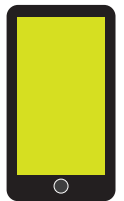




# MOBILE

PATH TO PURCHASE STUDY

October 2012



IN PARTNERSHIP WITH:



# CONTENTS

**1 EXECUTIVE SUMMARY**

**2 KEY FINDINGS**

**3 INTRODUCTION**

**4 DEFINING THE MOBILE RESTAURANT USER**

**5 MOBILE RESTAURANT USER PROFILES**

**6 AWARENESS: THE ROLE OF LOCATION**

**9 CONSIDERATION: DISSECTING RESTAURANT USER ACTIVITY**

**11 CONVERSION: DRIVING RESTAURANT USERS THROUGH THE DOOR**

**12 THE EFFECTS OF MOBILE MARKETING**

**13 SUMMARY**

**13 STUDY METHODOLOGY**

**13 TERMINOLOGY**

**14 ABOUT THE REPORT**

## EXECUTIVE SUMMARY



The Restaurant category remains one of the most highly trafficked categories in mobile, growing 65% from 2010 to 2011 – a trend that has continued into 2012 (Comscore). The fact that the industry is built solely on brick and mortar locations, makes Restaurants the perfect candidate for mobile advertising. Every type of Restaurant business – from the large national chain, to the corner coffee shop – can benefit from relevant, locally targeted mobile ads developed to drive consumers through the door. Although “Restaurants” is one of the top referenced categories in mobile – it continues to be one of the most under-developed in terms of mobile advertising.

With more than 30-50% of all searches for restaurants now coming from mobile devices – mobile advertising is no longer a question — but a means for future survival. It is for this reason that xAd and Telmetrics found it essential to focus on the Restaurant category within the Mobile Path-to-Purchase report series. In response, this report dissects how mobile users discover, interact with, and ultimately make a Restaurant-related transaction. These findings are essential in advancing mobile industry education and in arming Restaurant advertisers with the insights necessary to take advantage of the growing opportunity in mobile now and well into the future.

## KEY FINDINGS

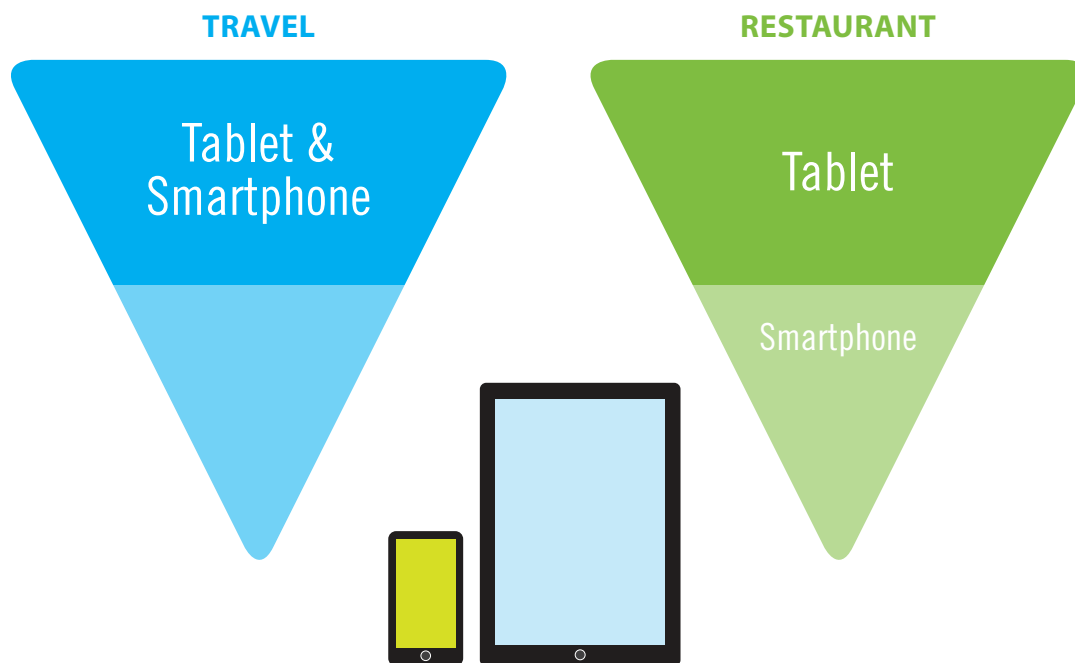
- » The Restaurant category consists of predominately Caucasian female users making less than \$100k per year. Despite this fact, (3) distinct mobile restaurant user profiles were uncovered in the study. Each profile exhibiting different user intent, demographics and needs
  - The Savvy Patron
  - The Social Foodie
  - The On-the-Go Diner
- » Restaurant consumer activity is much more locally driven and far more urgent than other categories studied such as Travel and Auto
- » As a result, behaviors exhibit more lower-funnel sales activities, like finding business contact information such as an address and/or phone number:
  - 7 out of 10 users were looking for a business location, 66% directions and 51% a local phone number
  - More than 8 out of 10 mobile restaurant users ultimately go on to make a purchase
- » Despite these facts, the category showed marked differences in behaviors between smartphone and tablet users
- » Three out of 4 smartphone users access Restaurant information on the go, with over 50% of this activity happening while the user is in a car
- » Tablet users on the other hand, primarily access Restaurant content at home, while just 1/3 of their activity happening outside of the home
- » A Restaurant user's sense of urgency directly correlates with their expectation of proximity
- » 65% of smartphone users are looking for Restaurant locations within local walking or driving distance
- » Tablet users demonstrate a longer-term research intent as 44% explore locations without their immediate proximity in mind
- » In fact, the path to purchase for the Restaurant category is one of the shortest timelines currently experienced in the mobile space
  - 30% of smartphone users convert immediately, and more than twice as many transact within an hour
  - Just 15% of tablet users convert immediately, the larger majority (40%) look to convert within the day
- » Although Restaurant users in mobile are typically closer to conversion than most categories - the extreme contrast in location of use, user expectation of proximity, and immediacy of information, demonstrates the need for separate smartphone and tablet-optimized campaigns

