AT&T Interactive
White Paper

Nielsen Local Mobile Search Study, Part 3: The Publishers

What publishers need to know about how Local Mobile Searchers interact with advertising

Conclusions from the AT&T Interactive–sponsored March 2011 Nielsen Local Mobile Search Study

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Background

The swift adoption of mobile devices has changed how consumers search and shop, opening up opportunities for advertisers and publishers. But to make the most of this channel, publishers must understand how mobile users search and interact with content.

Enhancing user engagement with relevant content is key. With the rise of location-aware mobile devices, ad relevance is increasingly determined by the location of the consumer and the business for which he or she is searching.

AT&T Interactive commissioned Nielsen to conduct a study to better understand the dynamic nature of local mobile consumers.* The previous reports in this series provided an overview of the study and results of interest to advertisers.

This report, the final installment in a three-part series, looks at the results of the study and examines ways that publishers can extract new value from the mobile landscape and the evolving habits of local mobile searchers (who we call Searchers in this report).

* 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 via the web or an app. The survey investigated:
- How consumers research, compare, and make purchase decisions
- Use of location-based services
- How certain brands fare and which categories have significant presence

The 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.

Key findings for publishers

- Of the Searchers surveyed, 36% consider themselves early adopters. In many categories, early adopters are twice as likely as all Searchers to click on ads.

- Publishers that serve local ads from the YP[SM] Local Ad Network have increased eCPMs by 15% to 44%.

- 41% of Searchers who used AT&T Interactive's properties, such as YPmobile® products, clicked on an ad based on its relevance to their particular needs.

- After conducting a search, 43% of Searchers visited a business, and 22% made a purchase from a business found in their search.

- Nearly half of all Searchers surveyed (49%) allowed an app to detect location to suggest a nearby business or establishment.

- Clutter is a killer: 54% of Searchers complained about ads that block part of the screen, and another 52% don't like ads that clutter the screen.

- Tablets are on the rise, and the study showed that tablet users are more likely than smartphone owners to download apps, and twice as likely to click on ads.

Searchers engage with content and ads

Whether on-the-go or at home, mobile Searchers frequently visit websites and download and use apps. They tend to have a high level of engagement and are more eager to click ads than typical web surfers. The increased clicks mean higher ad engagement, more efficient use of inventory, and, perhaps most importantly, more revenue for publishers.

Early adopters click

Many Searchers consider themselves to be early adopters. And early adopters are more than twice as likely as all Searchers to click on ads within several popular categories, including Retail/Grocery, Automotive, and Restaurant/Dining. The data indicate that early adopters are an eager group of consumers who engage more deeply in technology, content, and ads.

In the Retail/Grocery category, 8% of early adopter Searchers clicked on ads (note the red circles in the chart), compared to 4% of all Searchers who clicked on an ad in that category.

The same kind of ratio is present in the Automotive category, where 15% of early adopters clicked on an ad, compared to 7% of all Automotive category Searchers. In the Restaurant/Dining category, 7% of early adopters clicked on an ad, while only 3% of all Restaurant category Searchers clicked on an ad.
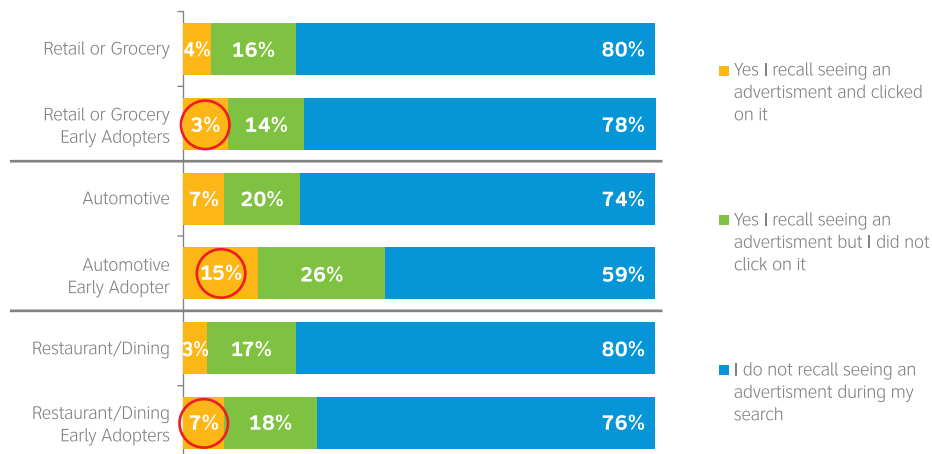
Deals trump relevance for women; men like things simple

Differences in survey responses between men and women reveal that gender plays a role in a Searcher's approach to clicking on ads. Relevance is important to all, but there are obvious differences when it comes to deals.

