

# Mobile Search Trends: What Retailers Need to Know



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It has long been established that people search for what they want on the Internet, using search engines and search tools – in fact, in marketing, it's the search mechanism that sparked and generated an entire economy built around a consumer or business individual's real-time browsing habits, and serving messages and links to content to suit his or her observed and perceived needs. With the advent and proliferation of smartphones and other mobile devices, search is steadily going mobile, bringing this real-time relevance to consumers on the go. For sophisticated retail marketers, looking for new ways to keep a competitive edge and ensure success of their mobile Web pages, mobile search provides such an avenue -- establishing a bridge between the search consumer and the potential product/service information that he or she may be seeking.

This white paper examines the opportunities that mobile search brings to retailers in today's marketplace, focusing on present opportunities derived from the demographics of mobile users, their behaviors and their purchase activities, while providing a snapshot of the mobile user experience and expectations.

### **Mobile searches differ from desktop searches:**

- **Real-time & task-driven**
- **Local and geo-modified**
- **Comprised of shorter keyword strings**

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## Opportunities Go Mobile

Mobile search presents a growing opportunity for retail marketers. According to a report by Macquarie Group, using Efficient Frontier data, almost 5% of paid search spending in the U.S. is now specifically in the mobile channel. It is projected that this could almost double to nearly 10% by the end of 2011, anticipating that growth continues at an aggressive pace.<sup>1</sup>

Despite its growth, mobile is not a saturated channel and yet it comes with a lower cost of entry than other media. Specifically, mobile search delivers a cost-effective way to get a message in front of a consumer – one that has a more immediate propensity to purchase. A consumer in a store that wants to compare prices for a specific product...or who is searching for the nearest place to buy...or who is interested in coupons or other discounts is more apt to use a mobile device to satisfy his or her needs and make the purchase. Mobile users in general are more prone to take immediate action – after all, they are likely to be searching while in purchase mode, and in a location where they can take immediate action.

Those retailers who take advantage of ready-to-buy consumer are the ones who will get their attention – and their dollars. Today's retailers appear to recognize the opportunity. An October 2010 study by FitForCommerce reports that 60% of U.S. retail respondents plan to enhance features on their current mobile site or application and nearly 40% will launch more sites or applications.<sup>2</sup> Mobile search is a part of most mobile sites and applications – just how it is integrated in the mix, however, depends on a few significant considerations.

### MOBILE SEARCH FACTS

- Google claims 97% of the mobile search market share.
- 10% of online search ads came directly from mobile devices in March 2011, according to Performics.
- Paid mobile search advertising is predicted to reach \$3.3 billion in revenue by 2013 according to eMarketer.
- Searches on mobile devices have increased 300% since 2010, and Google estimates that, in the next 18 months, 15-30% of all Internet searches will take place on mobile devices.
- Mobile media usage has grown by 20% year-over-year, with February 2011 seeing an additional 16.8 million mobile media users in the U.S. alone according to comScore.

## Demographics of the Mobile User

One consideration is demographics. So who is embracing mobile *now* and what are these consumers' attitudes toward mobile? Smartphone owners who have made a purchase via their smartphones skew toward being male (27% versus 19% who are female) and are under age 35 (28% versus 23% who are ages 35-49).<sup>3</sup> What's more, moms of tweens (children ages 8-12) are a particularly active segment of consumers

searching on mobile devices. Some 22% of study respondents answered “occasionally” and 11% indicated “regularly” to how often they conduct mobile searches.<sup>4</sup>

Overall, U.S. consumers who have made at least one purchase via mobile device are predominantly in the 18-34 age group (40% versus 27% ages 35-54) and are mostly male (32% versus 26% female).<sup>5</sup>

## Mobile User Behavior

What do mobile users do with their mobile devices? According to a study titled “The Mobile Movement: Understanding Smartphone Users,” more than three-quarters (77%) of respondents report that they visit search engine websites – the number #1-rated activity among mobile users. This response was followed by social network websites (65%) and retail websites (46%).<sup>6</sup> Some 43% of U.S. shoppers indicate they are interested in using mobile search, while 23% report that they have used mobile search.<sup>7</sup>

Our experience indicates that there are two types of mobile users: users on the move and those who are more broadly categorized. Mobile users that are on the go are likely to be performing task-, location- and/or time-sensitive actions. These actions might include searching for a particular retail store or a specific piece of information, such as a flight departure time. Other users may choose to use mobile phones as their primary Internet device, whether on the go or right where they happen to be. They could be at home or in their office, using their device just as they use their computer. They could be engaged in a browsing experience such as searching for movie reviews, sending an instant message to a friend, scanning email subject lines and reading their email selectively, or catching up on news headlines.

## Mobile Purchase Activity

Mobile users are conducting Internet searches with their mobile devices and they are also making purchases. What are they buying? Roughly 46% are making entertainment-related purchases, such as music, movies and TV shows, while 29% are buying electronics and 23% are purchasing apparel.<sup>3</sup> The reasons for using a smartphone while shopping are varied and interesting and range from comparing prices (66%) to finding the nearest store location (58%) to checking for discounts (58%) to looking at a competitive product or service (46%).<sup>3</sup>

Consumers also conduct mobile searches while shopping at a retail location. Some 66% of “2011 Mobile Search Study” respondents did so to compare prices, find product information (64%), look for sales and special offers (62%) and search for a specific product (62%). In each of these scenarios, retailers have the opportunity to convert purchase intent into an actual sale.<sup>8</sup>

## User Experience and Expectations

According to recent research, consumers report that the most important characteristics of a good mobile shopping experience are (in order):