## INTRODUCTION

xAd and long-time partner, Telmetrics, have collaborated with Nielsen to develop this first-to-market mobile behavior study that helps track the mobile consumer from initial purchase intent to conversion, while exploring ad effectiveness and dissecting the various profiles of mobile Restaurant users. This study combines online survey data from 1,500 U.S. tablet and smartphone users, as well as actual observed behaviors from Nielsen's Smartphone Analytics Panel of 6,000 Apple and Android users – each group reporting they had engaged in activity related to a Restaurant or Restaurants in the past 30 days.

In our previously-released Travel report, we discovered that smartphone and tablet usage are similar across device and largely research based. As a result, mobile Travel users primarily fell within the wider part of the sales funnel and ultimately require a longer consideration phase in order to make any final purchase decision and/or activity. But the Restaurant consumer activity is much more locally driven and far more urgent than that of the mobile Travel user. We saw that mobile Restaurant users are looking to make quick decisions on where to eat and how to get there, and therefore occupy the more narrow end of the sales funnel and require far less consideration when making an ultimate purchase decision. In fact, across smartphone and tablets, we see very different behavior – proving a one-size fits all approach is not the way to the mobile user's wallet or their stomach.

### MOBILE USER PATH TO PURCHASE VARIES BY CATEGORY

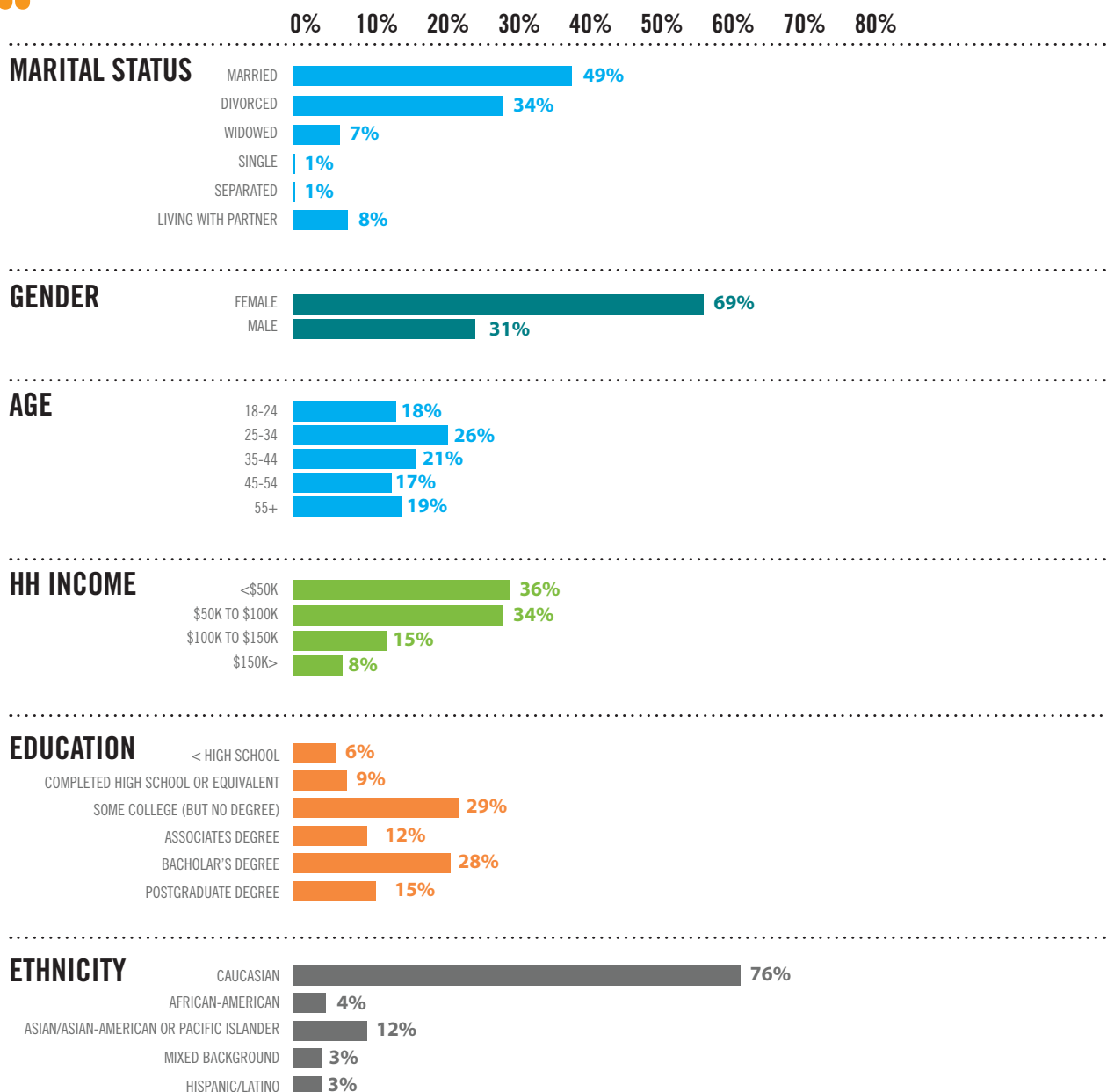


## DEFINING THE MOBILE RESTAURANT USER

Though the Restaurant category is popular thanks to user activity from all demographic groups, this report reveals a group of users far more active than most. The category consists of predominately Caucasian female users making less than \$100k per year.



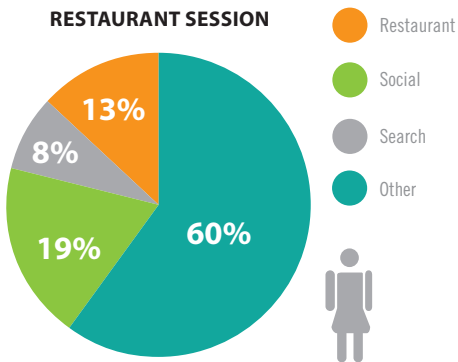
### MOBILE RESTAURANT USER DEMOGRAPHICS



## MOBILE RESTAURANT USER PROFILES

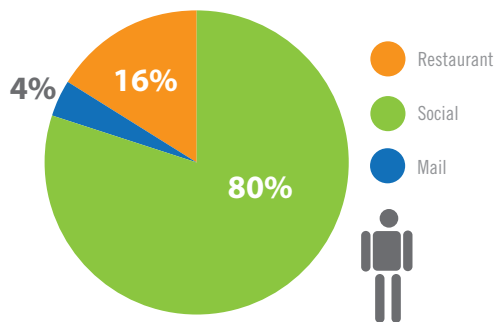
Everyone needs to eat! For this reason and more, Restaurant information remains among the most popular content categories, spanning all types of mobile users. Yet upon deeper investigation, a handful of common Restaurant user profiles have emerged, illustrating consumer segments actively engaging with Restaurant info in mobile. These users access a wide range of social and Restaurant-focused mobile properties when looking for the perfect place to eat, whether on the go or planning ahead.

