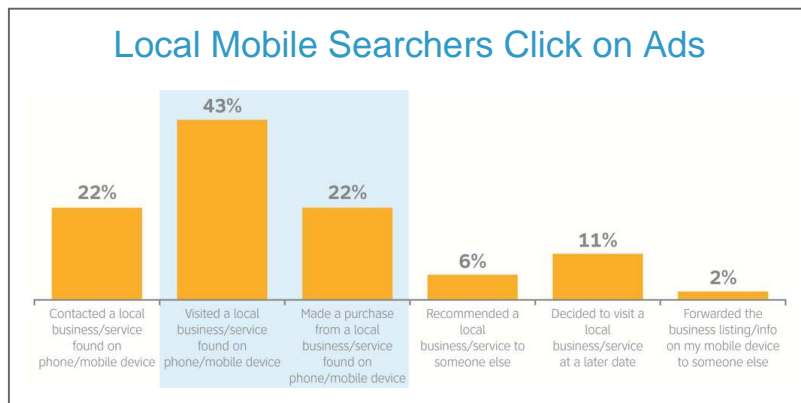
After conducting a local mobile search, driven mainly by a promotion present in the ad, an astounding 43% of Searchers made an in-person visit. In addition, 22% of Searchers actually made a purchase after conducting a local mobile search.

In an online world that has become accustomed to low-single-digit response rates and even lower click-to-sales ratios, the robust response from Searchers (and specifically from those who use the YP.com<sup>SM</sup> site and YPmobile® products) contradicts conventional views of advertising effectiveness.

### They might make a deal

Deal programs are a prominent trend in local search. However, only 26% of Searchers belong to a deal program.

*Note: Nielsen conducted the survey before the launch of the Deal of the Day on the YP.com<sup>SM</sup> site, which also offers daily discount deals to local businesses.*



## They’re even more likely to visit and purchase in certain categories

The interest in visiting a local business and the likelihood of making a purchase increases markedly in specific local mobile search categories.

For example, 52% of Searchers looking for retailers or grocery stores end up making a visit to the business.

Of course, the goal is a purchase. And, in this category, Searchers frequently pull out their wallets: 29% of Searchers made a purchase after completing their local mobile search for retail or grocery.



### Searchers Visit Retailers and Grocery Stores—and Make Purchases



These numbers underscore the effectiveness of local mobile search advertising. Searchers like to see relevant ads, they click on the ads, then they visit businesses in large numbers and make purchases.



## They might provide location information

Often an app asks for permission to detect a user's location so it can offer more customized services based on that location, such as directions to the nearest store, options for dining, reviews and other relevant information. However, allowing an app to detect location is something not everyone is willing to do for every type of app.

The survey shows that, when looking for information on local businesses in specific categories (such as restaurants/dining and health/beauty), Searchers are more likely to allow an app to detect their location.

There is a correlation between a few categories that score higher for out-of-home searches, and those for which Searchers say they are willing to let an app detect location. Others that scored high for out-of-home searches rated low for location detection.

For example, restaurants were the most popular search among Searchers who were out of home, and the category comes in at 22%, tied for the top spot in allowing an app to detect location. At the same time, retail or grocery, which also ranked high in the out-of-home search category, ranks in the middle of the pack. Meanwhile, health and beauty, which ranked low in out-of-home searches, are tied at the top for location detection.

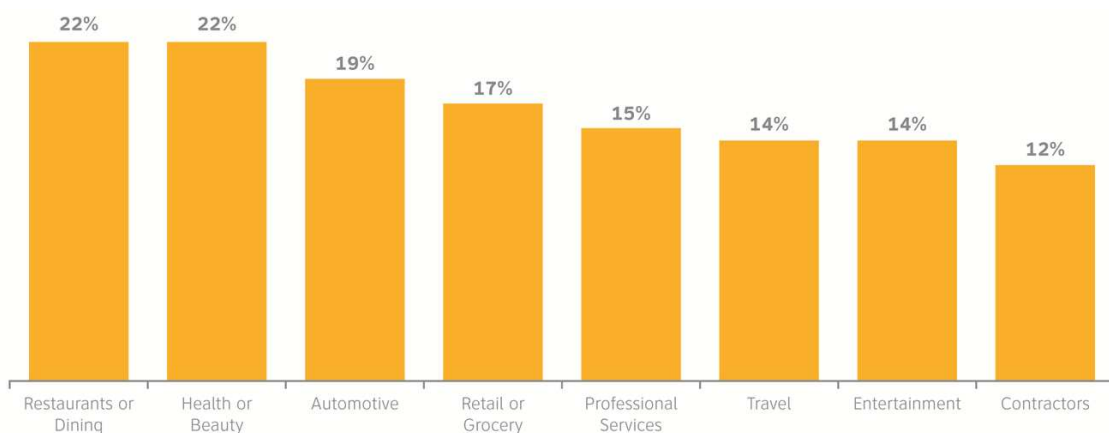
### Tablet users give up location

Overall, when it comes to location, there's a distinction to be made between smartphone users and tablet users.

Tablet users are more likely than smartphone users to allow an app to detect their location.

According to the survey, 64% of Searcher tablet users will allow location detection, while 52% of Searcher smartphone users will let an app detect location.

### Searchers Are Willing to Allow an App to Detect Current Location to Suggest Nearby Businesses/Establishments





## Takeaways

The research from Nielsen has several key takeaways for the local mobile search ecosystem.

Local Mobile Searchers share a number of important attributes:

- **They are tech savvy:** Searchers use smartphones, PCs and MP3 players.
- **They use mobile apps:** Searchers use mobile apps every day.
- **They carry a variety of devices:** Apple's products make up the largest single share of mobile devices used by Searchers. But, as a group, Android-compatible manufacturers count for a larger share.
- **They click on ads:** Searchers will click on ads that are relevant. Searchers who are [YP] users are much more likely to click on ads.
- **They visit businesses and make purchases:** After conducting a search, Searchers are very likely to visit a business and make a purchase. Searchers in certain categories, such as retail and grocery, are even more likely to make a visit and a purchase.
- **They're hungry and they want to be entertained:** Searchers are looking for restaurants, dining, entertainment, retail and grocery stores.
- **They search away from home:** The categories vary, but most searches for restaurants, entertainment, retail and grocery happen in the car.
- **They're interested in local options:** A large percentage of Searchers use local search to narrow their choices and then to get help with a final decision.
- They may provide location information: If there's a relevant reason, Searchers are more than willing to give an app location information.

We're in the middle of a revolution in local mobile search.

A new breed of smartphones and location-aware devices is turning the old search model on its head. These devices, which rely on local mobile search providers for information about local businesses, give those businesses a new channel to reach consumers who are ready to visit a store and make a purchase.

Local mobile search that features relevant advertising, helpful content, and compelling coupons and offers is the key to this revolution.

The March 2011 Nielsen Mobile Local Search Study survey provides the raw data upon which AT&T Interactive based the analysis that is summarized herein. Unless otherwise noted, the conclusions and/or opinions expressed herein are strictly those of the author and/or AT&T Interactive, based solely upon their own views regarding the data from the Nielsen study.