DIGITAL SHOPPING
The Topline on Online

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Global Leader, Digital Measurement
Today's presenters

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Digital influence on shopping
'Digital' is widely pervasive in the United States today

**ONLINE**
- People with Internet Access\(^1\)
- Average Online Time Per Month\(^1\)

**MOBILE**
- 93% Americans with Mobile Phones\(^2\)
- 46% of Mobile Subscribers with Smart Phones / Tablets\(^2\)
- 10% of Mobile Subscribers with Smart Phones / Tablets\(^2\)

**SOCIAL**
- People On Facebook\(^3\)
- Minutes Spent on Social Networks or Blogs\(^1\)

Source:
1. Nielsen Netview, Oct 2011
2. Mobile Insights, Q4 2011
3. Facebook S1 Filing, Feb 2012
While shoppers continue to interact with traditional forms of marketing, many are also digitally engaged while shopping.

% of shoppers accessing sources ‘Weekly’ while shopping

- Mailed Paper Home: Print
- Newspaper: Print
- Paper in-store: Print
- Retail e-mail: Digital
- Store site w/computer: Digital
- Social: Digital
- Store site w/tablet: Digital
- Smartphone: Digital
- Kiosk: Other
- In store TV: Other

Nearly twice as many shoppers read a retailers' email than paper circulars in-store.

More than 30% of shoppers researching online while shopping.

Source: Nielsen Digital Circulars Survey, Q2 2011
Shoppers are digitally engaged to varying degrees depending on the products that they buy.

**31%** of all purchase decisions involve some online or mobile activity.

**25%** of all CPG purchase decisions are influenced by some online or mobile activity.

**Non-CPG Categories**
- 67% Consumer Electronics & Technology
- 38% Entertainment Items & Content
- 34% Health Supplements and Choices

**CPG Food Categories**
- 34% Non-Alcoholic Beverages
- 19% Packaged Food
- 18% Fresh Food

**CPG Non-Food Categories**
- 38% Baby & Child Care
- 26% Beauty & Personal Care
- 18% HH Cleaning & Detergents

Source: Nielsen Shopper Benchmark Survey – Q2 2011
Digital usage in shopping will increase: 70%+ shoppers want to shop with digital engagement in the future

% of shoppers accessing sources ‘A Lot’ or ‘Somewhat’ in Future

- Direct Mail: 87
- Newspaper: 86
- In-store: 86
- Store Website using Computer: 75
- Emails from retailers: 72
- Store Website using Tablet: 59
- Social media site: 37
- Smart phone or mobile phone: 31
- In-store kiosks: 43
- Televisions in the store: 42

~60% today Millennials Index = 114
~10% today Millennials Index = 176

Source: Nielsen Digital Circulars Survey, Q2 2011
Mobile shopping is also increasing, and shopping apps are among the fastest growing categories of mobile apps.

**Number of People Engaged In Mobile Shopping**

- 23 Million Smart Phone Users
- 5 Million Tablet Users

**Fastest Growing App Categories (Q3 2010 – Q3 2011)**

- Video/Movies: 147%
- Shopping: 100%
- Productivity: 82%

_Source: Nielsen Mobile Insights – M:Shopping 30 Day Activity, Q3 2011_ 
_Source: Nielsen Mobile NetView, December 2011. Mobile scanning apps included are Barcode Scanner, ShopSavvy, QR Droid, RedLaser, Price Check by Amazon, ScanLife, QR Reader, and Consumer Reports Mobile Shopper_ 

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Is impulse purchasing declining? No but new tactics required to influence shoppers

Q: What are top ways you use information?

<table>
<thead>
<tr>
<th></th>
<th>Shop Their List</th>
<th>Impulse</th>
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<tbody>
<tr>
<td>Coupons</td>
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<td>‘My’ items Sales</td>
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<td>Any sale</td>
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<td>Browse</td>
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<td>New item info</td>
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<td>Compare Store Prices</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

- Newspaper
- Paper at home
- Retailer email
- Store site (computer)
- Store site (tablet)
- Social
- Kiosk

Source: Nielsen Digital Circulars Survey, Q2 2011
Source: Nielsen Homescan
What services are expected; where can you stand apart?

- Online Circular: 93%
- Site Product Filters: 81%
- Shopping List & Recipes: 81%
- Active Twitter Feed: 78%
- Circular #1 Search Result: 74%
- YouTube w/ Content: 63%
- Mobile-friendly site: 56%
- Circular Email Subscription: 44%
- Circular Search Ads: 44%
- Circular via Facebook: 41%
- Circular Item Search Ads: 22%
To develop an effective digital strategy, marketers must influence decisions along the entire ‘path to purchase’
Considerations for Marketers
Shopper marketing tactics changing

CUSTOMIZATION

AUTHENTIC ENGAGEMENT

PRECISE SEGMENTATION

LOWER COST
Retailers like Safeway are personalizing and integrating value-added content leveraging their ‘just for u’ platform.