### TYPES OF PROPERTIES VISITED DURING RESTAURANT SESSION



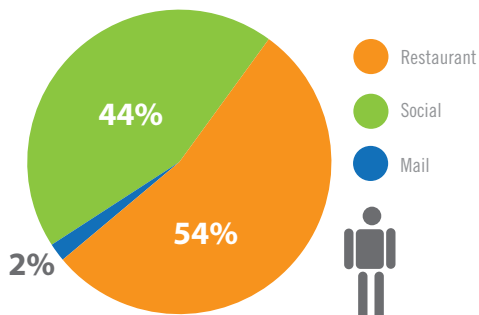
### THE SAVVY PATRON

This knowledgeable and particular group knows exactly what they are looking for and where to find that information quickly while on the go. They are so quick and mobile savvy that within the course of searching for the perfect Restaurant, they have more than enough time to check their social properties and engage in a wide variety of other mobile websites and applications. Savvy Patrons are largely Hispanic females between the ages of 18-24 making below \$100k per year.



### THE SOCIAL FOODIE

This socially savvy user relies on the guidance of friends and past patrons when deciding on a Restaurant. The Social Foodie is the largest defined user group of the category and consists typically of male users between the ages of 25 and 54 making between \$50 and \$150k per year. They have a large social network that they call upon to research and finally engage with the perfect Restaurant venue for business or pleasure.



### THE ON-THE-GO DINER

Arguably the busiest of the mobile Restaurant users, the On-the-Go Diner is a largely male audience between the ages of 25-54 typically bringing in less than \$100k per year. This user spends the most time per month within the Restaurant category at over 14 minutes – accessing Multi-category, brand and social properties to place pickup and delivery orders as a way of multi-tasking throughout their busy day.



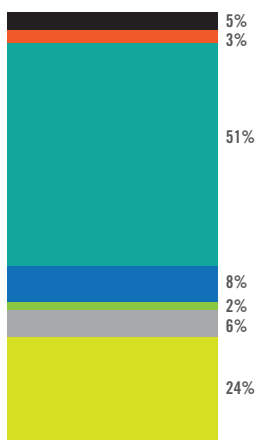
## AWARENESS: THE ROLE OF LOCATION

Of each of the three categories explored in this research series, the Restaurant category is not only the most active, but the most rooted in location. The data in this report reflects an insatiable user interested in interacting with Restaurants wherever, whenever, and however they please. In our previously released Travel report, we found that user location had little effect on the type of content accessed on either smartphones or tablets. But for the Restaurant category, we find that the device's portability and ultimately the variety of locations from which users can access their mobile device dictates their expectation of distance and sense of urgency when looking to convert.