Female Searchers respond to deals: 38% clicked a banner ad because it offered a deal, promotion, or coupon, compared to 29% of men. Yet men are more likely to identify ease of understanding as a reason to respond, with 22% of men clicking, compared to 15% of women.

Encountered Mobile Advertisements When Searching

Early Adopters Searchers Click On Ads

Category	Yes, recall & clicked	Yes, recall, did not click	Do not recall
Retail or Grocery	4%	16%	80%
Retail or Grocery Early Adopters	3%	14%	78%
Automotive	7%	20%	74%
Automotive Early Adopter	15%	26%	59%
Restaurant/Dining	3%	17%	80%
Restaurant/Dining Early Adopters	7%	18%	76%

Yes I recall seeing an advertisment and clicked on it

Yes I recall seeing an advertisment but I did not click on it

I do not recall seeing an advertisment during my search

Base: Restaurant or Dining (n=545), Early Adopter (n=155); Automotive (n=195). Early Adopter (n=81). Retail or Grocery (n=365), Early Adopter (n=132)
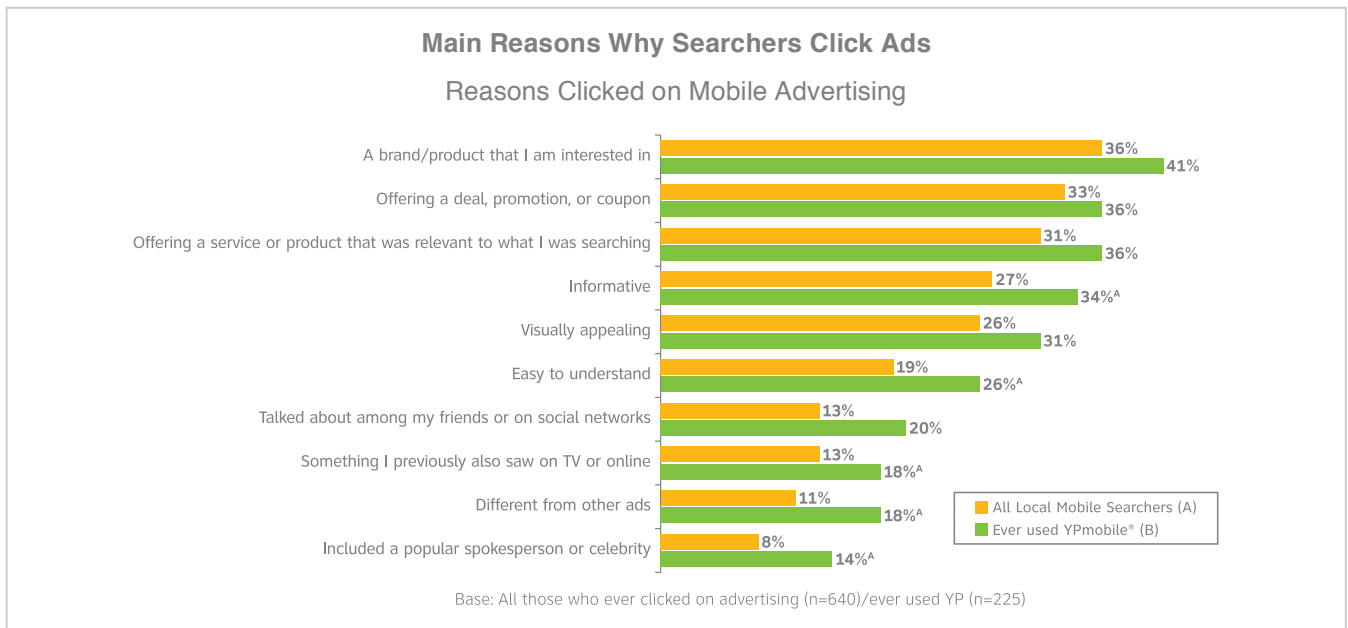
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Relevance drives engagement and clicks

The survey compared users of YPmobile® suite of products, including YP^{SM} app and YPmobile® web, to all Searchers.

Relevance is a significant factor among both groups: 41% of those who have used YPmobile® products clicked on an ad because it featured a brand or product they are interested in, while 36% of all Searchers clicked because of relevance.

