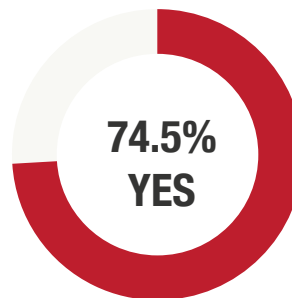


The new mobile shopper

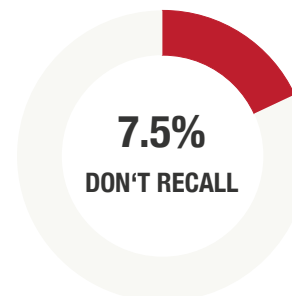
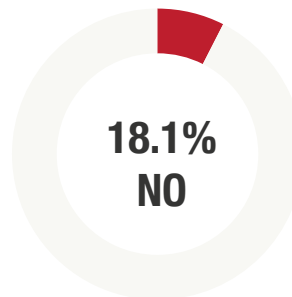
How digital circulars are impacting retailing and altering consumer shopping behavior.

There is good news for retailers and not a minute too soon as the always-important holiday shopping season approaches.

The cornerstone of their marketing efforts, the weekly ad in which, according to Nielsen, some spend as much as 60% of their marketing funds, is successfully adapting to the new mobile environment. Yes, the weekly circular is still relevant to shoppers who are now increasingly finding that content on their smartphones and tablets. According to a recent survey among 11,000 mobile users, published by leading mobile shopping app, Retale, and location based analytics company, Placed, 74% of respondents report having looked at a circular in the last 30 days. Of those who reported looking through a circular nearly 50% viewed the ads inside a mobile app. According to an April report by eMarketer, people now spend almost 25% of their time with media on mobile devices. This is certainly good news for retailers.



Have you looked through a shopping circular in the last 30 days?



What kind of circular have you used in the last 30 days?



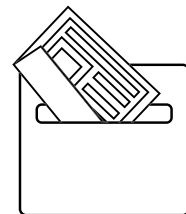
49.4 %
IN A MOBILE APP



56.4 %
ON A WEBSITE



57.7 %
FROM THE NEWSPAPER



58.3 %
RECEIVED IN THE MAIL

Digital media as a complement for traditional print distribution

Despite the decline in newspaper circulation, most retailers will confess that the weekly ad, even in paper, still “works.” That fact is borne out in the research done by Retale and Placed in that even among those respondent who reported not having used a circular in the previous 30 days, 85% of the respondents said they will use one in the future.

The study also shows how this traditional marketing-friendly format is enjoying a second life in digital media:

77% of respondents who used a paper circular in the last 30 days claim that they plan to begin using digital circulars. Only 23% of the respondents said that they would prefer to stick with their paper versions.

Among those not using a circular in the last 30 days but stating that they will use one in the future, 60% prefer to use a digital one (41% said they would prefer to use circulars exclusively in a digital format).

For the savvy retail marketing executive this is very good news: a familiar ad format, well known for driving in-store traffic, is now also increasingly being consumed across digital channels. This presents an opportunity to enrich current multi-channel strategies with digital media and all the benefits that come with them compared to traditional ones: easier tracking, better user engagement metrics, more effective distribution, improved speed-to-market, efficacy, eventually, clearer impact on the all-important ROI goals.

Rise of the digital circular: mobile and digital nearing print levels

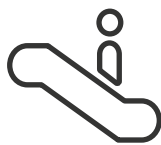
Interestingly, the activities that shoppers report on digital circulars are similar to those long-held truths in the paper world. Among those who currently access digital circulars, almost 82% report they do so to plan shopping trips before heading out to the stores. Forty-two percent begin their digital research a few days in advance, and another 21% indicate that they browse digital circulars at least several hours in advance of a shopping trip. Only 13% say that they access digital circulars while actually in a store implying that digital circular use has the power to catalyze a store visit just like its paper ancestor.

When would you be most likely to open your digital circulars when planning to shop?