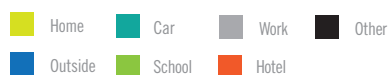
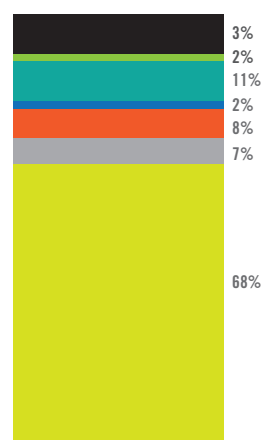
### LOCATION OF USE

A major factor driving this expectation of distance is the location a user is in when conducting a search – whether at home, at work, or on the go. Three out of 4 smartphone users access Restaurant information on the go, with over 50% of this activity happening while the user is in a car. Tablet users on the other hand, primarily access Restaurant content at home, with just 1/3 of their activity happening outside of the home.

#### SMARTPHONE



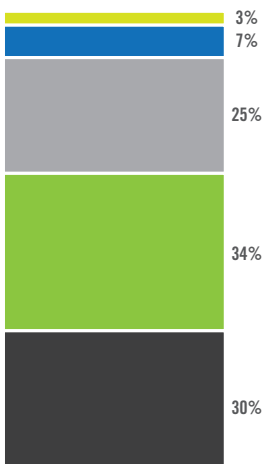
#### TABLET



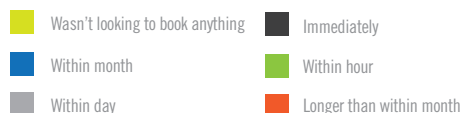
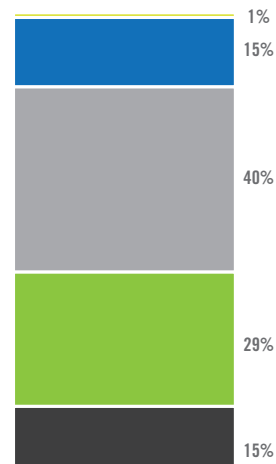
### IMMEDIACY

The mobile path to purchase for the Restaurant category is one of the shortest timelines currently experienced in the mobile space. Nearly 90% of both smartphone and tablet users are looking to make a purchase within the day – 89% of smartphone users and 84% of tablet users. But the most impactful data regarding mobile Restaurant user intension is their immediacy on intent to purchase. Thirty percent of smartphone users convert with a Restaurant immediately and more than twice as many transact within an hour. This presents both a huge opportunity and a unique challenge to effectively reach the mobile Restaurant consumer within this extremely tight window and not only affect their decision making process, but ultimately guide them to purchase. Another interesting finding is that unlike our previously-released Travel report, none of the survey participations were engaging with Restaurant content with the intention of transacting within a timeframe longer than a month in advance. All of this data supports the fact that restaurants are ultimately a low consideration, high conversion purchase.