Relevance appears again when Searchers say they clicked an ad because it offered a service or product that was relevant to the search (31% of all Searchers, and 36% of those who have used YPmobile® products). The survey also shows that Searchers are likely to click an ad for a deal, promotion, or coupon (33% of all Searchers, and 36% of those who have used YPmobile® products).

Offering content that matches the search and then providing ads that directly match the content provide the right kind of experience for the Searcher.

Main Reasons Why Searchers Click Ads

Reasons Clicked on Mobile Advertising

Reason	All Local Mobile Searchers (A)	Ever used YPmobile® (B)
A brand/product that I am interested in	36%	41%
Offering a deal, promotion, or coupon	33%	36%
Offering a service or product that was relevant to what I was searching	31%	36%
Informative	27%	34%^{A}
Visually appealing	26%	31%
Easy to understand	19%	26%^{A}
Talked about among my friends or on social networks	13%	20%
Something I previously also saw on TV or online	13%	18%^{A}
Different from other ads	11%	18%^{A}
Included a popular spokesperson or celebrity	8%	14%^{A}

Base: All those who ever clicked on advertising (n=640)/ever used YP (n=225)

Moving from clicks to bricks

Clicks are an obvious starting point for the Searcher and the advertiser, proving an initial measure of a Searcher's level of engagement in a publisher's content. However, because most local mobile advertisers have physical locations, generating foot traffic is important.

Clicks on mobile ads drive meaningful action by Searchers. Indeed, after completing a search on a phone or other mobile device, 43% of Searchers visited a local business, and 22% made a purchase from a business found in the search.

For publishers, this multilevel engagement—initially with the publisher's brand, then the content, the ads, and culminating with a visit and purchase—leads to higher value ads. In turn, that leads to higher eCPMs.

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Location drives relevance

For most publishers, the relevance that comes with location detection is critical to success. And the trend is that Searchers not only want this level of relevance, but are growing to expect it. Nearly half of all Searchers surveyed (49%) allowed an app to detect location so it could suggest a nearby business or establishment. Providing content and ads customized for Searchers based on their location leads to higher engagement.

Examining individual demographic groups highlights the importance of location. Fully 54% of Searchers in the 25–34 age group take advantage of location detection apps to suggest nearby businesses and establishments, closely followed by those aged 18–24 (53%) and 35–44 (47%). In addition, men are more likely than women (51% vs. 46%) to allow an app to detect location.
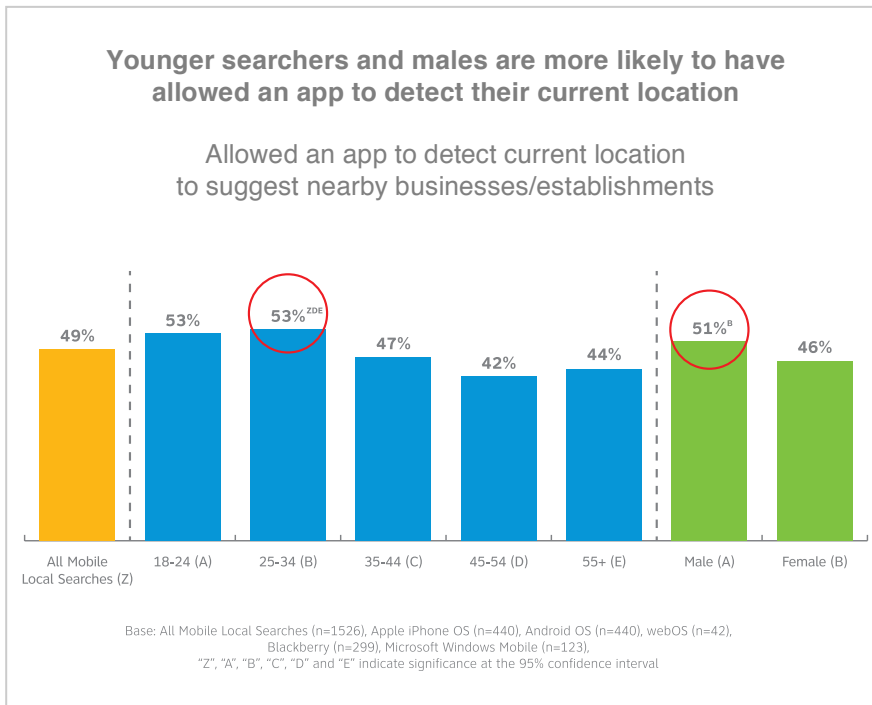
Local ads—a key to monetization

Running local ads can help publishers increase monetization. Geo-targeting is an almost certain avenue to improving results. AT&T Interactive case studies show publishers that serve local ads from the YP[SM] Local Ad Network have increased eCPMs by 15% to 44%.