- the ability to search, discover and navigate content and offers
- having a choice of payment methods
- integration between digital and real-world retail experiences
- location-aware, relevant offers and campaign interaction (through such tactics as coupons, barcodes and promotions)<sup>9</sup>

On the other hand, there are problems that arise while conducting mobile transactions that turn consumers off. Another recent study revealed the most troublesome problems are:

- receiving an error message
- having difficulty navigating an application or website
- the inability to complete a transaction
- trouble logging in
- encountering insufficient, incorrect or confusing information<sup>10</sup>

What interferes most is the formatting, as many formats are not keeping up with current mobile technology, and competing technology platforms abound. It is important to remember that phones are not built like PCs. Mobile users access the web using a small keypad or touch pad, in some cases with one hand (a finger or stylus), oftentimes using predictive text capabilities. Therefore, mobile interactions result in shorter searches than with a personal computer.

Google, the current dominant lead provider of mobile search, as well as other search engines are compensating for a lack of keyword action by providing what is known as “predictive search” in order to help users complete their queries more easily and help them deliver more relevant search results. With mobile search, page ranking and search relevance algorithms are not determined by scale but by more immediate dimensions such as location (nearness) or vertical product/service category suitability.

## Mobile Technology: One Size Does Not Fit All

Mobile users also view websites and applications through a variety of smaller-sized screens than PC users. This makes a critical difference to how much content consumers are able to take in and how much of it is

useful. Retailers today need to understand how to build their mobile pages to be accessible automatically on a variety of screen sizes, hosting their pages with a mobile provider that can ensure the best user experience rather than hosting the pages on a standard Web server where one size does not fit all. Once the screen size range has been determined, the mobile pages should be designed appropriately. Rather than trying to fit all available Web content and navigation on a single screen, marketers should determine through surveys and focus groups what is most useful to mobile consumers and to focus design and functionality around only the most important – and provide the best experience for them.

Plotting out a user experience across mobile devices is just as critical as it is for the Web. Planning user experiences should take into account the size of images, call-outs, buttons and text formats – all of which vary from manufacturer to manufacturer. Marketers should view successful mobile sites on a variety of widely held and “bellwether” devices and try to emulate them. The medium is new, and consumers should be reassured by consistent navigation and designs.

Designing for the mobile Web – to ensure good search results and a positive user experience – should include text link navigation structures, HTML site maps and a logical hierarchy. Avoid large images that require users to scroll to get past them. Flash and scripting languages will eventually be available on all smartphones and devices, but at this time, it is best to keep things simple. Because content is still critical for search on mobile devices, using keyword strategies within the content – so the text itself includes visibly the desired keywords -- is very important for retailers on mobile platforms.

To date there hasn't been a move to fully standardize mobile devices, and it is unlikely to happen anytime soon given the competitive nature of the mobile phone industry. This underscores the importance of understanding mobile devices for those retailers that want to capitalize on mobile search. And this translates into presenting content in an accessible way with the assurance and quality control of a good user experience, and leveraging technology to display the site properly on commonly used devices and browsers.

## Key Strategies

For retail marketers that want to get ahead of the mobile search curve, it is critical to accomplish three things well: 1) get to know who is using mobile search, and which customer segments are likely to be most active in its execution; 2) follow what consumers are doing with mobile search, and present search content accordingly; and 3) understand the differences between desktop and mobile searches, and adapt tactics accordingly.

Suggested strategies for improving mobile search:

- For paid search, create ads that can take advantage of the phone's best feature – the ability to make calls – by including the phone number in the ad.

- Create a paid search landing page tailored to mobile users that delivers information that can facilitate a quick purchase decision, such as pricing on products, or directions to nearby stores. These elements can include click to call, download content, links to video or usage of a mobile device's maps function.
- For mobile natural search, use meta tags on the pages as well as accessible HTML content. Just like Web pages, search engines need information about mobile pages to prioritize and rank them appropriately. Use desired keywords visibly in the page text as well.
- Outbound links are still vital as in Web search; they should lead to other complimentary and accessible mobile web pages.
- Make store phone numbers and locations prominent.
- Submit mobile sitemaps to search engines to help consumers discover the site and give the site a head start when it comes to crawling and indexing.

<sup>1</sup> Efficient Frontier data, Macquarie Capital USA, March 2011.

<sup>2</sup> FitForCommerce, "Navigating Your Roadmap: Optimizing the Mobile Shopping Experience," October 26, 2010.

<sup>3</sup> Chadwick Martin Bailey, "How Smartphones Are Changing the Retail Shopping Experience," March 9, 2011.

<sup>4</sup> Retail Advertising & Marketing Association (RAMA), "2010 Moms of Tweens: More 'In Tune' Than You Think," conducted by BIGresearch, August 9, 2010.

<sup>5</sup> Oracle, "Mobile Trends: Consumer Views of Mobile Shopping and Mobile Search Providers," March 22, 2011.

<sup>6</sup> Google and Ipsos OTX MediaCT, "The Mobile Movement: Understanding Smartphone Users," April 27, 2011.

<sup>7</sup> In-Store Marketing Institute, "Clicking through the Path to Purchase: Best Practices in Digital Shopper Marketing" conducted by Catapult and Ipsos OTX, September 1, 2010.

<sup>8</sup> Performics, "2011 Mobile Search Study" conducted by ROI Research, March 21, 2011.

<sup>9</sup> Netsize, "The Netsize Guide 2010: Mobile Renaissance," February 16, 2010.

<sup>10</sup> Tealeaf Technology survey conducted by Harris Interactive as cited in press release, March 29, 2011.

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