#### SMARTPHONE



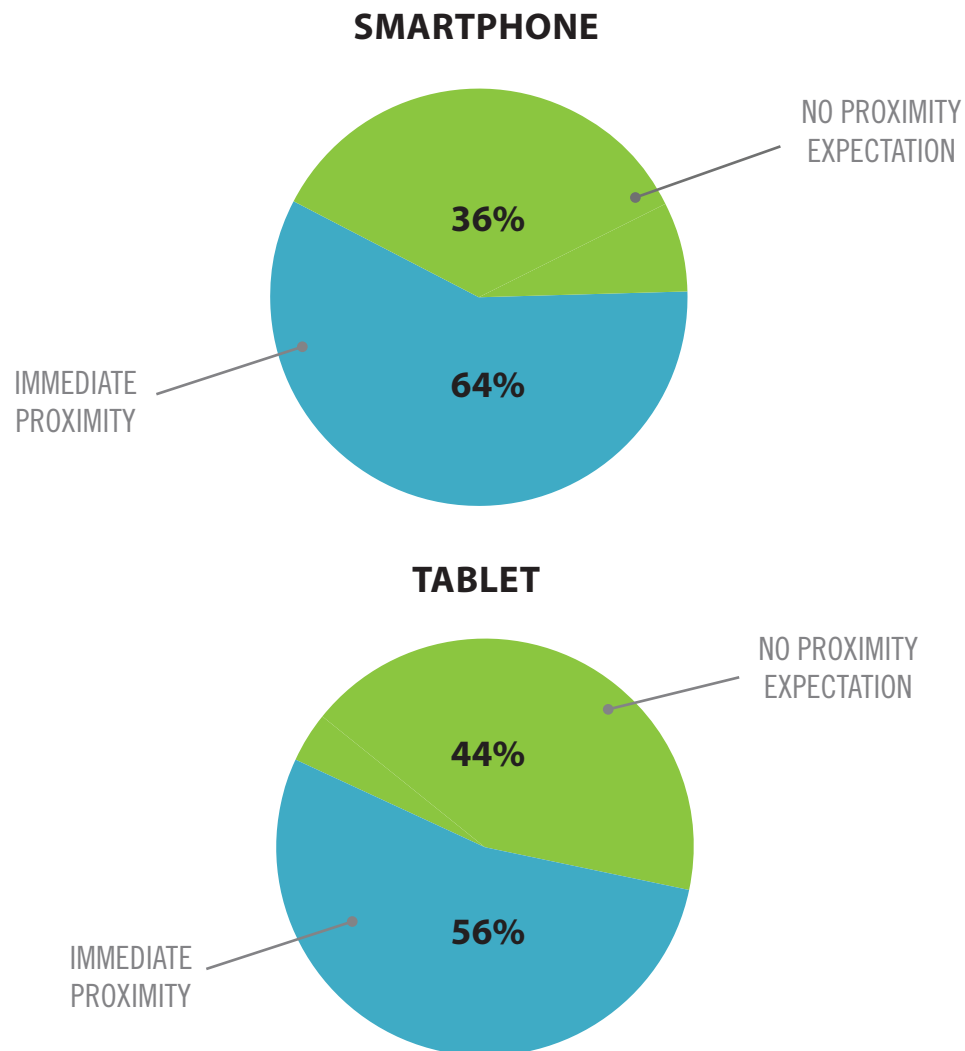
#### TABLET





## PROXIMITY

Restaurant users' sense of urgency directly correlates with their expectation of proximity. Because smartphone users typically access Restaurant content outside the home, their sense of urgency is heightened, and we can therefore make an assumption that these on-the-go users are interested in visiting a nearby eatery, as they wouldn't search with such urgency for Restaurants more than an hour away. In fact, when accessing Restaurant content via smartphone, 65% of users are looking for Restaurant locations within local walking or driving distance. Yet tablet users accessing Restaurant content have less interest in the immediate proximity of an eatery, with 44% exploring locations without their immediate proximity in mind – demonstrating longer-term research intent in tablet users.



The extreme contrast in location of use, user expectation of proximity, and immediacy of information, demonstrates the need for separate smartphone and tablet-optimized campaigns that provide mobile users with the information relevant to them while accessing Restaurant content on each device.

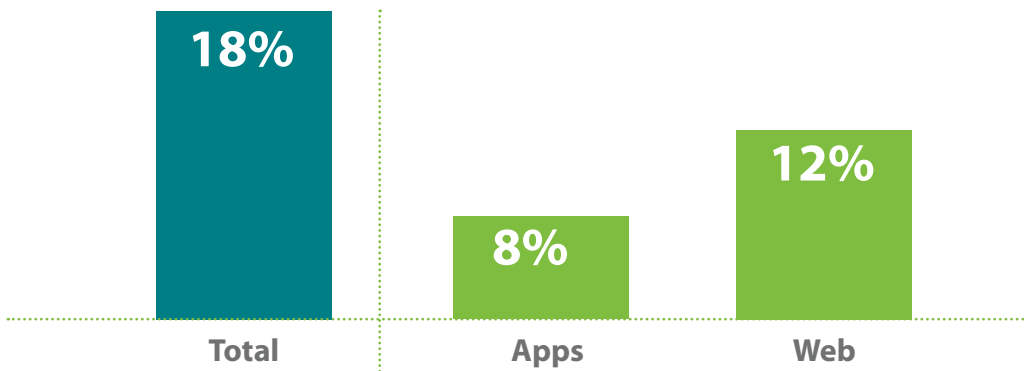
Beyond the effect of location on the Restaurant users path to purchase, a wide range of activities are revealed. These activities not only illustrate user preferences across smartphones and tablets, but provide clear indication of the value consumers receive in each device. Understanding mobile's unique value proposition is critical for mobile marketers who are confused on how to best reach and engage these desirable users. The dive into mobile Restaurant user activity begins with the activity seen between app and browser.

### APP VS. BROWSER

In our previously released Travel report, we found that an overwhelming majority of mobile Travel users favored and spent the bulk of their time in application, but the research from this Restaurant study told a different story. In fact, mobile websites attract the most Restaurant users, yet almost  $\frac{3}{4}$  of the total time spent with Restaurant content on mobile devices is done in applications. This data shows that although the mobile web has the highest Restaurant user reach- mobile users accessing applications are far more engaged.