4.8%

**IN THE PARKING LOT,
RIGHT BEFORE
I START SHOPPING**



12.9%

**WHILE I AM
SHOPPING**



21.4%

**A FEW HOURS
BEFORE I GO
SHOPPING**



19.3%

**JUST BEFORE I
LEAVE THE HOUSE
TO GO SHOPPING**

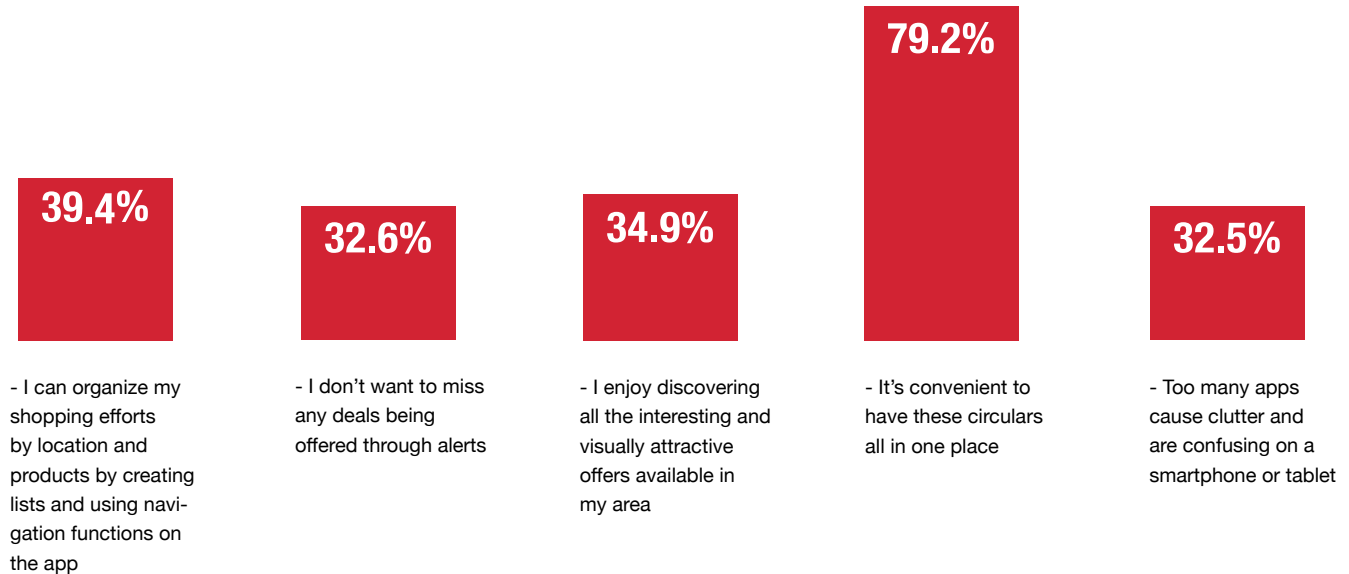


41.5%

**I LOOK AT
CIRCULARS FOR THE
BEST DEALS AT LEAST
A DAY IN ADVANCE**

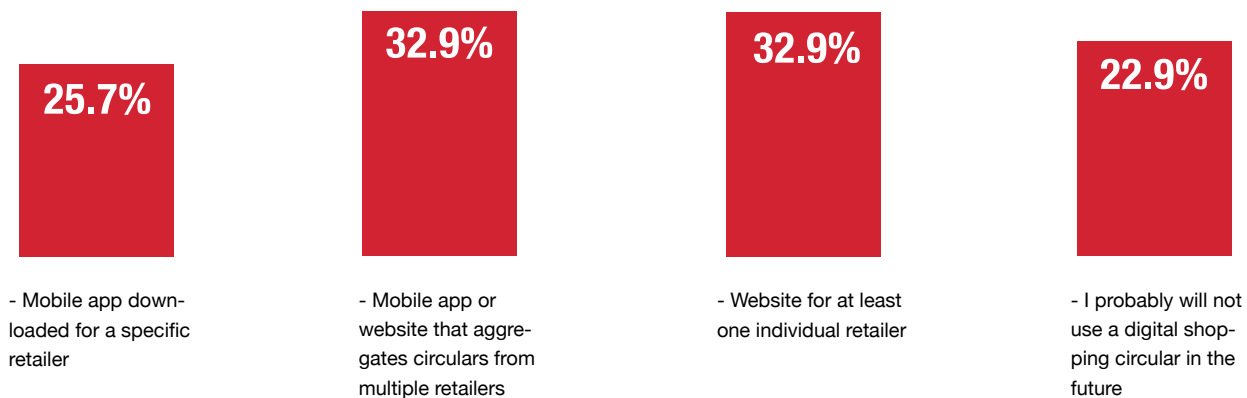
When it comes to specific mobile devices - smartphones and tablets - 53% of respondents say they have downloaded a mobile app for a specific retailer. Over 31% say they have accessed digital circulars using a mobile app that aggregates the weekly ads of multiple retailers, with a whopping 79% of those who use mobile aggregators citing “convenience” as the basis of their preference.

Why would you prefer to use a single app or website to view multiple retail circulars?



If you were going to use a digital circular in the future, which type would you prefer?

Further to the point of increasing app usage overall, of those who currently don't use a digital circular, 35% say that if they did access a digital circular it would most likely be through an app. This suggests that there is an upside overall in app-based availability in general, and aggregators in particular. Of those who currently do not use digital circulars, 33% say that they would prefer an app that aggregates weekly ads.