What publishers should know about local ads

- Local ads have higher fill rates than premium ads.
- Local ads have higher eCPMs than remnant ads.
- Local ads present a minimum of channel conflict with your direct sales force.
- Local ads are relevant to mobile users.
- Local ad spending is growing.

Younger searchers and males are more likely to have allowed an app to detect their current location

Allowed an app to detect current location
to suggest nearby businesses/establishments

	49%	53%	53%[ZDE]	47%	42%	44%	51%[B]	46%
	All Mobile Local Searches (Z)	18-24 (A)	25-34 (B)	35-44 (C)	45-54 (D)	55+ (E)	Male (A)	Female (B)

Base: All Mobile Local Searches (n=1526), Apple iPhone OS (n=440), Android OS (n=440), webOS (n=42),
Blackberry (n=299), Microsoft Windows Mobile (n=123),
"Z", "A", "B", "C", "D" and "E" indicate significance at the 95% confidence interval

Advertisers and publishers annoy Searchers at their own peril

Publishers need to consider ad placement carefully. Searchers complained about ads that block part of the screen (54%), ads that clutter the screen (52%), interruptions and distractions (47%), and accidental clicks (45%). And that's just at the top of the list of complaints. Other concerns included slow-loading websites, being redirected to another site, and noisy ads.

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Ads that aren't relevant to users' interests run the risk of being a source of distraction and dissatisfaction. Forty-three percent of Searchers say they find irrelevant advertising is annoying. Users want content and ads that are specific to their location, demographic, and interests. Although Searchers might not click an ad, they experience less dissatisfaction if the ad complements the content. With higher engagement, users are more likely to remain interested in the site and revisiting it.
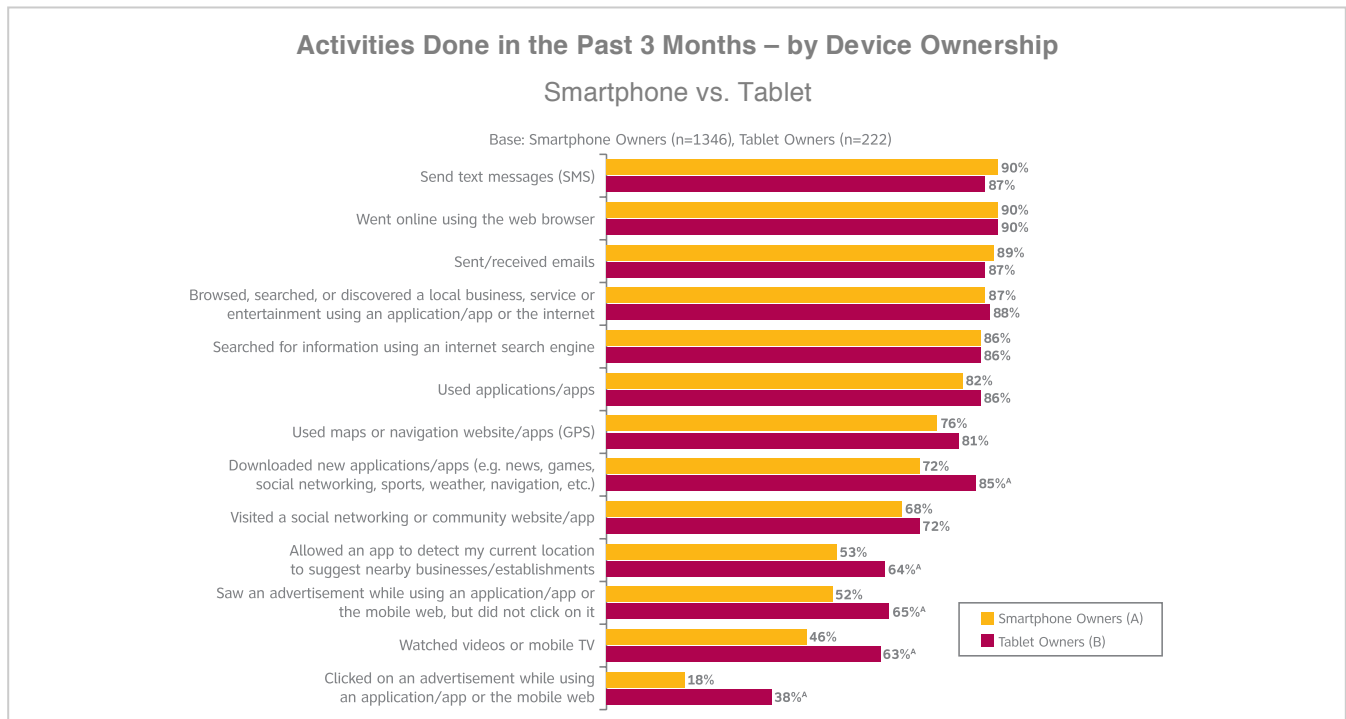
The rise of tablets creates an opportunity