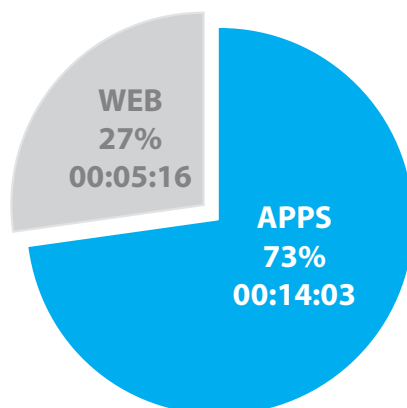
### UNIQUE AUDIENCE AND REACH – RESTAURANTS

US, Android and iPhone, April 2012



### MONTHLY TIME PER PERSON (HH:MM:SS) – RESTAURANTS

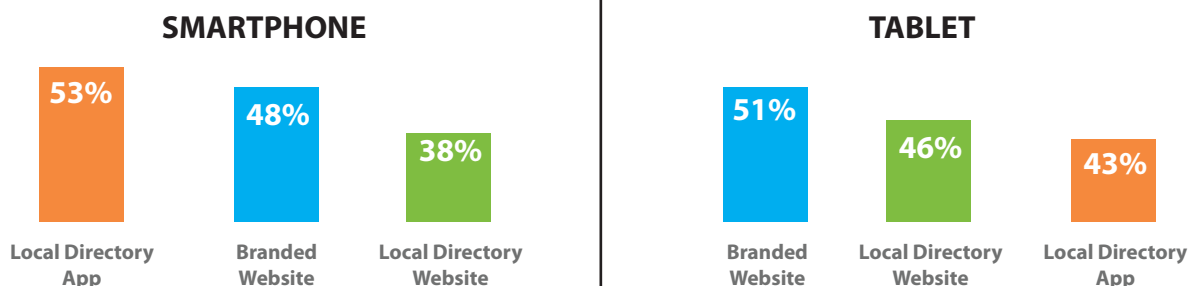
US, Android and iPhone, April 2012



Though mobile web in the Restaurant category garners the highest unique audience percentage, user engagement with mobile Restaurant apps is far superior. In fact, Mobile Restaurant app users are more than twice as engaged than their mobile web counterparts with users logging on average over 14 minutes of activity per month.

## CONSIDERAION: DISSECTING RESTAURANT USER ACTIVITY

### TOP VISITED MOBILE PROPERTIES BY DEVICE

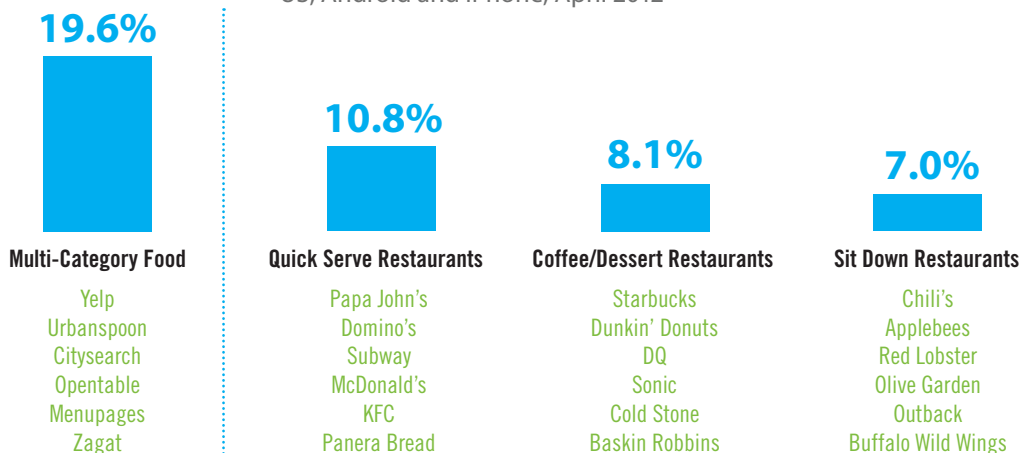


Smartphone and tablet users demonstrate a difference in the sites and applications visited for their restaurant needs. Local Directory apps are favored by smartphone users as they provide the ease of use demanded by this more urgent audience. On the other hand, Branded Websites are preferred by tablet users who are looking for specific establishment information such as menus and timely promotions and/or coupons.

Within these mobile property types, the Restaurant category has a number of brand sites/applications and directory properties available to suit the varied preferences demonstrated by tablet and smartphone users. These mobile properties represent a variety of Restaurant industry subcategories including Quick Serve Restaurants (QSR), Coffee/Dessert, and Sit-Down dining environments. Out of these sub-categories the most popular is clearly Multi-Category Food properties, these include the above mentioned local apps such as Yelp, Urbanspoon, Zagat as well as popular local directory sites. The Multi-Category options offer an all-in-one search option for the largely on-the-go mobile Restaurant user. For this reason, the popularity of brand-specific properties is far below the multi-category options, especially with smartphone users. This is an area that clearly demonstrates an opportunity on the part of many Restaurant brands who are currently focused exclusively on their own mobile website and branded application. Although these individual properties are important, for future consumer acquisition restaurant marketers cannot overlook the importance of ensuring their Restaurant locations are included and up to date on the multi-category and directory apps where the majority of category activity is taking place.