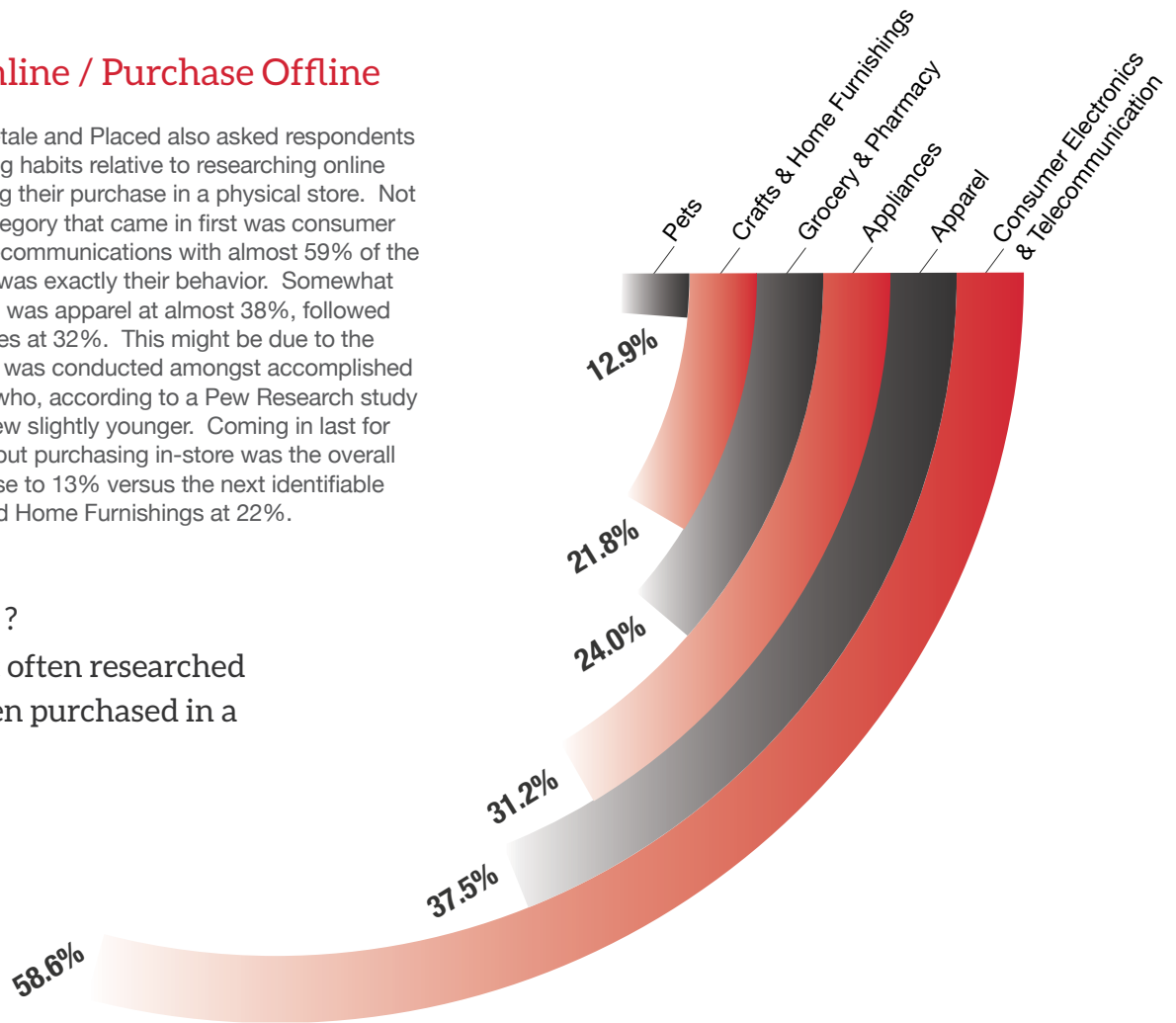


Research Online / Purchase Offline

The survey from Retale and Placed also asked respondents about their shopping habits relative to researching online and then completing their purchase in a physical store. Not surprisingly, the category that came in first was consumer electronics and telecommunications with almost 59% of the people saying that was exactly their behavior. Somewhat surprisingly second was apparel at almost 38%, followed closely by appliances at 32%. This might be due to the fact that the survey was conducted amongst accomplished smartphone users who, according to a Pew Research study in 2013, tend to skew slightly younger. Coming in last for researching online but purchasing in-store was the overall Pet category at close to 13% versus the next identifiable category, Crafts and Home Furnishings at 22%.

Physical Store ?

Products most often researched online and then purchased in a physical store.



Conclusion

As the seismic shift in media consumption habits continues, retailers must continually shift their marketing and media plans to reach new customers. While their toolboxes have expanded to include email, texts, social, loyalty, online video and various other initiatives, broadcast television and the weekly ad often remain as the cornerstones of their efforts. The good news is that the weekly ad, which functions as a vehicle to showcase an assortment of featured products and drives in-store visits, has successfully crossed the chasm into the mobile and digital space. The challenge for many marketers is they are behind in how they allocate their marketing funds to cover this new landscape; struggling to hold onto a distribution model which is in decline, while their customers forge ahead quickly into new digital and mobile mediums. The evidence presented in this study from Retale and Placed indicates that the format of the weekly ad, presented digitally and on mobile devices is very relevant for shoppers and is on a steep trajectory upward. Retailers who want to stay ahead or even on-pace with their customers must move aggressively into this new distribution channel with the same velocity as their customers.