Until recently, publishers interested in reaching mobile Searchers had to focus mainly on the challenges of optimizing content for the different types of smartphones. But a new player has emerged in a completely different form factor: tablets, like the iPad, the Kindle Fire, and Android-powered devices, have taken hold.

There are some critical distinctions between Searchers who use a smartphone and those who use a tablet. According to the survey, 85% of tablet users downloaded a new app in the past three months, such as for news, games, social networking, sports, weather, and navigation, while 72% of smartphone users downloaded a new app. Publishers should see these important data points in this context: Searchers who use tablets are more engaged with their device and the content on it.

In addition, compared with smartphone users, more than twice the number of tablet-using Searchers (38% vs. 18%) clicked on ads while using an app or the mobile web.

For publishers, the data about tablets provides a clear argument for creating apps and web content optimized for tablets. It also highlights the need for relevant content surrounded by richer ads that are designed with tablets in mind.

Activities Done in the Past 3 Months – by Device Ownership

Smartphone vs. Tablet

Base: Smartphone Owners (n=1346), Tablet Owners (n=222)

Activity	Smartphone Owners (A)	Tablet Owners (B)
Send text messages (SMS)	90%	87%
Went online using the web browser	90%	90%
Sent/received emails	89%	87%
Browsed, searched, or discovered a local business, service or entertainment using an application/app or the internet	87%	88%
Searched for information using an internet search engine	86%	86%
Used applications/apps	82%	86%
Used maps or navigation website/apps (GPS)	76%	81%
Downloaded new applications/apps (e.g. news, games, social networking, sports, weather, navigation, etc.)	72%	85%A
Visited a social networking or community website/app	68%	72%
Allowed an app to detect my current location to suggest nearby businesses/establishments	53%	64%A
Saw an advertisement while using an application/app or the mobile web, but did not click on it	52%	65%A
Watched videos or mobile TV	46%	63%A
Clicked on an advertisement while using an application/app or the mobile web	18%	38%A

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Takeaways

The research from Nielsen offers a number of key takeaways for publishers on how Searchers interact with their content and ads.

- **Searchers engage with ads.**
    - They click on ads in mobile sites and apps
    - Early adopters are more likely than all Searchers to click on ads.
    - They respond to relevance.
    - Tablet users are more likely to click an ad than smartphone users.

- **Searchers visit businesses.**
    - After clicking an ad, Searchers visit the advertised business in large numbers.
    - After Searchers visit a business, many make a purchase.

- **Searchers are likely to reveal location.**
    - Nearly half of all users allow an app to detect location.
    - Of those aged 25–34, 54% allowed location detection.

- **Publishers that serve local ads from the YP[SM] Local Ad Network have increased eCPMs by 15% to 44%.**
    - Local ads have higher fill rates than premium ads and higher eCPMs than remnant ads.
    - Local ads present a minimum of channel conflict with your direct sales force.
    - Local ad spending is growing.

Users want relevant content, and they pay attention to relevant advertising. Publishers who feature relevant content with complementary advertising and deals will lure these valuable Searchers and provide advertisers with ongoing and highly coveted revenue streams.

About AT&T Interactive
AT&T Interactive, a subsidiary of AT&T Inc., is an industry leader in creating local search products that encourage consumers to discover and engage with local businesses across three screens - online, mobile, and IPTV. As an industry leader in local advertising, with billions of searches across its fast-growing YP[SM] Local Ad Network, AT&T Interactive is uniquely positioned to provide valuable insights on key components of the local advertising landscape. For more information on AT&T Interactive, visit www.attinteractive.com.