### COMBINED WEB-APP REACH % BY SUB-CATEGORY – FOOD & RESTAURANTS

US, Android and iPhone, April 2012



Regardless of where and via what mobile property a user engages with Restaurants, there are multiple points of consideration in play when coming to a purchase decision. Some users are searching from scratch, carefully considering all options available, while others have a strong idea of what they want and where to find it. In fact, more than 2 in 5 users access the Restaurant category already knowing exactly what they are looking for – that’s 44% of smartphone users and 39% of tablet users. But no matter what the starting point, the factors involved during the consideration phase greatly vary by device. This is apparent in the top activities seen across both smartphone and tablet devices when looking at those completed in the past 30 days:



## OVER-INDEXING APP/WEB ACTIVITIES BY DEVICE

by % over-index vs. other device

### SMARTPHONE



### TABLET



As smartphone users are typically on-the-go, all of the top 3 activities completed are focused on the actual location of a Restaurant. While tablet users are still eventually interested in the address of a local eatery, that activity is complimentary to browsing reviews and searching for the best deal or promotion – all activities conducted by users with time to plan ahead of their visit, vs. the activities of smartphone users looking for more urgent information.

Diving deeper into smartphone vs. tablet user activity, the length of the consideration phase comes to light. The more involved points of consideration favored by tablet users reveal a stronger research intent and longer overall path to purchase. Tablet users browse multiple mobile property types searching for information such as menus and specific food options, consumer reviews, and they even compare pricing – all activities characteristic of a more leisurely consideration phase. But smartphone users have a far shorter consideration timeline as they are typically accessing Restaurant information on the go – whether it’s a last minute search before heading out for the night, or during a short cab ride between trendy neighborhoods. All in a matter of minutes smartphone Restaurant users visit mobile apps and websites in search of the perfect nearby venue, then access directions in order to get there.

## CONVERSION: DRIVING RESTAURANT USERS THROUGH THE DOOR

Although we saw varying behaviors by device in the earlier stages of a consumers path to purchase, both smartphone and tablet users consider similar factors when making the ultimate decision on which establishment to visit.

Of course, the type of food served is at the top of the list, as no amount of advertising can drive a user to a sushi bar when all they wanted to find was a decent chicken parm. But beyond satisfying a specific craving, location and price round out the top 3 factors ultimately leading mobile restaurant users to conversion.



### TOP 5 REASONS FOR VISITING A RESTAURANT AFTER VISITING APP / WEBSITE BY DEVICE

#### SMARTPHONE



#### TABLET

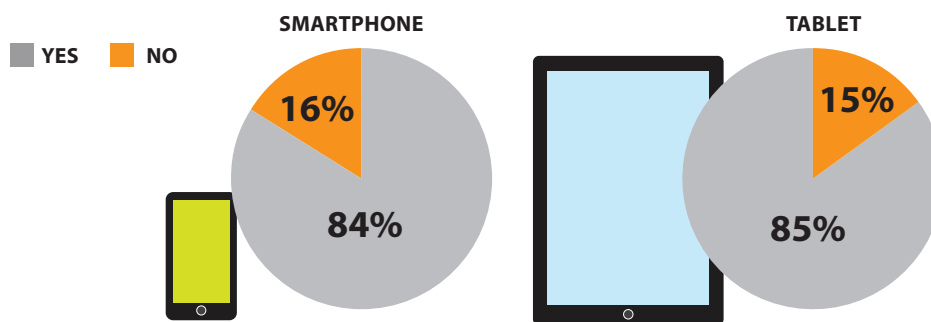


## THE EFFECT OF MOBILE MARKETING

If mobile Restaurant users are already so active and eager to transact quickly, does mobile marketing really make a difference?

Mobile apps and websites are the basis for a brand or business' handheld reputation. Ensuring that apps are built and continually updated to grow and shift with an audiences' mobile interest, and that mobile websites are optimized to present the most relevant and user friendly experience, should be at the core of all mobile Restaurant strategies. In fact, it's due to consumer visits to these optimized Restaurant apps and mobile websites that 84% of smartphone users and 85% of tablet users ultimately make a purchase.

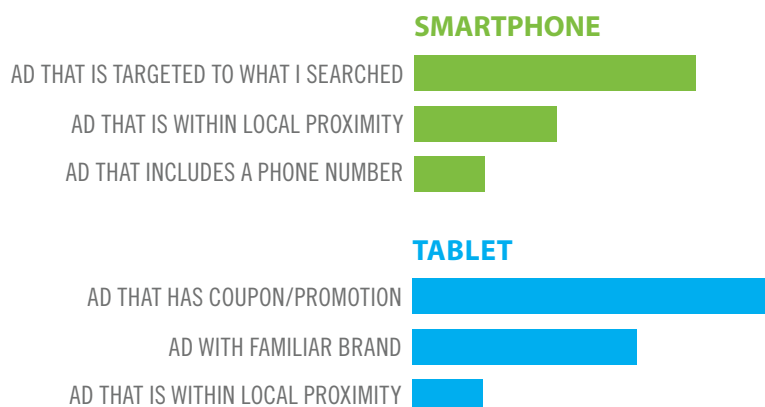
### MADE A PURCHASE RELATED TO VISIT ON RESTAURANT APP/ WEBSITE



With a firm foundation created by a mobile optimized property, strategic and highly targeted mobile advertising can not only increase awareness, but drive business interaction. Throughout this report, the research has characterized smartphone users as urgent consumers who are ready to engage within their proximity, but in dissecting smartphone user interaction with mobile advertising, the need for relevant, highly targeted location-centric ads has never been clearer. For smartphone users, ads that promote products or services recently searched for as well as ads that are locally relevant and include a phone number incite the highest mobile user response.