It's all about **me**

Source: Safeway
Brands can add value to existing purchase journeys and drive pre-store choices in their favor by leveraging digital...
Brands can also trigger new purchase journeys

Source: MyWebGrocer

+50% higher click-through rate for brand search campaigns using ‘on sale’ messaging in their ad.

1 out of 7 Shoppers who reached the Lightbox added a brand product to their online shopping list
Mobile devices enable personalization by delivering digital content consistent with shoppers’ preferences.

Likelihood Top 10% Redeemed Over Bottom 10%
Nielsen Mobile Coupon Pilot, 2011

Demographics of Pilot Participants
Index of Pilot App Downloaders to US iPhone Overall, 2011

Note: Redemption results are preliminary and will be updated at the pilot’s finalization.
Social media and consumer reviews ‘level the field’ for smaller brands

Impact of Ratings & Friends

Brand Advocacy
Marketers need to focus on the ‘right shoppers’

**Shopper Segments**
Based On Attitudes Toward Experimentation

- **SATISFIED & SEDENTARY**
  - 18%
  - Demographic Skews:
    - 60+
    - Live Alone
    - Less Affluent
  - Don’t generally waste their time trying to keep up with new things. Know what they like, and don’t have to keep trying everything.

- **TRENDSETTERS**
  - 27%
  - Demographic Skews:
    - 25-49
    - Children/Teenagers in Household
    - More Affluent
  - Love to keep ahead of what’s happening. Love trying new things. Often tell others about them.

- **OCCASIONAL TRIALISTS**
  - 55%
  - Demographic Skews:
    - 50-59
    - Live With Spouse/Partner
    - Middle Class
  - Usually keep up with what’s happening. Don’t go out of their way to try every new thing.

Source: Nielsen Category Shopping Fundamentals Research, Q4 2011
engage shoppers with the ‘right message’

**Diapers**
- **Trendsetters**: 46%
- **Digitally Engaged**: 74%
- **Activities**:
  1. Searching for Coupons
  2. Reading a Flyer/Circular
  3. Looking for Deals

**Coffee**
- **Trendsetters**: 23%
- **Digitally Engaged**: 45%
- **Activities**:
  1. Browsing Online
  2. Looking for Deals
  3. Searching for Coupons

**Laundry Detergent**
- **Trendsetters**: 22%
- **Digitally Engaged**: 43%
- **Activities**:
  1. Searching for Coupons
  2. Comparing Prices
  3. Reading a Circular/Flyer

Source: Nielsen Category Shopping Fundamentals Research, Q4 2011
via the ‘right medium’

An increasing complex landscape provides consumers with a wide array of choices

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</tbody>
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1. Searching for Coupons
   - Website
   - E-Circular
   - Emails
   - Printable Coupons
   - Digital Magazines
   - Search/Display Ads
   - Mobile Coupon
   - Text Message
   - Mobile Apps
   - Reviews
   - Social Media
   - Kiosks
   - QR / Bar Codes

2. Reading a Flyer/Circular
   - Website
   - E-Circular
   - Emails
   - Printable Coupons
   - Digital Magazines
   - Search/Display Ads
   - Mobile Coupon
   - Text Message
   - Mobile Apps
   - Reviews
   - Social Media
   - Kiosks
   - QR / Bar Codes

3. Looking for Deals
   - Website
   - E-Circular
   - Emails
   - Printable Coupons
   - Digital Magazines
   - Search/Display Ads
   - Mobile Coupon
   - Text Message
   - Mobile Apps
   - Reviews
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Weigh IMPACT vs. FEASIBILITY of above tactics to optimize digital platform
Digitally engaged shoppers can be very rewarding - both for manufacturers and retailers.

**Average Category Spending**
(Per Household - $)

- Traditional: $30
- Digital: $41 (+36%)

**Average Trip Spending**
(Per Household - $)

- Traditional: $207
- Digital: $263 (+27%)

Source: Nielsen Analysis of Homescan Online Data, Q4 2011
(1) Define based on actual visitation to baby care websites (e.g. diapers.com)
Guidelines for success
Winning principles for digital shopper marketing

1. Discriminating tastes
2. The digital ‘new math’  \( 1 + 1 = 3 \)
3. A new ‘digital shelf’ emerges
4. Create advocates, not mercenaries
Roadmap for success

ORGANIZE TO SUCCEED

- Build a Dedicated Shopper Insights Team
- Develop Flexible and Efficient Frameworks

BUILD FOUNDATIONAL INSIGHTS

- Choose Where to Win and Understand Decisions on ‘Path to Purchase’
- Learn From Shoppers at Every Opportunity

COLLABORATE & ACTIVATE

- Proactively Tackle Retailers’ Most Difficult Issues
- Add Category Depth to Retailers’ Broad Knowledge

MEASURE IMPACT

- Clearly Define Success Metrics and KPIs
- Measure Effectiveness with Shoppers and Retail Partners
What now?

1. Action over perfection
2. Find your shopper first
3. Identify a decision to influence
4. Experiment across platforms
Q&A

Thank you for attending

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