For tablets, coupons and promotions top the list followed by brand familiarity and location.

### TOP INDEXING AD ENGAGEMENT FACTORS BY DEVICE



## SUMMARY

Similar to other recent studies, the activities conducted by smartphone and tablet users can vary greatly. This is largely due to the unique characteristics of mobile devices including their size and portability, as well as the functional variety from mobile web and app usage, to click-to-call. These differences influence exactly where smartphones and tablets are commonly utilized, whether at home, work, or on the go. From these differences in usage location, a variety of different intentions and activities are revealed. Smartphone users are looking to convert quickly and therefore favor the speed and ease of local directory apps and Multi-category properties. Tablet users are typically a more research-oriented group, utilizing branded properties to find menus and Restaurant reviews. These findings clearly illustrate a need for Restaurant advertisers to create separate smartphone and tablet strategies that take into consideration user-intent in addition to restaurant locations, in order to more effectively engage their mobile audience.

## STUDY METHODOLOGY

The xAd/Telmetrics Mobile Path to Purchase Study was conducted in conjunction with Nielsen. The results are based on data from an online survey of 1,500 U.S. smartphone and tablet users, as well as actual observed consumer behaviors from Nielsen's Smartphone Analytics Panel of 6,000 Apple and Android users. Data from Nielsen's Smartphone Analytics panel is included to supplement the survey results. Survey respondent totals are as follows (none of which are mutually exclusive):

- Smartphone owners: 1,371
- Tablet owners: 738
- Restaurant users: 1,413
- Travel users: 931
- Automotive users: 674

## TERMINOLOGY

**Mobile Application/App:** mobile content portal which does not require access via a mobile browser, though does still require internet access to reach.

**Mobile Website/WAP:** mobile content source accessible via a mobile browser such as Google or Safari, which requires internet access to reach. Desktop-accessible websites visited with a smartphone are then called mobile websites.

**Mobile Property:** for the sake of this report, this refers to a combination of both applications and mobile websites - as many large brands and businesses often have both available to consumers.

**Brand Application/App:** mobile content portal specific to a brand or organization - such as Domino's Pizza or Subway.

**Brand Website:** mobile content source specific to a brand or organization, such as DunkinDonuts.com or RedLobster.com, reachable via a mobile browser.

**Utility/Multi-Category Application/App:** mobile content portal which aggregates information from a number of other content sources and provides that information in an all-in-one mobile tool. These include Urbanspoon, OpenTable, and the like.

**Utility/Multi-Category Website:** mobile content source which aggregates information from a number of other content sources and provides that information in an all-in-one mobile tool, reachable via a mobile browser. These include Zagat.com, CitySearch.com and the like.

**Local Directory Application/App:** mobile content portal where users can search for businesses and information regarding a specific location. These include Yodle, Superpages, and the like.

**Local Directory Website:** mobile content source where users can search for businesses and information regarding a specific location, reachable via a mobile browser. These include Yellowpages.com, Local.Yahoo.com or the like.

**Navigation Application/App:** mobile content portal where users can search for information regarding a specific location, including map and driving directions, turn-by-turn navigation, and local points of interest. These include VZNavigator, Google Maps, and the like.

**Navigation Website:** mobile content source where users can search for information regarding a specific location, including map and driving directions, and local points of interest, reachable via a mobile browser. These include Mapquest.com, HopStop.com or the like.

## ABOUT THIS REPORT

xAd and long-time partner Telmetrics joined to produce this proprietary study designed to better understand mobile activity among Travel, Restaurant, and Automotive users with the goal of more effectively reaching these industry consumers with mobile search and display advertising. As the first report published from this multi-category research project, it focuses on mobile user behavior related to the Travel category.

Additional study details and findings can be found at [www.MobilePathtoPurchase.com](http://www.MobilePathtoPurchase.com). For questions or to provide feedback, please contact us at 415.814.9837 or [GetLocal@xAd.com](mailto:GetLocal@xAd.com).



## ABOUT XAD

Since 2009, xAd has grown to become one of the largest mobile advertising networks in the U.S. and the only one offering the ability to target ads using a combination of accurate location signal and search context. Across its network, xAd aggregates and manages billions of monthly ad impressions from which it derives the largest supply of location based advertising inventory in the market. For over a million national and local advertisers, xAd delivers targeted mobile location@scale.

xAd is based in New York City with several satellite offices across the U.S and Internationally. For more information, visit [xAd.com](http://xAd.com).



## ABOUT TELMETRICS

For more than 20 years, Telmetrics has been the call measurement industry leader. Telmetrics' call tracking solutions, which are available in North America and across Europe, enable marketers to evaluate consumer phone response to ads by providing valuable ad feedback and consumer call intelligence. With greater visibility into advertising performance across all media channels—digital, mobile, print and more—media publishers, agencies and advertisers can optimize the media mix for higher quality lead generation, resulting in increased revenues and a more complete picture of ROI across converging media. For more information, visit [Telmetrics.com](http://Telmetrics.com).



## ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.